The dissertation studies the effect of different degrees of sector specific regulation on private security industry dynamics in EU Member States. Starting with an exploratory case study based on three country cases (Belgium, the Netherlands and Germany), the first chapter touches upon a broad range of economic effects studied in the field of regulatory economics. These effects are in turn powered by the wider concept of economic regulation. The results hint that more intense regulation leads to a higher concentration ratio, meaning that regulation clearly acts as an entry barrier and intense regulation weighs more heavily on small newcomers than on large incumbents. After performing a broad exploratory study, the second chapter focuses on quantifying the width and restrictiveness of regulation for all EU Member States for the period 1931 until 2018. The fact that Member States commit their legislation to different regulatory aspects, hampering the development of supranational legislation, constitutes one of the most noteworthy findings. Using this new index, created in the second chapter, the third chapter studies how regulation influences business demography, and by extension private security industry dynamics. As regulation increases, we document a decrease in firm birth rate, firm death rate as well as firm survival rate of recent newcomers.
Incumbents clearly gain an advantage from lobbying to increase regulation and consequently raising barriers to entry.