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Why some Special Economic Zones attract more firms than others? Panel data analysis of Polish SEZs

We formulate the question why do some Special Economic Zones in Poland attract more investment and jobs than others. In order to answer the question, a set of panel data models of employment and capital outlays growth in SEZ-based companies for the years 2003-2015 is estimated. A set of macroeconomic data aggregated at the level of counties is used to control for heterogeneity of counties' investment conditions in the spatial dimension. We find that both employment and investment growth in SEZs are driven by labour market characteristics of SEZ-hosting county: low-skilled unemployment, labour activity and wage fund, as well as variables describing SEZ characteristics: agglomeration economies, ownership and technology clustering. We do not find robust impact of maximum intensity of regional aid which differentiates SEZs in terms of income tax exemption level granted to SEZ based companies.

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