Labour Courts delays and the composition of employment: is labour encouraged or endangered by institutions?

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Abstract

Employment protection is the results of labour laws and other institutional factors as well - which are not encompassed in official legislation. Courts' delay is settling labour disputes are among those factors. Using individual data on the Italian workforce for the period 2006-2009 and exploiting the territorial heterogeneity in the efficiency of the Judiciary among Italian regions we investigate the effect of the duration of labour trials on the composition of employment. We find that Labour Courts' delays decrease the probability of being employed for women and young people both in temporary and in permanent jobs, while they induce a switching from permanent to temporary jobs for middle age ranges of the working force.

Key words: EPL, courts, employment, temporary jobs JEL Classification: D24, J63; K31; K41

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1 Introduction

There is growing interest in the literature on the impact of Employment Protection Legislation on employment and on the correct measure of its stance. Indeed, most empirical studies on job protection use EPL indexes which measure the strictness of the legislation on workers' dismissal for various countries (Venn, 2009). However, EPL indexes based on the legislation fail to capture the effect of other institutional factors which are not encompassed in specific legislative provisions but which may nonetheless have a significant impact on job protection.

Courts' decisions play an important role in determining the strictness of EPL legislation; firing costs may well be higher if courts tend to decide in favour of the worker in litigations over dismissal cases. The relationship between the judicial and labour market is twofold; on the one hand courts' outcomes influence job flows (Fraisse et al. 2009), on the other hand courts' decisions over dismissals have been shown to be influenced by labour market conditions (Ichino et al., 2003).

However, the influence of the judiciary over labour market goes far beyond courts' decisions; uncertainty over the litigation outcome in itself can be costly for firms. Indeed, the more the legislative statements leave room for the courts' interpretation, the bigger the uncertainty over the outcome of the trial and the bigger the role of the judicial in determining the enforcement of the rules.

Our study focuses over a source of uncertainty which is not captured by the EPL indicators, i.e. the length of labour trials. According to Doing Business 2012 rankings, Italy ranks 158 in the Enforcing Contract statistics with 1210 days from filing a case to the enforcement of judgement. More disaggregated data for Italy show that the length of trial is not homogenous throughout the country; just to give an example, between 2004 and 2008 the average turnover indicator – calculated as the ratio (closed cases-newly filed cases)/newly filed cases - was 0.03 for Turin and -0.32 for Reggio Calabria. Gianfreda and Vallanti (2012) have shown that judicial inefficiencies significantly reduce job reallocation, job creation and job destruction in the Italian judiciary districts, with a negative effect also on firms productivity and on capital intensity.

We exploit the heterogeneity in courts' inefficiency to estimate the impact of the duration of labour trials on the probability to be non employed and on the probability to be employed in a temporary job in Italy from 2006 to 2009. We find that Labour Courts' delays decreases the probability of being employed for women and young people both in temporary and in permanent jobs; furthermore slower trials, i.e. higher firing costs, reduce women participation in temporary vs. permanent jobs or inactivity.

2 The data

2.1 The labour force

For individual data on the Italian workforce we used the EU Labour Force Survey, from which we have drawn annual information on people aged between 17 and 65 years in 5-year bands (17-21, 22-27, ecc.) at regional level. The dataset contains data on a number of general as well as labour-related variables such as sex, nationality, kind of employment, education, ecc. We used annual data for a period from 2006 to 2009; observations included in the dataset are around 3350000.

2.2 The length of labour trials

Italian labour trial takes place within the civil trial. In particular, labour disputes are sued before the Labour Tribunal, which is a sole judge specialized division of the Civil Court, and can be appealed before the Court of Appeal. However, there are some differences between the civil and the labour trial: the former is faster and the judge has more inquiring powers as compared to the civil judge.

The Civil Courts have a seat in the main town of each province in areas called "circondario" (167 in the Italian territory). The Civil Courts judgements can be appealed before the Courts of Appeal, whose territory of competence is the district; there are 26 districts in Italy, each grouping several Courts areas (circondari). From an administrative point of view, the Italian territory is divided into 20 regions; in most cases the boundary of the judiciary district corresponds to the region while, in some others, there can be several districts in the same region. The last instance takes place before the Corte di Cassazione, which has only a seat in Rome. Considering both the first instance and the appeal, heterogeneity in the days of trial can be thus observed at the district level.

The Italian Ministery of Justice publishes annual data on the labour trial at the district level covering a period from 2006 to 2009. In particular, data are available on the flows of suits initiated during the year ("newly filed"), the flows which are closed every year ("closed") and the stock of pending suits every year ("pending") in first instance and in the appeal stage for each of the 26 Italian judiciary districts. On those basis the average days of trial can be calculated as the ratio between the incoming plus outgoing flows (newly files plus closed) on the stock of cases (pending cases at the beginning plus pending cases at the end of the year) following the formula used by the Ministery (Table 1). This formula allows us to estimate the days of trial within each stage of judgement. In order to take account of the overall days of trial for the first instance and the appeal using the same criterion one should sum up all the ingoing and outgoing flows in the two stages for

the nominator and all the pending cases at the beginning and at the end of the year in the two stages for the denominator (Index M). However, this index has a drawback as it does not take account of the sequentiality of the two trials, i.e. the fact that the suits which are closed before the courts of the first instance case can enter the appeal phase; thus it cannot be interpreted as a measure of the total days of trial.

In order to account for the sequentiality of the two trials we constructed a second index (Index A) as a sum of the average days of trial for the first instance and for the appeal (calculated using the Ministery formula) where the appeal days are weighted by the share of outgoing suits at the first instance on the ingoing suits at the appeal stage:

$$IndexA = DLT_{dt}^{FI} + DLT_{dt}^{A} \times S_{dt}$$

$$\tag{1}$$

where DLT are the days of labour trial for the first instance (FI) and for the appeal (A) in district d at time t while S is the share of the newly filed suits before the Appeal Courts on suits closed at first instance on in district d at time t. S is meant to take account of the hypothetical nature of the appeal trial as not all the suits which are decided upon by the Court at first instance reach the appellate courts.

The average days of trial estimated using Index A and M are shown in column 2 and 5 respectively, while in column 1 and column 6 the districts are ranked according to their efficiency, from the more efficient (the faster) to the less, using index A and M respectively: let apart minor exceptions the ranking of districts according to courts efficiency does not change if measured by Index A and M.

It must be added that index A and M do not take into account the period between the first suit and the appeal. However, the time which elapses between the two stages also depends also on the decision of the party who appeals, which is not related to the courts' efficiency; furthermore, the delays fixed by the labour procedure do not vary by districts and so do not affect territorial heterogeneity in the days of trial. For these reasons not considering the interval between the two stages does not affect our estimates.

Finally, as individual data are available only at region level, for those regions including more than a districts an average value of trials' delay was calculated.

Table 1 reports the two indicators of judicial efficiency in relation to labour trials for the 26 jurisdictional districts.

TABLE 1 AROUND HERE

The average days of trial estimated using IndexA and IndexM are shown in column 2 and 5 respectively, while in column 1 and column 6 the districts are ranked according to their efficiency, from the most efficient (lower trials length) to the less, using indexA and IndexM respectively.¹ Notice that the ranking of districts according to courts efficiency does not change significantly if measured by Index A and M.

Finally, in Table 2 we report the length of civil trials which are not related to labour disputes for the three courts: "Giudice di Pace", "Tribunale Ordinario", "Corte d'Appello" in the 26 districts.

TABLE 2 AROUND HER

3 The empirical model

In order to investigate both the effect of Labour Courts delays on adult employment (aged between 27 and 65) we use a multilogit model, which allows us to proceed into two steps: (i) we first investigate the impact of the duration of labour trials on non employment; ii) we than study the effect of Courts delay on employment in permanent jobs, following Kahn (2007). The dependent variable takes three possible values: 1 for non employment; 2 for temporary employment; 3 for permanent employment.

Our model specification is as follows

$$Prob(Perm_{ijt} = 1|Z_{ijt})/Prob(NonEmpl_{ijt} = 1|Z_{ijt}) = exp(C \wedge 1Z_{ijt}) \equiv$$
(2)
$$exp(B \wedge ijtX_{ijt} + a10Delay_{jt} + a12Delay_{jt} \times A3544_{ijt} + a13Delay_{jt} \times A4564_{ijt} + a14Delay_{jt} \times Fem_{ijt} + a15Delay_{jt} \times e2_{ijt} + a16Delay_{jt} \times e3_{ijt} + \delta_j + \lambda_t + \varepsilon_{ijt})$$

$$Prob(Temp_{ijt} = 1|Z_{ijt})/Prob(NonEmpl_{ijt} = 1|Z_{ijt}) = exp(C'1Z_{ijt}) \equiv$$
(3)
$$= exp(B'ijtX_{ijt} + a10Delay_{jt} + a12Delay_{jt} \times A3544_{ijt} + a13Delay_{jt} \times A4564_{ijt} + a14Delay_{jt} \times Fem_{ijt} + a15Delay_{jt} \times e2_{ijt} + a16Delay_{jt} \times e3_{ijt} + \delta_j + \lambda_t + \varepsilon_{ijt})$$

¹It must be noticed that *indexA* and *indexM* do not take into account the period between the first suit and the appeal. However, the time which elapses between the two stages also depends on the decision of the party who appeals, which is not related to the courts' efficiency.

$$Prob(NonEmpl_{ijt} = 1|Z_{ijt})/Prob(Empl_{ijt} = 1|Z_{ijt}) = exp(C'1Z_{ijt}) \equiv (4)$$

$$exp(B'ijtX_{ijt} + a10Delay_{jt} + a12Delay_{jt} \times A3544_{ijt} + a13Delay_{jt} \times A4564_{ijt} + a14Delay_{jt} \times Fem_{ijt} + a15Delay_{jt} \times e2_{ijt} + a16Delay_{jt} \times e3_{ijt} + \delta_j + \lambda_t + \varepsilon_{ijt})$$

$$Prob(Temp_{ijt} = 1|Z_{ijt})/Prob(Empl_{ijt} = 1|Z_{ijt}) = exp(C \land 1Z_{ijt}) \equiv$$
(5)
$$exp(B \land ijtX_{ijt} + a10Delay_{jt} + a12Delay_{jt} \times A3544_{ijt} + a13Delay_{jt} \times A4564_{ijt} + a14Delay_{jt} \times Fem_{ijt} + a15Delay_{jt} \times e2_{ijt} + a16Delay_{jt} \times e3_{ijt}\delta_j + \lambda_t + \varepsilon_{ijt})$$

Where, for each person *i* aged between 20 and 65 in region *j* at time *t*, *Perm* is a dummy taking the value of 1 for those employed in permanent job, *Termp* is a dummy taking the value of 1 for those employed in a temporary job and *NonEmpl* is a dummy taking the value of 1 for those who are not employed. X is a vector of the following explanatory variables: Delayjt refers to the length of labour trials in region j at time t, the variables $A3544_{ijt}, A4564_{ijt}$, are dummies which take the value of 1 for ages in the ranges 35-44 and 45-64 respectively (20-34 is the base group), Fem_{ijt} is a dummy taking the value of 1 for women, the variables e2m and e3 captures the education level of the person i in region j at time t – classified according to the 1998 ISCED – codes, respectively medium and high level, with low skilled as a base group. Finally, the vector X includes the main effect of the above specified variables. The variables δ_j and λ_t are respectively region dummies and time dummies. Z is a vector including all the explanatory variables.

3.1 Results and robustness checks

Table 3 and Table 4 reports the main results. We find that labour courts' delays significantly reduce the probability of being employed - in temporary as well as in permanent jobs - against the probability of not being employed at all; the decrease in the probability of being employed is higher for women, for younger people (aged from 20 to 34) and for less educated people. Further more, courts' inefficiency also increases the probability of switching from a permanent to a temporary job for women and less educated people

As a robustness check we estimated the effect of the lenght of trials on the duration of unem-

ployment (expressed by the variable *durune* taking values of 1, 2 and 3 according for the duration of unemployment being up to 6 months, from 6 to 12 months, more than 1 year) on the lenght of trials. While the lenght of trials has a positive and significant effect on the duration of unemployment (reg 26), the effect of courts' inefficiency is - once again - higher for women and stronger for older courts.

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	[1]	[2]	[3]	[4]	[5]	[6]
	Ranking					Ranking
Districts	by Index A	Index A	FI length	A length	Index M	by Index M
Torino	1	217.5	199.0	236.7	201.8	1
		11.2	9.0	11.0	8.7	
Trento	2	305.2	278.5	208.6	271.2	2
		40.8	45.4	39.5	37.9	
Milano	3	398.1	328.0	582.6	354.7	3
		36.9	36.5	28.7	30.3	
Genova	4	502.4	436.5	566.4	449.1	4
		70.4	64.9	66.3	53.3	
Campobasso	5	522.7	432.6	676.4	462.7	5
		77.7	75.1	123.2	69.2	
Brescia	6	575.0	527.8	387.6	511.9	6
		25.3	21.3	51.5	19.1	
Firenze	7	636.8	508.3	700.2	539.2	7
		54.5	24.1	80.7	29.4	
Catanzaro	8	745.2	632.0	743.1	642.1	9
		71.5	57.7	152.4	46.0	
Trieste	9	760.9	672.8	940.2	694.1	12
		64.6	77.1	209.2	60.8	
Ancona	10	776.8	562.9	1077.4	629.9	8
		114.5	56.1	448.5	96.1	
Bologna	11	782.8	583.9	1490.6	683.7	10
		36.6	18.2	64.1	18.3	
Roma	12	847.6	560.4	1301.6	685.3	11
		43.2	24.5	204.1	28.1	
Venezia	13	853.3	731.0	1066.5	762.0	14
		41.6	29.9	88.0	27.9	

Table 1: Length of labour trials – average values (2006-2009) and standard errors

Napoli	14	875.3	684.4	1207.9	757.7	13
		50.2	51.8	204.4	44.9	
Palermo	15	900.4	790.3	817.7	791.2	16
		137.2	120.1	61.5	100.8	
L'Aquila	16	927.8	834.2	508.4	778.9	15
		74.1	55.2	55.2	48.6	
Caltanissetta	17	983.3	932.9	466.5	874.7	17
		233.0	228.3	27.9	198.0	
Potenza	18	1096.8	1036.5	412.1	954.9	18
		105.9	90.0	92.7	82.1	
Cagliari	19	1116.0	1049.6	429.9	969.1	19
		31.3	26.2	64.7	31.5	
Messina	20	1157.8	953.5	1066.0	969.5	20
		106.8	61.6	69.6	53.5	
Perugia	21	1188.7	1070.4	642.8	982.9	21
		115.4	56.3	86.8	45.2	
				Сс	ontinue in th	ne next page
Reggio Calabria	22	1232.8	1034.2	1209.9	1047.7	22
		956.9	878.1	244.2	776.3	
Catania	23	1298.3	1018.5	1384.1	1078.4	23
		50.5	55.1	170.4	56.4	
Lecce	24	1420.0	1320.4	578.7	1198.3	24
		200.5	184.0	96.6	136.4	
Bari	25	1507.4	1405.9	899.3	1347.9	26
		230.8	220.2	124.6	175.6	
Salerno	26	1526.9	1422.1	481.2	1205.7	25
		665.8	657.1	40.3	481.2	

Notes. Source Italian Ministry of Justice and authors' calculations.

	[1]	[2]	[3]	[4]	[5]
District	Justice of Peace	Civil Courts	Courts of Appeal	Total length	Ranking
Torino	139.5	258.5	452.4	850.4	2
	17.5	5.3	9.5	19.3	
Trento	132.1	207.1	258.4	597.6	1
	13.0	12.3	8.4	28.0	
Milano	169.4	298.7	824.0	1,292.1	4
	9.2	19.0	13.5	15.4	
Genova	247.5	374.7	788.5	1,410.7	8
	24.3	38.3	24.5	40.0	
Campobasso	161.0	485.7	680.3	1,327.0	6
	20.2	32.3	41.0	21.0	
Brescia	173.5	319.0	892.3	1,384.8	7
	6.1	9.8	99.0	86.1	
Firenze	226.8	359.5	910.1	1,496.4	9
	16.5	6.0	37.6	37.2	
Catanzaro	410.7	655.9	1,013.4	2,079.9	23
	23.6	48.1	55.6	89.5	
Trieste	118.2	281.8	647.5	1,047.5	3
	9.9	14.8	61.5	70.7	
Ancona	196.1	361.5	1,084.2	1,641.8	14
	12.6	18.6	89.4	60.1	
Bologna	229.2	333.6	1,278.9	1,841.7	18
	26.4	18.9	54.8	51.1	
Roma	399.4	448.6	1,178.7	2,026.7	20
	79.6	13.0	65.3	127.8	
Venezia	213.9	362.4	1,177.3	1,753.6	16
	18.4	24.4	87.6	79.9	
Napoli	412.1	528.6	1,126.8	2,067.6	22

	22.2	9.7	31.9	50.0	
Palermo	232.4	557.1	846.9	1,636.4	13
	9.3	40.4	56.5	89.7	
L'Aquila	228.9	468.4	858.0	1,555.3	10
	13.2	35.1	42.4	64.1	
Caltanissetta	292.8	611.9	674.3	1,579.0	12
	25.4	49.2	53.0	104.7	
Potenza	297.2	840.9	877.2	2,015.3	19
	63.6	18.5	69.5	68.5	
Cagliari	252.5	580.7	723.3	1,556.5	11
	6.2	48.9	17.4	46.5	
Messina	427.4	823.4	1,237.9	2,488.7	25
	27.6	29.0	94.5	98.3	
			С	ontinue in the n	ext page
Perugia	247.6	442.7	605.2	1,295.4	5
Perugia	247.6 19.8	442.7 14.4	605.2 <i>4</i> 3.5	1,295.4 67.4	5
Perugia Reggio Calabria	247.6 <i>19.8</i> 428.8	442.7 <i>14.4</i> 648.8	605.2 <i>4</i> 3.5 2,043.5	1,295.4 <i>67.4</i> 3,121.1	5 26
Perugia Reggio Calabria	247.6 19.8 428.8 101.7	442.7 14.4 648.8 126.9	605.2 43.5 2,043.5 190.3	1,295.4 67.4 3,121.1 165.6	5 26
Perugia Reggio Calabria Catania	247.6 19.8 428.8 101.7 267.2	442.7 14.4 648.8 126.9 600.4	605.2 43.5 2,043.5 190.3 1,217.5	1,295.4 67.4 3,121.1 <i>165.6</i> 2,085.1	5 26 24
Perugia Reggio Calabria Catania	247.6 19.8 428.8 101.7 267.2 8.1	442.7 14.4 648.8 126.9 600.4 24.7	605.2 43.5 2,043.5 190.3 1,217.5 67.2	1,295.4 67.4 3,121.1 165.6 2,085.1 81.5	5 26 24
Perugia Reggio Calabria Catania Lecce	247.6 19.8 428.8 101.7 267.2 8.1 357.4	442.7 14.4 648.8 126.9 600.4 24.7 723.9	605.2 43.5 2,043.5 190.3 1,217.5 67.2 740.9	1,295.4 67.4 3,121.1 <i>165.6</i> 2,085.1 <i>81.5</i> 1,822.2	5 26 24 17
Perugia Reggio Calabria Catania Lecce	247.6 19.8 428.8 101.7 267.2 8.1 357.4 25.6	442.7 14.4 648.8 126.9 600.4 24.7 723.9 54.7	605.2 43.5 2,043.5 190.3 1,217.5 67.2 740.9 62.1	1,295.4 67.4 3,121.1 165.6 2,085.1 81.5 1,822.2 30.4	5 26 24 17
Perugia Reggio Calabria Catania Lecce Bari	247.6 19.8 428.8 101.7 267.2 8.1 357.4 25.6 322.0	442.7 14.4 648.8 126.9 600.4 24.7 723.9 54.7 844.8	605.2 43.5 2,043.5 190.3 1,217.5 67.2 740.9 62.1 883.9	1,295.4 67.4 3,121.1 165.6 2,085.1 81.5 1,822.2 30.4 2,050.8	5 26 24 17 21
Perugia Reggio Calabria Catania Lecce Bari	247.6 19.8 428.8 101.7 267.2 8.1 357.4 25.6 322.0 12.9	442.7 14.4 648.8 126.9 600.4 24.7 723.9 54.7 844.8 59.9	605.2 43.5 2,043.5 190.3 1,217.5 67.2 740.9 62.1 883.9 97.9	1,295.4 67.4 3,121.1 165.6 2,085.1 81.5 1,822.2 30.4 2,050.8 77.1	5 26 24 17 21
Perugia Reggio Calabria Catania Lecce Bari Salerno	247.6 19.8 428.8 101.7 267.2 8.1 357.4 25.6 322.0 12.9 308.2	442.7 14.4 648.8 126.9 600.4 24.7 723.9 54.7 844.8 59.9 687.4	605.2 43.5 2,043.5 190.3 1,217.5 67.2 740.9 62.1 883.9 97.9 751.1	1,295.4 67.4 3,121.1 165.6 2,085.1 81.5 1,822.2 30.4 2,050.8 77.1 1,746.8	5 26 24 17 21 15

Notes. Source Italian Ministry of Justice and authors' calculations.

	(1)	(2)	(3)	(4)	(5)	(6)
	Probability of	Permanent E	mployment	Probability o	f Temporary I	Employment
	vs. Non emp	loyment		vs. Non emp	oloyment	
delay	-0.0436	-0.190***	-0.120***	-0.0212	-0.128***	-0.227***
	(0.0329)	(0.0346)	(0.0360)	(0.0187)	(0.0201)	(0.0208)
fem	-0.680***	1.459***	1.436***	-1.171***	0.871***	1.017***
	(0.00742)	(0.0939)	(0.0946)	(0.00408)	(0.0506)	(0.0508)
regional income	-0.0264	-0.0275	-0.0283	-0.000798	-0.00228	-0.00327
	(0.0300)	(0.0305)	(0.0306)	(0.0152)	(0.0154)	(0.0153)
age_3544	0.0907***	-1.446***	-1.383***	1.110***	1.202***	0.961***
	(0.00916)	(0.116)	(0.118)	(0.00575)	(0.0745)	(0.0754)
age_4564	-1.328***	-6.592***	-6.430***	0.125***	-3.578***	-3.844***
	(0.00932)	(0.117)	(0.121)	(0.00490)	(0.0598)	(0.0615)
e2	0.436***	0.439***	1.182***	0.907***	0.906***	0.291***
	(0.00830)	(0.00832)	(0.106)	(0.00441)	(0.00443)	(0.0548)
e3	1.187***	1.186***	1.145***	1.401***	1.399***	-0.802***
	(0.0112)	(0.0113)	(0.144)	(0.00693)	(0.00696)	(0.0885)
fem_delay		-0.325***	-0.322***		-0.313***	-0.335***
		(0.0143)	(0.0144)		(0.00773)	(0.00777)
a3544 delay		0.236***	0.226***		-0.0133	0.0238**
_ ,		(0.0177)	(0.0179)		(0.0113)	(0.0115)
a4564 delay		0.802***	0.777***		0.567***	0.608***
		(0.0178)	(0.0183)		(0.00913)	(0.00940)
delay e2		. ,	-0.113***		. ,	0.0946***
-			(0.0161)			(0.00838)
delay e3			0.00521			0.336***
<i>,</i>			(0.0219)			(0.0135)
Constant	-1.147***	-0.163	-0.520**	0.220*	0.941***	1.614***
	(0.212)	(0.224)	(0.232)	(0.117)	(0.127)	(0.131)
		. ,	. ,		. ,	
Regional Dummies	yes	yes	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes
Obs.	1,318,720	1,318,720	1,318,720	1,318,720	1,318,720	1,318,720

 Table 3 - Selected Multinomial Logit Results for the Labour Courts inefficiency on Non Employment,

 Temporary Employment and Permanent Employment (sample includes all individuals aged 20-64)

Clustered errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	(1)	(2)	(3)	(4)	(5)	(6)
	Probability vs. Permar	of Non employn	oyment nent	Probability vs. Permar	of Temporary ient Employm	employment
delay	0.0212	0.128***	0.227***	-0.0225	-0.0624*	0.106***
	(0.0187)	(0.0201)	(0.0208)	(0.0332)	(0.0347)	(0.0362)
fem	1.171***	-0.871***	-1.017***	0.491***	0.587***	0.418***
	(0.00408)	(0.0506)	(0.0508)	(0.00733)	(0.0917)	(0.0922)
regional income	0.000798	0.00228	0.00327	-0.0256	-0.0252	-0.0250
	(0.0152)	(0.0154)	(0.0153)	(0.0293)	(0.0295)	(0.0295)
age_3544	-1.110***	-1.202***	-0.961***	-1.019***	-2.648***	-2.345***
	(0.00575)	(0.0745)	(0.0754)	(0.00889)	(0.109)	(0.111)
age_4564	-0.125***	3.578***	3.844***	-1.453***	-3.014***	-2.586***
	(0.00490)	(0.0598)	(0.0615)	(0.00940)	(0.117)	(0.120)
e2	-0.907***	-0.906***	-0.291***	-0.470***	-0.467***	0.891***
	(0.00441)	(0.00443)	(0.0548)	(0.00832)	(0.00833)	(0.104)
e3	-1.401***	-1.399***	0.802***	-0.214***	-0.213***	1.946***
	(0.00693)	(0.00696)	(0.0885)	(0.0108)	(0.0108)	(0.136)
fem_delay		0.313***	0.335***		-0.0127	0.0134
		(0.00773)	(0.00777)		(0.0140)	(0.0141)
a3544_delay		0.0133	-0.0238**		0.249***	0.202***
		(0.0113)	(0.0115)		(0.0167)	(0.0170)
a4564_delay		-0.567***	-0.608***		0.235***	0.169***
		(0.00913)	(0.00940)		(0.0178)	(0.0183)
delay_e2			- 0.0946***			-0.208***
			(0.00838)			(0.0159)
delay_e3			-0.336***			-0.331***
			(0.0135)			(0.0207)
Constant	-0.220*	-0.941***	-1.614***	-1.367***	-1.103***	-2.134***
	(0.117)	(0.127)	(0.131)	(0.211)	(0.222)	(0.231)
Regional Dummies	yes	yes	yes	yes	yes	yes
Year dummies	ves	yes	yes	yes	yes	ves
Obs.	1,318,720	1,318,720	1,318,720	1,318,720	- 1,318,720	1,318,720

 Table 4 - Selected Multinomial Logit Results for the Labour Courts inefficiency on Non Employment,

 Temporary Employment and Permanent Employment (sample includes all individuals aged 20-64)

Clustered errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	(1)	(2)	(3)
delay	0.0310***	-0.121***	-0.114***
	(0.0113)	(0.0126)	(0.0131)
fem	-0.0126***	-0.364***	-0.367***
	(0.00220)	(0.0263)	(0.0263)
regional income	-0.00584	-0.00530	-0.00528
	(0.00747)	(0.00749)	(0.00749)
age_3544	0.257***	-0.508***	-0.498***
1=0.1	(0.00364)	(0.0439)	(0.0439)
age_4564	0.437***	-0.885***	-0.864***
. 0	(0.00315)	(0.0373)	(0.0384)
e2	0.0694***	0.0705***	0.127***
• 2	(0.00246)	(0.00246)	(0.0293)
63	0.0668	0.0650	0.173
form dolou	(0.00352)	(0.00352)	(0.0425)
Tem_delay		0.0539	0.0542
23511 dolay		(0.00410)	(0.00409)
ass++_uelay		(0,00690)	(0.00692)
a4564 delav		(0.00000)	(0.00662)
u-oouoluy		(0.00576)	(0.00593)
delav e2		(0.00370)	-0.00859*
			(0.00455)
delav e3			-0.0166**
uoix)_00			(0,00660)
Constant	8.162***	9.159***	9.112***
	(0.0856)	(0.0933)	(0.0960)
	()	()	()
Regional Dummies	yes	yes	yes
Year dummies		-	-
Obs.	1,318,720	1,318,720	1,318,720

 Table 5 - The Effect of Labour Courts inefficiency on Unemployment

 Duration (sample includes all individuals aged 20-64)