

**Productivity growth in spanish manufacturing firms  
to “dynamics in the spanish manufacturing sector:  
evidence from aggregate and firm-level data”**

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The paper analyses employment and productivity dynamics of the Spanish economy during the period 1995-2008. We first show that the aggregate productivity in Spain did not grow as much as the major EU countries. We also document that the Spanish economy witnessed only a minor structural change in this period, with the manufacturing sector shrinking in favour of the construction sector. When looking at the dynamics of the manufacturing sector, we find that there is not much dispersion in productivity growth among different industries. Finally, firm-level data show that there is a large and persistent dispersion in productivity among manufacturing firms. Our analysis suggests that productivity growth is the result of firm-level investment in research and human capital, and exposition to tough competition. Moreover, we find that new firms are less efficient and innovative than older firms even after 10 years since their establishment.