
The impact of finance on the growth of French non-financial companies' investment: non-linearity of the relationship between investment rate and financialization.

Pauline Debanes*¹

¹CEPN – Université Paris 13-CEPN-CNRS-UMR 7234 – France

Résumé

Several recent studies have discussed the role of finance on growth and the weight of excessive finance in several advanced economies has been highlighted (Arcand et al., 2015; Cecchetti & Kharroubi, 2012, 2015; Philippon & Reshef, 2012; Philippon, 2015). In connection with this literature, we aim at testing at the firm level, whether there is a non-linear relationship between the degree of financialization and the productive growth of companies. At the firm level, it is well documented to what extent the fall in the investment rate of non-financial firms in advanced economies is a striking stylised fact of the last three decades. In addition to the increasing integration of commercial and financial markets, the other channels presented in the literature are the increase in - financial transactions and the transformation of corporate governance towards maximizing shareholder value (Stockhammer, 2008; Orhangazi, 2008; Alvarez, 2015; Tori & Onaran, 2018). However, the causal link between the financialization of non-financial companies and the structural decline in investment has been shown mainly in the case of large listed companies. The case of smaller companies is more contrasted because the development of the financial sector allows them to loosen their financing constraints. Moreover, the diffusion effect of large companies' financial investments on recipient companies is rarely taken into account. This study contributes to shed light on the micro-foundations of macroeconomic trends by examining the determinants of fixed capital investment for a panel of French non-financial firms. Engaging with the financialization literature, an investment function that takes into account not only the usual channels of financialization but also the beneficial effects of easing the credit constraint related to better access to financial markets. The function is estimated at both the microeconomic and the sectoral level in order to grasp the heterogeneity of investment behavior and the existing cross-links between financial and productive investments.

Mots-Clés: financialization, investment, accumulation, non, financial corporations

*Intervenant