

INSTRUCTIONS FOR THE GROUP ASSIGNMENT*

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1 Introduction: what is it about

Put yourself into the shoes of a manager or entrepreneur confronting with one of the following cases: launch of a new product; facing the decision of whether making or not a significant investment (automation/ robots/ etc) which will determine the foreseeable future of the firm; facing a merger; evaluating a start-up for an acquisition; etc

In all of the cases above, one need to gather a deep understanding of the industrial context before taking a decision. A relevant portion of such understanding is rooted in sound empirical analysis, with detailed data, oftentimes better at the highest level of dis-aggregation

Do notice that the emphasis in understanding the context (meaning the industry globally or the industry-country specific context). Hence it is fine to pick a case of study (a firm), but this shall not be the main focus.

As an alternative, you cal also identify a research questions picking from the bibliographic references and investigate it employing bibliographic resources.

Unless you disagree, please report in the first or second page a sentence similar to this one: “We allow this document to be shared in a BB (or similar environment) for the benefit of future students.”

*This version 1.1, November 2024. I thank all students for the contributions over time. This document has been written with L^AT_EX, for more information on it refer to [link](#).

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2 Proposal of the topic, timing, and evaluation

Generally, the most interesting works are developed out of students' proposal. Short of a proposal, I will assign a topic to the group that have not made any suggestions. The deadline to make a proposal is reported in syllabus.

During the last class there will be a presentation to share the advancement in the knowledge of the chosen topics. The purpose is sharing knowledge and foster discussion across participants to different groups. The evaluation will be based on the document that will be handed in. More in the next paragraph

3 Structure of the assignment

Each group will hand in the assignment on BB within the deadline. The length of the assignment (including figures, tables, notes, bibliography etc) shall be between 12 and 24 pages. As an alternative (or in addition, if you prefer), since the outcome will be presented in class, the students can also opt to produce slides in place of the report. The length will be the same as above.

The purpose is NOT reproducing information found on the internet. A good assignment makes it clear what is the context of the analysis (the industry globally/ the industry-country, etc) and, even better, tries to state clearly the hypothesis that will be tested (i.e. a higher concentration of market shares is associated to increasing mark-up).

The ultimate goal is to provide and interpret empirical evidence in support of decision making.

You are free to choose the structure of the assignment. A typical one includes: a) a brief outline of the sector, references to significant events (if any), some descriptive statistics (number of firms, average/ median sales; avg / median employment; etc); b) Focus on the main topic/ focus on the hypothesis to test, by way of example: gibrat's law; goodness of the SCP paradigm in explaining firm performance; persistence of profit; c) interpretation of the findings

4 Suggestions, ideas and resources

In choosing the topic, I suggest to move from an industry you already know (personal, work, family experience). Even if the analysis at the industry or country-industry level is just a intermediate step in view of firm-level work, it is much useful to gain an overall understanding of the context.

Among the web resources that I suggest to identify and then further explore an idea, check [VoxEU](#).

In choosing the industry, exploit the nested structure of industrial classification: from the general to the more specific sector. For instance, let's refer to the standard industrial classification in Europe [NACE Rev. 2](#).

Some data are available at the country-industry level on the Eurostat dataset. Start exploring from the following link: <http://ec.europa.eu/eurostat/data/database>.

From here, check "Industry, Trade and services" and then "Structural Business Stats"

In your firm-level work, do recall that firms, especially large firms, are multi-product, hence this richness of activity is lost when employing a unique sector, which is the more relevant for the sales of the firm.

Pick a sector at a relatively high level of detail, i.e. 3 or 4 digit. In some sectors, there might be many firms (in the order of thousand or millions) having some data management skill in python/R/Stata/etc would help. If working with too many observations is stopping you, find a clever way to select observations (smaller sectors, subset of countries, etc).

At Unicatt, there are two very useful sources of microdata available. Bureau van Dijk - Global data Orbis [Orbis](#); and Bureau van Dijk - AIDA (Italia) [AIDA](#).

In both dataset, I suggest to select homogenous groups of firms by searching for industrial activity, according to the nested structure of NACE rev. 2.

Another very useful dataset in the Bureau van Dijk galaxy is Zephyr which collects data on merger and acquisitions: [Zephyr](#).

Another firm-level dataset, mostly focused on less developed countries is available thanks to the World Bank Enterprise Surveys; global, focus on emerging economics. This is the [link](#).

Sources from the Bureau van Dijk platform have restrictions both for access and for download. Make sure to download at least a few years of data as to have a minimal time series for each unit.

Some ideas for empirical analysis: Distributional analysis (size, growth rates, etc); Gibrat's law; relation between size and variance of the growth rates; persistence of the growth process; industrial demography; entry and exit.

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