

## What Drives the Dynamics of Business Growth?

Differences in the dynamisms of economies are persistent. Notwithstanding the growing body of evidence documenting these large cross-country differences, our understanding of what drives them is still rather limited. This paper seeks to help close this gap. Using unique data for ten countries the analysis sheds light on the factors that shape the distribution of firm growth and on what role policies play in driving cross-country differences. The paper provides new evidence on the link of labour market regulation, bankruptcy legislation, financial market development and R&D support policies with growth dynamics. The study goes beyond looking at differences in average growth rates as it analyses changes in the whole distribution of firms.

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