

Titolo:

“More Stable and Better Paid? The Effect of Hiring Subsidies on Wages”

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Abstract

In this paper we test whether the social security contribution rebate introduced by the government in 2015 for firms hiring people with a permanent job contract had an effect of wages. This subsidy was not targeted to specific groups of workers and it was not contingent upon firm-level net job creation. It was a three-year exemption from social security contributions up to a threshold, which was quite high compared with the average contributions typically paid by firms for workers. Preliminary findings suggest that firms did not share with workers the surplus obtained by this strong temporary reduction in labour costs. Controlling for workers' fixed effects we find that nominal wages slightly declined. This evidence suggests that workers were available to accept a wage reduction to get a stable job.