

Financing Constraints and Investment in Employee Training

Giorgio Brunello (University of Padova), with Aron Gereben, Christoph Weiss and Patricia Wruuck

3 September 2019

We study to what extent financing constraints affect the decision to invest in employee training using a representative sample of firms in the EU. Combining data from the EIBIS survey with financial statements from Orbis, we develop an index of financing constraints and estimate that a 10 percent increase in the index reduces on average investment in training (as a share of fixed assets) by 2.9 percent. This effect is much larger than average for firms located in Southern Europe (11.1 percent) and larger than average for firms in industry (4.6 percent) and with at least 50 employees (5.3 percent).