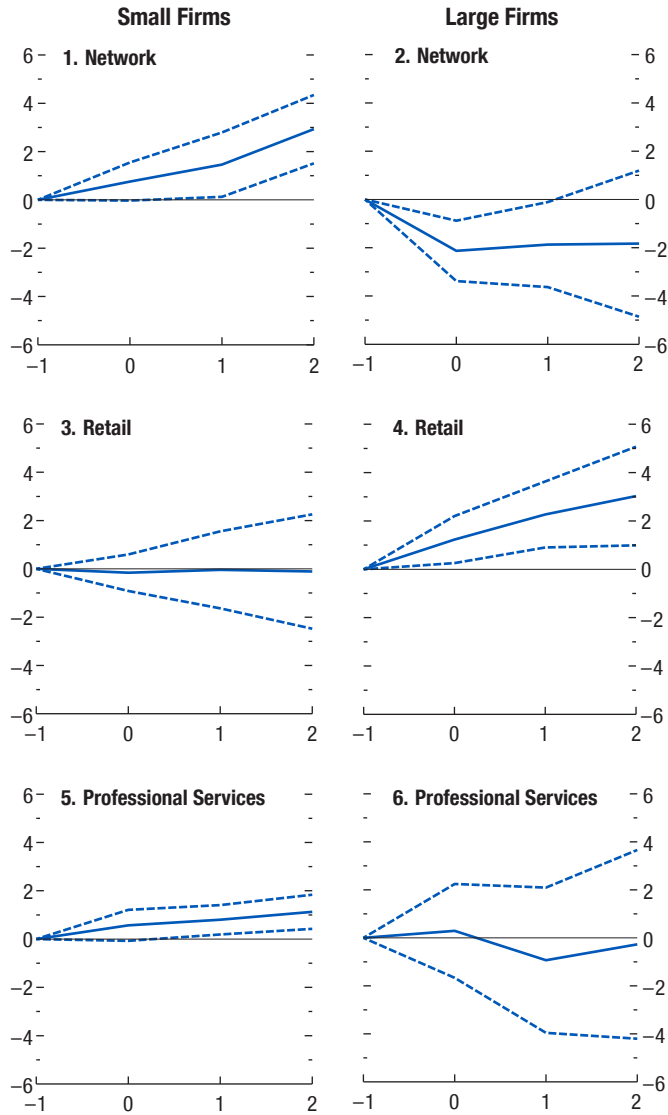


**Figure 3.8. Direct Effects of Product Market Reforms on Incumbent Firms' Employment: The Role of Firm Size**  
*(Percent; years on x-axis)*

Employment effects of product market reforms vary with firm size. They tend to be larger for smaller firms in network sectors, and to a lesser extent in professional services, and larger for larger firms in retail trade.



Source: IMF staff estimates.

Note:  $t = 0$  is the year of the shock. Solid lines denote the response to a major reform in product market regulation, and dashed lines denote 90 percent confidence bands. Network industries are air, rail, and road transportation; electricity and gas distribution; and telecommunications and postal services.