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ARE HIGH-GROWTH FIRMS OVERREPRESENTED IN HIGH-TECH INDUSTRIES? (SUMMARY)

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SUMMARY

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Principal Topics

It is frequently argued that policymakers should target high-tech firms (HGFs), i.e., firms with high R&D intensity, because such firms are considered more innovative and therefore potential fast-growers. This argument relies on the assumption that the association among high-tech status, innovativeness and growth is actually positive. We examine this assumption by studying the industry distribution of high-growth firms across all Swedish 4-digit NACE industries.

Method

We use a data-set that covers all limited liability firms in Sweden during 1997-2008. We employ a fractional logit model in a regression analysis framework, as this model is well-suited to deal with proportions as the dependent variable.

Results and Implications

The results of fractional logit regressions 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. The findings cast doubt on the wisdom of targeting R&D industries or subsidizing R&D to promote firm growth. In contrast, we find that HGFs are overrepresented in knowledge-intensive service industries, i.e., service industries with a high share of human capital.

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