

Table of contents

1	Preliminary remarks	1
2	The anatomy of the German service sector	3
2.1	Introduction	3
2.2	Overall economic importance and economic growth	5
2.3	Research and research organization	7
2.4	Employment structures	12
2.5	Firm performance	16
2.6	Conclusions	18
3	Research and research organization	21
3.1	Introduction	21
3.2	Previous game-theoretical approaches	25
3.3	R&D with endogenous absorptive capacity	28
3.3.1	Market demand	28
3.3.2	R&D production function	29
3.3.3	Stage III: Product market competition	31
3.3.4	Stage II: Determination of R&D levels	32
3.3.5	Stage I: R&D cooperation	34
3.4	Data	35
3.5	Measuring knowledge spillovers	39
3.6	Testing the theoretical model	57
3.7	Conclusions	65
3.8	Appendices	67
4	New technologies, wages and employment	75
4.1	Introduction	75
4.2	New technologies and the demand for heterogeneous labor ...	78
4.2.1	Theoretical framework and empirical implementation .	78
4.2.2	Calculating skill-specific and firm-specific labor cost ..	81
4.2.3	Estimation results	88
4.3	Efficient bargaining and the skill-structure of wages and em- ployment	92
4.3.1	Theoretical framework and empirical implementation .	92
4.3.2	Estimation results	98

X Table of contents

4.4	Conclusions	103
4.5	Appendices	106
5	Financial distress of newly founded service sector firms ...	109
5.1	Introduction	109
5.2	Previous studies on firm default	111
5.3	Data	117
5.4	A dynamic model of financial distress	119
5.5	Estimation results	122
5.6	Conclusions	127
5.7	Appendices	128
6	Summary and conclusions	139
	References	143