Labour demand adjustment: Does foreign ownership matter?

Discussion by

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What the paper does

- Analyse Belgian firm level data
- To investigate whether labour demand adjustment is different in multinationals compared to non-multinationals
- Also distinguishing Belgian multinationals from foreign multinationals
- Estimates of asymmetric adjustment costs from dynamic labour demand

Findings

- Some differences in adjustment costs between MNEs and non-MNEs
- No (statistically significant) difference between foreign and Belgian MNEs
- Some attempt to explain the differential with firm / industry characteristics (unionisation, fixed term contracts, early retirement)

Some comments

- Why do you expect differences between multinationals and non-multinationals?
  - Large firms
  - Adjustment across many plants (multiplant or multinational effect?)
  - Lower linkages with local economy

  - Flamm (JDE, 1984)

Some comments

- Does size explain the differences?
  - Analysis with „unionisation dummy“ (size dummy) suggests it plays an important role
  - Use of „Meghir adjustment function“ leads to inconclusive results (how can you explain that?)
  - Re-estimate Table 5 interacting adjustment cost variables with continuous size measure
- Or other unobserved effects?
  - Can you use firms that change ownership to identify the effects?

Some comments

- Use the „economic crisis“
  - Adjustment should be different in an economic crisis
    - International locations imply risk spreading
  - Can data from 2008 be used to look into this?
  - Potential of this „natural experiment“ to identify the effects

Some more comments

- Distinguish job creation / job destruction in net employment flows
- Use a standard dynamic labour demand framework as a reference
- How important is selection (firm exit) in the data?