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Titolo

The impact of employees' job stability on credit market access and conditions

Sintesi

The research agenda of labor economists has been largely focused on analyzing the impact of employees' job stability on unemployment, wages, working conditions etc.. however, also due to the lack of data, it remains substantially unexplored the possible impact of job flexibility on other workers' welfare aspects. In this project, we aim at filling this gap in the literature by concentrating on one specific aspect of workers' welfare: the access to the mortgage market and the related credit conditions (mortgage length, interest rates and mortgage amount). The literature acknowledges that access to the credit market has significant welfare impact on the households' both over the life cycle and over the business cycle; however it still lacks of empirical evidence about the impact of job stability.

The heterogeneity among Italian workers in the level of job stability may be measured by the type of labor contract or, conditional on the labor contract type, by the firing costs paid the employers in case of dismissal. These pieces of information may be employed by the bank's loan-officers to evaluate the wage stability of the mortgagors and, ultimately, to determine the conditions of accessing to the mortgage contract.

The main goal of the current research project is to establish the causal impact of job stability on the probability of accessing the credit market and, conditional on access, its conditions.

To this purpose, we would rely on a sample of employees for which we observe the characteristics of the labor contract along various dimension: the size of the company, when the contract has been created, the level of the salary and other observable characteristics of worker (age, married status, residence etc.).

We need to complement this piece of information with data on credit conditions granted by each Italian bank to Italian workers' by using the Credit Registry database provided by the Bank of Italy. The Credit Registry dataset provides information on mortgage applications and mortgage conditions.

The empirical analysis will evaluate the difference in the credit market outcomes using the discontinuity implied by the article 18 of the Italian Workers' Statute which creates a substantial difference in the firing costs of workers', impacting ultimately on their job stability.

We will evaluate the effect of job stability on access to credit market also along different business cycle conditions (prior or post to the financial crisis and the sovereign debt crisis) and after the 2015 labor market reform (the Jobs Act) which aimed at reducing the asymmetry in labor contract conditions for employees in firms above and below the 15 workers' threshold.