

Firm Relocations, Commuting and Relationship Stability

Kristína Hrehová^{*ID}, Erika Sandow^{†ID}, Urban Lindgren^{‡ID}

June 25, 2021

Abstract

In this paper, we study the impact of firm relocations on commuting distance and the probability of married couples and cohabiting couples with children separating. We use Swedish register data for 2010-2016 and select employees of relocating firms with one workplace and more than 10 employees. Focusing on this sample allows us to use plausibly exogenous variation in the commuting distance arising from the relocation. We extend the literature on the effect of commuting on relationship stability by reducing the possibility for unobserved time-variant factors to bias our estimates. While previous literature has focused on the difference between short- and long-distance commuting, we focus on changes in the commuting distance that are externally induced by firm management. We find a small but statistically significant negative effect of increased firm relocation distance on family stability. A 10 km change in commuting distance leads to a 0.09 percentage point higher probability of separation if the commuter remains with the firm for the next 5 years.¹

*CERGE-EI, a joint workplace of Charles University and the Economics Institute of the Czech Academy of Sciences, Politických veznu 7, 111 21 Prague, Czech Republic. Email: kristina.hrehova@cerge-ei.cz.

†Department of Geography, Umeå University SE- 901 87 Umeå, Sweden

‡Department of Geography, Umeå University SE- 901 87 Umeå, Sweden

1. We are grateful for comments from the research seminar at the Department of Geography in Umea and the PhD Workshop in Microeconometrics in Bozen-Bolzano 2019. Thanks to Erik Backström for help with the ASTRID database and to Magnus Strömgren for his generous support of our efforts to estimate the commuting time with ArcGIS. Financial support from the Charles University Mobility Fund, project Number FM/c/2019-1-039, from the CERGE-EI Foundation and from the Brinson Fellowship are gratefully acknowledged. All remaining errors are the authors' responsibility.