

CONTENTS

Acknowledgment	vii
1 Introduction	1
1.1 Background	1
1.2 Industrial Organization and the Role of SMEs	2
1.3 Purpose, Methodology and Limitations	4
1.4 Theoretical Background	5
1.5 Internationalization	6
1.6 Organization of the Book	9
2 The Size Distribution of Firms: Some Stylized Facts	17
2.1 Introduction	17
2.2 The Shift Toward SME-Production in Industrialized Countries	17
2.3 Evidence after 1980 on the Size Distribution of Firms in Industrialized Countries	22
2.4 Internationalization, Knowledge and Specialization; Evidence from a Sample of Swedish Firms	26
2.4.1 Production Specialization of SMEs	26
2.4.2 The Knowledge Base of Small, Medium and Large Sized Firms	28
2.4.3 Internationalization	30
2.5 Concluding Remarks	32
3 Does Knowledge Investment Increase Profitability? Empirical Evidence from Swedish Firms in the Engineering Industry	37
3.1 Introduction	37
3.2 Knowledge Capital	38
3.3 Model, Data and Hypotheses	40
3.3.1 A Simple Model of Knowledge Endowments and Firm Performance	40
3.3.2 Data	41
3.3.3 Hypotheses	42
3.4 Econometric Specifications and Results	43
3.5 Concluding Remarks	47
Appendix	51

4 How is Knowledge Capital Related to Firm Size and Internationalization?	53
4.1 Introduction	53
4.2 Data and Hypotheses	55
4.2.1 Data	56
4.2.2 Hypotheses	57
4.3 Results	59
4.4 Concluding Remarks	63
Appendix	69
5 Clusters, Venture Capital and Growth	71
5.1 Introduction	71
5.2 Industrial Dynamics in Sweden and the United States: A Concise Background	72
5.3 Venture Capital Firms and "Business Angels"	73
5.3.1 Venture Capital Firms	74
5.3.2 Business Angels and Renewal	78
5.4 Concluding Remarks	80
6 The Influence of Agglomeration on Large Firms' Investments— Evidence from Swedish Foreign Direct Investment	85
6.1 Introduction	85
6.2 Foreign Direct Investment and Agglomeration Patterns	86
6.2.1 Theoretical Background	86
6.2.2 Previous Empirical Results	88
6.3 The Database and Sample Selection	89
6.4 Hypotheses for Empirical Testing	91
6.5 Results of the Estimations	94
6.6 Concluding Remarks	97
Appendix	103
7 Conclusion	107
7.1 Introduction	107
7.2 Policy Implications and Future Research	109
Index	113