

# **THE ROLE OF SMALL FIRMS IN REGIONAL GROWTH: EVIDENCE FROM REGIONAL DATA IN IRAN**

Iman Cheratian

Saeed Ghorbani

Discussant: Ida Mirzaie

# PURPOSE & METHODOLOGY

- ▶ The paper investigates the effects of small business on the regional economy in Iran during 2001-2013
- ▶ Interesting topic applied to Iranian economy
- ▶ Good literature review
- ▶ It divides firms to six types: private, governmental, cooperative, official, and public
- ▶ It uses Panel Fixed and Random Effects models.

# VARIABLES

- ▶ GDP per capita
- ▶ Regional GDP without oil
- ▶ Industries Value Added (IVA)
- ▶ Physical Capital (K)
- ▶ Total number of employees (L)
- ▶ Knowledge Capital (R)
  - Number of employees with higher M.S or Ph.D.

## QUESTIONS & COMMENTS

- ▶ Definition of small firms? Number of employees?
- ▶ It seems there are overlap on definition of private vs cooperative firms
- ▶ If variables are in real terms? If not, why?
- ▶ R as knowledge capital is calculated using number of employees with higher education
  - R&D is defined as the level of education rather than firms' actual spending on R&D
    - This may not be accurate because of underemployment and over qualification of employees with higher educational degrees in Iranian labor market
- ▶ Entrepreneurship capital is measured as the number of small firms according to their legal status, E

## COMMENTS

- ▶ The paper does not discuss the characteristics of the different types of small businesses and it is not clear how to explain the conflicting results.
- ▶ The models are not tailored based on specific characteristics of the firms (access to credit, sectoral differences,...)and the characteristics of different regions (disadvantage region, resource rich regions).

# THANK YOU

***Ida Mirzaie, PhD***

**Department of Economics**

423 Arps Hall

(614) 292-6110

[mirzaie.1@osu.edu](mailto:mirzaie.1@osu.edu)