# Going global gives Canadian firms a productivity boost

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The benefits to exporters of going global have become a familiar mantra: it helps diversify their reliance on the United States, and can gives them more exposure to high-growth economies like India or Brazil.

Now, add another bonus to the list: being bold also boosts productivity.

A paper released by Statistics Canada on Tuesday explores the relationship between productivity and finding new markets – either domestic or international – between 1990 and 2006.

It finds, in a nutshell, that those who entered new markets became more productive than those who maintained the status quo. It doesn't have to be a foreign market, though -- entering new domestic markets is just as beneficial as entering international ones.

"Experimenting with new markets produced tangible benefits to the overall economy," said its authors, John Baldwin and Beiling Yan, in their study entitled "Market expansion and productivity growth: do new domestic markets matter as much as new international markets?"

Some other key findings:

-- The benefits to businesses are for both those that cross international borders and those that expand across provincial borders.

-- Exiting an export market isn't necessarily a blow to productivity growth – as long as it was followed by entering new domestic markets. Firms that exited export markets, but then explored new Canadian markets, fared just as well as firms that continued exporting.

-- Factories that successfully enter new markets start with a greater emphasis on market innovation and perceived higher levels of competition.

-- They also tend to have a more flexible and decentralized organizational structure – for example, flexible job design, information sharing with employees, problem-solving teams and joint labour-management committees.