Maren Froemel (Bank of England) and Francesca Vinci (European Central Bank)

**Motivation**

- Intangible investment has been rising across advanced countries.
- Intangible intensity has also been rising to production relies more on intangibles.
- Many implications on the way the economy works and policy (Akcigit and Ates, 2021; De Ridder, 2019; Döttling and Ratnovski, 2020)

**Findings:**
- Sustain demand for their goods and grow
- Many implications on the way the economy works and policy (Akcigit and Ates, 2021; De Ridder, 2019; Döttling and Ratnovski, 2020)

**Intensity and Growth**

Hypothesis: firms invest in intangible capital to sustain demand for their goods and grow

Findings:
- Small firms invest relatively more in intangibles.
- Firms with relatively more intangible capital are larger.
- Past intangible investment is associated with higher growth.

**Research Questions and Data**

- In this paper we define intangible investment as:
  1. Innovation: R&D expenditure to improve products or introduce new ones
  2. Firm Specific Intangibles (FSI) wide definition including software and databases, marketing, training expenditure linked to firms’ abilities to bring their products to the market.

- This paper contributes empirical evidence to the recent theoretical literature evaluating the role of intangible investment on firm behaviour.
- Focus: long run and after negative shocks.
- We pose two research questions:
  1. Does intangible intensity matter for firm growth?
  2. Was the rise of intangible intensity accelerated or slowed down by the Great Recession?

**Disclaimer**

- Any views expressed in this paper are solely those of the authors and so cannot be taken to represent those of the Bank of England or to state BoE policy.

**Contact Information**

- Web: https://www.franvinci.com/
- Email: francesca_romana.vinci@ecb.europa.eu
- Email: Maren.Froemel@bankofengland.co.uk