This course provides an accessible treatment of state-of-the-art methods used to estimate firm's performances and allocative inefficiencies, using firm-level data. Besides discussing recent empirical work in the field, the course focuses on practical issues by offering hands-on practical sessions. In particular, participants will learn how to work with firm-level data and how to program estimation algorithms for the indicators discussed in class using Stata. Moreover, the course introduces the CompNet database, which is designed for empirical cross-country comparisons and contains, among others, the indicators covered in class.

OUTLINE (subject to minor changes)

1. Introduction to working with firm-level data
   - Structure and sources
   - Preparing data for estimation
2. Estimation of production functions
   - Cobb-Douglas vs. translog
   - Shortcomings of OLS and Fixed Effects
   - Control function approaches
   - Output and input price bias
3. Firm's performance measures
   - Productivity vs. profitability
   - Markups
4. Allocative inefficiencies
   - Hsieh, Klenow (2009)
   - Bartelsman, Haltiwanger, Scarpetta (2013)
   - Petrin, Sivadasan (2013)
5. Working with CompNet data
   - An overview of the database

REFERENCES