





































































































































**Table A.14: Robustness: Three categories of bank stress**

This table reports estimates of equation (2). The sample covers the period 2001-2014 and has a firm-year structure. The dependent variable is the log of employment. The explanatory variables include firm-level balance sheet information, time-varying information on the balance sheets of each firm's main bank and the three recursive reform indicators. All independent variables are lagged by one year except for the reform indicators which are lagged by two years. Standard errors are clustered as indicated below. *t*-statistics are reported in parentheses. Significance at the 10%, 5%, and 1% level is indicated by \*, \*\*, and \*\*\*, respectively. Refer to Appendix Table A.1 for variable definitions.

Dependent variable:	Ln(employment) (1)
Regular empl. ref. × medium stress	-0.002 (-1.13)
Regular empl. ref. × high stress	-0.002 (-0.96)
Unempl. benefit ref. × medium stress	-0.022 (-1.19)
Unempl. benefit ref. × high stress	-0.048** (-2.51)
Temporary empl. ref. × medium stress	-0.001 (-0.45)
Temporary empl. ref. × high stress	-0.001 (-0.48)
Medium stress	0.009*** (3.61)
High stress	0.011*** (4.12)
Firm controls	Yes
Bank size	Yes
Firm FE	Yes
Sector-year FE	No
Country-sector-year FE	Yes
Observations	2,070,262
Adjusted $R^2$	0.935
Number of firms	387,113
Number of banks	1,116
Mean dep. var.	2.272
Clustering	Firm
Sample period	2001-2014



## Acknowledgements

We thank Manuela Storz for constructing the matched firm-bank dataset and for numerous helpful comments and suggestions. We also thank Tim Adam, Robert Anderton, Vasco Botelho, Claire C  lerier, Stefano Colonnello, Daniel Fackler, Annalisa Ferrando, Eva Hank, Iftekhar Hasan, Ines Helm, Helge Littke, Michael Koetter, Klaus Masuch, Peter McAdam, Wolfgang Modery, Paige Ouimet, Filippou Petroulakis, Alexander Popov, Fabiano Schivardi, Yannick Timmer, Wolf Wagner, Jessie Wang, Andreas Westphal, and seminar participants at the IWH Doctoral Research Seminar, the ECB DGE-SSL Internal Seminar, the ECB RRC4 Mini-Workshop on Misallocation and Financial Constraints, and the 2019 FINEST Spring Workshop (Limoges) for helpful comments and suggestions. The views expressed here are those of the authors and do not necessarily represent the views of the European Central Bank. All errors are our own.

**Moritz Stieglitz** (corresponding author)

Halle Institute for Economic Research, Halle (Saale), Germany; email: [moritz.stieglitz@iwh-halle.de](mailto:moritz.stieglitz@iwh-halle.de)

**Ralph Setzer**

European Central Bank, Frankfurt am Main, Germany; email: [ralph.setzer@ecb.europa.eu](mailto:ralph.setzer@ecb.europa.eu)

   European Central Bank, 2019

Postal address 60640 Frankfurt am Main, Germany

Telephone +49 69 1344 0

Website [www.ecb.europa.eu](http://www.ecb.europa.eu)

All rights reserved. Any reproduction, publication and reprint in the form of a different publication, whether printed or produced electronically, in whole or in part, is permitted only with the explicit written authorisation of the ECB or the authors.

This paper can be downloaded without charge from [www.ecb.europa.eu](http://www.ecb.europa.eu), from the [Social Science Research Network electronic library](#) or from [RePEc: Research Papers in Economics](#). Information on all of the papers published in the ECB Working Paper Series can be found on the [ECB's website](#).

PDF

ISBN 978-92-899-3903-4

ISSN 1725-2806

doi:10.2866/450578

QB-AR-19-115-EN-N