

Labour Market Segmentation: Spain

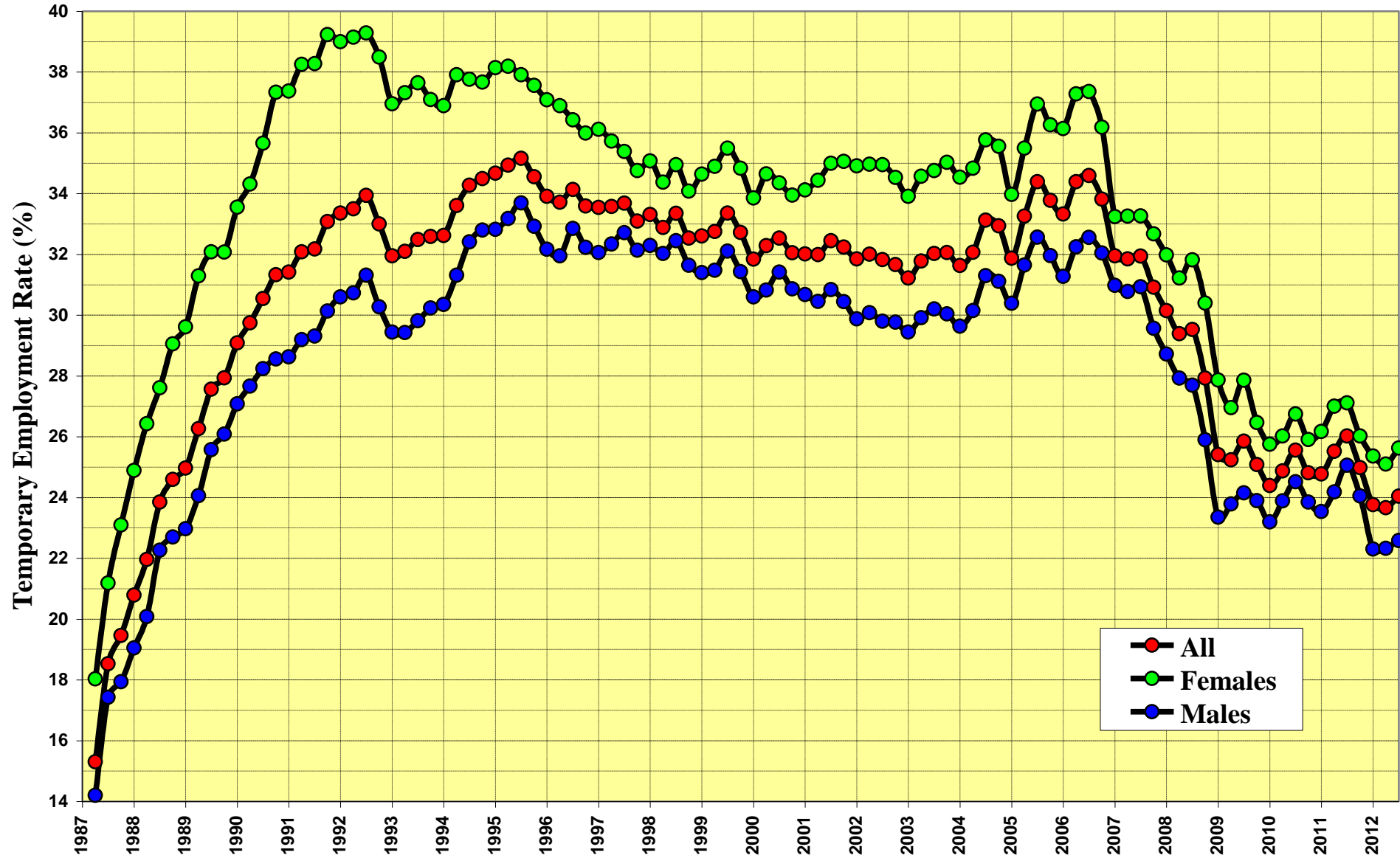
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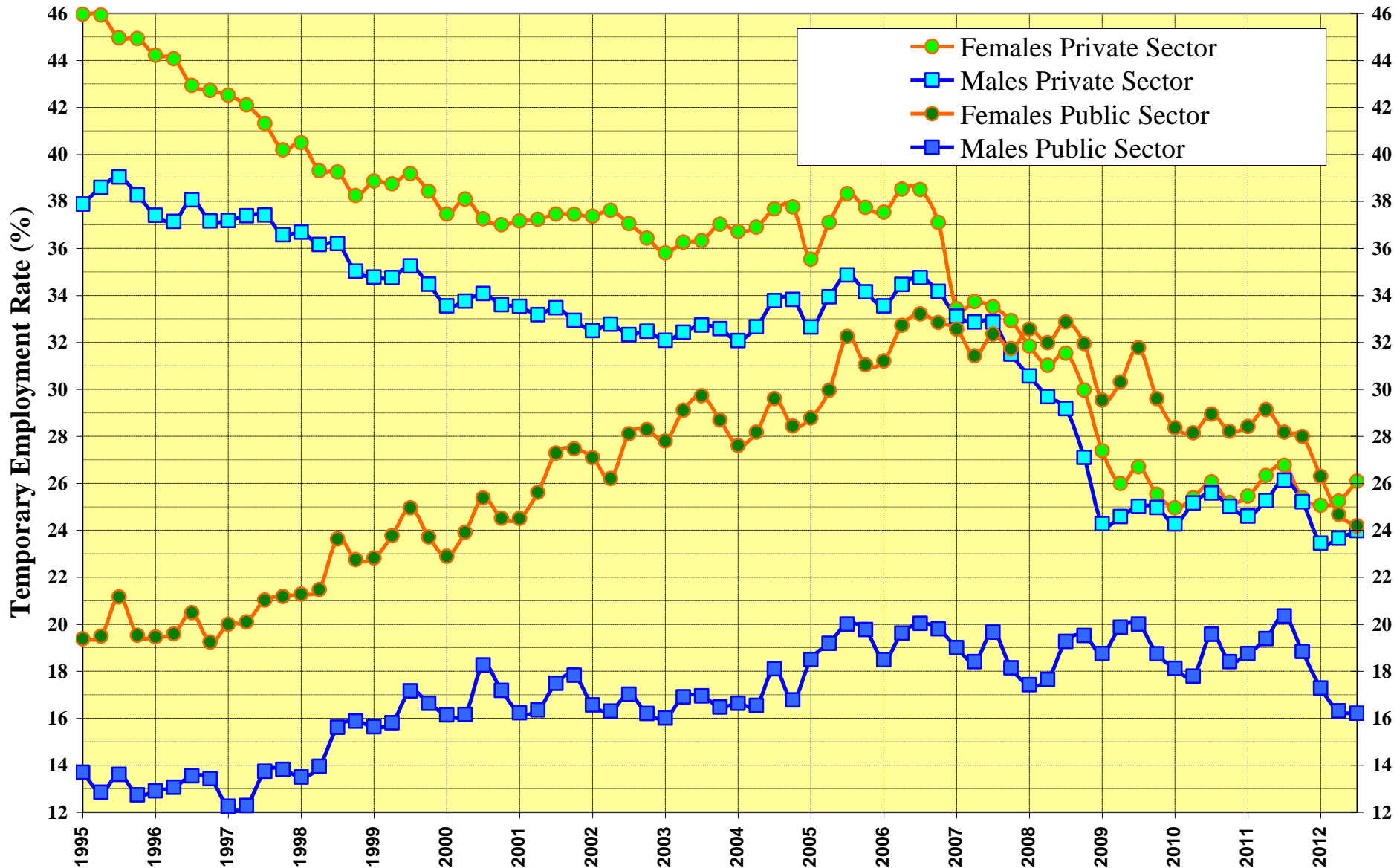
Employment Quality in Segmented Labour Markets

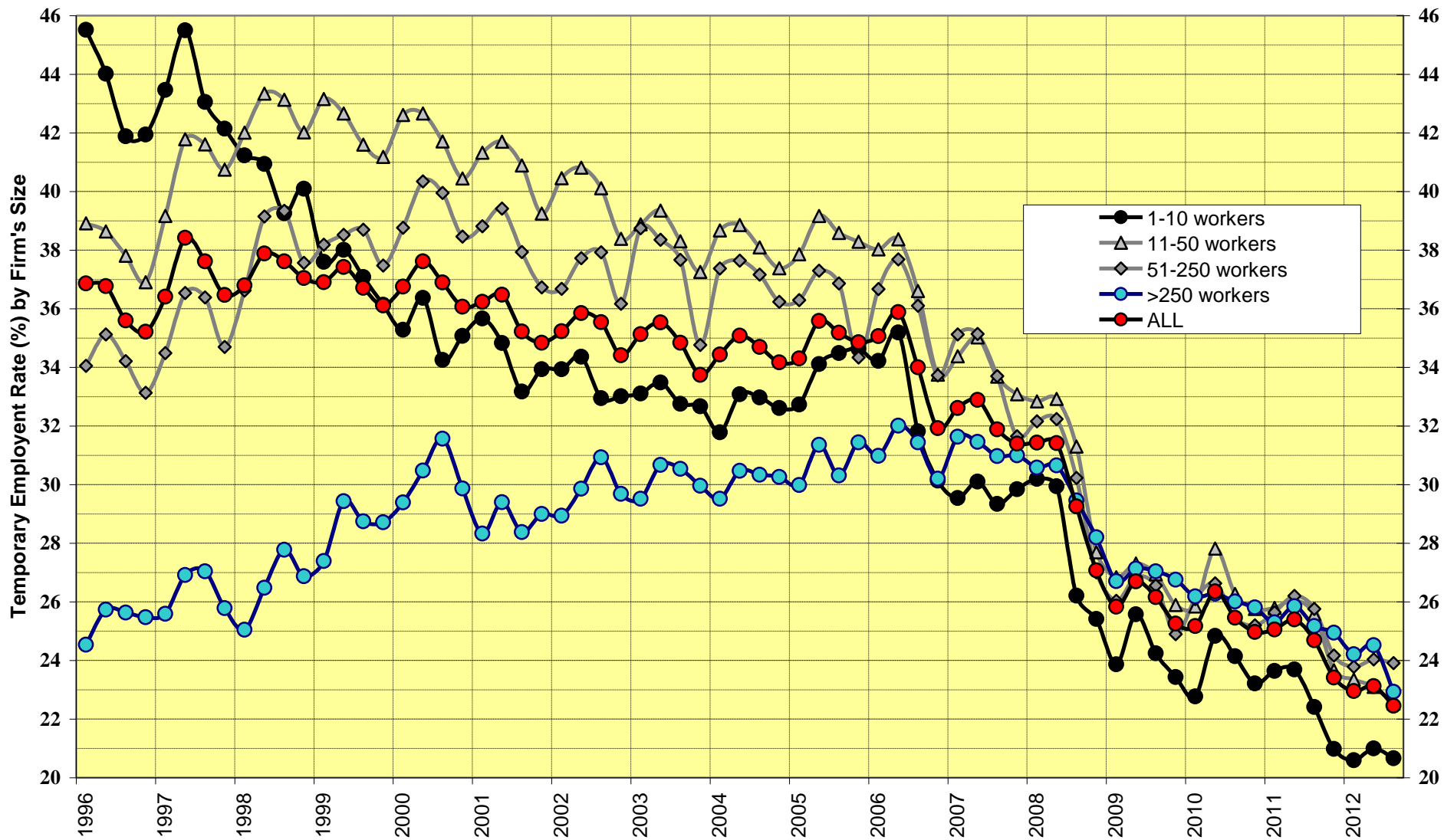
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1. Introduction

- Segmentation in Spain is closely related with temporary contracts.
- Labour market reform implemented in 1984 easing the use of temporary contracts (and breaking the 'causality principle').
- A labour market reform at the margin, and therefore mainly affecting to:
 - New entrants into the labour market (as young people).
 - And any worker with a relatively higher turnover (as low skilled workers).







1. Introduction

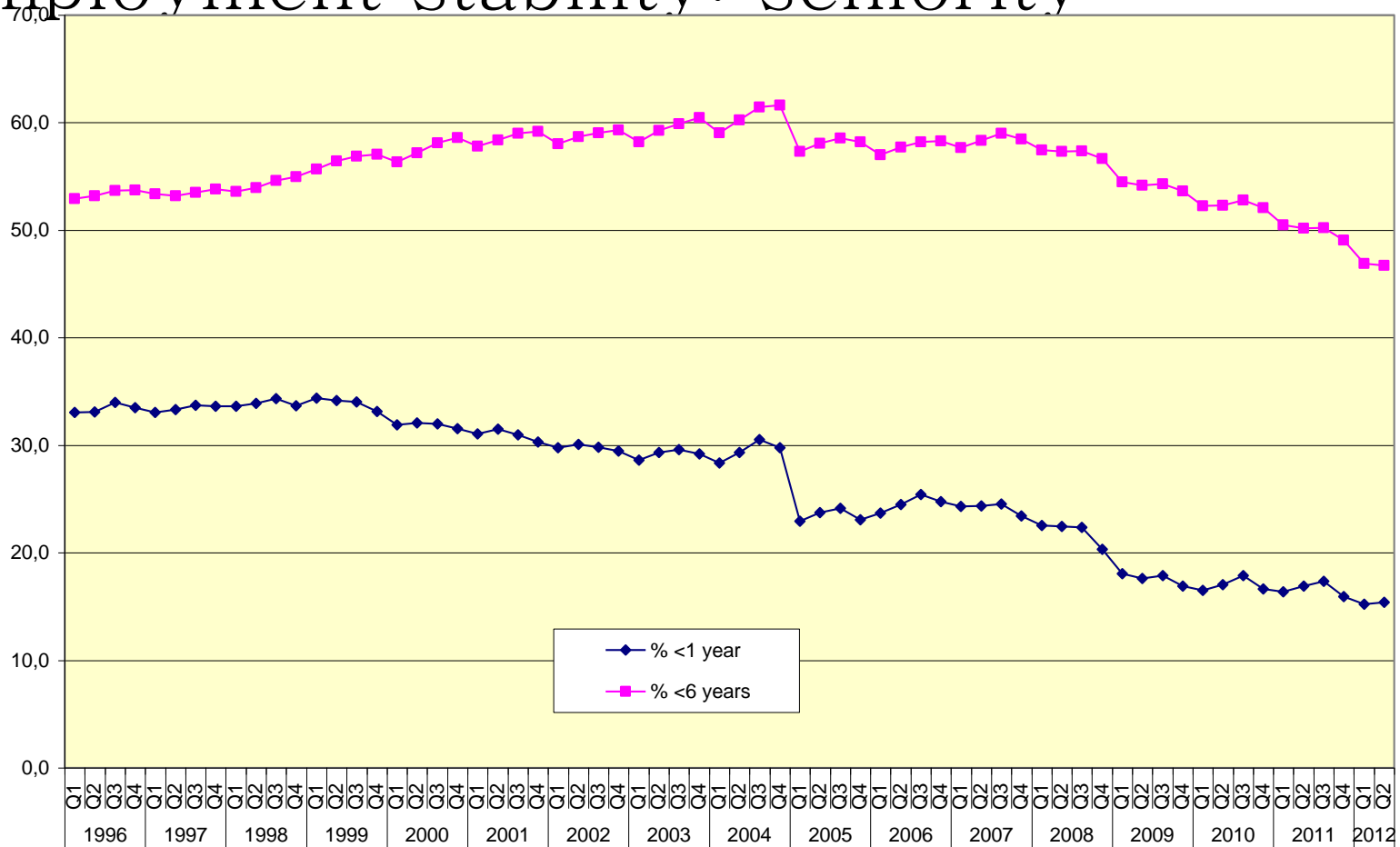
- Main features of segmentation in Spain:
 - High time persistence (even when facing labour market reforms).
 - However, the use of temp contracts has been markedly different by firms' size.
 - Buffer role of temp contracts, but there are also evidence about a complementary role of temp and open-ended contracts (especially in large firms).
 - Segmentation by contract type also affects to the Public Administration (not only firms).

2. Working conditions

- Impact of segmentation (temporary contracts) on:
 - Seniority [[next slide](#)].
 - Subjective insecurity.
 - Training.
 - Wages and earnings.
 - Labour productivity.
 - Social aspects (delayed emancipation, fertility rate): an ‘implicit’ social pact.

2. Working conditions

- Employment stability: seniority



3. Policy considerations

- A temporary contracts trap?
- Adaptive behaviour of economic agents and labour market reforms against segmentation.
- Reforms to close the firing costs gap:
 - Approaching separation costs of temporary and open-ended contracts maintaining the main characteristics of labour contracts regulation (2010 and 2012 reforms).
- Non-effective reforms (or not any more): generalized hiring subsidies for open-ended contracts.