Entrepreneurship through Employee Mobility, Innovation, and Growth
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Background

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3. This paper: can we endogenize/microfound ex ante heterogeneity?
Spinouts: Inventors leave firms where they used to undertake $R&D$ activities, and they take some of the quality of their $R&D$-activity with them when they found new firms.

 Produces firm types.
Outline of paper

- Empirical part:

Spinouts are superior to regular entrants in a number of dimensions. The better the parent company, the better the spinouts.
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- **Policy part:**
  - Get rid of non-compete clauses altogether.
It’s true that spinout firms have more R&D activity and grow faster. But they don’t have more assets and don’t seem to be more productive (at least measured in aggr. labor productivity). Why?
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I understand, technically, why you do this. But how good an assumption is it given the features of this market? How would it, qualitatively, change your results to give them a more directed “search”? 
Comment III

This is particularly relevant for your policy exercise, having to do with the disincentive effect. Four effects of spinouts:

1. Direct entry: spinout leads to more entry - positive
2. Knowledge diffusion: spinout leads to more high-type firms - positive
3. Firm composition: spinout promotes more competition - positive
4a. Disincentive effect in your story: spinout hurts the incumbents (which they will take into account) - negative
4b. Disincentive effect in the model (given random product line assignment, no direct competition with incumbent): incumbent loses its technological advantage to 1. Seems rather ad hoc.
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Can you convince the reader that this is not the case? Put differently: how would the world have to look like for the disincentive effect to dominate?
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Comments IV

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Why use the Hagedorn-Manovskii calibration in the bargaining problem of incumbents and R&D managers? They use this calibration for a particular business cycle purpose but you don’t need that. Suggest you tighten this part of the calibration.
Conclusion

This is a very interesting paper which provides a quantitative story for ex ante firm types and, therefore, pushes the level of heterogeneous-firm models up a notch.