

# **Research Proposal: Law 68/99 low compliance: An Investigation on Causes and Solutions**

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The social and economic inclusion of people with disabilities is an important political target. It is a fundamental right to be occupationally integrated and it is a duty of the public administration to guarantee it. European Union recognize the importance of such integration, which is fundamental to accomplish the Europe 2020 Strategy. Nevertheless, the inclusion of people with disabilities in the labour market is a complicated task. Indeed, disability is often seen as a stigma on labour market. Italian Law 68/99 tries to overcome this issue. The law was implemented in 1999 and, notwithstanding some updates, is still valid today. The law demands firms to hire a determined share of disabled among their workers and provides tax credit to firms hiring disabled with determined levels of disability. In case of non-compliance, firms have to pay a fine whose amount is upward re-defined every five years. However, the compliance level of the law is quite low. Hence, it would be extremely useful to investigate the reasons for non-compliance and the tools at disposal of policy makers to reduce it.

To investigate on the reasons and rationality behind non-compliance we propose to estimate the impact of hiring a disabled on per capita productivity and compare it with tax credits amount. The estimation would exploit Law 68/99 thresholds applying a fuzzy regression discontinuity design. In addition to its policy relevance, this estimation would give a contribution to the literature on disability impact on productivity. Indeed, past literature on this issue used mostly wage levels or hiring probabilities as an outcome.

To investigate on the tools at disposal of policy makers to reduce non-compliance, instead, we propose to evaluate the impact of fines' level rise in December 2010 on it. Moreover, we propose to investigate on the duration of the new hirings to verify the "quality" of compliance increase. In addition to policy relevance, this estimation would give a contribution to the literature on the impact of sanctions' enforcement on law compliance. Indeed, to the best of our knowledge, only few papers use a natural experiment to estimate this impact. Most of them use the number of inspections as a proxy for enforcement. Nonetheless, this measure has a clear problem related to endogeneity. Moreover, to the best of our knowledge, this would be the first work examining this issue from the disabled's rights perspective.