

Sintesi della Presentazione del Saggio

“The impact of EPL on Labour Productivity in a General Equilibrium Matching Model”

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The standard analysis of the impact of EPL on labour market outcomes concentrates mainly on unemployment, disregarding the possible effect on productivity. In this paper we make (a component of) labour productivity endogenous and analyze how the presence of a stringent protection legislation affects labour market in an equilibrium matching model with endogenous job destruction. Indeed, considering labour productivity an endogenous could be important not only in the case of EPL, but also for all kind of personnel policy evaluation. In this framework high labour productivity on one hand is costly in terms of effort, on the other hand is beneficial in terms of lower job destruction. We find that high firing costs partially substitute high labour productivity in reducing job destruction and this, consequently, brings down the optimal level of productivity. Moreover, the impact of EPL on unemployment is ambiguous but numerical exercises show unambiguously how higher firing restrictions reduce different measures of aggregate welfare. To some extent, the clear emergence of these results is full of policy implication and, indeed, rationalizes the recent empirical evidence on the impact of EPL.