

Global crisis, firms' survival and growth in Italy. Did exporters, foreign and domestic multinationals behave any different?

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Abstract

This paper examines firm survival and growth in Italy before the crisis (2002-2007) and after it (2008-2010) using an original database, obtained by matching and merging three firm level datasets: Capitalia, AIDA and Mint-Italy. We first check for the determinants of firm survival. To this purpose, we apply a descriptive unconditional analysis comparing surviving firms to exiting ones and then we estimate two conditional Probit of exit, before and after the crisis, controlling for three key variables of interest related to firm global engagement (being an exporter, a domestic multinational, a foreign multinational) in addition to standard control variables such as size, age, productivity, financial status and innovation. Furthermore, we consider firm growth in terms of employment and value added yearly changes, allowing the dummy for the years of the crisis impact differently according to firm global engagement. We get important evidence on survival and firm growth in presence of the crisis shock and different characteristics for surviving and failing firms before and after the crisis. What is relevant for our investigation is that exporters perform better than non exporting firms during the crisis while domestic multinationals are more likely to exit than national firms and foreign multinational do not behave differently. Another relevant result is that higher size and age do not seem to reduce exit probabilities over the crisis as it was before the crisis. Besides, surviving firms have higher collateral and solvency, are less indebted with the banks and belong to a high technology sector. As for the growth performance, we find that employment and value added growth are slower for foreign and domestic multinationals over the entire 2002-2009 period and that domestic multinationals exhibit a more negative pattern of growth in the year of the crisis (2008-2009). Conversely, exporters, grow more in terms of value added (but not in terms of employment) with respect to non exporters over the entire period, and over the years of the crisis experience higher growth compared to the other periods, both in terms of employment and in terms of value added. Besides, growth is higher for firms which are larger, more profitable and with more collateral, and lower for more indebted firms.

JEL classification: L2 - C41 - F1 - F23 - G3

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