
In this paper we analyze the capabilities of the neo-classical enterprise to generate employment and social welfare. We point out their limitations and propose that labor regulation can improve labor market efficiency in areas such as job creation, innovation, productivity or social cohesion. We believe that a single company alone cannot assume these goals. So, labor standards could repair some failures of perfect markets in those roles. We explain how such regulation should be, and we highlight the importance of the productive structure and the institutional framework in order to establish the optimal regulation model which questions the implementation of similar policies for different national realities.

**Keywords:** Labour management relations, labour standards, regulation, innovation, economic growth, employment.

**JEL:** J8, L1, J5, L2, O5.