

“Financial Development and the Growth of Cooperative Firms”

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The Purpose of this article is to empirically assess the relationship existing between local financial development and the growth of firms, with a special focus on cooperatives. Using Italian data, a multiplicative interaction model is specified, so as to allow the impact of local banking development to differ between cooperative and non-cooperative firms. The main finding is that although local banking development represents a determinant of firms' growth, regardless of their legal structure, it plays a special role in boosting the growth of cooperatives. This result provides evidence in favor to the existence of an institutional complementarity relationship between the development of local banking institutions and cooperative firms.