

# Impact of Broadband Technology: Startups versus Mature Firms

Hans K. Hvide, University of Bergen

## Abstract

Entrepreneurs and startups have a special role in adapting economies to changing circumstances. This paper exploits a natural experiment: the staggered roll-out of broadband internet across Norwegian municipalities in the 2000s. We find that the introduction of broadband internet leads to a large increase in startup activity --- about 35% compared to the pre-reform mean. The startups invest in computers and online sales platforms and other assets that are complementary to the internet. In contrast, we find no effect on the employment, assets or ICT investments of mature firms. Our results support the idea from Schumpeter (1937) that startups play an important role in adapting economies to shocks.