

Comment

Alessandro Maffioli: In their paper, Lopez-Acevedo and Tinajero-Bravo address the important question of the potential impact of enterprise support programs on the performance of small and medium-sized enterprises (SMEs). This topic has not been extensively explored in the existing literature, and thus new findings in this area are certainly relevant for both scholars and policymakers. Specifically, the authors evaluate the impact of four SME support programs in Mexico: two programs involving business development services (CIMO and the PNAA) and two R&D support programs (FITI and PROSEC). They use a panel of firm-level data for the period 1994–2005, created by linking SME program participation information to a panel of annual industrial surveys. The authors' empirical strategy is based on estimating average treatment effects, combining a fixed-effects methodology with a Cox proportional hazard model, to estimate the propensity score of the likelihood of program participation; analyzing the sensitivity of program impact estimates to the possibility that program participation inhibits firm exit from the panel data; and examining the dynamic pattern of the estimated effects.

The paper finds evidence that the participation in the PNAA, FITI, and PROSEC is causally related to improvements on intermediate outcomes (exports and fixed assets) as well as to positive performance gains (production per worker, sales, and employment). However, no significant treatment effects for CIMO are found. As a robustness check, the paper shows that these results remain robust after trimming the bottom 5 percent (in terms of outcome) of the treatment group to account for possible firm departure bias. The paper also shows evidence that the effect of enterprise support programs might not be immediate.

This paper is a valuable contribution in many ways. Although SME support programs are widely used in both developed and developing countries, evidence on their effectiveness is still quite scarce and, therefore, mostly inconclusive. Because of this, there is no clear consensus on what the most

appropriate SME support programs are and on the specific mechanisms through which positive effects actually materialize. The paper is important also because of its focus on Latin America, especially considering that most of the existing research in this area still focuses on developed countries (see the authors' table 1, which reviews the literature). In this sense, this paper adds to a recent but growing literature focused on the evaluation of productive development programs in Latin America, including agricultural development programs (for a survey, see González and others 2010; Maffioli and others 2012); innovation programs (Hall and Maffioli 2008; Crespi, Maffioli, and Melendez 2011; Crespi, Solís, Tacsir 2011); export promotion programs (Volpe and Carballo 2008); SME support programs (Castillo and others 2013; Eslava, Maffioli, and Meléndez 2012); supplier development programs (Arráiz, Henriquez, and Stucchi 2012); and cluster development programs (Figal Garone and others 2012). Finally, the construction of a panel data set that can be used to measure long-term effects of this kind of program also significantly contributes to closing an important knowledge gap. In fact, because many of the existing evaluations relied on data that covered relatively short posttreatment periods, they often left unanswered all questions on the long-term effects and on the overall dynamics of the effects.

These merits notwithstanding, the paper still shows some methodological limitations that should be addressed by future studies in this area. To deal with possible selection bias issues, the paper adopts an identification strategy that combines matching techniques and panel data analysis. Because various cohorts of beneficiaries are considered, the paper uses a Cox proportional hazard model to estimate the propensity score. Although the intuition at the base of this approach is relatively clear, its properties have not been clearly discussed or demonstrated by any robust theoretical work. In addition, although the paper analyzes multiple treatments at the same time, it does not fully consider the possible interactions between these interventions. Ignoring these potential interactions leaves unaddressed relevant policy questions, such as whether there are complementarities among programs that could be exploited through the design of new policy instruments, their coordination, and sequencing. Obviously, the study of the simultaneous effect of different programs implies additional methodological challenges, since it requires dealing with a multistep selection bias. In fact, in this setting firms not only decide whether to participate in various programs but they also decide in which specific program or programs to participate and in which order. It is

quite clear that in this setting the potential selection biases and the identification assumptions required to solve them are not the same as in the case of a single treatment.

Summing up, the line of research undertaken by Lopez-Acevedo and Tinajero-Bravo is surely very interesting and relevant. I hope the authors will continue working on this line of research and that their future work can keep contributing to shed light on the effects of SME policies in Latin America.