

An earthquake and its impact on entrepreneurial activity: Marche 2016

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This article examines the entrepreneurial rates following the seismic events hitting the Marche region in 2016. Using firm level data, we compute the entrepreneurial entry rates at the municipality level from 2010 to 2019 and estimate the treatment effect of the municipalities in the earthquake crater with respect to others. We combine different techniques to estimate the treatment effect, i.e. difference in difference, matching and lagged dependent variables, to ensure the robustness of our results.

We find that the entrepreneurial rates in the municipalities in the crater were higher in the years following the seismic events, especially in 2017. Moreover, firm entry rates were higher in those municipalities with greater damages and characterized by lower institutional quality. Our results suggest that new firms may be created to meet unforeseen demand (e.g. induced by the reconstruction activities) and/or to get access to the supporting policies usually sprouting after a natural disaster, potentially easier to get when the local institutional quality is lower.