Abstract
We study a search model with employment protection legislation. We show that if the output from the match is uncertain at the hiring stage, a discriminatory equilibrium may exist in which workers with the same productive characteristics are subject to different hiring standards. If a bad match takes place, discriminated workers will take longer to find another job, prolonging the costly period for the firm. This makes it less profitable for firms to hire discriminated workers, thus sustaining the discrimination. In contrast to Becker’s model, the existence of employers with a taste for discrimination may make it more profitable to discriminate, even for firms without discriminatory preferences. (JEL: J70, J60, J71)

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