

Reply to Referee Report 2

The paper is difficult to follow with no clear integration –

AC: I have restructured and rewritten the paper in an attempt to make the paper more integrated, giving explanations of what I am aiming to do as I move from one section to the next.

Are exit hazards constant for middle-aged or older firms?

AC – if the exponential fits well, and if we assume that entry rates were constant over the period, then I would say yes.

Old firms – “the data are nowhere close to what the exponential would predict”

AC – judging by Figure 9, which shows the data and also the best-fit exponential, this comment seems a bit exaggerated. Only in the case of the ‘oldest of the old’ do we see clear departures from the exponential.

How many are family owned?

AC – yes, I have clarified this in Section 4. Among the world’s oldest companies, there is a disproportionately high number of family firms. For example, the world’s oldest company is a family company, and the 8 oldest family companies are all among the 44 oldest companies.

I think it’s worthwhile talking about family firms here for several reasons. First, Table 1 is of interest in its own right because it gives an idea of the extreme ages old firms can reach. Second, this Economist database on family firms (in Table 1) can be used to cross-check the other two databases on old firms. Third, family firms have a particularly strong survival imperative, that is presumably also relevant for understanding the corporate culture and survival pressures on other very old firms that are not (or are no longer) family firms.

Why include Section 5 – Sector Level analysis?

AC – there is a large literature on firm age and survival that takes place at the level of disaggregated industries, and this strand of literature has yielded conflicting results. In this paper on the smooth regular age distribution observed at the aggregate level, I need to distinguish myself from this prior strand of literature. I want to show that the exponential age distribution is an aggregate property that is not expected to survive disaggregation.

Minor comments:

AC: I have taken care of these mistakes. Regarding the idea of including an Appendix that summarizes the datasets – it seems to me that this would be a bit repetitive, because most readers are not

interested in the details of these datasets, while those readers that are can easily find hyperlinks to the datasets in the paper.