

1. Record Nr.	UNINA9910162944103321
Autore	Agarwal Ruchir
Titolo	Strategic Corporate Layoffs // Ruchir Agarwal, Julian Kolev
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2016
ISBN	1-4755-6772-3 1-4755-6775-8
Descrizione fisica	1 online resource (78 pages) : illustrations (some color), graphs, tables
Collana	IMF Working Papers
Altri autori (Persone)	KolevJulian
Disciplina	331.137
Soggetti	Layoff systems Chief executive officers Finance: General Labor Macroeconomics Labor Turnover Vacancies Layoffs Financing Policy Financial Risk and Risk Management Capital and Ownership Structure Value of Firms Goodwill Information and Market Efficiency Event Studies Business Fluctuations Cycles Prices, Business Fluctuations, and Cycles: General (includes Measurement and Data) Labor Force and Employment, Size, and Structure General Financial Markets: General (includes Measurement and Data) Labor Economics: General Wages, Compensation, and Labor Costs: General Economic growth Labour income economics Finance Business cycles Labor force Stock markets

Wages  
Financial markets  
Labor market  
Stock exchanges  
Labor economics  
Income economics  
United States

---

Lingua di pubblicazione

Inglese

---

Formato

Materiale a stampa

---

Livello bibliografico

Monografia

---

Nota di bibliografia

Includes bibliographical references.

---

Sommario/riassunto

Firms in the S&P 500 often announce layoffs within days of one another, despite the fact that the average S&P 500 constituent announces layoffs once every 5 years. By contrast, similar-sized privately-held firms do not behave in this way. This paper provides empirical evidence that such clustering behavior is largely due to CEOs managing their reputation in financial markets. To interpret these results we develop a theoretical framework in which managers delay layoffs during good economic states to avoid damaging the markets perception of their ability. The model predicts clustering in the timing of layoff announcements, and illustrates a mechanism through which the cyclical nature of firms layoff policies is amplified. Our findings suggest that reputation management is an important driver of layoff policies both at daily frequencies and over the business cycle, and can have significant macroeconomic consequences.

---