

**Workforce Reduction and Firm Performance: a Comparison between  
French Publicly-Listed  
and Non-Listed Companies 1994-2000**

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Using an exhaustive database with labour, accounting and financial market information on French firms between 1994 and 2000, we analyse the causes and consequences of workforce reduction, and compare the results for publicly-listed and non-listed companies. A logistic estimate shows that headcount reduction occurs in less-productive and financially distressed firms, using downsizing as a defensive response to an adverse economic shock. Once we take into account initial characteristics of firms, we find that the major performance indicators are significantly improved only for non-listed companies, but that overall there is no net gain on the full period of study.

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