

CIFREM SEMINARS

Productivity, Profitability and Financial Performance: A Firm Level Comparative Analysis of Italian Manufacturing and Services

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Via Inama, 5

This work represents an attempt to shed light on two crucial dimensions of firms' structure and dynamics: profitability and productivity performances. The characteristics of their empirical distribution and the associated degree of persistence over time are explored through a set of parametric and non parametric exercises performed on an exhaustive panel of Italian firms active in both Manufacturing and Services during the period 1998-2003. The main contribution resides in the use of an index of financial risk which allows us to document that not obvious interactions are in place among economic performances, financial conditions and availability of external credit. We also offer an initial understanding about how profitability and productivity relates with a third dimension of performance, that is growth. We find that, independently from the particular sector of activity and from financial conditions, there is little market pressure and little behavioral inclination for the more efficient and more profitable firms to grow faster.

Referente

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