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Job Creation by Firms in Denmark

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Abstract:

In this paper we will look at job creation and destruction in firms. We will answer the question if it is the large companies th create jobs, while the smaller companies are contributing much less. Or is it the young companies that create jobs? And w destroys the most jobs? In the crisis Denmark lost 186,000 jobs in the private sector. The question is where and how coulc these jobs be recreated. Are these issues specific to industries or are they universal? The data used is register data on workplaces and firms for the period 1980-2007. The base unit of data is the workplace. The company (firm) is the legal enti company can have many sites, and one of the ways companies can grow is by expanding with multiple sites. This can hap by mergers and acquisitions but can also happen by creating "daughter workplaces". It is therefore essential to look at workplaces and firms at the same time. A complication here is that firms switch ID over time because of change of owners mergers and divisions. Data must be corrected so that these administrative issues will not affect the survival of firms. The d are used in a way where we can cover firm birth and firm death, spin-offs and mergers. The analysis will make it possible tc differentiate between net and gross creation of jobs because we can follow each single individual in and out of jobs. We hav Denmark found that size on its own does not have a big impact, but young firms are much more likely to contribute to a po growth. For the U.S. it has been found that the growth in jobs comes from small businesses. A closer analysis though sho that the main factor here is the firm age. Thus, it is found that young firms net create the most jobs, but they are also responsible for the most job destructions.

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