

Firm Relocations, Commuting and Relationship Stability

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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

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