Pandemic support and productivity

Discussion and CompNet's contribution

NATIONAL BANK OF SLOVAKIA
EUROSYSTEM

Tibor Lalinsky

CompNet ProdTalk

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COVID-19 related literature

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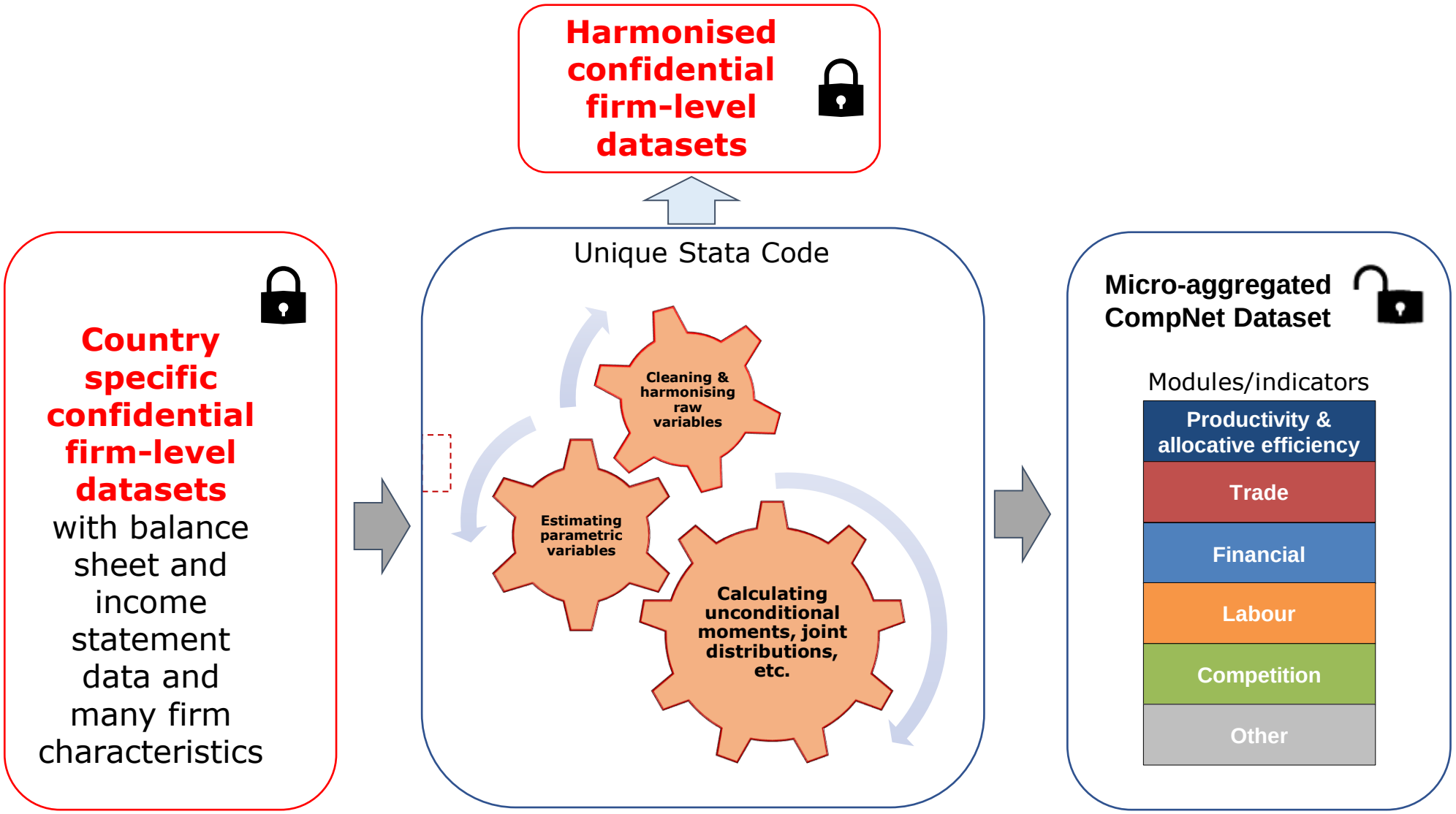
- Theoretical model-based studies
- Survey-based studies
- Simulation and microsimulation-based studies
- Studies incorporating actual firm-level subsidies

HADJIBEYLI, ROULLEAU and BAUER (2021), French Treasury WP 2021/02

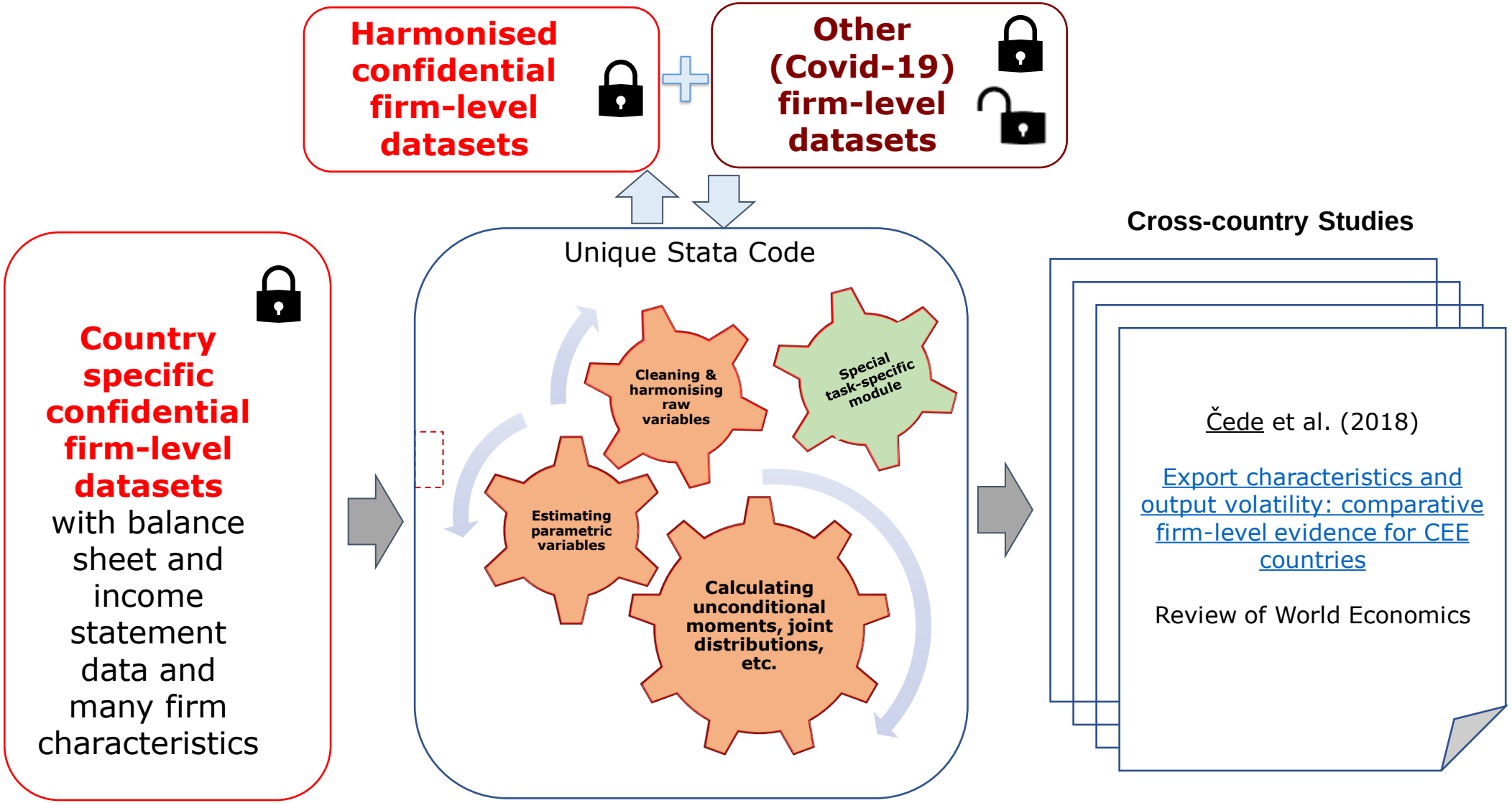
LALINSKY and PAL (2021), European Investment Bank WP 2021 2021/06

ROPER, JIBRIL and HART (2021), (forthcoming)

CompNet's cross country approach



CompNet's cross country research



CompNet's project on COVID-19

- Are COVID-19 subsidies supporting "deserving" firms?
- Are subsidies limiting the cleansing effect of the market, factors allocation and then aggregate productivity?

  - Based on firm-level data on COVID-19 subsidies combined with balance-sheet and income statements data and firm characteristics
  - Participating teams (4 May 21): Croatia[HR], Slovakia[SK], Slovenia[SI] + Finland, (Spain, Netherlands, …)

  - Cluster analysis of the support distribution
  - Quantitative regression analysis
  - Scenario analysis

[HR] Martin Pintarić and Katja Gattin Turkalj, [SK] Tibor Lalinsky, [SI] Urška Lušina, Janez Kušar

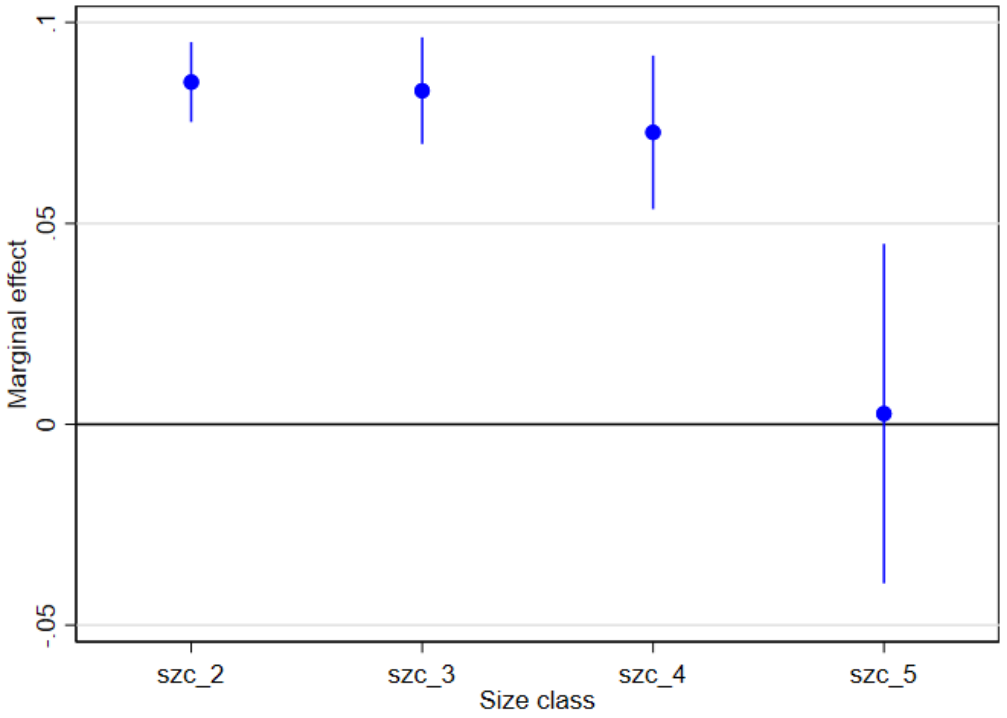
Sample of our cluster analysis

Share of wage subsidies distributed to:

- Big and productive firms – relatively low (25% in Croatia , 31% in Slovenia and 32% in Slovakia)
- Productive start-ups – very low (approx. 1% in all three countries)
- Low tech and low knowledge intensive firms – relatively large (80% in Croatia, 71% in Slovenia and 60% in Slovakia)
- Distressed or Zombie firms – low (less than 5% in all three countries)

Sample of our regression outputs

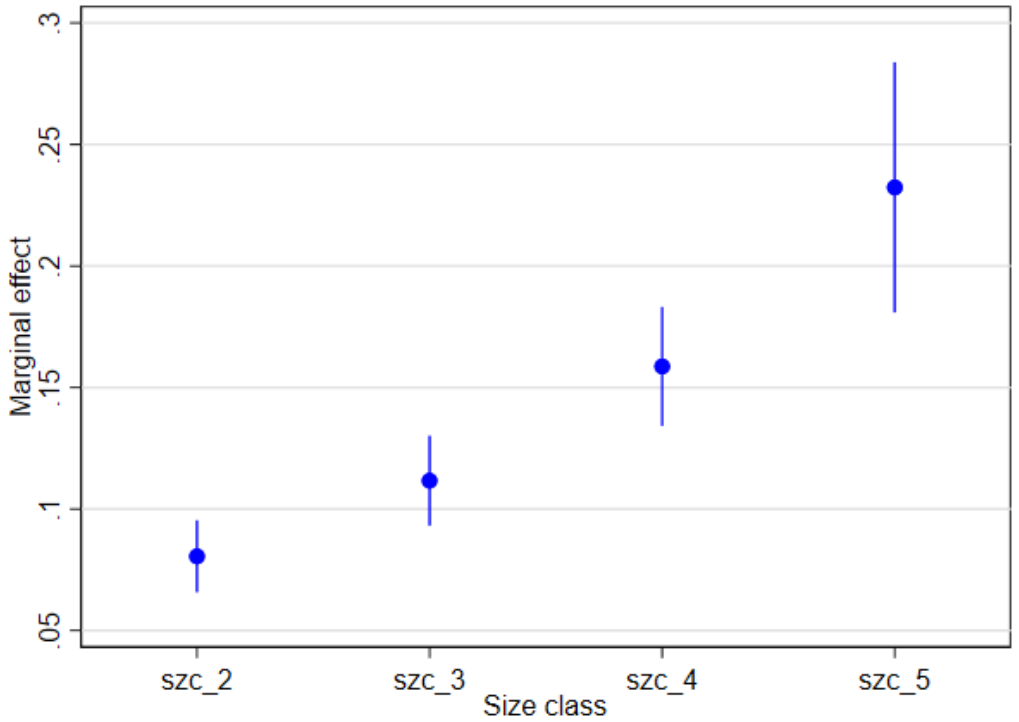
Probability of receiving wage subsidies by size classes - Croatia



Note: Average marginal effects from logit regression with labour productivity and industry controls, binary dummy for receiving support used as the dependent variable.

Source: authors' calculations based on Croatian dataset

Probability of receiving wage subsidies by size classes - Slovenia

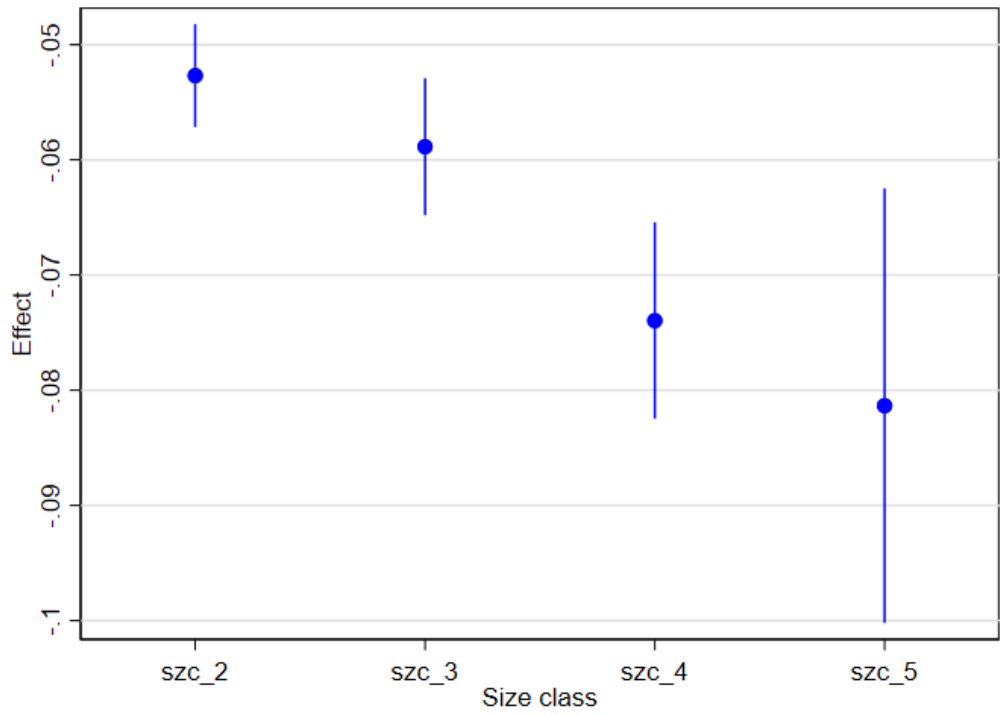


Note: Average marginal effects from logit regression with labour productivity and industry controls, binary dummy for receiving support used as the dependent variable.

Source: authors' calculations based on Slovenian dataset

Sample of our regression outputs

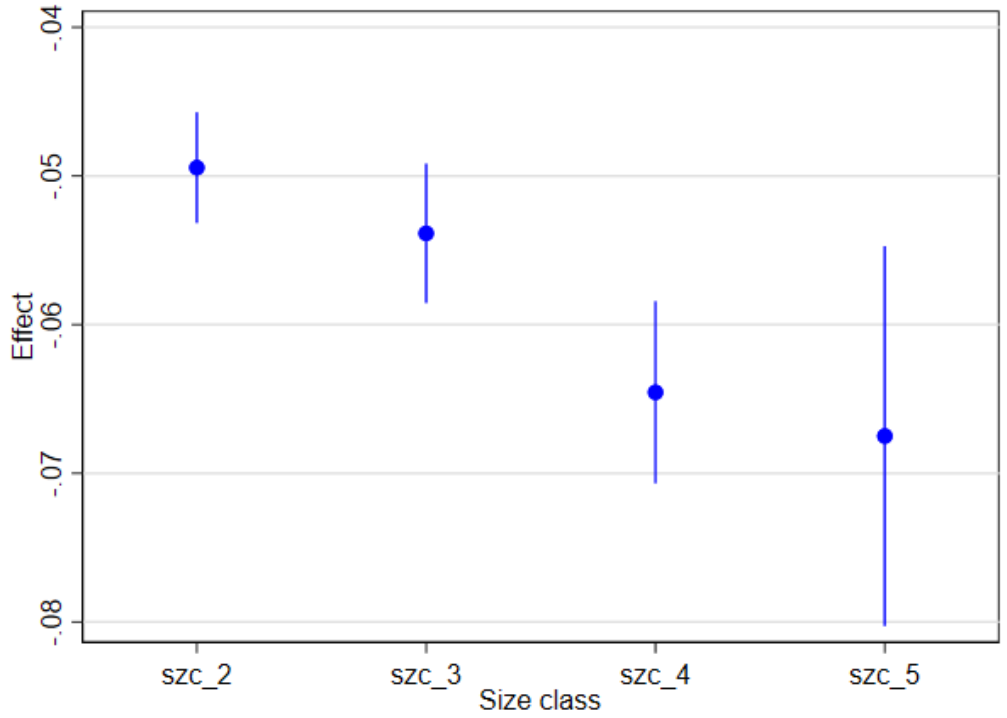
Relative size of wage subsidies by firm size classes - Croatia



Note: Based on OLS regression for supported firms with TFP and industry controls, relative support with respect to labour costs used as the dependent variable.

Source: authors' calculations based on Croatian dataset

Relative size of wage subsidies by firm size classes - Slovenia



Note: Based on OLS regression for supported firms with TFP and industry controls, relative support with respect to labour costs used as the dependent variable.

Source: authors' calculations based on Slovenian dataset

Sample of our scenario analysis

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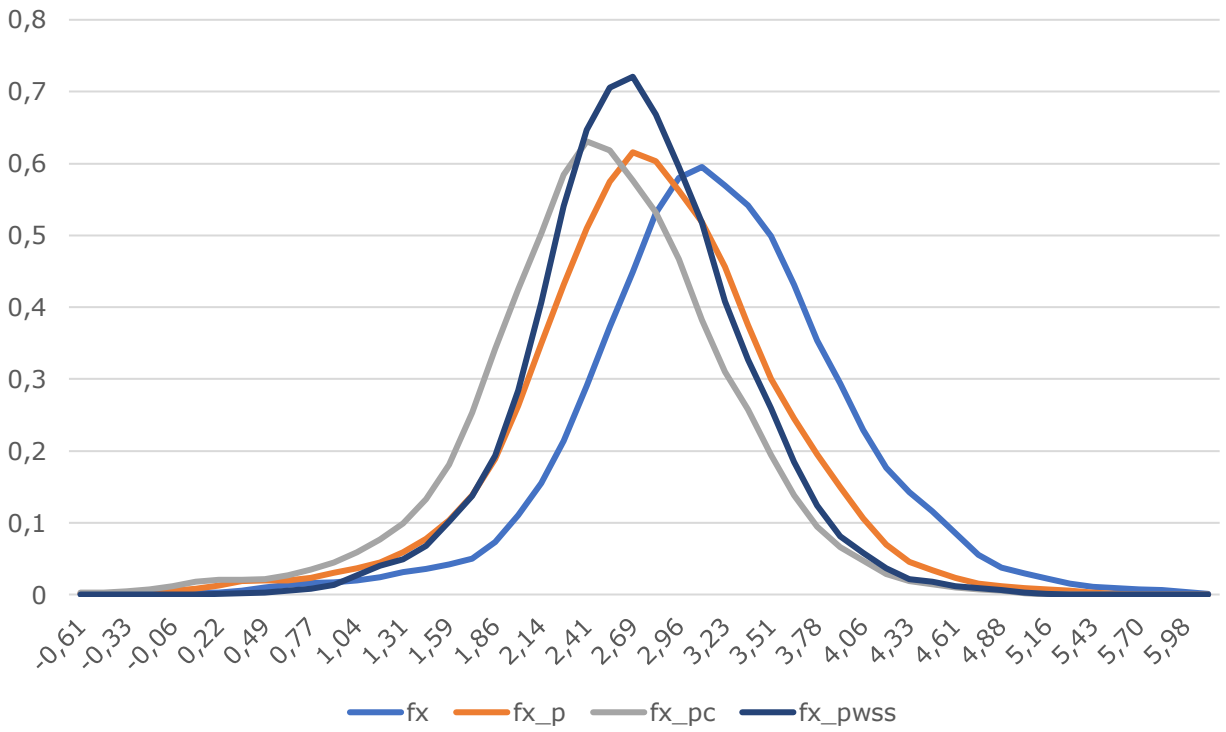
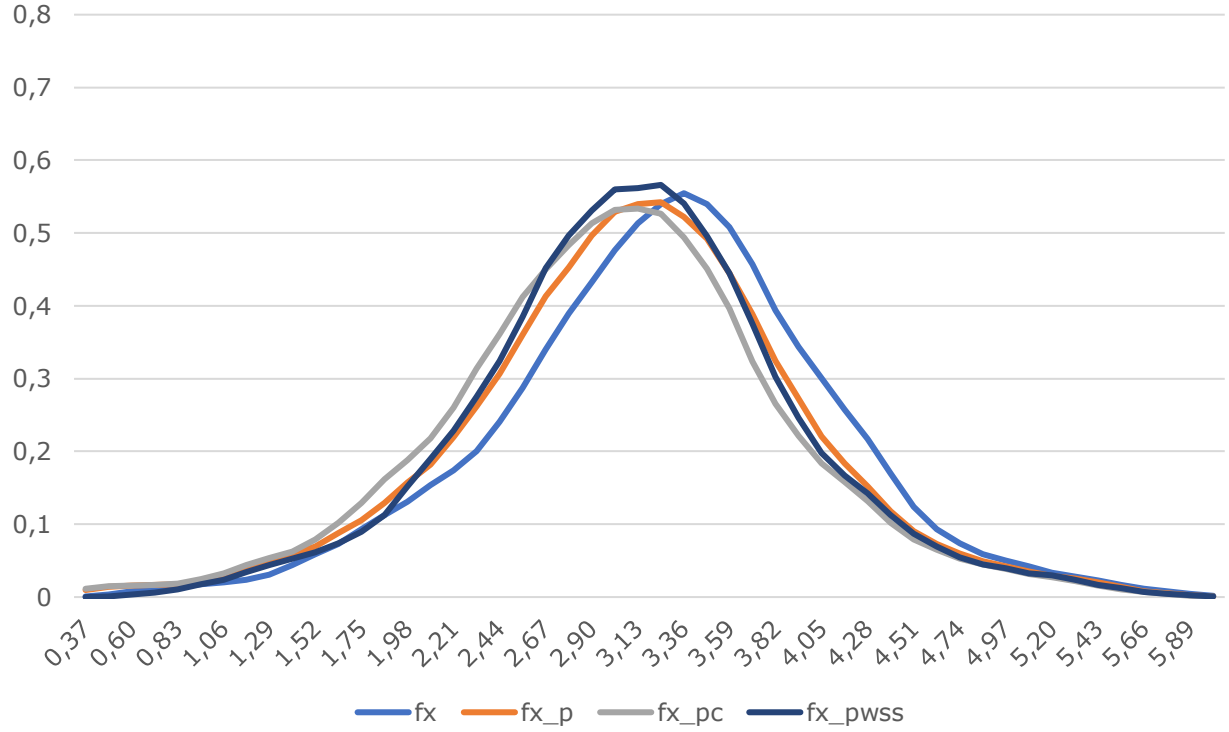
Labour productivity distribution - Hotels and restaurants, Croatia



Note: fx – Pre-pandemic, fx_p – Pandemic, fx_pc – Pandemic with rigid employment, fx_pwss – Pandemic with support (constant employment for supported and flexible employment for non-supported employees).

Source: authors' calculations based on Croatian dataset

Labour productivity distribution - Hotels and restaurants, Slovakia



Note: fx – Pre-pandemic, fx_p – Pandemic, fx_pc – Pandemic with rigid employment, fx_pwss – Pandemic with support (constant employment for supported and flexible employment for non-supported employees).

Source: authors' calculations based on Slovak dataset

Thank you!

Interested to join the project or just get more information?
Contact us: Tommaso.Bighelli@iwh-halle.de or Tibor.Lalinsky@nbs.sk