



[Topics in Labor Economics: Theoretical and Empirical Applications]

Course leader: Giovanni Sulis

Aims of the course

The aim of the course is twofold. First, we will illustrate basic search and matching models of the labor market and provide examples of two extensions of those models as proposed in the literature i) a model with sunk capital investment and union power, ii) a model with heterogeneous skills and contract durations. Second, we will discuss the role of labor market institutions (employment protection and unions) and analyze their effects on workers and firms. Empirical applications will study the effects of unions on firms' capital investment and the effects of employment protection on hirings and separations of workers of different skills. Empirical methods will be based on Difference in Difference and Difference in Regression Discontinuities designs.

Learning outcomes and competences

By the end of this course, students should be able to:

- Understand search and matching models and their implications for employment and wages.
- Analyze labour market regulations and their economic consequences.
- Evaluate empirical evidence on labour market regulations.
- Develop independent research ideas in labour economics.

Pre-requisites

Students are expected to engage actively in discussions and critically evaluate key papers in labour economics. Prior knowledge of labour economics and econometrics is recommended.



Course contents and syllabus

May 7th from 14:00 to 17:00 (Room 8)

Worker and job flows. Reallocation and cyclicalities. Basic search and matching model of equilibrium unemployment. Environment, equilibrium and comparative statics. Including physical capital in the model.

- Pissarides 1990 (chapter 1)
- Selected parts of Chapter 9 in the (advanced) textbook by Cahuc, Carcillo and Zylberberg (2014)

May 9th from 10:00 to 13:00 (Room 8)

Labor market institutions and their effects on workers and firms. Theoretical models, effects of firing regulations on worker and job flows. What is employment protection legislation. Measurement and data.

- Selected parts of Chapter 13 (section 2 and 3) in the (advanced) textbook by Cahuc, Carcillo and Zylberberg (2014).
- Overview of the OECD datasets. <https://www.oecd.org/en/data/datasets/oecd-indicators-of-employment-protection.html>
- https://www.oecd.org/en/publications/oecd-employment-outlook-2020_1686c758-en.html

May 13th from 9:00 to 12:00 (Room 8)

Difference in difference approaches: Cross-country cross industries effects of labor institutions. Labor institutions and firm dynamics. Search and matching model with sunk capital investment and labor institutions.

- Rajan and Zingales (1998) methodology: Bassanini and Garnero (2013) Bottasso et al (2017)
- Selected parts of Chapter 7 (section 1 and 4) in the (advanced) textbook by Cahuc, Carcillo and Zylberberg (2014) are suggested readings.
- Theoretical model as in Cardullo, Conti and Sulis (2015)



May 16th from 10:00 to 13:00 (Room 8)

Within country variation of employment protection. Diff in diff; Regression discontinuity; Difference in regression discontinuity methods. A theoretical matching model with heterogeneous skills and contract durations. Effects of EPL on skills and training.

- Bratti, Conti and Sulis (2021)
- Boeri and Garibaldi (2019); Bottasso, Bratti, Cardullo, Conti and Sulis (2025)

Organization of the course

The course consists of 12 hours of lectures scheduled as follows: 4 lectures of 3 hours each.

(note: it could be useful to create a specific folder for your course in the Teams class “PhD Programme in Economics and Business” where you can store the relevant course’s material)

The relevant materials can be found in the *Teams class* “PhD Programme in Economics and Business” following this path: Documenti/General/Class Materials/Topics Labour.

First year PhD students are made members by using their UniCa email account. Students can access the *Teams* application by using the same account.

The FINAL timetable of the course can be found in the Team class calendar.

(note: the course leaders or their delegates are responsible for booking the rooms for the course’s lectures and filling in the timetable in the Teams class calendar)

Assessment method

Students are required to write a referee report on unpublished papers related to the topics of the course.

Reading list

Autor, D., W. Kerr and A. Kugler (2007), “Does employment protection reduce productivity? Evidence from US states”, *Economic Journal*, Vol. 117/521, pp. F189-F217.



Bassanini, A., Garnero, A., 2013. Dismissal protection and worker flows in OECD countries: evidence from cross-country/cross-industry data. *Labour Econ.* 21, 25–41.

Boeri, T. and P. Garibaldi (2019). A tale of comprehensive labor market reforms: Evidence from the Italian jobs act. *Labour Economics*.

Bottasso, A., M. Bratti, G. Cardullo, M. Conti, G. Sulis (2025) "Labor Market Regulations and Firm Adjustments in Skill Demand", *Journal of Public Economics*, 2025, 242 (February), 105292; the paper is available in open access.

Bottasso A, Conti M and Sulis G (2017) Firm Dynamics and Employment Protection: Evidence from Sectoral Data, *Labour Economics*, 2017, 48 (October), 35-53

Bratti, M., M. Conti, G. Sulis (2021) "Employment Protection and Firm-Provided Training in Dual Labour Markets" *Labour Economics*, 2021, 69 (April), 101972; the paper is available in open access.

Cahuc P, Carcillo S and Zyberberg A (2014) *Labor Economics*, MIT Press, 2nd Edition

Card, D., Devicienti, F., and Maida, A. (2014). Rent-sharing, holdup, and wages: Evidence from matched panel data. *Review of Economic Studies*, 81(1):84-111.

Cardullo G, Conti M and Sulis G (2015) Sunk Capital, Unions and the Hold-Up Problem: Theory and Evidence from Cross-Country Sectoral Data, *European Economic Review*, 2015, 76 (May), 253-274.

Pissarides, C. (2000). *Equilibrium Unemployment Theory*. MIT Press.

Poschke, M., 2009. Employment protection, firm selection, and growth. *J. Monet. Econ.* 56 (8), 1074–1085.

Rajan, R., Zingales, L., 1998. Financial dependence and growth. *Am. Econ. Rev.* 88 (3), 559–586.

Saint-Paul, G. [1996], *Dual Labor Markets: A Macroeconomic Perspective*, Cambridge, Mass., The Mit Press.

Saint-Paul, G., 2002. Employment protection, international specialization, and innovation. *Euro. Econ. Rev.* 46, 375–395.

Other information

Additional material/data sources will be suggested during the course.