

# Online Appendix

## Labour Protection Legislation and Discouraged Borrowers in Europe

We have performed some additional test. In particular, we retest our models by substituting the legal origin or the interaction between legal origin and easiness to enforce protection with the World Bank Doing Business Database index that measures the creditor protection. The tables reporting the estimated results are included below. All the regressions present collinearity issues that can affect the significance of our indepent variables. However, as far as the blue collars notice period is concerned, the additional regressions present results that are consistent with those presented above. When we look at the white collars, we obtain results that partially clash with those obtained in the original regressions. More specifically, the sign and the statistical significance for the shorter notice period remain consistent with those of the original regression. As far as longer notice periods are concerened, the dependent variable is significant but the sign turns to be negative (from positive). Given the otherwise quite consistent results that we obtain, we ascribe the unexpected outcome to collinearity. However, the evidence we obtain supports our argument that further examination is needed.

## Blue collar Regression – Creditor Protection Index

VARIABLES	(1) Loans	(2) Loans	(3) Loans	(4) Loans	(5) Loans
Creditor Protection Index	-0.0540*** (0.006)	-0.0547*** (0.006)	-0.0559*** (0.006)	-0.0497*** (0.006)	-0.0483*** (0.006)
Blue collars: n.p. up to 6 months	-0.1790*** (0.027)				
Blue collars: n.p. up to 2yrs		-0.1174*** (0.016)			
Blue collars: n.p. up to 5 yrs			-0.1504*** (0.013)		
Blue collars: n.p. up to 10 yrs				-0.0816*** (0.008)	
Blue collars: n.p. above 10yrs					-0.0534*** (0.005)
Constant	-1.4266*** (0.060)	-1.4168*** (0.060)	-1.3364*** (0.061)	-1.4225*** (0.060)	-1.4565*** (0.059)
Observations	47,734	47,734	47,734	47,734	47,734
Firm characteristics	Yes	Yes	Yes	Yes	Yes
Firm financial positions	Yes	Yes	Yes	Yes	Yes
Factors affecting access to finance	Yes	Yes	Yes	Yes	Yes
Financial instruments	Yes	Yes	Yes	Yes	Yes
Macro Controls	Yes	Yes	Yes	Yes	Yes
VCE_Cluster	Country	Country	Country	Country	Country
Pseudo R-squared	0.0894	0.0900	0.0942	0.0929	0.0918

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## White collar Regression – Creditor Protection Index

VARIABLES	(1) Loans	(2) Loans	(3) Loans	(4) Loans	(5) Loans
Creditor Protection Index	-0.0569*** (0.007)	-0.0596*** (0.006)	-0.0616*** (0.006)	-0.0613*** (0.006)	-0.0611*** (0.006)
White collars: n.p. up to 6 months	-0.1564*** (0.026)				
White collars: n.p. up to 2 yrs		0.0143 (0.016)			
White collars: n.p. up to 5 yrs			-0.0118 (0.014)		
White collars: n.p. up to 10yrs				-0.0121* (0.007)	
White collars: n.p. more than 10yrs					-0.0110*** (0.004)
Constant	-1.4220*** (0.065)	-1.5483*** (0.064)	-1.4896*** (0.068)	-1.4899*** (0.062)	-1.4883*** (0.060)
Observations	45,089	47,734	47,678	47,734	47,734
Firm characteristics	Yes	Yes	Yes	Yes	Yes
Firm financial positions	Yes	Yes	Yes	Yes	Yes
Factors affecting access to finance	Yes	Yes	Yes	Yes	Yes
Financial instruments	Yes	Yes	Yes	Yes	Yes
Macro Controls	Yes	Yes	Yes	Yes	Yes
VCE_Cluster	Country	Country	Country	Country	Country
Pseudo R-squared	0.0911	0.0866	0.0870	0.0867	0.0868

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1