

Titolo del progetto: DETERMINANTS OF HUMAN CAPITAL ACCUMULATION AND ACCESS TO CREDIT

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Abstract:

The process of socio-economic development depends crucially upon the process of accumulation of human capital and other immaterial inputs that determine productivity growth (Hanushek and Kimko, 2000; Barro, 2001) and also health, safety and a better social behaviour (Lochner, 2011, Pechar and Lesley, 2011). Understanding how such process takes place is essential to explain what makes less developed regions catch up or not with more developed ones. In general, investment in accumulable inputs such as human capital and technology results from the combination of two elements. First, the real return should be sufficiently high; and, second, there must be financial resources available. For this reason, the present research project focuses on the following two specific issues: i. Migration, schooling and the accumulation of human capital; ii. Stability and efficiency of the financial system and availability of finance to households and firms in relation to the process of socio-economic development of less developed regions. The analyses will be conducted both at micro level and at regional or interregional level, and will be both empirical and theoretical. At empirical level, we will exploit the data opportunities available, such for example the access to the data set on the SFIRS microfinance program. Different units within the project will tackle the following specific questions within each of the two main themes outlined above. Regarding accumulation of human capital, the aim is to explain the determinants of the educational process of local population, and the interregional migration exchange in terms of human capital content and relative age cohort to see whether and to what extent the local educational attainment of population affects this exchange. In particular, we aim at developing an action research approach (Lewin, 1946; Hart & Bond, 1995) involving multidisciplinary experts in several Sardinian educational agencies and institutions, and to investigate the factors that influence early dropout in the (public) education system. The goal is (1) to share best practices with experts aimed at promoting students well-being and life skills (OMS, 1993; Bandura, 1995) that can help enhancing the overall welfare in the long term, and (2) analyze qualitative and quantitative comparable data in order to identify a model of school dropout determination that can generalize the findings and that can be used as a benchmark in areas where the same problems are experienced. At the same time, it is essential to investigate interregional migration exchange in terms of human capital content and relative age cohort to see whether and to what extent the local educational attainment of population affects this exchange. To this purpose, the present project analyses whether and to what extent high- and low-human capital inter-provincial flows (also by age cohort) react to short and long run economic growth dynamics and to local educational attainment, and whether each type of response has changed from the 1970s to today. In this way, it would be possible: a) to compare the performance of the Italian regions/provinces to see how educational attainment of local population and interregional migration have contributed in increasing existing periphery-core economic disparities; b) to investigate how high- and low-human capital (also by age cohort) react to short and long run economic growth dynamics and to local educational

attainment; c) to draw policies interventions to counteract patterns that produce economic disparities.

Productivity enhancing investment in less developed regions heavily depends on the capability of firms, which are often small (micro) to attract external financial resources. We will study the determinants of access to credit by small firms focusing on the role of (a) bank-firm relationships and (b) other forms of financing (trade credit); (c) mutual guarantees (d) legal forms in determining access to credit and cost of credit. Second, we will also study the determinants of self-rationing behaviour of discouraged borrowers. Third, related to credit market participation, we will assess the role of microcredit for non-bankable households and micro firms. Finally, we will look into the relationship between banks' provision of insurance to households against liquidity shocks – a very important function especially in the context of economically weak regions, and the supply of credit toward growth enhancing investment, and systemic risk, and also study how such relationship evolves with the level of economic development.

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