This thesis contains four essays with a strong empirical and policy focus on the production side of the macroeconomy, using cross-country firm- or sector level data. The first chapter presents new evidence that the renting of capital goods has been on an increasing trend in the last decades, even more so during economic downturns. Hence renting serves as an alternative means for companies to obtain capital, and as such can alleviate credit constraints, contributing to faster recoveries after financial crises. The next chapter shows that communication enhancing information technology (ICT) investments are significantly higher when demand conditions are more volatile, and this is driven by the role of ICT as reducing communication costs with external, more outsourced inputs – services embedded in intermediates – which are easier to adjust than traditional inputs – own capital or payroll employees. The third chapter documents a novel phenomenon about global firm level productivity: the best firms, constituting the productivity frontier, have been pulling away from all the others. This diverging trend is even more pronounced in ICT services, which are characterized by low marginal costs and “winner-takes-all” dynamics, as well as in sectors that face more regulatory barriers to competition, which can hold back incentives to adopt the latest technologies. The final chapter looks at the adjustment of labour inputs at the firm level in response to the global financial crisis and points to the role of strict employment protection in muting firms’ reactions in employment and shifting the burden of adjustment on wages.

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