Economic Dynamism
Essays on firm entry and firm growth

av

Niklas Elert

Akademisk avhandling

Avhandling för filosofie doktorsexamen i nationalekonomi,
som kommer att försvaras offentligt
fredag den 19 september 2014 kl. 13.15,
BIO, Formhuset, Örebro universitet

Opponent: Professor Erik Stam
Utrecht University
Utrecht, Holland

Örebro universitet
Handelshögskolan vid Örebro Universitet
701 82 ÖREBRO
Abstract


The topic of this thesis is economic dynamism. The five articles contribute to the literature on firm entry and firm growth. Studies are based on a dataset covering all Swedish limited liability firms between 1997 and 2010.

The first article investigates conditions for firm entry in Sweden, distinguishing regular entrants from entrants that survive for at least two years, modelling the firm entry decision using count data models. While high income and a well-educated population had a positive effect, the effect was more important for surviving entrants. The second article uses a similar method, but focuses on wholesale industries and distinguishes between regular entry and in-migration of firms, i.e. when an incumbent firm relocates its operations. Access to a university, many educated workers and low local taxes had positive effects. Better access to infrastructure had a strong positive effect on entrants, but it was smaller for in-migrating firms. The third article investigates if the industry context matters for whether Gibrat’s law holds, i.e. whether firm growth is independent of firm size. The law is found more likely to be rejected in industries with a high minimum efficient scale and a large number of firms located in metropolitan areas, but more likely to hold in industries with high market concentration and more group ownership. The fourth and fifth article contribute to the high-growth firms (HGFs) literature. In the fourth article it is examined whether the way HGFs are defined matters for the policy implications. It is found that the economic contributions of HGFs differ significantly depending on definition. Young firms are however more likely to be HGFs irrespective of definition. The fifth article considers the frequent argument that policymakers should target high-tech firms, i.e., firms with high R&D intensity, because such firms are thought more likely to become HGFs. We examine this assumption by studying the industry distribution of HGFs. Results indicate that industries with high R&D intensity, ceteris paribus, can be expected to have a lower share of HGFs than can industries with lower R&D intensity. By contrast, we find that HGFs are overrepresented in service industries with a high share of human capital.

Keywords: Entrepreneurship, Innovation, Firm entry, Regional economics, Gibrat’s Law, Firm growth, Firm size, Gazelles, High-growth firms, High-impact firms.

Niklas Elert, Department of economics
Örebro University, SE-701 82 Örebro, Sweden, niklas.elert@ratio.se