Entrepreneurship and Innovation: discussion
Finance and Productivity (FINPRO) conference

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Macroeconomic Perspective

Some disconcerting macro trends:

- Productivity Slowdown (Fernald,..)
- Increasing Inequality (Piketty,..)
- Increasing Markups (De Loecker & Eeckhout)

...have all been linked to firm heterogeneity.
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Common approach in macro:

- Study behavior of existing firms
  - effect of (macroeconomic) shocks on investment, hiring, innovation, etc.

Some recent literature:

- study business formation
  - number of startup, types of startups, etc.
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Can startups explain macro trends?

Ongoing research. Three relevant questions:

i) Are startup decisions special?

ii) Are startups decisions important?

iii) Are startups changing?
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Ongoing research. Three relevant questions:

1. Are startup decisions special?
2. Are startups decisions important?
3. Are startups changing?
i) Are startup decisions special?

Many reasons to believe so:

- Irreversible choices (business proposition, physical and organizational structure, financial structure)
- Evolving opportunities and outside options (career path, life cycle, labor market)
- Heightened vulnerabilities (financial conditions, demand conditions)

The two papers presented today makes important progress on these issues.
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Percentage of variance in firm employment accounted for by initial conditions.

iii) Are startups changing?

Source: BDS, Sedlacek and Sterk (2019).
iii) Are startups changing?