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IWH Research Seminar in Economics

May 20, 2019, 14:15–15:45, conference room, ground floor

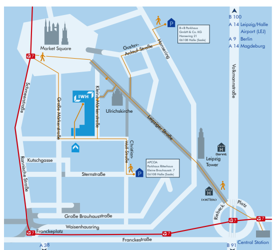
Credit Supply and Human Capital: Evidence from Bank Pension Liabilities

Claire Celerier, Assistant Professor of Finance, University of Toronto

We identify the effects of exogenous credit constraints on firm ability to attract and retain skilled workers. To do so, we exploit a shock to the value of the pension obligations of Portuguese banks resulting from a change in accounting norms. Using bank-firm credit exposures that we match with a census of all Portuguese employees, we show that firms in a relationship with affected banks borrow less and reduce employment mostly of high-skilled workers. High-skilled workers are more likely to exit and less likely to join affected firms. Overall, credit market frictions might have long lasting effects on firm productivity and growth through firm accumulation of human capital.

Scientific contact at IWH:
Andrea Strauch
Tel +49 345 7753 771, Andrea.Strauch@iwh-halle.de

Halle Institute for Economic Research (IWH) – Member of the Leibniz Association
Kleine Maerkerstrasse 8, D-06108 Halle (Saale)
Tel +49 345 7753 60, Fax +49 345 7753 820



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