

# Governmental Funding and Firms' Performance: A Panel Data Study

Arvid Raknerud  
Statistics Norway, Research Department  
[rak@ssb.no](mailto:rak@ssb.no)

Oivind Anti Nilsen  
Norwegian School of Economics, CESifo, and IZA-Bonn

In this paper we address the effects of governmental funding on individual firms' performance. The analysis comprises policy instruments aimed at promoting value added and innovation oriented towards the private sector or joint projects between private firms and research institutions. Three different schemes are analysed; a tax incentive scheme (SKF), innovation-oriented policy of Innovation Norway (IN), and instruments of the Research Council of Norway (RCN). Firms that received support from IN, RCN or SKF during the period 2001-2013 are compared with a control group of firms that did not receive such support. The findings indicate positive effects for IN, RCN and SKF on one or several indicators of growth in value added, revenue and number of employees, and the effects grow as the amount of support increases. We find the most significant effects for the group of projects which receive government support above 1.5 million NOK, and weak or no effects for support allocations below 500 000 NOK. Finally, we do not find positive effects on return to total assets or productivity for firms receiving support compared with the control group.