



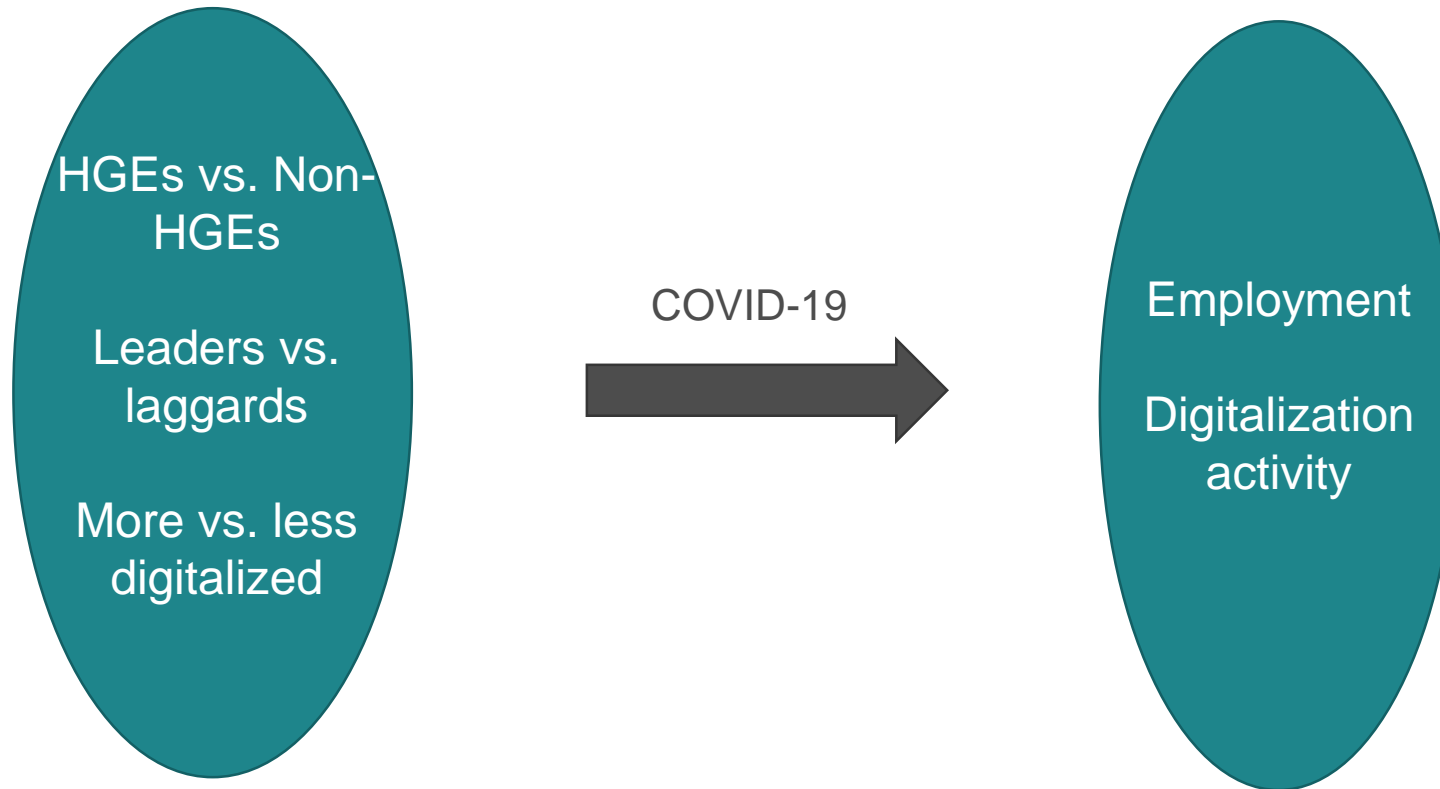
# Discussion of “Productivity and HGEs: resilience and potential recovery from COVID-19 pandemic”

10/01/2022

*Miguel Sanchez-Martinez (European Commission-Joint Research Centre)*

# Questions

- Sets out to investigate several **academic** and **policy** - relevant questions:



# Results

The paper provides important insights, with far-reaching **policy implications**:

- Fostering productivity is important not only in and on itself, but also for **increased resilience**.
- Digital sectors more resilient.
- COVID shock has indeed boosted digital adoption, **but** this might be at the cost of a **widening** of the digital (and productivity) gap.
- HGEs **do not** seem to have any **intrinsic** characteristics making them more resilient to the crisis (or *overall* more productive).

# Issues/comments/suggestions

- General:
  - On employment: might want to consider other **metrics** (e.g., data-permitting, resilience in terms of sales).
  - Provide a taxonomy of the expected impact on **productivity itself** (e.g., if laggards are more focused on improving efficiency, shedding workers might benefit productivity)
  - Measurement: are hours worked available? one could define productivity in terms of **hours** (allows in turn to look at hoarding behaviour by type of firm).
  - Why not also comparing other **groups** re the short-term employment impact (e.g., high impact vs. positive employment impact/no change).

# Issues/comments/suggestions

- Results:
  - How do you reconcile the different significance levels of the impact of digitalization on employment at sector versus at firm levels?
  - HGEs not more vulnerable than other firms re employment and digitalization. But since they are major employment and wealth creators, focus on other KPIs (e.g., sales, profits, funding)
  - The shrinkage of low-productivity firms might be welcome, for they maybe *zombies*. But shedding employment is not the same as exiting the market. Sectoral analysis could be deepened.
  - Extension: exploit some other firm-specific characteristics (e.g., human capital) as potential drivers of the digital divide.