

## Research Centre, Faculty of Economics

is organizing a scientific - research seminar  
on Wednesday, **21<sup>th</sup> November 2012**, at **12:00 pm**  
in the room **P-109** at the **Faculty of Economics Ljubljana**.

Presentation of an article:

# **“Firm-Level Labour Demand: Adjustment in Good Times and During the Crisis”**

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“Using a large panel of Czech manufacturing firms with 50 or more employees, we update the firm-level labour demand elasticity estimates for 2002–2009. The economic crisis of 2008–2009 provides a source of variation needed for getting estimates that cover not only times of growth, but also a period of economic contraction. We find that in normal times (until 2007), the short-term elasticity is -0.53 with respect to wages and 0.43 with respect to sales, while the long-term elasticities are close to or below unity, standing at -0.94 for wages and 0.76 for sales. Both the wage and sales elasticities increased during the crisis, suggesting that firms became demand constrained, but only the sales elasticity is significantly different. The long-term wage elasticity close to -1 in the period before and during the crisis suggests that firms’ employment decisions are made within fixed budgets. Finally, we find that the inclusion of workers hired through temporary work agencies does not significantly affect the results, indicating that firms take into account total labour when deciding on employment and that hired workers are used as an equal labour demand channel with lower adjustment costs. As a robustness check, our results are qualitatively comparable with the narrative evidence from an ad-hoc firm-level survey on wage and price formation conducted in 2007 and 2009 within the ESCB Wage Dynamics Network.”

You can register for the free seminar by phone (01) 58-92-490, or via e-mail:  
[research.seminars@ef.uni-lj.si](mailto:research.seminars@ef.uni-lj.si) until Tuesday, 20.11.2012.

**Welcome!**