What makes a high-growth firm in Spain? A probit analysis using firm-level data

**Paloma Lopez-Garcia**  
Bank of Spain  
Research Department  
Paloma.lopez-garcia@bde.es

**Sergio Puente**  
Bank of Spain  
Research Department  
Sergio.puente@bde.es

**Abstract:**

Many studies have established that a small number of firms, known as fast-growth firms or Gazelles, create most of the new jobs. In spite of the importance of this topic from a policy-point of view, most of those studies are descriptive and limited to a comparison of the characteristics of the high-growth group with respect to a control group of firms. This paper, on the other hand, performs a multivariate analysis of the determinants of the fast growth of Spanish firms controlling for the possible endogeneity of some variables. We use for that purpose a firm-level database with information for about 200,000 Spanish firms per year between 1996 and 2003. We find that being a start-up increases the probability of fast growth by more than 30pp, conditioned on having survived over the period. Firms with initial higher relative wages and debt ratio, up to a certain point, also experience higher chances of fast growth. Hence, as it was established elsewhere, better access to finance and to human capital are key to increase the number and growth of Gazelles. We also find that high-growth firm sustain their expansion with relatively more debt and fixed-term contracts than the rest of the firms in the sample.