Determinants of Company-Level Responses to the Financial Crisis in Germany: Evidence from the IAB-Job Vacancy Survey

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The German economy currently faces the most serious economic downturn, in terms of scale and magnitude, since the Second World War. Demand, orders, output and profit have declined in many sectors and for many companies, without precedented rates of decline. Since 2008 the situation in the real economy has continued to deteriorate. In order to cope with the situation, the German Federal government, the state governments and the social partners have introduced and/or adapted a wide range of policy instruments. At the company-level, there have been an increasing number of activities to adapt to the situation.

This paper analyses the determinants of company-level responses to the financial crisis, drawing on the Job-Vacancy-Survey-Dataset of 8,000 enterprises asked amongst others about the affection of the crisis. This cross-sectional data is based primarily on the 2nd Quarter 2009 of the establishment level IAB-Job Vacancy Survey, linked to additional information on company, industry and local labour market characteristics. The focus of the multivariate empirical analysis is on exploring and explaining the variation of firms' behaviour concerning the type (for example, wage cuts versus reduction in working hours) of company-level instruments used to adjust to the crisis.