



International
Labour
Office
Geneva

**Employment Sector
Employment Working Paper No. 143**

2013

**Beyond the contract type
segmentation in Spain**

Country case study on labour market
segmentation

Carlos García-Serrano, Miguel A. Malo

Employment
Analysis and
Research Unit

Economic and
Labour Market
Analysis
Department

Copyright © International Labour Organization 2013

First published 2013

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit <http://www.ifro.org> to find the reproduction rights organization in your country.

ILO Cataloguing in Publication Data

García-Serrano, Carlos; Malo, Miguel A.

Beyond the contract type segmentation in Spain: country case study on labour market segmentation / Carlos Barcía-Serrano, Miguel A. Malo ; International Labour Office, Employment Sector, Employment Analysis and Research Unit, Economic and Labour Market Analysis Department. - Geneva: ILO, 2013

Employment working paper; No. 143, ISSN 1999-2939; 1999-2947 (web pdf)

International Labour Office; Employment Sector

labour market segmentation / labour market / labour flexibility / temporary employment / labour contract / social dialogue / trend / Spain

13.01.2

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: <http://www.ilo.org/publns>

Printed by the International Labour Office, Geneva, Switzerland

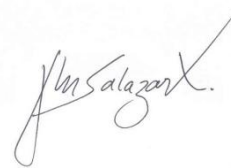
Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration on Social Justice for a Fair Globalization (2008),¹ and which has now been widely adopted by the international community. The integrated approach to do this was further reaffirmed by the 2010 Resolution concerning employment policies for social justice and a fair globalization.²

In order to support member States and the social partners to reach this goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations and elaborations of this integrated approach and related challenges are contained in a number of key documents: in those explaining the concept of decent work,³ in the Employment Policy Convention, 1964 (No. 122), in the Global Employment Agenda and, as applied to crisis response, in the Global Jobs Pact adopted by the 2009 International Labour Conference in the aftermath of the 2008 global economic crisis.

The Employment Sector is fully engaged in supporting countries placing employment at the centre of their economic and social policies, using these complementary frameworks, and is doing so through a large range of technical support and capacity building activities, policy advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.

The Employment Working Papers series is designed to disseminate the main findings of research initiatives undertaken by the various departments and programmes of the Sector. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.



José Manuel Salazar-Xirinachs
Executive Director
Employment Sector

¹ See http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf.

² See http://www.ilo.org/public/libdoc/ilo/2010/110B09_108_engl.pdf.

³ See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

Foreword

One of the key features of the labour market developments observed during the past decades throughout the world relates to a phenomenon of labour market segmentation, e.g. the division of the labour market into separate submarkets or segments, distinguished by different characteristics and behavioural rules. To a large extent, these attributes depend on the specific environment in which workers operate. Segmentation may arise from particularities of labour market institutions, such as contractual arrangements (permanent versus temporary employment), their enforcement (and the resulting informality), as well as types of workers concerned (such as migrant, domestic, or dispatch workers).

While the phenomenon is not new, the job crisis has brought an increasing attention to the segmentation/duality issue, especially in Europe. The implications and costs of segmentation are multiple, in both economic and social terms: they include wage gaps between segments, differences in access to training and social security, as well as in working conditions or tenure. Moreover, segmentation implies limited transitions to better jobs. The consequences of segmentation also have macroeconomic implications, such as lower productivity and higher employment volatility.

In this context, and as part of its objective of promoting decent work, the ILO launched, in 2012, a research programme to better understand how labour market institutions affect employment outcomes in both quantitative and qualitative terms. One of the main motivations of the research project is to put job quality at the forefront of the policy debates, informing the main stakeholders in the world of work of the extent of labour market segmentation and its implications for job quality in selected countries. Fourteen country studies on labour market segmentation and job quality were provided by external country experts, as well as thematic papers on job quality in segmented labour markets and the role of labour law, collective bargaining, and improved enforcement. These studies were discussed in a scientific Workshop held at the ILO in December 2012 and used as thematic inputs in a policy-oriented Workshop held at the ILO in April 2013.

The current paper is one in the series of such country studies. It makes an important contribution to the discussion on contractual segmentation of labour markets, providing an overview of the institutional setup as well as empirical evidence on the extent of segmentation and its implications for various aspects of job quality. The paper also offers a policy perspective on the ways to alleviate the negative consequences of segmentation.

Sandrine Cazes,
Chief of
Employment Analysis and Research Unit
Economic and Labour Market Analysis
Department

Corinne Vargha,
Industrial and Employment
Relations Department

Contents

Preface.....	iii
Foreword	iv
1. Introduction.....	1
2. Main characteristics of the National Labour Market	2
3. Institutional background	7
4. Segmentation and its implication for the quality of jobs	13
4.1. The origin of segmentation	13
4.2. The effects of segmentation on the quality of jobs	18
5. Reforms affecting the linkages	26
6. Policy conclusions	28
References	41
Appendix	44

List of figures

Figure 1 Unemployment rate by gender.....	2
Figure 2 Employment rate by gender	3
Figure 3 Share of long-term unemployment by gender	5
Figure 4 Share of part-time and temporary employment by gender	6
Figure 5 Share of temporary employment by gender and institutional sector.....	7
Figure 6 Share of temporary employment in the private sector by employer size.....	14
Figure 7 Quarterly outflow rates of workers from open-ended employment to other states (other job, unemployment or out-of-the labour force)	15
Figure 8 Quarterly outflow rates of workers from fixed-term employment to other states (other job, unemployment or out-of-the labour force)	15
Figure 9 Quarterly outflow rates of workers from fixed-term employment to permanent employment	16
Figure 10 Share of workers with less than one year and less of six years of tenure, by types of contract	19
Figure 11 Perception of job security by age group	21

Figure 12	Contract pay gap (difference in earnings between open-ended and temporary workers, in percentage).....	25
-----------	--	----

List of tables

Table 1	Estimates of a logit model on the individual probability of having job tenure of less than one year or less than five years. LFS (1987-2003).....	33
Table 2	Estimated trend coefficients for the aggregate share of workers with job tenure of less than one year or less than five years using different sets of controls. LFS (1987-2003)	34
Table 3	Means of objective indicators on working conditions by type of contract and job tenure, and proportion of workers with high probability to leave their jobs. ECVT (2001).....	35
Table 4	Estimates of ordered logistic models on objective indicators of working conditions. ECVT (2001).....	36
Table 5	Proportion of workers participating in training activities and working in employers providing training, by several variables. ECVT (2002-2010)	37
Table 6	Estimates of univariate probit and heckprobit models on the probability of participating in firm-provided training. ECVT (2001).....	38
Table 7	Average level of satisfaction with the job, by several variables. ECVT (2002-2010)	39
Table 8	Estimates of an ordered probit regression on job satisfaction. ECVT (2000-2003).....	40

1. Introduction⁴

The main form of flexible employment in Spain is temporary contracts. In 1984, when a legal change was introduced to allow their use (in particular, the so-called temporary contract for employment promotion, TCEP) for any type of job, including the performance of permanent tasks, the ‘causality principle’ was broken (this legal principle states that the firm can only hire workers using open-ended contracts for permanent tasks and should use fixed-term contracts for temporary needs). This break was considered as transitory and exclusively justified by the poor economic outcomes of the Spanish labour market at that historical moment. However, it remained until 1994. Although the causality principle was formally restated, firms had learnt to use temporary contracts as an easy and swift way to adapt to business cycle changes and preferred to keep on using other forms of temporary contracts (as the per-task or the eventual contracts) when the TCEP was abolished, circumventing legal regulation modifications. The model of ‘flexibility at the margin’ hinged on a dual economic structure between jobs prone to stability and jobs prone to instability. The introduction and wide use of temporary contracts probably helped reinforce such structure, creating incentives for the segmentation of jobs, especially in large firms. Therefore, employers intensified the adaptation of their whole production process to the existence of a group of workers in low-paid, high-rotation jobs, hired through temporary contracts, while using open-ended contracts for high-paid, low-rotation jobs.

The consequence was that the share of temporary employment increased quickly during the 1980s to reach about one third of the wage and salary workers at the early-1990s, remaining at that level until the beginning of the current economic crisis. As the 1984 reform was one implemented at the margin, temporary contracts affected younger workers (in particular, women) in the first instance, as they were new comers to the labour market. However, it also affected low-skilled workers in the medium- and long-term, as they usually work in positions less stable and more exposed to turnover than high-skilled workers.

Moreover, temporary contracts became the entry port for almost any occupation, bringing about a sort of probationary period more and more extended. Nevertheless, differences by education/skills are huge: for the ones with university degree or in white-collar high-skilled jobs temporary employment is a transitory period in their working lives (although this period may last until they are 30-35 year-old), but for the ones with the lowest level of education or in blue-collar low-skilled positions temporary employment are the stuff that their working lives are made of. Therefore, the introduction and extensive use of temporary contracts seems to have reinforced the segmentation of jobs bringing about a separation between (roughly) two groups of workers who enjoy different degrees of stability and working conditions. This segmentation has had potential implications on many other micro- and macroeconomic issues, such as training, accidents, wages, productivity and even childbearing and the formation of new families. Then, although other sorts of segmentation exist in the Spanish labour market (by age, educational level and skills, for instance), all of them are subsumed into the segmentation by contract type

⁴ Carlos Garcia-Serrano is Senior Lecturer in Economics at the Universidad de Alcalá in Madrid.

Miguel A. Malo is Associate Professor of Economics at the University of Salamanca, is Senior economist at IILS (International Institute for Labour Studies), ILO Geneva.

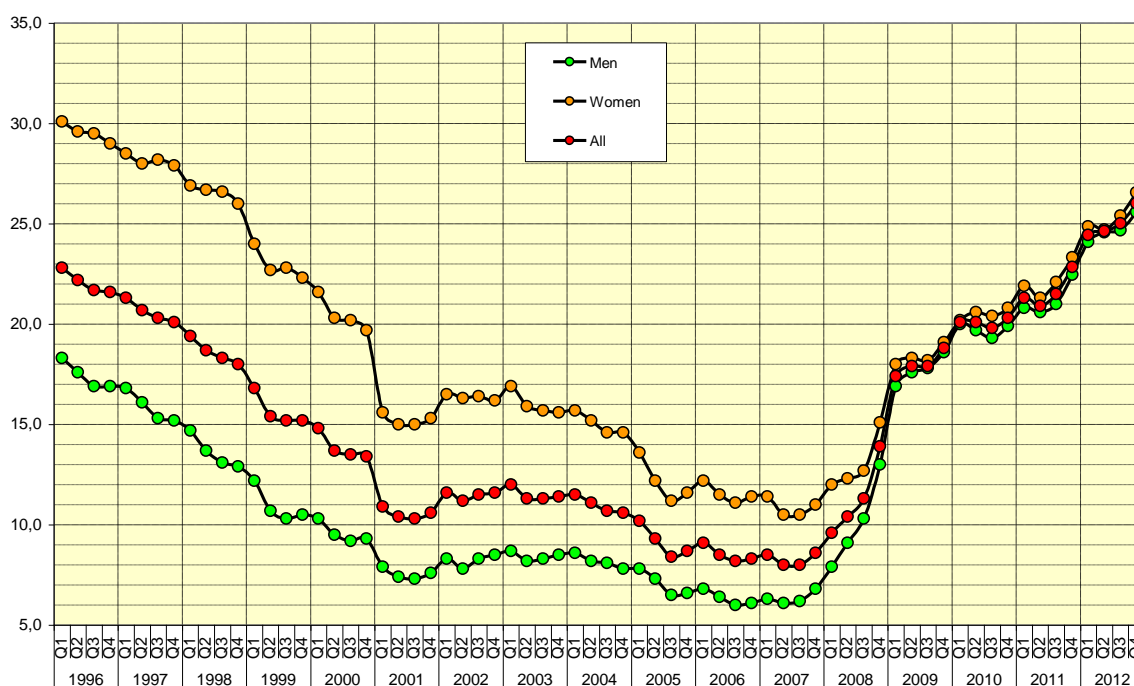
(temporary versus open-ended). This is the rationale for the exclusive focus of our analysis on the segmentation by contract arrangement.

Different labour market reforms have been implemented to fight against this segmentation and the social dialogue between the main trade unions and employers' organizations has tried to implement different measures to mitigate it (for instance, easing open-ended contracts with financial incentives). Although some small impacts have been perceived (in the private sector) in the last 15 years, segmentation and their negative consequences on some groups of workers remain. Finally, the two most recent reforms launched in 2010 and 2012 (after unsuccessful negotiations between trade unions and employers' organizations) have tried to close the gap in firing costs between temporary and open-ended contracts and to promote 'internal' instead of 'external' flexibility in firms.

2. Main characteristics of the National Labour Market

Spain has experienced dramatic changes in its main labour market indicators during the last three decades. The mid-1990s was the beginning of a positive phase of the business cycle. As a general trend, the unemployment rate fell until the early-2000s, remained rather stable several years and then underwent an additional decline until 2007 (see Figure 1).

Figure 1 Unemployment rate by gender

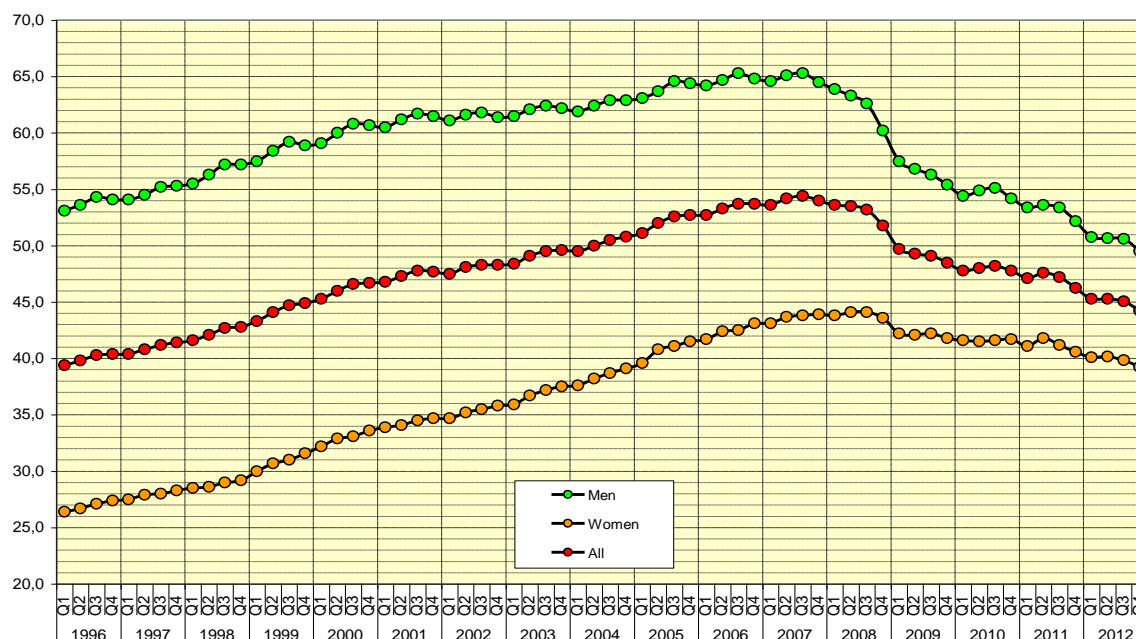


Source: Labour Force Survey.

The reduction in the period 1996-2007 was from nearly 23 per cent to 8 per cent. Therefore, Spain began this period suffering one of the highest unemployment rates in Europe and ended (just before the Great Recession) with an unemployment rate that was on the average of the European Union. Moreover, the reduction of the unemployment rate in 1996-2007 was hand in hand with a huge increase in the employment rate: from nearly 40 per cent to 54 per cent (see Figure 2). Therefore,

the fall in the unemployment rate was closely linked to increases in employment levels and not to transitions from unemployment towards inactivity. In fact, outflows from unemployment to employment, which declined at the beginning of the 2000s and remained more or less stable in 2002-2004, increased in the period 2004-2007, while exits to out-of-the-labour force did not show a specific trend.

Figure 2 Employment rate by gender



Source: Labour Force Survey.

However, two successive shocks (the end of the speculative bubble in the autumn-winter of 2007 and the Lehman bankruptcy in the summer-autumn of 2008) heavily affected the Spanish economy in terms of the labour market outcomes. Not only the employment rate decreased intensely at the beginning of the current recession (around 6 pp in less than three years) but the unemployment rate increased rapidly (it sky rocketed again above 20 per cent in 2010). Poor macroeconomic performance in the following years (2010-2012) has contributed to deepen this extremely bad behaviour of the Spanish labour market (the employment rate declined further 4 pp and the unemployment rate increased almost 6 pp).

The overall evolution of the labour market hides substantial differences among different groups of workers. The decline in the unemployment rates in 1996-2007 ranged from 30 to 10 per cent for women and from 18 to 6 per cent for men, from around 40 to 15 per cent for those aged 20-24 and from 11 to nearly 5 per cent for those aged 55 or more. At the same time, the employment rate increased substantially, in particular for some categories of workers: from 26 to 44 per cent for women (53 to 65 per cent for men), from 36 to nearly 60 per cent for those aged 20-24 (14 to 19 per cent for those aged 55 or more), from 52 to 65 per cent for people

with a post-compulsory secondary degree (it declined 2 pp for people with primary studies or less).⁵

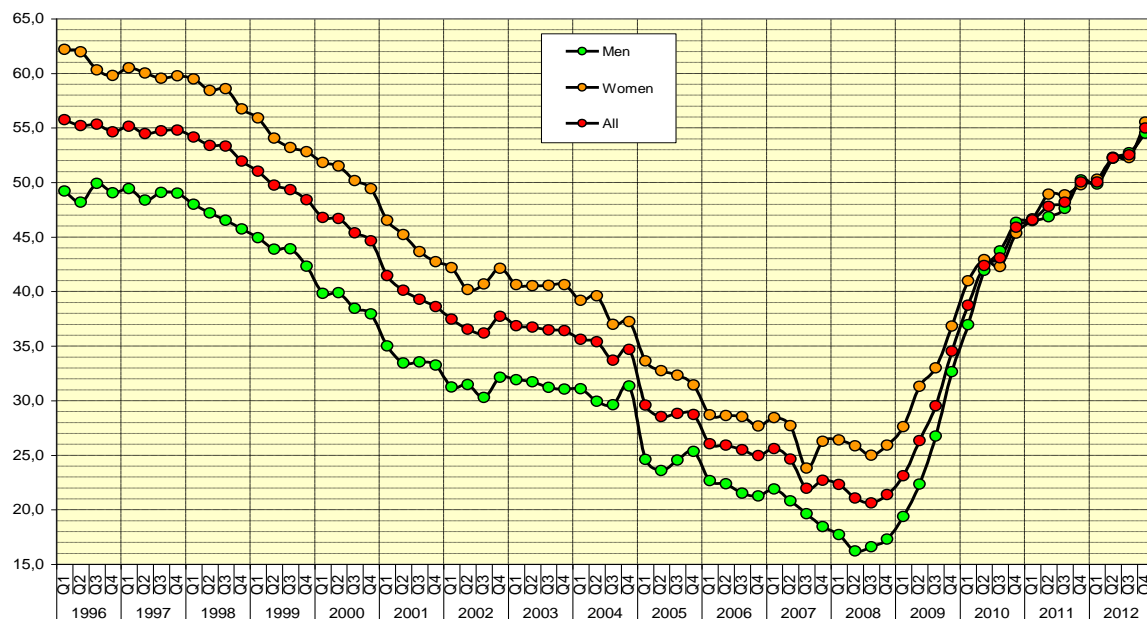
The recession in Spain has incorporated an idiosyncratic shock related to the end of a speculative bubble affecting the household prices and associated with the construction sector. Therefore, the groups whose employment is more related to this sector have been the most hardly hit in terms of unemployment increases. Since employment in construction is mainly male and its expansion has been associated with the large inflows of immigration starting in the mid-1990s, the collapse of the construction sector has resulted in a sharp and strong worsening of labour market indicators for (young) men, foreign-born people and low-skilled workers. The employment rate declined nearly 16 pp for men (less than 5 pp for women), nearly 36 pp for men aged 20-24 (women aged 55 or more have increased their employment rate), almost 20 pp for foreign workers (9 pp for Spanish workers) and nearly 17 pp for people with compulsory secondary (less than 9 for those with a university degree). At the same time, the unemployment rate increased 50 pp for men aged 16-19 and 40 pp for men aged 20-24, 25 pp for foreign-born workers and 29 pp for people with primary studies or less.

One indication of the impact of the evolution of the building sector on the labour market performance is that some categories of occupations related to this sector concentrated the largest increases (declines) in employment in the period 1996-2007 (2007-2010) (García-Serrano, 2011). The consequence of this change is clearly visible on the employment and unemployment rates of male and young low-skilled workers. This evolution has made, for instance, that nowadays the traditional gap in the unemployment rate by gender against women has become almost non-existent.

A side effect of the intense and prolonged recession has been a large increase of long-term unemployment. Although cross-section survey data is not a properly source to calculate the complete duration of the spells of joblessness and the incidence of long-term unemployment, it is conventional to use the proportion of unemployed workers who have been looking for a job for one year or more as a standard measure of that incidence. In the case of Spain (see Figure 3), this proportion declined continuously during the economic expansion starting in the second half of the 1990s (with the exception of 2002-2003, as a consequence of the des-acceleration in 2001-2003). With the development of the current economic crisis, it increased rapidly from 20 per cent in 2008 to more than 50 per cent in 2012. At the same time, the gap against women closed in these years (in the past it was around 10 pp).

⁵ The figures concerning educational levels refer to the period 2000-2007, since the way the Spanish Labour Force Survey collected the highest attained level of education changed in 2000, avoiding the availability of fully homogenous series when considering some disaggregation of educational levels.

Figure 3 Share of long-term unemployment by gender

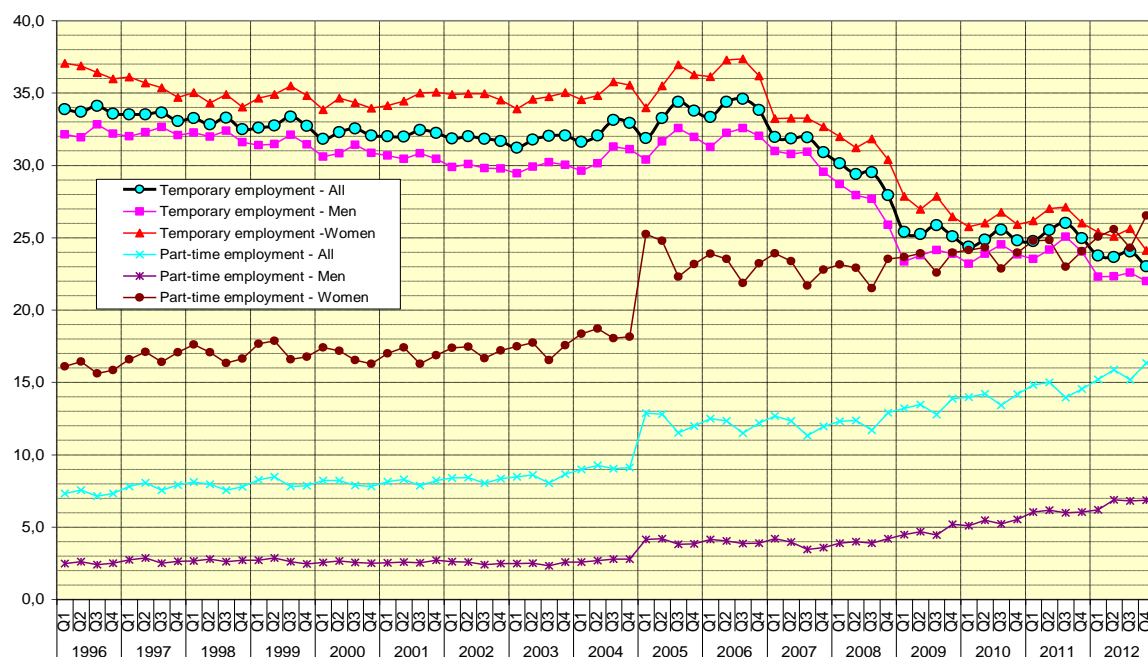


Source: Labour Force Survey.

Finally, regarding non-regular forms of employment, it can be said that the most important form of flexible employment in Spain is temporary contracts. Since they were allowed to be used by all economic sectors without any restriction in the period 1984-1994 as a means to foster employment and provide flexibility to firms, and in spite of successive reforms aimed at reducing the share of temporary employment, they rapidly became and have remained the preferred way of flexibility for firms. Neither part-time work nor self-employment has played a significant role in this area. For instance, the share of part-time workers among wage and salary workers has remained rather low (even in the case of women, by European standards): around 6 per cent in 1996-2005 and 12-13 per cent in 2005-2008, with a smooth increase in 2009-2012 (see Figure 4).⁶ In fact, as we shall examine later, the extended use of temporary contracts has brought about (or at least has helped to increase) the segmentation of jobs, since it has influenced the organization of jobs at firm level.

⁶ The share of part-time workers (the proportion of workers working less than 35 hours per week respect to the total of wage and salaried workers) increased in 2005 but this was due to the effects of a methodological change carried out in the Spanish Labour Force Survey. Moreover, the slight increase observed in the recent past (between 2009 and 2012) is probably related to the impact of policies implemented to foster this type of employment amidst the current recession.

Figure 4 Share of part-time and temporary employment by gender

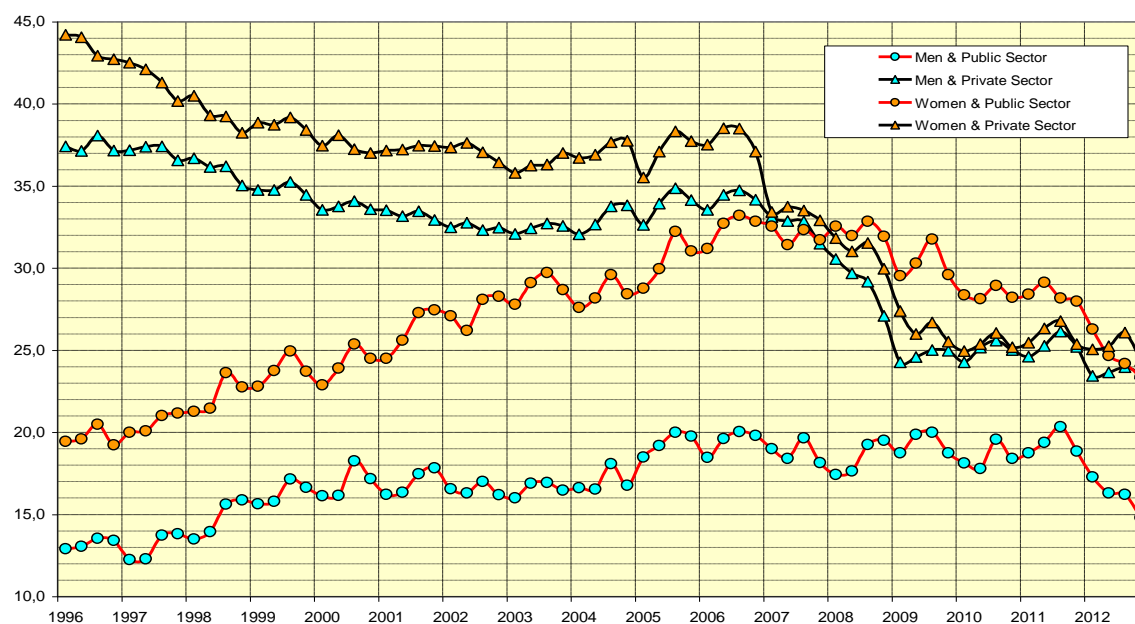


Source: Labour Force Survey.

After the change in the Workers' Charter in 1984 that allowed firms to use temporary contracts even for permanent needs, the share of temporary employment (the proportion of workers with a temporary or short-term contract respect to the total of wage and salaried workers) increased rapidly and remained very high: since the early-1990s until the late-2000s almost one out of three wage and salary workers had a temporary contract (see Figure 4). The use of temporary contracts is not restricted to economic sectors affected by seasonality: not only in seasonal (as the tourism industry or agriculture) but also in non-seasonal economic activities temporary contracts are much more used than in other countries (Toharia, 2005; Felgueroso and Jiménez, 2010). In the last twenty years, the share of temporary employment has declined as a consequence of the reforms of 1997 (slightly) and 2006 (substantial but time limited) and, above all, the impact of the current economic recession on the intense destruction of temporary employment (from 31 per cent at the end of 2007 to around 25 per cent in 2009). Not only the temporary employment rate stands high by international standards but also varies widely among groups of workers: it is negatively associated with age and education level and is higher in certain sectors (agriculture and construction) and occupations (blue-collar low-skilled). Moreover, with the advent of the crisis, the traditional gap against women has nearly closed (as it has happened with the unemployment rate differential), although the share of temporary employment is highest for women in the public sector since 2008 (see Figure 5).⁷

⁷ Traditionally, the temporary employment rate of women in the private sector was above the corresponding for men in the private sector, women in the public sector and men in the public sector (in this order). However, the public sector exhibited a steady increase in the share of temporary employment since the mid-1990s (this trend was faster for women than for men) which counterbalanced the reduction observed in the private sector. The reasons might have been a change in hiring behaviour after the Growth and Stability Pact and that a high

Figure 5 Share of temporary employment by gender and institutional sector



Source: Labour Force Survey.

3. Institutional background

In order to describe the current legislation and its recent evolution and how legal regulation changes and segmentation are potentially linked to each other, we start with the presentation of the employment protection legislation for open-ended contracts.⁸

The legal regulation of dismissal for workers with open-ended contracts must be analysed from two complementary perspectives: the wording of the law and the practice of the law. We need both perspectives because the practice of dismissal regulation created a wide gap of firing costs between open-ended and temporary contracts, which was at the origin (at least in part) of the segmentation of jobs in Spain.

The cornerstone of the Spanish legal regulation of dismissals is the fair cause for dismissals, based on 158 ILO Convention. Fair causes are associated with either

proportion of the EC Structural Funds received by local administrations for promoting active labour market policies have been used to hire workers in targeted groups under temporary contracts (Dolado et al., 2002). It is worth noting that Spain was engaged in a transfer of competences from the Central Administration to local and regional governments during the late-1980s and the 1990s. In fact, these levels of government are the ones which show a clearly increasing trend of the extensive use of temporary contracts. D'Addio and Rosholm (2005) also address the result observed in Spain for all EU Member States using data from the ECHP for the period 1994-1999. An in-depth analysis about the wide use of temporary contracts in the Spanish public sector is Malo et al. (2011).

⁸ This section partially follows section 2 in Malo (2011b). A comprehensive treatment of employment protection for open-ended and temporary contracts is ILS (2011), especially chapter 4.

misbehaviour of workers (dismissals on disciplinary grounds) or economic reasons. A worker with an open-ended contract can file a suit against his/her employer in case of dismissal alleging unfair dismissal. When the firm does not offer a fair reason for the dismissal, it is considered unfair (in Spanish, *improcedente*).

Box 1 shows the evolution of the labour legislation in Spain, and the Appendix contains two tables which include a synthesis of the monetary costs according to the legal regulation before and after the reform launched in February 2012, respectively. We describe both situations because the change is very recent and it will allow us to discuss the potential measures against segmentation later.

Box 1 Brief outline of labour market reforms in Spain (1980-2012)

- 1980 (November). Workers' Charter. Adaptation of the main labour market regulation to the democratic political system (according to the 1978 Constitutional Act).
- 1984. First relevant change in the Workers' Charter: Temporary Contract to Promote Employment (breaking the 'causality principle' linking temporary contracts to temporary tasks and open-ended contracts with permanent tasks of the firm.)
- 1994. Reinstatement of the 'causality principle', regulation of a new type of dismissal (individual economic dismissal), legalization of temporary work agencies and many legal changes affecting collective bargaining regulation.
- 1997. New open-ended contract with lower severance payment for unfair dismissal on economic grounds (33 wage days per seniority year instead of 45) and subsidies for open-ended contracts.
- 2002. 'Small' change in unemployment protection law affecting dismissals procedures (no changes in the Workers' Charter) with a huge impact on the bureaucratic management of dismissals. This is the origin of the so-called 'express dismissal', finished in 48 hours if the firm 'recognises' that the dismissal was unfair.
- 2006. New (and more focused) subsidies for open-ended contracts.
- 2010. Labour market reform affecting different features of dismissals, collective bargaining, contracts and financial subsidies (especially for less-skilled young unemployed workers) and enhancing possibilities for private labour market intermediation of temporary work agencies.
- 2011. Emergency (short-term) Plan. (i) Programme for improving transitions toward stable employment promoting part-time work, including relevant decreases in employers' contributions to Social Security. (ii) Professional re-training for those exhausting unemployment insurance and assistance, combining a subsidy for the worker and active measures. (iii) Mixed actions for individualised counselling (in public employment services) and training for unemployed workers.
- 2012. The new government elected at the end of December 2011 launches a new labour market reform in February 2012. It affects dismissal costs for open-ended contracts (see Table A.2 for a synthesis of these changes) and internal flexibility, giving more discretion to the employer about working conditions and introducing prevalence of collective agreements at firm level with respect to agreements at higher levels. Active policies focus on financial incentives (rather generalised, especially for small firms) and not on labour market intermediation by PES (as the 2011 Emergency Plan). The new piece of legislation enhances the role of temporary work agencies as full private labour market intermediaries for all types of contracts (not only temporary contracts). A new 'training right' for workers is included in the labour market reform, but it heavily depends on further legal developments.

Source: Malo (2012a)

As in many other countries, in Spain the procedure and the requirements differ when the economic dismissal affects only one worker (or ‘few’ workers, usually below 10 per cent of the total workforce of a firm) and when it affects a significant proportion of the workforce (above that threshold). In short, the severance payment for fair dismissals on economic grounds is 20 wage days per seniority year (with the upper limit of 12 salary months). Before the 2012 labour market reform, the severance payment for unfair dismissals on economic grounds was 45 wage days per seniority year (with an upper limit of 42 salary months) for ordinary open-ended contracts or 33 days (with a limit of 24 months) for ‘promoting’ open-ended contracts launched in the 1997 labour market reform aimed to foster permanent employment.

But the reference severance payment for economic dismissals never was 20 wage days per seniority year but 45, because of the strategic use of the legal regulation by firms and workers. This strategic use was deeply rooted in the practice of Spanish Labour Law in the past (Malo, 2000, 2005) and clarified even more after the passing of the Act 45/2002 (García-Martínez and Malo, 2007; Malo, 2011b).

In 2002 the government introduced a relatively minor change in the Labour Law in order to decrease the bureaucratic costs of individual dismissals. Previously, when a dismissal was considered unfair (directly by the courts or indirectly by firms in pre-trial agreements), the firm had to pay all the wages from the date of dismissal to the judicial decision (the so-called ‘intervening wages’). When the legal procedure lasted for more than two months, the firm applied to the Public Administration for the reimbursement of all wages in excess of this period of two months. However, in 2002 the regulation for the reimbursement of these wages was changed, introducing at the same time a new way to transfer the severance pay from the firm to the worker. If a firm paid the worker for the severance payment corresponding to an unfair dismissal (usually 45 salary days per seniority year) up to two days after the dismissal letter, then the firm should not have to pay the intervening wages, even if the worker filed a suit against the firm for unfair dismissal and finally the case was declared unfair by the labour court. In order to provide the worker with an income until the judiciary resolution of the case, he/she could apply for unemployment benefits just after the dismissal date only by presenting the dismissal letter to the Public Employment Service.

Notice that *de facto* firms recognised that the dismissal was unfair (they were paying the worker the severance payment for unfair dismissals), but they saved the cost of the intervening wages in any case. However, as the worker had obtained the highest severance pay, why should he/she go to the courts? Therefore, this regulation introduced strong incentives to solve dismissals before going to the labour courts and even before going to the bargaining institutions. As a side result, the firm saved all bureaucratic costs associated with a judiciary case.

The final outcome was a sort of ‘equilibrium’ of counterweights for employers and workers. Employers obtained a really fast way to dismiss workers (dismissals were finished in two days) but paying the cost of an unfair dismissal (45 wage days per seniority year), which more than doubled the cost of a fair dismissal (20 wage days per seniority year). Workers suffered a lack of legal protection against unfair causes of dismissal (in fact, the cause of the dismissal was no longer relevant as the firm recognised that the dismissal was unfair), but they obtained a substantial increase in severance payment (from 20 to 45 wage days per seniority year). The available data strongly supports this interpretation (see the empirical evidence shown in Malo and González-Sánchez, 2010, and Malo, 2011b).

Therefore, although in the wording of the Labour Law the reference for the severance pay in economic dismissals was implicitly assumed to be 20 wage days

per seniority year, in practice this reference amounted to 45 wage days per seniority year.⁹ Besides the (relevant) increase in the monetary cost of a dismissal, a negative side result of this strategic use of the dismissal regulation is that unfair dismissals are assumed to be the rule and not the exception. This outcome is even worse if one takes into account that the wording of the Labour Law is based on a basic principle: no dismissal without a fair cause. This implies that the strategic use of the dismissal regulation has resulted in a distorted use of the legal norms.

The 2010 labour market reform introduced a new definition of economic causes to correct this distorted use. The explicit objective in this case was to foster the use of fair economic dismissals. In other words, with the new definition firms should have the certainty that a dismissal would be considered fair by a tribunal when true economic grounds exist. It seems that the reform was partially effective in decreasing the above-mentioned distorted use (Malo, 2012a), although we do not know for sure whether this effect was strictly associated with the reform because of the short time span this regulation has been in force.

The reform launched in February 2012 follows the same rationale than the previous one, since it tries to precise more the definition of dismissals for economic grounds. Its explicit objective is to make the fair severance payment for economic dismissals the new reference and to finish with the distorted use of the legal regulation. It is obviously too soon to consider whether this new reform will be effective or not. On the one hand, trade unions have heavily rejected the reform, since they consider that it has effectively reduced workers' severance payments. On the other hand, the government expects a relevant success of this last legal change, providing firms with internal flexibility and eliminating incentives for a dual labour market. The limited evidence available (Malo, 2012b) suggests that the distortion of the dismissal system seems to be decreasing after February 2012, although at the same time much more cases are arriving at the labour courts, something that is related to relevant uncertainties about the use and interpretation of the new legal regulation governing dismissals on economic grounds.

Taking the previous reasoning into account, the gap in firing costs in Spain has been running from 12 wages days per seniority year for temporary contracts to (usually) 45 for open-ended contracts. In other words, the marginal increase in severance payments when changing from a temporary to an open-ended contract was 33 wage days per seniority year. Of course, this seems to be a strong incentive for using temporary contracts instead of open-ended contracts. Thus, the labour market reform implemented in 2012 tries to close this gap, reducing it from 33 to only 8 days (20 for open-ended contracts and 12 for temporary contracts). If the reform is successful, the marginal increase in severance payments will be much decreased in the next future.

Nevertheless, one expects that the reduction in the use of temporary contracts would be slow. In the past, the easy use of temporary contracts created incentives for the maintenance of the (already existent) segmentation of jobs, especially in large firms (Toharia, 2005). Therefore, employers adapted their production process to take advantage of the existence of a group of workers in low-paid, high-rotation jobs, hired through temporary contracts, while using open-ended contracts for high-paid, low-rotation jobs. This outcome is originally related to the ease of use of temporary

⁹ The system was so effective for firms that even collective dismissals were scarcely used, unless the firm was in a sudden and extremely bad economic situation (Malo and González-Sánchez, 2010).

contracts and the gap in firing costs. But once this segmentation exists, the expectation is that a sudden decrease in the firing costs gap will have a slow impact on the use of temporary contracts, since changing the organization of work is costly. The change would be easier in small firms where allocation of tasks to jobs is much more 'blurry'. However, even in these firms there will be relevant limits to lower the use of temporary contracts, because small firms usually need more flexibility in order to manage their staff, as they have a narrower leeway in bad times and the ending of a temporary contract usually provide a less drastic adjustment than a dismissal.

Finally, it is important to address that the extension of the segmentation in the labour market and the predominant role of temporary contracts as a means of flexibility have been closely associated with the development of the Labour Law and not to the practice of collective agreements. Changes in the employment protection legislation fostering the use of temporary contracts (as in 1984) created basic conditions for (the extension of) jobs' segmentation in Spain. However, once temporary contracts spread over the economy, collective bargaining had a side effect on the use by firms of these contracts as a substitute for wage, working hours or working conditions adjustments. In fact, the most recent legal reforms (in 2010 and 2012) have tried to affect also the collective bargaining system in order to mitigate the use of temporary contracts and their pervasive effects on other economic variables.

Furthermore, before the 2012 reform, the legal regulation did not provide incentives for adjustments of wages and/or working hours or changes in working conditions as a substitute for dismissals or ends of temporary contracts. Legal procedures for not applying the sector agreement (opting out) when facing specific problems were slow and rather complicated, so that non-agreement situations regarding changes in wages, working hours or, in general, working conditions were very difficult to solve. This was the alleged reason for the 2012 reform (and previously the 2010 reform, but with a different intensity) to implement a set of legal changes affecting 'internal flexibility' in general and collective bargaining in particular.

As regards how to change working conditions within firms when facing an economic downturn, the new legal regulation differs when the modifications are considered either collective or individual (using the same thresholds than for dismissals). In the case of collective modifications of working conditions, consulting and bargaining with workers' representatives are required. However, in the case of 'individual' modifications (below such thresholds) the employer can unilaterally decide with few limits. This is a key difference with respect to the previous legislation, being a relevant change in the Spanish Labour Law. In fact, it can be interpreted as a clear movement of the bargaining power from workers' representatives to employers, leaving many situations under an individualized bargaining between the worker and the employer.

As for collective bargaining, there is a new time limit (one year) for collective agreements to be in force after they have finished their economic effects. Once this limit is exceeded, workers will be covered by the corresponding higher-level (for instance, sector or inter-sector) collective agreement. The 2010 labour market reform introduced different time limits, but in fact non-agreement usually led to extend the

last agreement with few limitations.¹⁰ Presumably, this change will erode time inertia of wages at macro level.

There is also a new regulation on how a specific firm may opt out the sectoral collective agreement in order to obtain more lenient working conditions (usually, lower wages). As this procedure is relatively long and complex with different stages in case of non-agreement, it is expected that firms will choose a different way. The 2012 reform allows an employer to sign a firm-level collective agreement before the end of the corresponding sectoral agreement. Furthermore, the firm-level agreement will prevail with respect to any other higher-level agreement. Therefore, it will be shorter and easier to sign a firm-level collective agreement than using the legal regulation for opting out with respect to the sectoral agreement. Presumably, the practice will create a sort of negotiated opting out, including bargaining with workers. Nevertheless, we still lack empirical information about what firms facing an opting out are doing to say something more on this issue.

If all these changes which have to do with internal flexibility and collective bargaining are effective, firms will face a wider menu of adjustment variables (other than the ending of temporary contracts or dismissals). Therefore, one of the most negative side results of a dual labour market (the high volatility in employment and unemployment) would be mitigated. On the other hand, adjustment in wages and, in general, in working conditions will be much more frequent than in the past and wage inequality will probably increase. Anyway, all the above-mentioned changes represent a relevant novelty in the Spanish industrial relations system, so unions and employers will spend some time adapting to the new rules. Our expectation is that not only there will be more labour conflicts but even the number of grievances in labour courts will probably increase during the adaptation period. The limited empirical evidence available (Malo, 2012b) shows that the number of signed collective agreements after the 2012 reform has declined substantially with respect to the same months of reference in the previous years. This outcome may also be related to relevant uncertainties about how to apply the new regulation in an economic context with many national and international economic worries.

¹⁰ In Spanish legal jargon, this is called '*ultra-actividad*' of collective agreements.

4. Segmentation and its implication for the quality of jobs

4.1. The origin of segmentation

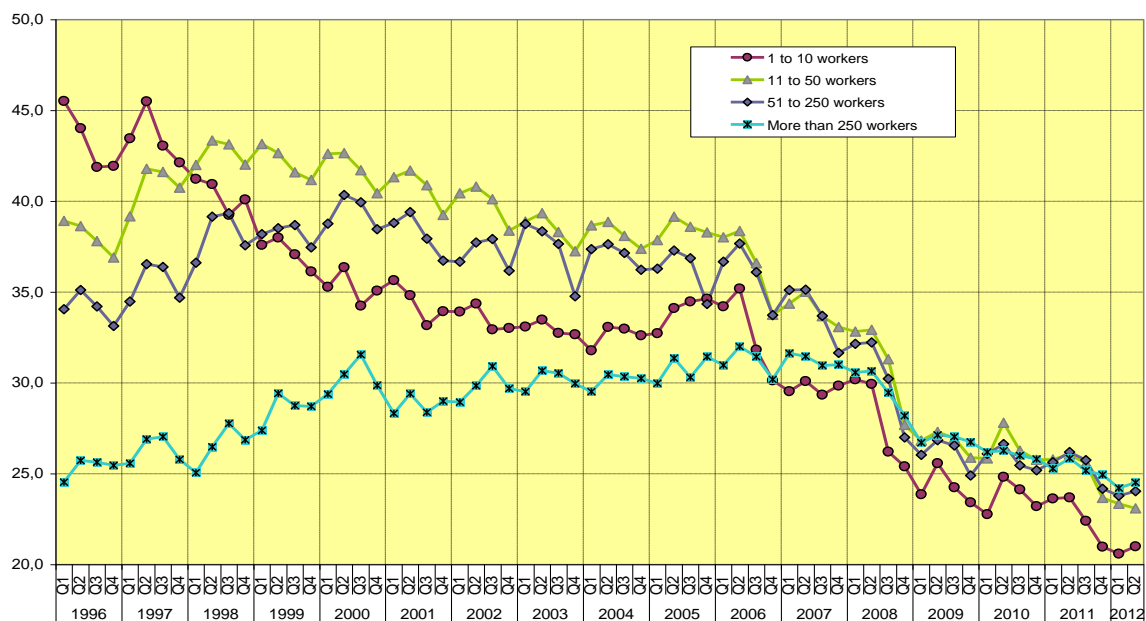
In Spain, labour market segmentation has mainly adopted the form of temporary contracts. Not only these contract arrangements are widely used in all economic sectors (Toharia, 2005) but either in seasonal or non-seasonal economic activities they are much more used than in other countries (Felgueroso and Jiménez, 2010). In fact, the Public Administration has become more intensive than the private sector in the use of temporary contracts in the last ten years (Malo et al., 2011).

There has been a long social and academic debate about what is behind the wide and intense use of these contracts in Spain. We have previously argued that the gap of dismissal costs jointly with the side effects of collective bargaining promoted the use of temporary contracts as an easy (and relatively cheap) way for adjustments to the business cycle. Moreover, firms adapted their strategies regarding the organization of their workforce and the management of human resources to this reality. In fact, temporary contracts helped strengthen the already existent segmentation of jobs, promoting a segmentation of workers: ‘bad’ jobs were more closely related to temporary contracts while ‘good’ jobs were more related to open-ended contracts. This would be a sort of segmentation where both types of job and worker are complementary rather than substitute.

Notice that this follows the idea of segmentation proposed by Doeringer and Piore (1971), where the concept of dual labour market is introduced in a similar way: ‘bad’ jobs correspond to the secondary labour market with low wages, poor working conditions and no career prospects, while ‘good’ jobs correspond to the primary labour market with higher wages, better conditions and possibilities for a working career through internal labour markets. The key aspect linking our interpretation of segmentation with that of Doeringer and Piore (1971) is that in their analysis the dual jobs structure within firms is an answer to the uncertainty in the goods markets. By concentrating the rotation of workers in the secondary ‘segment’, employers minimize their costs, while it preserves investments in workers hired for ‘good’ jobs. A key element of this interpretation of dual labour markets hinges on the assumption that both types of job are complements rather than substitutes, since both are necessary for the production process. Although rotation is concentrated on workers filling ‘bad’ jobs, the gross flows of both types of worker will move together; however, turnover will be much higher among workers in ‘bad’ jobs than among those in ‘good’ jobs.

Empirical evidence from data on Spanish large firms shows that the gross flows of both types of job move together, which is consistent with this idea of complementarity (Amuedo-Dorantes and Malo, 2008). This is also coherent with the evolution of the share of temporary employment in the private sector by employer size (see Figure 6).

Figure 6 Share of temporary employment in the private sector by employer size



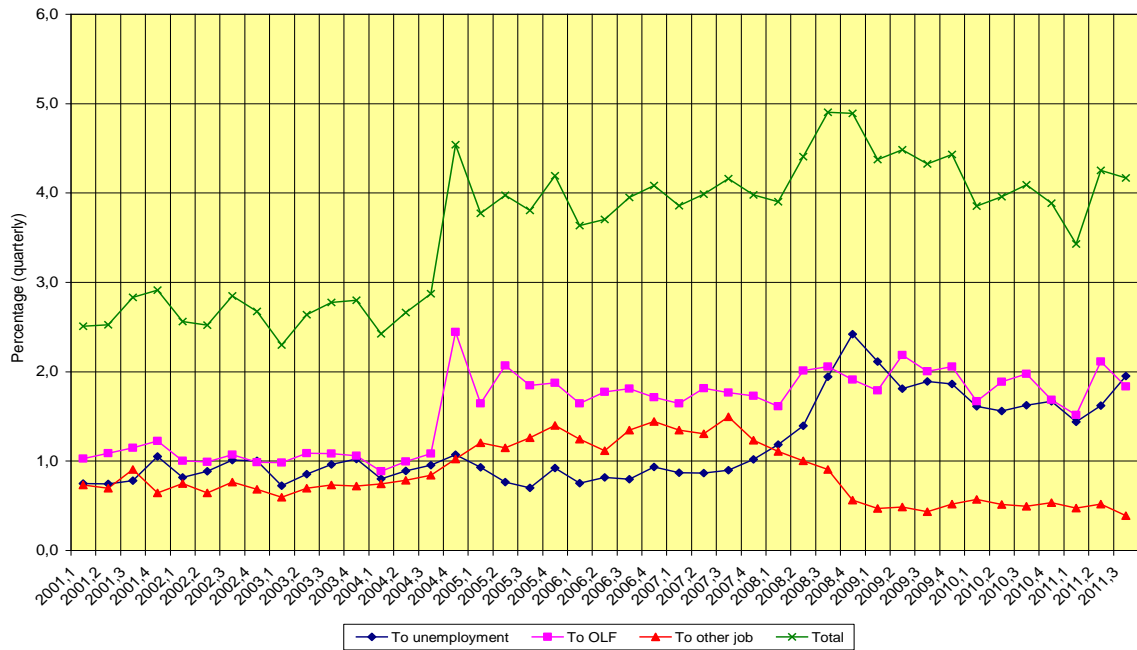
Source: Encuesta de Coyuntura Laboral.

This proportion has been decreasing in smallest firms (less than 10 workers), while it has remained more or less stable in larger firms (above 250 workers). In 1997 and 2006 different financial incentives were launched to promote hires using open-ended contracts and conversion of temporary contracts into open-ended ones. However, the temporary employment rate in larger firms remained rather stable (even increased slightly), which is consistent with the existence of a segmentation of jobs within firms: temporary contracts would be used for specific types of job, so it would not pay for the firm to use open-ended contracts for these jobs even after considering financial incentives. However, tasks in small firms are not clearly assigned to jobs and the use of temporary contracts would be only a matter of financial costs. Therefore, the existence of financial incentives would have affected their reliance on temporary contracts. The empirical evidence supports this idea, since the share of temporary employment in small firms decreased just after the launching of new financial incentives in 2006 while this did not happen in large firms (Malo and González-Sánchez, 2010).

Furthermore, one may arrive at the same conclusion after looking at the aggregate transition rates from permanent and temporary employment to other states (other job with a different employer, unemployment or out-of the labour force). Figure 7 and 8 display these rates, which are based on the linked micro-data files of the LFS. Care must be taken when comparing them, since the scale is different: about 4 per cent in 2005-2011 (less than 3 per cent in 2001-2004) of all permanent workers change their labour market status each quarter, while this proportion amounts to 25 per cent in 2005-2011 (20 per cent in 2001-2004) in the case of temporary workers.¹¹ The rotation implicit in the rates of this latter group is quite large.

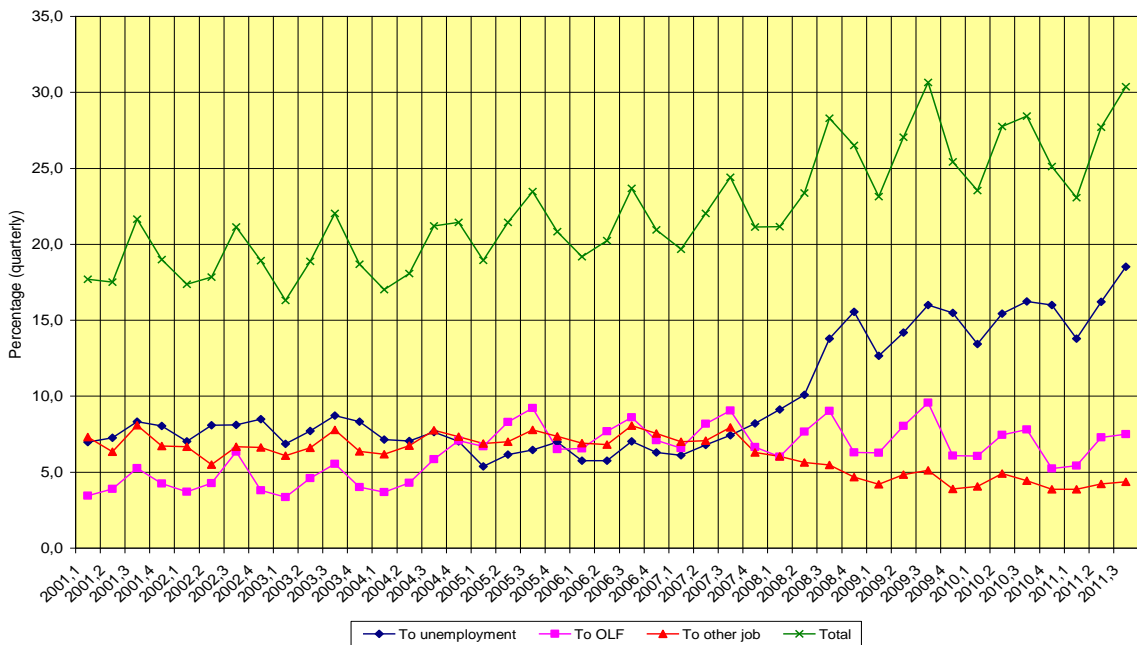
¹¹ The once-and-for-all sharp increase in the transitions from permanent employment to inactivity in the first quarter of 2005 was due to a methodological change in the LFS. This change also affected the transitions from temporary to permanent employment.

Figure 7 Quarterly outflow rates of workers from open-ended employment to other states (other job, unemployment or out-of-the labour force)



Source: Labour Force Survey (linked files).

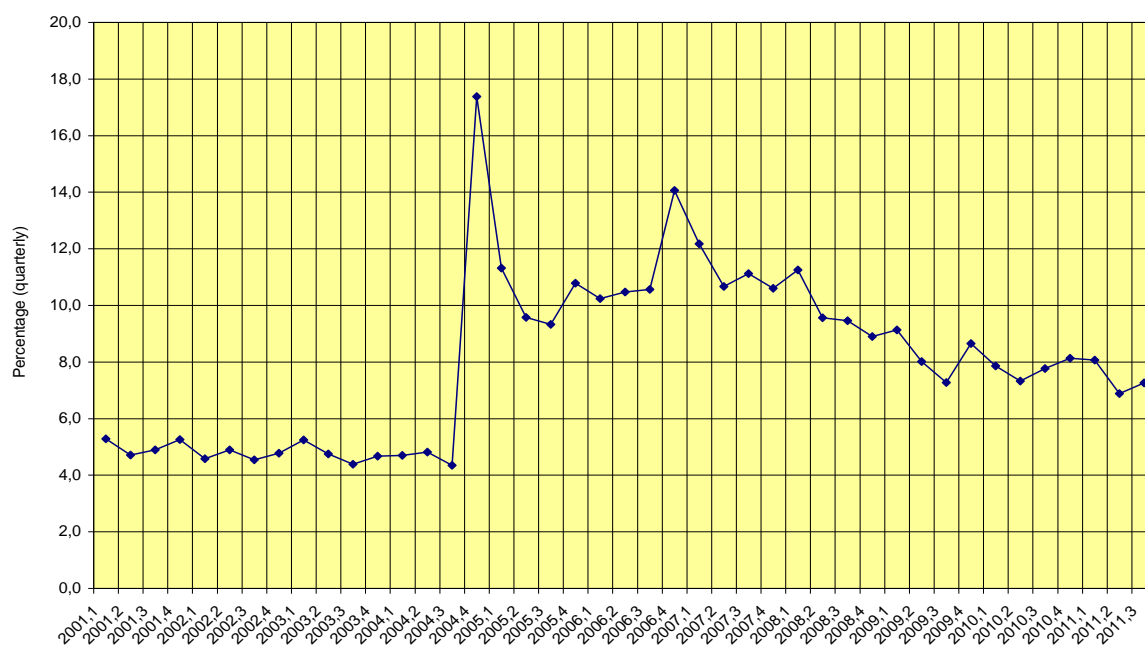
Figure 8 Quarterly outflow rates of workers from fixed-term employment to other states (other job, unemployment or out-of-the labour force)



Source: Labour Force Survey (linked files).

However, it can be better grasped if one calculates the quarterly transition rates from temporary to permanent employment (the latter may be with the same or with a different employer). Figure 9 offers this information. The proportion of workers holding a temporary contract in a given quarter who have an open-ended contract in the next quarter was about 5 per cent in 2001-2004, around 10 per cent in 2005-2008 (with a peak at the end of 2006 and the beginning of 2007 corresponding to the effects of the financial incentives associated with the 2006 labour market reform) and about 8 per cent in 2009-2011. Both pieces of information imply that the majority of temporary workers move (directly or indirectly) from a fixed-term contract to another one in the short-run and only a minority achieves an open-ended contract. It conveys the idea that the movement between segments is very limited.¹²

Figure 9 Quarterly outflow rates of workers from fixed-term employment to permanent employment



Source: Labour Force Survey (linked files).

But, how was that this segmented labour market was originated? To answer this question, we should focus on the legal changes aimed at easing the use of temporary contracts passed about three decades ago. At the end of the 1970s, the Spanish economy was involved in a severe economic and political crisis. In 1975, the dictator Franco died and the political system began a transformation process towards a fully democratic political system. The first part of this process finished in December 1978, when the new democratic Constitution was enacted. Afterwards, legal regulation was changed step by step to adapt it to the requirements of democratic political rules (such as allowing free trade unions and a non-intervened collective bargaining, for instance).

At the end of 1980, the Workers' Charter (*Estatuto de los Trabajadores*) was enacted, trying to provide the basic legal regulation for a democratic labour relations system and to leave behind the old Francoist labour market legislation. The open-

¹² A similar conclusion (although less radical) can be achieved using individual longitudinal data for a longer period of time, not only two quarters (see Box 2).

ended contract was defined as the ‘default’ labour contract. Other types of contracts (as fixed-term, part-time, etc.) were allowed, but they were conceived for specific tasks or for seasonal or transitory economic needs of the firms. This rationale was also part of the previous legal regulation and, in fact, the basic legal regulation governing dismissals under the dictatorship remained.¹³

Nevertheless, the increase of the unemployment rate above 20 per cent in the early-1980s led the government to consider legal changes to promote employment and to decrease unemployment. In those years, there was a social debate about changing (decreasing) severance payments for open-ended contracts in order to promote hires. However, public authorities (and many labour market experts and practitioners) believed that such a legal change would allow a fast and economy-wide substitution of older workers (with a low average educational level) by young workers (with a higher educational level, being cheaper because of the relevance of seniority complements in wages’ determination in Spain). In addition, because of the predominant role of male breadwinners’ households, such substitution would have had (hypothetically) a negative impact on the welfare of many households.

The political choice was to implement a legal change easing the use of temporary contracts. In formal terms, the change seemed to be rather small: a new temporary contract for employment promotion.¹⁴ Notice that this type of legal change was a reform ‘at the margin’, i.e., it was a change affecting the new entrants into the labour market but not the incumbents. Therefore, the extension of temporary contracts affected younger workers in the first instance: as they were entering into the labour market they were, almost by definition, at the margin. However, as it became evident later, this reform also affected low-skilled workers in the medium- and long-run, as they usually face a higher turnover rate than high-skilled workers. Later, during the 2000s, a new group of workers at the margin of the Spanish labour market (i.e. immigrant workers) was also exposed to the effects of temporary contracts.

The supportive role of Spanish families has been an adaptive behaviour and a social complement to the huge extension of temporary contracts jointly with the relatively high unemployment rates for young people. Following Garrido (1996), there was a sort of ‘implicit social agreement’ between old and young generations. The labour market reform at the margin allowed older workers to remain in their jobs. As a counterpart, older workers (in their role of breadwinners of their families and tax payers) supported the precariousness of young people (many times their sons and daughters). Fiscal redistribution reinforced this scheme of inter-generational transfers: older workers supported the Welfare State paying taxes to fund unemployment protection and the extension of the educational system. However, this ‘implicit agreement’ has become increasingly difficult to continue as temporary

¹³ A relevant change with respect to the previous legislation was that judges could not modulate severance payments. With the Workers’ Charter there are fixed minima and maxima for severance payment and judges could only decide whether the dismissal was either fair or unfair. As usual, fair and unfair dismissals had different minima and maxima for severance payments, as they differ in dismissals either on disciplinary (worker’s misbehaviour) or on economic grounds. See Malo (2011b) for a description of the current severance payments and their main changes in the last two decades.

¹⁴ Although temporary contracts existed before that date, they were only relevant for the construction and tourism industry. Nevertheless, there was a limited use of new types of temporary contracts between 1975 and 1981 as a means to promote new hires, but none of them was really relevant (Malo, 2005).

contracts have become more frequent at older ages (especially for low-skilled people and more recently for immigrant workers), the household prices bubble in the 2000s increased the costs of forming new families and the job instability associated with temporary contracts delayed childbearing and decreased fertility rates.¹⁵

4.2. The effects of segmentation on the quality of jobs¹⁶

The impact of the extension of temporary contracts on job and employment stability and security has been relevant. Studies on job stability usually define simple measures on the distribution of elapsed employment tenure; for instance, the shares of workers with tenure of less than one year and of less than six years. Looking at the evolution of these measures, we can assess whether job stability has changed in Spain in the last three decades (see also Arranz and García-Serrano, 2007, who examine the period 1987-2003).

The share of workers with less than one year of tenure has witnessed a radical change during these years (see Figure 10). First, there was a strong increase between 1987 and 1995, coinciding with the expansion of use of temporary contracts: from less than 20 per cent to 34 per cent. Then, a period of stability came from 1995 to 1999, a reduction of more than 5 pp in four years (1999-2003) and then a new period of stability from 2003 to 2007.¹⁷ With the advent of the current crisis, the share of workers with less than one year of tenure has declined about 9 pp in five years. Furthermore, the share of workers with less than six years of tenure shows a somehow similar evolution. It exhibited a strong increase in 1987-1992, a fall between 1992 and 1993 and a period of stability until 1997. Then, the share increased again until 2001 (contrary to what happened to the other measure), remaining more or less stable until the end of 2007. Since then, it has declined 12 pp.

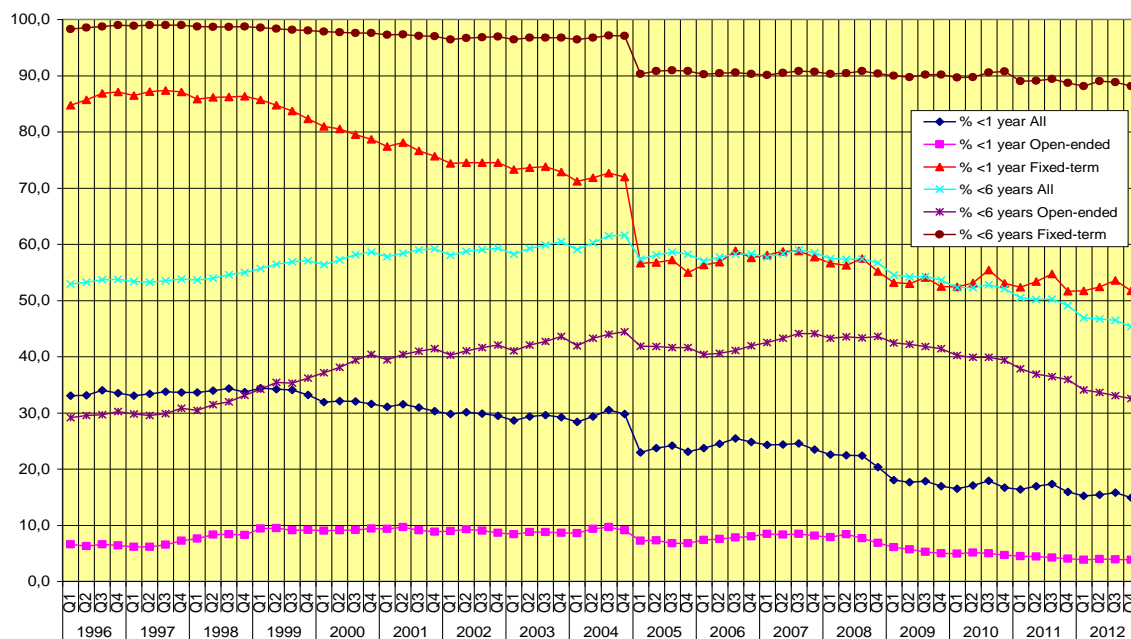
The proportions of workers with short and medium seniority reflect the changes in the business cycle, the use of temporary contracts and the effects of labour market reforms. This can be seen in the previous figure, which displays both shares for workers with open-ended and fixed-term contracts. The reduction observed in the share of workers with less than one year of tenure (concentrated in the group holding temporary contracts) and the increase observed in the share of workers with less than five years of tenure (concentrated in the group holding open-ended contracts) at the end of the 1990s and the beginning of the 2000s is probably due to the effects of the

¹⁵ Nevertheless, the aggregate fertility rate in Spain is the compound of two very different groups: a low fertility rate among Spanish people and a high fertility rate among immigrants (Garrido and Malo, 2005).

¹⁶ The results commented on this subsection stem from published studies (mainly carried out by the authors of this report) based on the estimation of multivariate models using the micro-data of diverse databases. Therefore, they are net of the effects of a set of worker, job and employer attributes used to take account of individual and job heterogeneity. Partial reproduction of some econometric outcomes is provided in order to make some statements clear.

¹⁷ A once-and-for-all sharp reduction is observed in the first quarter of 2005 which was due to a methodological change in the LFS. It brought about an alteration of the distribution of employment tenure: a reduction of workers in the category of “less than 3 months” and a corresponding increase in the category of “6 years or more”.

Figure 10 Share of workers with less than one year and less of six years of tenure, by types of contract



Source: Labour Force Survey.

labour market reform launched in 1997, which established a new open-ended contract and financial incentives for the transformation of temporary contracts on permanent ones. Therefore, although job creation during the economic expansion of the late-1990s was based mainly on the use of temporary contracts (and, in fact, the share of temporary employment did not declined much, as we have seen above), there was a relative movement of workers in the distribution of seniority from jobs with short-term elapsed duration towards jobs with medium-term elapsed duration. However, no trace of the 2006 reform aimed at reducing the excessive use of temporary contracts and worker turnover is visible in the seniority data. Furthermore, workers in temporary jobs have been hardly hit by the current recession, but it seems that this has not resulted in an alteration of the distribution of seniority for this group. However, the reduction of permanent positions during the crisis has concentrated in workers with short and medium tenure, therefore reducing these proportions and increasing average length of service for workers with open-ended contracts.

One important issue to consider is that the level and the evolution of job stability measures differ across groups of workers. From a static point of view, if we measure job stability using the share of workers with less than one year of tenure (or five years), we find that stability is lower for younger individuals, women (with children aged less than 6 years) and workers in the private sector, in blue-collar low-skilled occupations, in sectors such as agriculture and building and holding temporary contracts. These findings hold after controlling for a set of individual, job and employer attributes (see Arranz and García-Serrano, 2007, and the estimate results of a logit model displayed in Table 1).

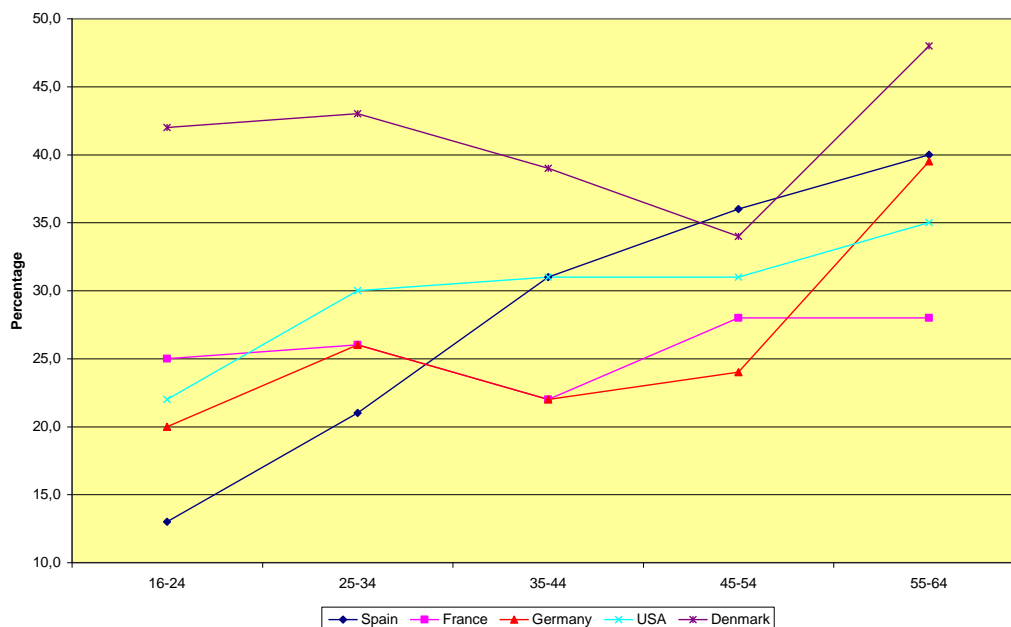
Adopting a dynamic perspective, the increase of job instability from the late-1980s to the early-2000s, which occurs for all groups of workers, is more patent for some of them. This can be seen in Table 2, which gives the estimated trend coefficients for the aggregate share of workers with tenure less than one year and less than five years by gender, age, educational level, contract arrangement, occupation and institutional sector. On the one hand, the trend component in the

share of workers in short term-jobs is positive and significant over the sample period. The aggregate fraction of workers with job tenure less than one year has risen around 0.7 percentage point a year during the period 1987-2003, once personal and job characteristics are taken into account. In fact, it has risen one percentage point a year when we discount the effect of the cycle on the trend. The same has happened with the share of workers with job tenure less of five years: they increased 0.5 percentage points a year after controlling personal and job characteristics and 0.6 percentage points once the effect of the cycle is additionally discounted. This increase in job instability has been larger for individuals aged less than 35 years, with low levels of attained education, working in blue-collar low-skilled occupations, in the private sector, in certain economic sectors (especially, agriculture and building) and holding temporary contracts.

The estimation procedure consists of two steps. In the first step, all available cross sections of the LFS are pooled and a logit model is estimated on the probability of belonging to each tenure category conditional on a set of year dummies, personal characteristics (gender, age, marital status, educational attainment, etc.) and job controls (occupation, type of contract, institutional sector, industry, etc.). Using the calendar year coefficients, year-specific probabilities are then calculated (the logit function is evaluated at the observed mean of the other covariates). In the second step of the estimation, these probabilities are regressed on a linear time trend and a cyclical control (unemployment rate) using ordinary least squares. Moreover, as the error term in the second step regression may be heteroskedastic because errors are subject to small sample bias (17 observations for the 17 year specific probabilities), consistent standard errors estimates are provided using the jackknife method in those regressions where the error term is heteroskedastic. The first column for each tenure category shows the estimated trends in the regression-adjusted probabilities without controlling for the cyclical component (unemployment rate), which is incorporated in the second column. The coefficients can be read either as yearly unit changes or as yearly percentage changes if we multiply them by 100.

This evolution of employment stability has translated into perceptions of job security. Dolado et al. (2010) examines data coming from the International Social Survey Programme (ISSP), a large international harmonized survey. Every eight years, it publishes a “work orientation” module where the results of a survey on a representative sample of wage and salary workers on diverse labour issues are given. The last available module is that from 2005, a boom year. In one of the questions, the survey asks the workers to evaluate whether “employment is secure”. Here, employment should be understood as the current job at the moment of the interview as well as the possibility of accessing to another one with similar characteristics in the short run. There are five potential answers, ranging from ‘absolutely agree’ to ‘absolutely disagree’. The data show that the proportion of workers who respond that they ‘agree’ or ‘absolutely agree’ is 27 per cent for Spain. This share does not differ much from the one observed for some countries (France, Germany or the US) but is larger than that for others (the UK, the Nordic countries and Belgium, for instance). Moreover, that proportion varies dramatically with age (Figure 11): it is lowest for people aged 16-24 (13 per cent) and highest for people aged 55-64 (40 per cent). This huge age differential is not clearly observed for other countries examined (France, Germany, the US and Denmark), where such differential is very small except for the group of people aged 55-64.

Figure 11 Perception of job security by age group



Source: International Social Survey Programme (2005).

More recently, the last edition (2010) of the ECVT survey includes additional information on job security for employed individuals.¹⁸ Workers are inquired on the likelihood of maintaining their current job within the next six months. They dispose of four answers ranging from ‘absolutely unlikely’ to ‘absolutely likely’. The proportion of workers who consider it ‘absolutely unlikely’ or ‘very unlikely’ is 10 per cent. This proportion declines with age and education level and as we move from blue-collar low-skilled occupations to white-collar high-skilled occupations, and is higher for men, workers in small and medium-sized firms (less than 250 workers) and in certain industries (construction, agriculture, hotels and restaurants, and domestic services).¹⁹

Regarding working conditions, there are relevant differences by type of contract at descriptive level. Differences remain even when we compare temporary and permanent workers with the same seniority at the firm. Quality of life at work and job satisfaction is also clearly lower for workers with temporary contracts. García-Serrano (2004) has carried out the most complete analysis comparing workers with open-ended and temporary contracts using data from the early-2000s. His findings show that workers holding temporary contracts exhibit lower scores for seven objective indicators on the quality of working life. Moreover, temporary workers also show higher expected possibilities to leave their current firm within one year,

¹⁸ The “Working Conditions Survey” (*Encuesta de Calidad de Vida en el Trabajo*, ECVT) is a yearly survey first launched by the Spanish Ministry of Labour and Social Affairs in 1999. This is a nationally representative random sample survey of all employed individuals aged 16 years and above living in households (Ceuta and Melilla are excluded). This survey contains information on a wide range of issues related to the working life of employed individuals as well as on a set of personal, job and employer characteristics. A significant change in the methodology was carried out in 2006 (in fact, the survey was not conducted in 2005).

¹⁹ These findings hold when including or excluding those individuals for whom the question does not hold (because they retire, their contracts end, etc.).

although the reasons for leaving differ between both types of workers: more than half of all temporary workers say they will leave because their contracts will finish/they will be laid off, while more than half of all permanent workers will leave due to other reasons -retirement, family reasons, etc. These results hold even when we distinguish among different job tenure categories (see Table 3).

García-Serrano (2004) also tries to respond to the question on why temporary workers exhibit lower scores than their permanent counterparts in objective indicators on working life. The simplest reason to explain the existence of these differences relies in that their jobs are different: workers holding temporary contracts suffer worse working conditions than workers holding permanent contracts simply because they occupy worse jobs. To test that possibility, a multivariate analysis on all seven objective indicators on working conditions is performed including a wide range of explanatory variables (individual, job and employer characteristics). Estimate results indicate that differences in working conditions remain after controlling for all those variables (see Table 4). In particular, temporary workers with short job tenure seem to occupy jobs with poorer working conditions, but differences between permanent and temporary workers with longer tenure are less marked. This might suggest that temporary workers occupy not only entry-level jobs but also other jobs which are similar to those occupied by workers with permanent contracts. In other words, firms would be using temporary contracts as a way to lower production costs, hiring workers on a temporary basis in order to perform “permanent” activities.

Another indicator of job quality is participation in on-the-job training. Empirical evidence usually shows that temporary workers have less access to training when compared with their permanent counterparts. For instance, OECD (2002) finds that the effect of holding a temporary job is to reduce access to training, after controlling for various individual and job characteristics, using pooling data from the ECHP for 12 European countries. In the case of Spain that is the case when one uses databases such as the ECHP and the ECVT but not with the LFS (which, by the way, gives a monthly aggregate training incidence implausibly low).

One of the advantages of using the ECVT is that it makes possible to distinguish between the conventional measure of training incidence (the “total incidence” of training, i.e. the proportion of workers who participate in training activities over total workers) and what we can call the “conditional incidence” of training (the proportion of workers who participate in training activities over workers employed in training firms). This is because the survey contains two questions on both participating in on-the-job training and being working in a firm who carry out training activities.²⁰ This distinction is important because there are two steps to follow for a worker to receive training from the firm where he/she is working: first, the worker must be employed in a firm providing training activities; and second, once the worker is employed in a training-providing firm, he/she must be chosen to participate in those activities.

²⁰ Information about training comes from the following question in the questionnaire: “During the last year, has the firm in which you work carried out some training activities for their workforce?” Before 2006, those who answer to that question in the affirmative were interrogated about the frequency of participation on the activity courses carried out by the firm (all possible answers were the following: never, seldom, sometimes, often, and always). From 2006 onwards, all interviewees are inquired about whether they have participated in some training organised and financed by their current employer during the last year. This change in the questionnaire has certainly had an influence on the measures of training incidence.

The data indicate that less than one fourth in 2002-2004 and more than a third in 2006-2010 of all wage and salary workers participate in training (Table 5). These figures are higher for workers with permanent contracts than for their temporary counterparts. They also vary depending upon employers' characteristics (they increase with firm size and are much larger in public-owned firms and institutions and in certain industries –finance, public administration, education and health), job attributes (they raise as we move from blue-collar low-skilled jobs to white-collar high-skilled jobs) and workers' characteristics (they increase with the attained education level and hold an inverse-U relationship with age).

This outcome is partly due to the distribution of workers over training and non-training firms. The proportion of all wage and salary workers employed in training firms was over one third in 2002-2004 and about one half in 2006-2010. Workers with open-ended contracts exhibit substantially higher values than their temporary counterparts. Again, these figures vary dramatically depending on employer, job and worker attributes (the same as before). However, the proportion of workers who participate in training activities over workers employed in training firms (the "conditional incidence" of training) does not show as much variation across characteristics as the previous measure (although differences exist). These findings seem to suggest that the main source affecting an individual likelihood of participating in on-the-job training is to be employed before-hand in a firm providing training activities.

Albert et al. (2005), who estimate multivariate models to analyse the relationship between types of contract and on-the-job training (Table 6), confirm the previous findings. First, workers holding temporary contracts are less likely to be employed in firms providing training: the share of temporary employees over total employees is larger in firms that do not train their workforce than in firms that do train it. Second, once workers are employed in firms providing firm-based training, holding a temporary (fixed-term) contract also reduces the probability of being chosen to participate in training activities, after taking account of other worker, job and employer characteristics.

This last nuance gives some interesting information: if temporary workers are more present in firms carrying out less training (or not training at all), then the organization of jobs at firm level and the technology applied in the production process might be playing a key role. In other words, the fact that non-training firms are more prone to use temporary contracts is likely to be associated with productive features such as their jobs' structure and the technology they use (and also to their location in the international division of labour and the way they compete for in the product markets). OECD (1991) points out that those industries with lower training incidence are associated with a low degree of technological progress and/or a high proportion of small and medium-sized firms. Therefore, the evidence for Spain might be suggesting that using temporary contracts is a decision linked to the organization of the firm and not only a matter of costs related to the legal regulation of labour contracts.

Notice that the huge expansion of the construction sector in the last decade is not the responsible for the wide use of temporary contracts, since they were widely used before the speculative bubble of the household prices.²¹ In a similar vein, the

²¹ For instance, according to Figure 5, the share of temporary employment in the private sector in 1996 was 44 per cent for women and 37 per cent for men. These shares were lower at the beginning of the 2000s, when one can safely place the start of the speculative bubble in household prices.

relevance of tourism has been sometimes blamed as responsible for the extension of temporary contracts. Nevertheless, different analyses show that temporary contracts are widely used in the whole sectors of the Spanish economy (Toharia, 2005; Felgueroso and Jiménez, 2010). But even the relatively wider use in the tourism industry is 'peculiar'. According to Malo (2011a), the expected seasonal pattern of temporary contracts in this sector is clearly confirmed by the statistical figures, with increases in the share of temporary employment of around 5 percentage points in the second and third quarters respect to the first and fourth quarters. However, while for men the share of temporary employment in the tourism industry is around the aggregate male share for the whole economy, in the case of women this share is 7-9 percentage points higher than the corresponding female aggregate share. A marked difference in occupations by gender in the tourism industry lies behind this difference, as women usually are located in low-skilled jobs while men perform any type of job including those more skill demanding. As a side result, the working careers of women in the tourism industry are highly unstable in the long-term when compared with men working in this sector (Muñoz-Bullón and Malo, 2008).

To sum up, although the construction and tourism sectors are much relevant in Spain than in other countries and they usually rely more on temporary contracts (by international standards), they are not the main drivers of segmentation in the Spanish labour market. In fact, it is worth noting that the Spanish Labour Law has provided firms long time ago with specific contracts to deal with seasonality having an annual pattern in order to give a legal recognition to long-term labour relationships but regularly interrupted.²²

Job quality can also be analysed using information on job satisfaction. The ECVT survey elicits data from workers on their satisfaction with their current job (they have to put in a scale where 0 is 'very dissatisfied' and 10 'very satisfied').²³ Data show that a small proportion of workers (less than 5 per cent) say that they are dissatisfied (values 0-3), about one fourth that they are neither satisfied nor dissatisfied (values 4-6), around one half that their level of satisfaction is quite good (values 7-8), and about 20 per cent that they are satisfied (values 9-10). Therefore, average values are located just below 7 (years 2002-2004) or above 7 (years 2006-2010). Differences across employer, job and workers characteristics are not very large (Table 7), with those having a university degree, working in white-collar high-skilled jobs and in certain industries (public administration, education and health) exhibiting higher averages. Satisfaction also increases monotonically with the level of earnings. Employers, workers in the public sector and those holding a permanent contract are more satisfied than workers in the private sector and those holding a temporary contract.

Some of these differences persist when one controls adequately for firm, job and worker characteristics but others tend to disappear. For instance, García-Serrano (2009) uses the ECVT data to examine whether job satisfaction is influenced by

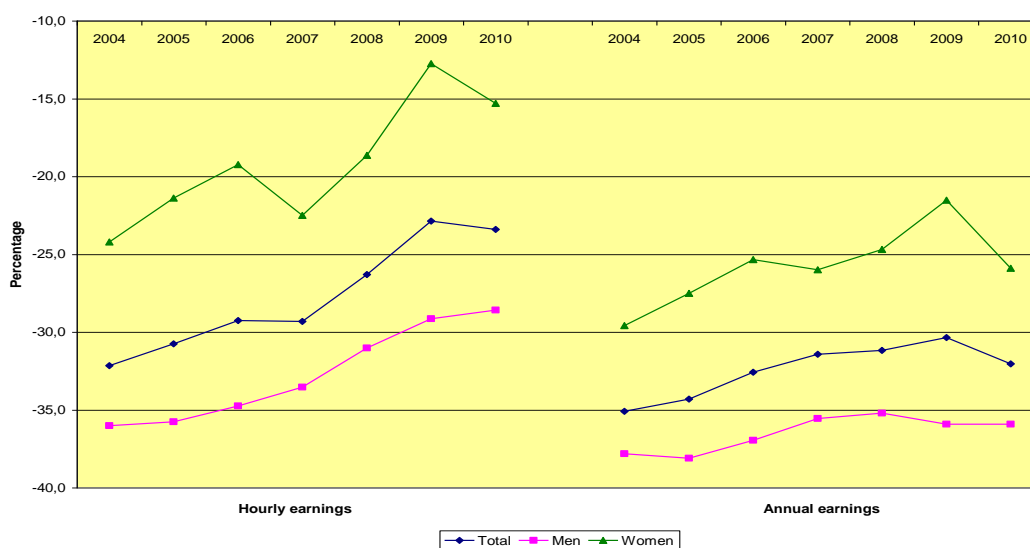
²² It is the case of the so called 'contrato fijo discontinuo' (per-task open-ended contract), mainly used in tourism (in the Balearic Islands, for instance) and in agriculture. Nevertheless, the share of this type of contract in the total of open-ended contracts (and in the total of all contracts) is rather low. For seasonal reasons, there is a specific temporary contract which can be used by any firm affected by seasonality; it is a contract with no specific characteristics save the explicit recognition of the reason for the temporary hiring (i.e., seasonality).

²³ The exact wording of the question changed from 2006 onwards. This change might have influenced the results.

unionization when the terms of collective agreements are extended to all the workers, whether members or not, as in the Spanish case. Empirical findings (Table 8) suggest that a negative influence of union membership on job satisfaction and a positive one for collective agreements at firm level exist, but these effects vanish once variables capturing working conditions and the industrial relations climate are taken into account (this would mean that the positive/negative effect of unions on satisfaction previously found could be due to the positive/negative relationship between collective bargaining and job attributes capturing employee control in the workplace). However, the impact of the contract arrangement remains after controlling for all those variables: workers holding a temporary contract would show lower job satisfaction scores than their permanent counterparts.

Turning now to wages and earnings, the share of (full-time) wage and salary workers in low pay jobs in Spain is just below the OECD average: in 2009, it was 15.7 per cent in Spain and 16.3 per cent in the OECD.²⁴ Using data for all workers (full-time and part-time) increases this share to around 18 per cent in 2008-2009 (with a dubious fall to 13.4 per cent in 2010).²⁵ This group of workers is deemed to be made up mainly of women, foreign-born people, young workers, workers in low-skilled jobs and individuals working part-time and holding temporary contracts, since these groups of individuals earn less on average. In particular, workers with temporary contracts earned about 35 per cent less than their permanent counterparts –using annual earnings- or more 30 per cent less –using hourly earnings- in 2004-2005 (Figure 12). This contract pay gap has declined until 2009 but increased in 2010. It is always larger for men than for women.

Figure 12 Contract pay gap (difference in earnings between open-ended and temporary workers, in percentage).



Source: Yearly Survey on Wage Structure (*Encuesta Anual de Estructura Salarial*).

²⁴ Low pay is defined as having hourly earnings below 2/3 of median earnings. The OECD figure is an unweighted average for 27 countries (OECD, 2011, Statistical Annex, Table I).

²⁵ This information comes from the Yearly Survey on Wage Structure (*Encuesta Anual de Estructura Salarial*, EAES). An alternative way of defining and measuring low pay is to consider workers who earn the statutory minimum wage or less. In this case, using information from tax sources (collected by the Tax Administration National Agency), the share of low pay workers remained stable around 28 per cent in 2002-2008 and increased to 31 per cent in 2009-2010.

These differences persist even controlling for individual, job and employer attributes: temporary contracts are related, *ceteris paribus*, with a negative wage differential of about 10 per cent (Jimeno and Toharia, 2003; Hernanz, 2003). Davia and Hernanz (2004) present a more detailed analysis applying an Oaxaca-Blinder decomposition to know the determinants of this differential (considering that both groups of workers have different characteristics). This analysis shows that temporary workers earn less than workers with an open-ended contract mainly because of differences in their characteristics and because they are selected in different contract types due to their characteristics. Therefore, the selection of workers with open-ended contracts in ‘good’ jobs and workers with temporary contracts in ‘bad’ jobs has a key role explaining wage differentials against temporary workers.

Finally, regarding other key (macroeconomic) variables such as labour productivity, some authors (for instance, Andrés et al., 2009) stress that temporary contracts decreases productivity in the long-term. When the use of temporary contracts extends throughout the economy, firms will have less incentives to select good workers (as they can be easily and rapidly replaced) and spend fewer resources in training (Albert et al., 2005). The result is a decrease in aggregate productivity, which fits with the Spanish experience in the last decade.

Nevertheless, the negative effects on productivity have only been stressed from the mid-1990s. Before that date, the huge increase in employment creation just after 1984 (in the period 1985-1991) eliminated most critical assessments of the labour market reform at the margin easing temporary contracts (Toharia and Malo, 2000). Notice that, since introducing temporary contracts was a change in adjustment costs just before an economic expansion, the benefits of such reform were absolutely clear very soon, but when a crisis arrived (in 1992-1995) the Spanish society first experienced the ‘dark side’ of temporary contracts. This is what Boeri and Garibaldi (2007) has called the honeymoon effect of temporary contracts and dual labour markets: the cons are only clear after the pros. Under the current recession, Spanish society has heavily suffered the social and economic costs of a segmented labour market, with high employment and unemployment volatility and a blockage of the labour market integration of young people.

5. Reforms affecting the linkages

The negative aspects of the huge extension of temporary contracts were so evident that in the 1990s employers’ organizations, trade unions and the government tried to introduce legal changes to reduce temporary employment. These attempts were made through the Social Dialogue between employers and unions. Several labour market reforms have been carried out since then (in 1994, 1997, 2006, 2010-2011 and 2012).

The reforms in 1997 and 2006 were the outcome of agreements between employers and unions at national level. In the rest of them, the legal changes were implemented by the government after unsuccessful negotiations between employers and unions. The main objective of all reforms since 1994 has been to reduce the use of temporary contracts. The legal changes affected a wide set of aspects of labour contracts and labour relationships: overtime, not-regular working hours, new open-ended contracts (with different severance payments), financial incentives for open-ended contracts, changes in legal concepts affecting dismissals, collective bargaining, etc. The impact on the share of temporary employment is deemed to be very small (only after the 1997 reform there was a slight fall in the private sector).

The current recession has clearly contributed to reduce the temporary employment rate as a consequence of the fast and huge employment adjustment.

The incentive for using temporary contracts is really strong due to the existence of a wide gap in severance payments between temporary and open-ended contracts (which fostered the segmentation of jobs within firms, as we have argued previously). However, there are other additional factors which reinforce the prevalence of a segmented labour market, as the lack of incentives to use alternative adjustments to employment in terms of wages and/or working hours and a relevant inertia for firms at the individual level to keep on using a well-known flexible employment instead of other types of adjustment. Therefore, the final outcome is a combination of flexibility for firms with relevant side negative results for some workers (especially low-skilled workers, young people and immigrants) and even for the whole economy (low aggregate productivity).

The two most recent reforms of the Spanish labour market have been implemented in the mid-2010 and in February 2012. Both reforms have been passed under the pressure of the extremely poor labour outcomes in the current recession. With different intensity in their legal changes and with different ideological perspectives, both reforms have focused on eliminating distortions in the dismissal procedure in order to reduce the firing costs gap between open-ended and temporary contracts, jointly with changes in collective bargaining in order to promote adjustments in wages, working hours and, in general, working conditions, to decrease employment volatility. Both reforms were implemented after unsuccessful negotiations between the main employers' organization (CEOE) and unions (UGT and CCOO). Therefore, these two labour market reforms have been designed out of the tradition of Social Dialogue existing in Spain since the beginning of the democratic system at the end of the 1970s.

Focusing on the last reform implemented in 2012, the main changes have to do with dismissals and collective bargaining.²⁶ Changes on dismissals are related to a (supposedly) clearer definition of dismissals on economic grounds in order to make the severance payment for fair dismissals the new reference for future dismissals (20 wage days per seniority year). In addition, unfair severance payment has been reduced for all open-ended contracts (from 45 to 33 wage days per seniority year). The new changes in collective bargaining regulation are intended to provide more internal flexibility to the firm. In other words, these changes would help employers to adapt wages and working hours to the business cycle. If this new regulation is effective, a relevant incentive to use temporary contracts would have disappeared in the next future and, therefore, firms would not be so dependent upon dismissals and end of contracts to adjust to bad times. This implies that the reform (if effective) might decrease the duality of the Spanish labour market. But it will take time because segmentation by contract type is deeply rooted into the segmentation of jobs within firms (which will only change at a relatively slow pace).

Due to the short time span after the implementation of the reform, the empirical evidence is very limited. However, the few available data (Malo, 2012b) show that temporary employment is mainly affected by the recession not by the legal changes. As for dismissals, some data show that the distorted use of the dismissal regulation is slowly decreasing but at the same time a relevant increase in cases arriving to the labour courts has been observed. Thus, it seems that the current legislation is posing

²⁶ See, for instance, Malo (2012a) for a description of the main changes in dismissals and collective bargaining implemented in the 2012 labour market reform.

relevant problems of interpretation about the limits of (and how to apply) the new definition of economic grounds for dismissals. Just after launching the reform in February 2012 there was an increase in workers affected by collective dismissals. Presumably, some firms were waiting for a more favourable legislation (especially on that point regarding the elimination of previous administrative authorization in collective dismissals), but it is hard to judge whether the increase in dismissals is related to a more lenient legislation on firing costs or to a new dip of the current recession (Malo, 2012b).

On the other hand, although the evolution of employment has been negative in 2012, it has been more closely associated with the destruction of employment in the public sector (as a consequence of the adjustment in the public budget in order to meet the objectives of the fiscal deficit) than directly linked to the fall in firing costs affecting the private sector. Although the 2012 reform has also alleviated bureaucratic requirements to reduce employment in the public sector, the most relevant part of this adjustment has been related to temporary contracts (as Figure 6 shows, the share of temporary employment in the public sector has diminished around 3-4 percentage points for men and women).

6. Policy conclusions

In Spain, the extension of labour market segmentation is associated with a rather ‘small’ legal change easing temporary contracts in 1984. The gap in firing costs with respect to open-ended contracts (widened by a strategic use of dismissal legislation) and the historical context fuelled temporary contracts as the main form of flexibility for firms. The introduction and wide use of temporary contracts probably helped reinforce the structure of jobs, creating relevant incentives for the maintenance of the segmentation, in particular in large firms.

The impacts of this segmentation have been diverse. We can mention the huge volatility of employment and unemployment and the negative consequences on the labour market integration of young people, low-skilled workers and immigrants. Even if we consider that a ‘temporary contracts trap’ is not applicable to all individuals starting their working trajectories with a fixed-term contract, it is worth noting that low-skilled workers suffer high temporary employment rates during their whole working careers and that a high level of transitions into and out from employment has been relatively frequent in the 2000s (see Box 2). Although workers with secondary and tertiary education exhibit a substantial decline of their share of temporary employment when they are 30-35 year-old, this type of flexibility affects the postponement of emancipation, family formation and childbearing. Negative externalities on the whole economy have also been noted, such as low training incentives and low productivity.

Box 2 Is there a ‘temporary contracts trap’ in Spain?

A key issue when analysing segmented labour markets is whether workers in ‘bad’ jobs are permanently trapped in this type of jobs or they transit to better jobs in the same or other firm. Most part of the literature on temporary jobs as ‘dead ends’ or ‘stepping stones’ mainly focus on short-term transitions. However, short-term information is only limitedly useful. The research based on long-term (longitudinal) data shows that temporary contracts have become more frequent at older ages, but in general one cannot talk of a sort of long-term trap. Nevertheless, some specific groups suffer much higher risks to be in temporary contracts for very long time.

The average age of temporary workers have increased at a relatively low pace. For instance, from 1991 to 2004 it increased from 29-30 years to 33 years, i.e. around 3 years (on average) in 14 years. If one examines the evolution of birth cohorts, the finding is that the presence of people holding temporary contracts decreases with age. Anyway, around 10-15 per cent of the population of each birth cohort has a temporary contract when they are 35 year-old or older. Furthermore, there are substantial differences by educational level, as the proportion of people holding temporary contracts for the same age is much higher in the case of low educated individuals.

Micro-data from administrative databases show that recurrence in temporary contracts (considering time periods from 6 to 8 years) is relevant: around one third of the workforce who are first observed with a temporary contract rotate in this type of contracts, and even when they obtain an open-ended contract it is unstable. This group is the one potentially affected by a temporary contracts trap. The characteristics of these people are the following: they are younger (below 30 years), have low educational level and work usually in industries where temporary contracts are relatively more frequent (construction for males and tourism, public administration and health services for females). There is also a relevant geographical concentration in the south of Spain (mainly, Andalusia and Extremadura, regions with relatively higher unemployment rates too). No clear link of this trap with being hired through a temporary work agency is detected; in fact, the penetration rate of these agencies is lower in regions with a higher use of temporary contracts (as in Andalusia, for instance).

Sources: Toharia and Cebrián (2007) and Malo and Cueto (2013).

The answers to these problems have been twofold: on one hand, changing the regulation of temporary and open-ended contracts; on the other hand, financial incentives to promote permanent employment. The latter was the key element of the reforms launched in 1997 and 2006. They reduced the aggregate temporary employment rate in the private sector, but their effects were not ‘large’ (the problem of segmentation remained). Changing the regulation of open-ended contracts (the amount of severance payments and the definitions of dismissals on economic grounds) was the main strategy in 1994, 2010 and 2012. These legal changes tried to promote the use of open-ended contracts by reducing the gap in firing costs with respect to temporary contracts.

By analysing the gross flows by dismissal types, the limited empirical evidence available shows that the distorted use of dismissal legislation seems to be decreasing. However, even a hypothetical total closing of the firing costs gap would not create enough incentives for undoing the existing segmentation of jobs. The decline of the aggregate share of temporary employment would be slow even if the 2012 labour market reform is fully effective and fast eliminating the distortion of the practical use of the dismissal legislation. Unfortunately, there are uncertainties with the new legal rules, many of them unavoidable, since the legal change is wide, highly relevant and needs judiciary interpretation in many cases.

Therefore, even if one considers that closing the gap of firing costs goes now in the right direction, additional measures should be designed in order to protect those workers more affected by the segmentation of jobs and to speed the dismantling of this segmentation.

First, protective measures should focus on the three groups more negatively affected by segmentation: young people, low-skilled workers and immigrants. For the former, active labour market policies are crucial to increase their probability of leaving unemployment. Thus, the recent cut of the public budget for active programmes is alarming, even if one takes into account that it is intended to help reduce the public deficit. Regarding low-skilled workers, active policies (in particular, training) are relevant but they also need enough income protection for their frequent transitions into and out of employment. An articulation between active and passive measures would be extremely useful for this group since they probably suffer more intensively the negative consequences of segmentation as their probability of transition towards stable jobs are low. Finally, in the case of immigrants, the focus should be partly on the role they play in the hidden economy, promoting their participation in the regular economy in order to have full access to the benefits related to Social Security contributions. Effective measures against the hidden economy and control of firms using irregular workers are complementary strategies of the more usual active labour market policies.

The unsuccessful results of the social dialogue to design comprehensive labour market reforms since the beginning of the current recession are worrisome. The main unions and employers' organizations have agreed on some issues, but the old role of social dialogue in promoting deep and enduring changes in the labour regulation seems to have been left aside. Not only the last legal regulation reforms have been implemented unilaterally by the government, but the rules governing collective bargaining have been altered without the agreement of unions and employers. As new legislation is always connected with uncertainties about how to use the new rules, social dialogue is potentially an interesting way to facilitate the implementation of labour market reforms. Unions and employers' organizations should explore new and innovative ways to rebuild social dialogue at the highest level but also at the day-to-day level within firms in order to deter the segmentation of the labour market and to alleviate their negative consequences on the welfare of the weakest groups of workers.

We have characterized the segmentation of the Spanish labour market as a sort of 'Doeringer-Piore' segmentation, that is, mainly related to the employers' decisions on the organization of jobs (Doeringer and Piore, 1971). This segmentation is mainly visible through the existing contract arrangements: temporary contracts for 'bad' jobs and open-ended contracts for 'good' jobs. Furthermore, fixed-term contracts are also used as a sort of extended probationary period for almost any type of job (even for 'good' jobs). This characterization is useful to understand the eventual impact of some 'drastic' proposals to eliminate segmentation. In the Spanish debate about how to tackle this dual labour market, some academic researchers have recommended the implementation of a 'single contract' (see, for instance, Bentolila et al., 2008, or Costain et al., 2010). Although there are different versions of this idea, all of them focus on a new contract considered as open-ended with increasing severance payments with tenure. Notice that the proposal consists of eliminating any relevant gap in firing costs, leaving only relatively small marginal increases related with tenure. The goal would be to eliminate the incentives for the rotation of workers in the same jobs exclusively related to the wider gap in firing costs when the firm considers rehiring a temporary worker with an open-ended contract.

At first sight, this innovative type of contract would be able to combat the use of temporary contracts as an extended probationary period (mainly in 'good' jobs). Therefore, it would be useful for high-skilled workers with better prospects in the labour market, shortening their stabilization period and decreasing the social costs of the current delay until employment security is reached. However, as 'bad' jobs are used as a buffer by the firm against business cycle, it is not clear how having a single contract would decrease the rotation of workers in 'bad' jobs. These workers would have low seniority anyway; thus, their severance payments would be relatively low and its dismissal cheap. For this group, the incentives created by the single contract thanks to the smoothing increase in severance payments would not be really useful. On the other hand, being hired as civil servant or under an open-ended contract in the Public Administration depends on exams to prove qualifications and guarantee equal opportunities. The only way to set out a single contract in this sector would be to apply these types of exam for all jobs, which is not feasible under the current procedures of all Spanish public administrations. Therefore, additional legal changes would be necessary to eliminate duality in the Public Administration using the single contract.

Other options, as a 'mixed' Austrian system for severance payments have also been considered. The severance pay system launched in Austria in 2003 consists of replacing severance payments by severance accounts. Employers contribute to these accounts on a monthly basis. In this way, the dismissal costs are anticipated and employers have not to pay in case of dismissal, but workers ask for the reimbursement of these employers' contributions. In case of voluntary or involuntary mobility to other employer, contributions accumulate, as the worker can delay the reimbursement even until retirement. In fact, this system was originally designed to be an additional pillar for the pensions system. A problem of the Austrian system is that the marginal cost of an additional dismissal for the firm is null. Considering the Spanish case, this feature would provide strong incentives for relatively large collective dismissals amidst the current recession. Therefore, the discussion among experts and labour practitioners focused mainly on a mixed Austrian system, including the above contributions but also a relatively small 'traditional' severance payment just after the dismissal (Malo and González-Sánchez, 2010). Nevertheless, the implementation of this system was discharged in 2011 by an experts group created by the government, trade unions and employers' organizations. The main reason was that the new contribution would increase labour costs and require re-arranging all employers' contributions, which was considered extremely difficult during the recession and probably only feasible in a future expansionary period. In fact, some legal changes implemented in 2010 as a starting point for a mixed Austrian system (Malo, 2011b) were fully eliminated by the labour market reform launched in 2012.

What other reforms would be desirable to fight segmentation? It is easy for experts to propose 'drastic' or 'deep' changes in the legal regulation of the labour market. Nevertheless, at this moment (March 2013) the Spanish society exhibits a sort of fatigue or discouragement about labour market reforms. In addition to a very negative economic situation and with other key economic reforms not totally finished (as the one of the financial system), it would be wiser to complete and to qualify the current reform. Nowadays, the main problem has to do with employment, not with segmentation. However, fostering employment is not as easy as simply changing the legal regulation. A substantial part of the changes in the two latest labour market reforms has affected the system of collective bargaining, implementing modifications with the aim of making adjustment patterns (wages and hours, and not only employment) easier to firms. But, since these legal changes were not agreed by unions and employers' organizations, a relevant resilience will exist which will act jointly with the learning costs linked to any change in the basic rules.

Alleviating measures for the most affected groups of workers (low-skilled people, young workers, long-term unemployed) must probably be implemented in the short-term. But only an improvement in growth might really increase employment and foster hires under the new set of legal rules (which should mitigate the current segmentation by contract types). To help in such improvement, crucial measures should be the softening of austerity policies through a less strict calendar for public deficit reduction and a definitive solution to the weakness of the financial system. For both measures, collaboration and agreement with the rest of countries of the Eurozone are imperative.

Table 1 Estimates of a logit model on the individual probability of having job tenure of less than one year or less than five years. LFS (1987-2003)

	Job tenure < 1 year			Job tenure < 5 years		
	Coeff.	S.E.	Sign.	Coeff.	S. E.	Sign.
Gender						
Woman	0.135	0.011	***	0.084	0.009	***
Age						
16-24	0.600	0.012	***	0.525	0.011	***
25-34	-	-	-	-	-	-
35-49	-0.538	0.010	***	-0.880	0.008	***
50-64	-0.951	0.014	***	-1.394	0.011	***
Level of education						
Less than primary	0.148	0.022	***	-0.073	0.018	***
Primary	-0.088	0.017	***	-0.267	0.013	***
Compulsory secondary	-0.227	0.016	***	-0.336	0.013	***
Post-compulsory secondary	-0.210	0.017	***	-0.288	0.013	***
Vocational training	-0.154	0.016	***	-0.211	0.013	***
University degree	-	-	-	-	-	-
Institutional sector						
Public	-	-	-	-	-	-
Private	0.453	0.015	***	0.554	0.011	***
Types of contract						
Open-ended	-	-	-	-	-	-
Fixed-term	3.428	0.008	***	2.567	0.007	***
Occupation						
White-collar high-skilled occ.	-	-	-	-	-	-
White-collar low-skilled occ.	0.124	0.014	***	0.039	0.011	***
Blue-collar high-skilled occ.	0.134	0.016	***	0.110	0.013	***
Blue-collar low-skilled occ.	0.360	0.015	***	0.344	0.012	***
Year						
1987-1991	-	-	-	-	-	-
1992-1994	0.226	0.014	***	0.068	0.011	***
1995-2003	0.452	0.021	***	0.055	0.007	***
Constant	-4.444	0.063	***	-1.256	0.051	***
Log-likelihood		-251,772.6			-349,667.6	

Source: Arranz and García-Serrano (2007). Estimations also include controls for individual and job attributes (household position, marital status, working hours, region and sector of economic activity), economic conditions (regional unemployment rate) and other aggregate variables (degree of openness of the economy measured by the proportion of exports over the GDP). The base category is a man, aged 25-34, married, head of the household, with a university degree, working in the public sector, holding an open-ended contract, working more than 30 hours and living in Andalucía. (*) indicates that the corresponding coefficient is statistically significant at 1 per cent.

Table 2 Estimated trend coefficients for the aggregate share of workers with job tenure of less than one year or less than five years using different sets of controls. LFS (1987-2003)

	Job tenure < 1 year				Job tenure < 5 years			
	Characteristics (1)		(1) + Cycle		Characteristics (1)		(1) + Cycle	
	Coeff.	S. E.	Coeff.	S. E.	Coeff.	S. E.	Coeff.	S. E.
Total	0.0067	0.0018	0.0100	0.0014	0.0049	0.0008	0.0055	0.0009
Gender								
Men	0.0060	0.0018	0.0095	0.0015	0.0054	0.0008	0.0059	0.0009
Women	0.0069	0.0017	0.0099	0.0015	0.0024	0.0008	0.0029	0.0009
Age								
16-24	0.0131	0.0038	0.0211	0.0026	0.0057	0.0019	0.0091	0.0011
25-34	0.0131	0.0026	0.0183	0.0019	0.0116	0.0018	0.0134	0.0013
35-49	0.0057	0.0009	0.0076	0.0006	0.0058	0.0005	0.0058	0.0005
50-64	0.0023	0.0008	0.0038	0.0007	0.0024	0.0006	0.0027	0.0006
Occupation								
WCHS	0.0063	0.0008	0.0076	0.0008	0.0033	0.0005	0.0029	0.0008
WCLS	0.0082	0.0017	0.0115	0.0013	0.0050	0.0012	0.0055	0.0011
BCHS	0.0054	0.0023	0.0095	0.0019	0.0062	0.0016	0.0069	0.0012
BCLS	0.0106	0.0024	0.0153	0.0018	0.0078	0.0014	0.0093	0.0010
Institutional sector								
Public	0.0035	0.0006	0.0034	0.0007	-0.0013	0.0009	-0.0018	0.0011
Private	0.0072	0.0023	0.0120	0.0018	0.0062	0.0016	0.0076	0.0011
Types of contract								
Open-ended	0.0011	0.0007	0.0002	0.0007	0.0009	0.0014	-0.0020	0.0008
Fixed-term	0.0084	0.0034	0.0159	0.0020	0.0032	0.0019	0.0072	0.0011
Level of education								
Less than primary	0.0085	0.0016	0.0113	0.0015	0.0082	0.0010	0.0088	0.0011
Primary	0.0062	0.0018	0.0099	0.0014	0.0055	0.0009	0.0066	0.0010
Compulsory secondary	0.0051	0.0026	0.0102	0.0020	0.0019	0.0011	0.0032	0.0011
Post-compulsory sec.	0.0070	0.0011	0.0090	0.0010	0.0021	0.0006	0.0017	0.0009
Vocational training	0.0036	0.002	0.0072	0.0017	-0.0008	0.0006	-0.0010	0.0008
University degree	0.0080	0.0007	0.0086	0.0008	0.0035	0.0006	0.0023	0.0006

Source: Arranz and García-Serrano (2007). The estimation procedure consists of two steps. In the first step, all available cross sections of the LFS are pooled and a logit model is estimated on the probability of belonging to each tenure category conditional on a set of year dummies, personal characteristics (gender, age, marital status, educational attainment, etc.) and job controls (occupation, type of contract, institutional sector, industry, etc.). Using the calendar year coefficients, year-specific probabilities are then calculated (the logit function is evaluated at the observed mean of the other covariates). In the second step of the estimation, these probabilities are regressed on a linear time trend and a cyclical control (unemployment rate) using ordinary least squares. Moreover, as the error term in the second step regression may be heteroskedastic because errors are subject to small sample bias (17 observations for the 17 year specific probabilities), consistent standard errors estimates are provided using the jackknife method in those regressions where the error term is heteroskedastic. The first column for each tenure category shows the estimated trends in the regression-adjusted probabilities without controlling for the cyclical component (unemployment rate), which is incorporated in the second column. The coefficients can be read either as yearly unit changes or as yearly percentage changes if we multiply them by 100.

Table 3 Means of objective indicators on working conditions by type of contract and job tenure, and proportion of workers with high probability to leave their jobs. ECVT (2001)

	Total		Open-ended			Fixed-term		
	Open-ended	Fixed-term	<18 months	18-42 months	>42 months	<18 months	18-42 months	>42 months
Indicators								
Working life quality	3.97	3.42	4.17	3.76	3.98	3.37	3.70	3.30
General working conditions	6.14	6.03	6.47	5.87	6.15	6.10	5.91	5.86
Pride	6.81	5.55	6.38	6.43	6.96	5.37	5.69	6.09
No alienation	8.15	6.77	7.92	7.96	8.23	6.52	7.29	7.18
Participation	4.36	3.13	4.34	4.13	4.41	2.90	3.66	3.46
Integration	2.83	1.74	2.44	2.66	2.93	1.60	2.04	1.99
Autonomy	4.56	3.22	4.50	4.13	4.65	2.95	3.69	3.77
% Leaving within one year								
Reasons (distrib.)	4.4	26.1	9.1	7.7	3.1	31.8	20.5	11.5
End/Layoff	7.8	52.9	24.1	9.1	0.0	54.1	43.9	56.0
Job offer	35.9	20.6	37.9	57.6	24.2	19.6	26.8	20.0
Others	56.3	26.5	37.8	33.3	75.8	26.3	29.3	24.0

Source: García-Serrano (2004). Each indicator combines information from a set of variables. All the variables included in the indicators are considered equally important and then given a value of one. Indicators are normalized in order to range from 0 to 10. See the appendix of García-Serrano (2004) for a description.

Table 4 Estimates of ordered logistic models on objective indicators of working conditions. ECVT (2001)

	Working life quality		General working conditions		Pride		No alienation		Participation		Integration		Autonomy	
	Coeff.	Sig.	Coeff.	Sig.	Coeff.	Sig.	Coeff.	Sig.	Coeff.	Sig.	Coeff.	Sig.	Coeff.	Sig.
Contract and tenure														
Temporary and <18 months	-0.299 **		-0.156		-0.371 **		-0.638 **		-0.604 **		-0.404 **		-0.673 **	
Temporary and 18-42 months	-0.177		-0.148		-0.307		-0.183		-0.228		-0.051		-0.166	
Temporary and >42 months	-0.518 **		-0.465 **		-0.218 *		-0.281		-0.327 *		-0.034		-0.220	
Permanent and <18 months	-		-		-		-		-		-		-	
Permanent and 18-42 months	-0.200		-0.483 **		0.145		0.120		-0.054		0.223		-0.071	
Permanent and >42 months	-0.248 *		-0.332 **		0.096		0.166		-0.130		0.175		-0.069	
Firm size														
1-49 workers	-		-		-		-		-		-		-	
50-249 workers	-0.202 **		-0.366 **		-0.215 **		-0.149		-0.111		-0.097		-0.265 **	
250-999 workers	-0.398 **		-0.589 **		-0.245 *		-0.174		-0.091		0.047		-0.156	
>1000 workers	-0.663 **		-0.647 **		-0.221 *		-0.346 **		-0.253 **		-0.241 **		-0.400 **	
Occupations														
White-collar high-skilled occ.	-		-		-		-		-		-		-	
White-collar low-skilled occ.	-0.739 **		-0.936 **		-0.271 **		-0.762 **		-0.542 **		-0.396 **		-0.840 **	
Blue-collar high-skilled occ.	-0.690 **		-1.404 **		-0.591 **		-1.056 **		-0.871 **		-0.737 **		-1.353 **	
Blue-collar low-skilled occ.	-0.917 **		-1.331 **		-0.860 **		-1.613 **		-1.193 **		-0.880 **		-1.590 **	
Gender														
Men	-		-		-		-		-		-		-	
Women	-0.037		0.291 **		-0.226 **		-0.278 **		-0.130		-0.192 **		-0.375 **	
Age														
16-24	-		-		-		-		-		-		-	
25-34	-0.201		-0.273 **		0.004		0.109		0.101		-0.102		0.069	
35-44	-0.125		-0.189		-0.024		0.063 **		0.095		-0.051		0.030	
45-54	0.036		0.012		0.191		0.322 **		0.199		-0.077		0.100	
55+	0.286		0.159 *		0.184		0.446 **		0.267		0.050		0.281	
Log likelihood	-6,281.7		-7,586.8		-6,511.8		-7,086.6		-7,051.3		-6,763.6		-8,499.7	
N	4,059		4,059		4,059		4,059		4,059		4,059		4,059	

Source: García-Serrano (2004). The models include education, industry and regional controls, and dummies on collective bargaining, working hours and marital status as well. Asterisks indicate significance at 1 per cent (**) and 5 per cent (*), respectively.

Table 5 Proportion of workers participating in training activities and working in employers providing training, by several variables. ECVT (2002-2010)

	% workers participating in training		% workers in employers providing training		Conditional probability of participating in firm-providing training	
	2002-2004	2006-2010	2002-2004	2006-2010	2002-2004	2006-2010
TOTAL	22.4	38.3	36.5	50.3	61.4	76.0
Institutional sector						
Public sector	37.4	49.6	62.3	65.9	60.1	75.3
Private sector	18.7	34.6	30.0	45.4	62.0	76.2
Sector of activity						
Agriculture	8.8	17.6	12.9	24.3	68.5	72.5
Industry	23.3	36.8	50.9	50.2	45.7	73.1
Construction	12.4	32.4	19.9	41.9	62.5	76.5
Wholesale and retail trade	20.2	33.5	31.0	43.7	65.4	76.8
Hotels, restaurants	10.9	23.5	20.4	30.7	53.6	75.8
Transport, communications	25.9	36.8	39.2	49.7	66.1	73.9
Financial intermediation	48.5	63.8	70.0	76.9	69.1	83.3
Business, real state, renting	21.9	33.8	33.6	44.9	65.6	75.5
Public Adm., Social	34.8	49.4	60.5	67.4	57.2	73.5
Education	39.6	55.9	62.1	69.8	63.9	80.0
Health and social services	31.9	49.6	55.5	65.5	57.6	75.7
Other social and personal	18.6	33.0	31.2	44.3	59.8	74.7
Housing	1.6	2.5	2.4	3.6	72.2	72.8
Employer size						
Less than 10 employees	9.2	18.8	14.2	25.0	65.3	74.7
10-49 employees	18.8	31.7	30.5	41.9	61.4	75.6
50-249 employees	29.7	40.0	47.5	53.6	62.4	74.5
250+ employees	42.4	53.0	68.9	69.1	61.5	76.8
Contract type						
Open-ended contract	28.2	-	44.1	-	64.0	-
Fixed-term contract	12.5	-	21.5	-	58.3	-
Gender						
Men	23.4	-	37.2	-	63.0	-
Women	23.5	-	37.2	-	63.2	-
Age						
16-19	1.7	-	13.8	-	12.2	-
20-24	20.9	-	30.9	-	67.7	-
25-29	24.4	-	36.0	-	67.8	-
30-44	25.0	-	38.2	-	65.5	-
45-54	26.8	-	42.5	-	63.1	-
55-64	16.3	-	36.3	-	45.0	-
65+	13.9	-	45.6	-	30.5	-
Level of education						
Less than primary	4.0	-	9.0	-	44.4	-
Primary	10.9	-	21.6	-	50.4	-
Secondary	22.2	-	35.4	-	62.6	-
University degree	41.0	-	59.8	-	68.6	-

Note: figures are averages for two periods (2002-2004 and 2006-2010). The ECVT suffered a significant change in the methodology in 2006. It was not conducted in 2005. Since 2004, data on training are available only for employer attributes.

Table 6 Estimates of univariate probit and heckprobit models on the probability of participating in firm-provided training. ECVT (2001)

	Univariate probit			Bivariate probit					
	Coef.	z	Sig.	Probability of being employed in a training firm			Probability of being chosen to participate in training		
	Coef.	z	Sig.	Coef.	z	Sig.	Coef.	z	Sig.
Constant	-1.44	-5.70	**	-1.57	-8.11	**	-0.25	-0.31	
Type of contract (Permanent)									
Training and apprenticeship	0.08	0.49		-			-0.26	-1.22	
Fixed-term contract	-0.29	-4.26	**	-			-0.23	-2.30	*
Employer size (Less than 10)									
10-25 workers	0.24	3.10	**	0.28	3.99	**	0.06	0.45	
26-49 workers	0.58	6.88	**	0.63	8.05	**	0.35	2.07	*
50-99 workers	0.60	6.73	**	0.72	8.67	**	0.28	1.33	
99-249 workers	0.79	8.71	**	0.87	10.36	**	0.49	2.43	*
250-499 workers	0.89	8.24	**	1.07	10.39	**	0.58	2.37	*
500-999 workers	1.01	8.75	**	1.06	9.53	**	0.72	3.21	**
1,000+ workers	0.96	11.84	**	1.18	15.35	**	0.71	3.12	**
Sector (Agriculture)									
Construction	0.17	0.85		0.34	1.94		-0.34	-0.71	
Mining and energy	0.85	3.49	**	1.32	5.58	**	0.36	0.64	
Chemicals, rubber and plastic	0.44	2.23	*	0.83	4.53	**	0.04	0.07	
Machinery and equipment	0.59	2.84	**	1.04	5.36	**	0.16	0.31	
Food, textiles and wood	0.22	1.12		0.55	3.15	**	-0.21	-0.44	
Traditional services	0.37	1.95		0.70	4.14	**	0.05	0.10	
Productive services	0.67	3.50	**	1.15	6.59	**	0.37	0.73	
Social services	0.64	3.22	**	1.09	6.16	**	0.52	1.08	
Personal services	0.25	1.15		0.39	1.98	*	0.08	0.16	
Public services	0.60	2.90	**	1.01	5.27	**	0.32	0.65	
Institutional sector (Public)									
Private	-0.11	-1.35		-0.36	-4.41	**	-0.08	-0.58	
Tenure (<1 year)									
1-3 years	0.41	4.53	**	-			0.23	1.71	
4-6 years	0.48	4.42	**	-			0.25	1.63	
7-10 years	0.65	5.64	**	-			0.41	2.29	*
11-20 years	0.59	5.61	**	-			0.29	1.91	
>20 years	0.54	4.71	**	-			0.14	0.89	
Working time (Full-time)									
Part-time	-0.18	-2.07	*	-			-0.12	-0.99	
Occupation (WCHS)									
White-collar low-skilled occ.	-0.19	-2.60	**	-			-0.23	-2.12	*
Blue-collar high-skilled occ.	-0.52	-5.78	**	-			-0.35	-2.51	*
Blue-collar low-skilled occ.	-0.59	-7.51	**	-			-0.45	-2.98	**
Gender (Men)									
Women	-0.16	-2.90	**	-			-0.13	-1.68	
Education (Compulsory)									
Secondary	0.18	2.92	**	-			0.13	1.58	
University degree	0.22	2.73	**	-			0.08	0.79	
Age (16-24 years)									
25-29 years	-0.07	-0.68		-			-0.11	-0.82	
30-44 years	-0.07	-0.81		-			-0.16	-1.19	
45-54 years	-0.08	-0.74		-			-0.04	-0.27	
55-64 years	-0.28	-2.31	*	-			-0.26	-1.43	
ρ					0.79				
Log-likelihood		-2,016.9			-2,851.1				
Observations		4,183			4,183			1,624	

Source: Albert et al. (2005). Controls for regions (17) were also included in the estimations. Asterisks indicate significance at 1 per cent (**) and 5 (*) per cent, respectively. LR test of independence ($\rho=0$): $\chi^2(1) = 3.88$; $\text{Prob} > \chi^2 = 0.049$.

Table 7 Average level of satisfaction with the job, by several variables. ECVT (2002-2010)

	2002-2004	2006-2010
Total	6.8	7.3
Age		
16-24	6.8	7.3
25-29	6.7	7.2
30-44	6.7	7.3
45-54	6.9	7.3
55+	7.0	7.4
Level of education		
Less than primary	6.4	7.0
Primary	6.6	7.2
Compulsory secondary	6.8	7.2
Post-compulsory secondary	6.8	7.3
Vocational training	6.8	7.4
University degree	7.0	7.5
Sector of activity		
Agriculture and fishing	6.2	6.7
Industry	6.4	7.2
Construction	6.8	7.2
Wholesale and retail trade	6.8	7.3
Hotels and restaurants	6.6	7.1
Transport	6.6	7.1
Information, communications, financial intermediation and renting	7.2	7.4
Real state; professional, technical and administrative activities	6.6	7.2
Public Administration and Social Security	7.1	7.5
Education	7.4	7.8
Health and social services	7.0	7.5
Artistic activities, leisure and other services	7.1	7.6
Domestic services	5.8	7.0
Contract type		
Open-ended contract	-	7.4
Fixed-term contract	-	7.0
Employer size		
Less than 11 employees	-	7.3
11-50 employees	-	7.2
51-249 employees	-	7.2
250 or more employees	-	7.3
Job tenure		
Less than 3 years	-	7.2
3-5 years	-	7.3
6-10 years	-	7.4
11-20 years	-	7.3
More than 20 years	-	7.3
Monthly earnings		
Less than 600 euros	-	6.8
600-1,000 euros	-	7.0
1,001-1,200 euros	-	7.3
1,201-1,600 euros	-	7.4
1,601-2,100 euros	-	7.5
2,101-3,000 euros	-	7.7
More than 3,000 euros	-	7.9

Note: figures are averages for two periods (2002-2004 and 2006-2010). The ECVT suffered a significant change in the methodology in 2006. It was not conducted in 2005. Before 2006, data on satisfaction were available only for some characteristics (age, level of education, sector of activity and occupation).

Table 8 Estimates of an ordered probit regression on job satisfaction. ECVT (2000-2003)

	Coeff.	Std. error	z-statistic
Gender			
Man	-	-	-
Woman	0.103	0.024	4.32
Level of education			
Less than compulsory secondary	-	-	-
Compulsory secondary	-0.075	0.031	-2.47
Post-compulsory secondary	-0.257	0.039	-6.57
Vocational training	-0.158	0.034	-4.59
University degree	-0.319	0.042	-7.63
Occupation			
White-collar high-skilled	-0.175	0.038	-4.65
White-collar low-skilled	-0.126	0.033	-3.86
Blue-collar high-skilled	-0.003	0.031	-0.09
Blue-collar low-skilled	-	-	-
Type of contract			
Permanent	-	-	-
Fixed-term	-0.047	0.025	-1.91
Net monthly wage (euros)			
<450	-	-	-
450-600	0.154	0.057	2.69
600-900	0.182	0.055	3.34
900-1,200	0.274	0.058	4.75
1,200-2,400	0.278	0.062	4.53
>2,400	0.310	0.073	4.23
No answer	0.299	0.060	4.97
Institutional sector			
Public	-	-	-
Private	-0.103	0.038	-2.69
Employer size			
1-9 workers	-	-	-
10-49 workers	0.045	0.027	1.69
50-99 workers	0.020	0.038	0.51
100-499 workers	0.085	0.034	2.48
500+ workers	0.028	0.034	0.81
Collective bargaining			
External (sectoral/regional-level)	-	-	-
Internal (firm/plant-level)	0.029	0.021	1.40
Union affiliation			
No	-	-	-
Yes	-0.027	0.025	-1.11
LR Chi2(70)		4,397.4	
Prob > Chi2		0.000	
Log likelihood		-21,818.0	
Observations		12,241	

Source: García-Serrano (2009). The model includes controls on marital status, number of children in the household, region, size of the municipality, labour market experience (and squared), type of job, working hours, training status of worker and employer, sector of activity and indicators of working conditions.

References

- Albert, C.; García-Serrano, C.; Hernanz, V. 2005. "Firm-provided training and temporary contracts", *Spanish Economic Review*, 7 (1): 67-88.
- Amuedo-Dorantes, C.; Malo, M.A. 2008. "How are fixed-term contracts used by firms? An analysis using gross job and worker flows", *Research in Labor Economics*, 28: 277-304.
- Andrés, J.; Bosca, J.E.; Doménech, R.; Ferri, J. 2009. *Job Creation in Spain: Productivity Growth, Labour Market Reforms or Both?*, Working Paper IEL, WP0903.
- Arranz, J.A.; García-Serrano, C. 2006. "Un panorama de la seguridad del empleo en España (1987-2003)", *Moneda y Crédito*, 223: 7-41.
- _____; _____, C. 2007. "¿Qué ha sucedido con la estabilidad del empleo en España? Un análisis desagregado con datos de la EPA: 1987-2003", *Revista de Economía Aplicada*, XV(45): 65-98.
- Bentolila, S.; Dolado, J.J.; Jimeno, J.F. 2008. "Two-Tier Employment Protection Reforms: The Spanish Experience", *CESifo DICE Report* 4/2008: 49-56.
- Boeri, T.; Garibaldi, P. 2007. "Two-tier Reforms of Employment Protection Legislation: A Honeymoon Effect", *Economic Journal* 117, 357-85.
- Costain, J.; Jimeno, J.F.; Thomas, C. 2010. *Employment fluctuations in a dual labour market*, Bank of Spain, Working Paper 1013.
- D'Addio, A.C.; Rosholm, M. 2005. "Exits from Temporary Jobs in Europe: A Competing Risks Analysis", *Labour Economics*, 12: 449-468.
- Davia, M. A.; Hernanz, V. 2004. "Temporary Employment and Segmentation in the Spanish Labour Market: An Empirical Analysis through the Study of Wage Differentials", *Spanish Economic Review*, 6: 291-318.
- De la Rica, S. 2004. "Wage gaps between workers with indefinite and fixed-term contracts: the impact of firm and occupational segregation", *Moneda y Crédito*, 219: 43-69.
- Doeringer, P.; Piore, M. 1971. *Internal Labour Markets and Manpower Analysis*, Lexington, Massachusetts: Heath.
- Dolado, J.J.; García-Serrano, C.; Jimeno, J.F. 2002. "Drawing Lessons from the Boom of Temporary Jobs in Spain", *The Economic Journal*, 112: 270-295.
- Felgueroso, F.; Jiménez, S. 2010. "Sobre la propuesta para la reactivación laboral en España", 63-88, in V. Gómez (ed.), *La reforma laboral en España*, Editorial Biblioteca Nueva, Madrid.
- García-Martínez, P.; Malo, M.A. 2007. "The Strategic Use of Dismissal Legislation: An Empirical Analysis Using Spanish Data", *European Journal of Law and Economics*, 23, 151-167.
- García-Serrano, C. 2004. "Temporary employment, working conditions, and expected exits from firms", *Labour. Review of Labour Economics and Industrial Relations*, 18(2): 293-316.

- _____. 2009. "Job satisfaction, union membership and collective bargaining", *European Journal of Industrial Relations*, 15(1): 91-111.
- _____. 2011. "Déjà vu? Crisis de empleo y reformas laborales en España", *Revista de Economía Aplicada*, 56(19): 149-177.
- _____; Malo, M.A. 2009. "The impact of direct union voice on voluntary and involuntary absenteeism", *Journal of Socio-Economics*, 38(2): 372-383.
- _____; _____; Pérez-Infante, J.I. 2010. "Dos cuestiones clave de la reforma laboral: despidos y negociación colectiva", *Temas Laborales*, 107: 53-85.
- Garrido, L. 1996. "La temporalidad, ¿pacto intergeneracional o imposición?", in L. Garrido and M. Requena, *La duración del contrato de trabajo*, Consejo Económico y Social, Madrid: 47-74.
- _____; Malo, M.A. 2005. "Postponement of Family Formation and Public Budget: Another Approach to Very Low Fertility in Spain", *Public Finance and Management*, 5(1): 152-177.
- Guadalupe M. 2003. "The Hidden Costs of Fixed Term Contracts: The Impact on Work Accidents", *Labour Economics*, 10: 338-358.
- Hernanz V. 2003. *El trabajo temporal y la segmentación: Un estudio de las transiciones laborales*, Consejo Económico y Social, Madrid.
- _____; Toharia, L. 2006. "Do Temporary Contracts Increase Work Accidents? A Microeconomic Comparison between Italy and Spain". *Labour* 20(3): 475-504.
- IILS. 2011. *Spain. Quality Jobs for a New Economy*, Studies on Growth with Equity, International Institute for Labour Studies, ILO, Geneva.
- Jimeno, J.F.; Toharia, L. 1993. "The effects of fixed-term employment on wages: Theory and evidence from Spain", *Investigaciones Económicas*, 17(3): 475-494.
- _____; _____. 1996. "Effort, Absenteeism, and Fixed Term Employment Contracts", *Revista Española de Economía*, 13(1): 105-119.
- Malo, M.A. 2000. "A simple model of severance pay determination: the case of individual dismissals in Spain", *Labour*, 14 (2), 269-290.
- _____. 2005. "La evolución institucional del despido en España: una interpretación en términos de un accidente histórico", *Revista de Historia Económica*, XXIII (1), 83-115.
- _____. 2011a. "El empleo turístico en España: Medición, trayectorias y flujos brutos", *Papeles de Economía Española*, 128, 21-37.
- _____. 2011b. "Labour Market Policies in Spain under the current recession", Discussion Paper 210, International Institute of Labour Studies, International Labour Organization, Geneva, June. Link to the article (last access: 11/01/2012): http://www.ilo.org/public/english/bureau/inst/download/dp210_2011.pdf
- _____. 2012a. "The February 2012 Spanish Labour Market reform", *Spanish Economic and Financial Outlook*, march, 50-56. Link : <http://www.funcas.es/Publicaciones/Sumario.aspx?IdRef=20000>
- _____. 2012b. "La reforma laboral de 2012: cambios e incertidumbres", *Papeles de Economía Española*, 133.

- _____; González-Sánchez, J.J. 2010. *Análisis Comparado de los Procedimientos de Despido: Perspectiva Económica y Jurídica*, Report for the Ministry of Employment, Madrid.
- _____; Cueto, B. 2013. *Temporary Contracts across Generations: Long-term effects of a labour market reform at the margin*, MPRA Paper No. 44275 (<http://mpra.ub.uni-muenchen.de/44275/>).
- _____; Garrido, L.; Cueto, B. 2011. “El empleo público en España”, chapter in *Dos ensayos de actualidad sobre la economía española*, FUNCAS, Madrid.
- Muñoz-Bullón, F.; Malo, M.A. 2008. *Working career progress in the tourism industry: Temp-to-perm transitions in Spain*, Business Economics Working Papers, wb083510, Universidad Carlos III de Madrid, Spain.
- Nickell, S. 1987. “Dynamic Models of Labour Demand”, Chapter 9 in O. Ashenfelter and R. Layard (eds.), *Handbook of Labor Economics*, vol. 1, no. 1, Elsevier: 473-522.
- OECD. 2011. *Employment Outlook 2011*, Paris.
- Rebollo, Y. 2011. “Landing a permanent contract in Spain: Do job interruptions and employer diversification matter?” *The Manchester School*, 79(6): 1197-1236.
- Toharia, L. (dir.) 2005. *El problema de la temporalidad en España: un diagnóstico*, Ministerio de Trabajo, Madrid.
- _____; Malo, M.A. 2000, “The Spanish Experiment: Pros and Cons of the flexibility at the margin”, in G. Esping-Andersen and M. Regini (eds.), *Why deregulate? Dilemmas of labor market reform in Europe*, Oxford, Oxford University Press: 307-335.
- _____; Cebrián, I. 2007. *La temporalidad en el empleo*, Ministerio de Trabajo, Madrid.

Appendix²⁷

Table A1 Monetary costs, requirements and procedures for dismissals in Spain before the labour market reform of February 2012 (synthesis)

		<i>Monetary Costs (Number of days wages per year worked in the firm)</i>	<i>Procedures (requirements and time periods)</i>
Individual dismissal [†]	Misbehaviour (disciplinary grounds)	Fair: 0. Unfair: 45 (maximum: 42 months of salary).	* Letter explaining dismissal reasons. * Advance notice is not required. * 'Express dismissal'. After Act 45/2002, when the employer accepts the dismissal as unfair in 48 hours after presenting the dismissal letter and provides the worker with severance payment for unfair dismissal, the employer will not have to pay any additional amount, even if the worker files a successful suit for unfair dismissal.
	Economic dismissal ('objective grounds')	- Fair: 20 (max. 12 months of salary). - Unfair: * Ordinary open-ended contracts: 45 (max. 42 months of salary). * Open-ended contracts for employment promotion (created in 1997): 33 (max. 24 months de salary).	* Letter explaining dismissal reasons. * Advance notice: 15 days (Act 35/2010). The employer can replace the advance notice with the corresponding wage. * 'Express dismissal'. After Act 45/2002, when the employer accepts the dismissal as unfair in 48 hours after presenting the dismissal letter and provides the worker with severance payment for unfair dismissal, the employer will not have to pay any additional amount, even if the worker files a successful suit for unfair dismissal. * Act35/2010 Act (labour market reform of 2010) introduced new wording for economic grounds in order to facilitate fair economic dismissals.
Collective dismissal	<i>Expediente de Regulación de Empleo (ERE)</i>	Minimum: 20. Maximum: Not fixed by law.	* Definition: Dismissals on economic grounds affecting at least: - 10 workers in firms with less than 100 workers. - 10 per cent in firms between 100 and 300 workers. - 30 in firms with more than 300 workers. * There is a mandatory bargaining period between the firm and workers' representatives (bargaining issues include severance payments and the number of dismissals). * Public Administration must give previous authorization to the collective dismissal (in case of agreement between firm and workers the authorization is straightforward). The firm can apply for authorization even in case of disagreement.

[†] Individual economic dismissals can affect different workers at the same time below the threshold of collective dismissals (ERE).

²⁷ Both tables of this Appendix are taken from Malo (2012a).

Table A2 Monetary costs, requirements and procedures for dismissals in Spain after the labour market reform of February 2012 (synthesis).

		<i>Monetary Costs (Number of days wages per year worked in the firm)</i>	<i>Procedures (requirements and time periods)</i>
Individual dismissal[†]	Misbehaviour (disciplinary grounds)	Fair: 0. Unfair: 33 (maximum: 24 months of salary).	* Letter explaining dismissal reasons. * Advance notice is not required. * The procedure for dismissals according to Act 45/2002 Act ('express dismissal') has been abolished.
	Economic dismissal ('objective grounds')	- Fair: 20 (max. 12 months of salary). - Unfair: * All open-ended contracts: 33 (max. 24 months of salary).	* Letter explaining dismissal reasons. * Advance notice: 15 days (Act 35/2010). The employer can replace the advance notice with the corresponding wage. * The procedure for dismissals according to Act 45/2002 ('express dismissal') has been abolished. * The RDL 3/2012 (labour market reform of 2012) introduced a new and even more precise and detailed wording for economic grounds in order to facilitate fair economic dismissals. This definition includes an explicit threshold of 9 months of decline in firm income and sales.
Collective dismissal	<i>Expediente de Regulación de Empleo (ERE)</i>	Minimum: 20. Maximum: Not fixed by law.	* Definition: Dismissals on economic grounds affecting at least: - 10 workers in firms with less than 100 workers. - 10 per cent in firms between 100 and 300 workers. - 30 in firms with more than 300 workers. * There is a mandatory bargaining period between the firm and workers' representatives (bargaining issues include severance payments and the number of dismissals). * Previous authorization from Public Administration is no longer required.

[†] Individual economic dismissals can affect different workers at the same time below the threshold of collective dismissals (ERE).

Employment Working Papers

2008

- 1 Challenging the myths about learning and training in small and medium-sized enterprises: Implications for public policy;
ISBN 978-92-2-120555-5 (print); 978-92-2-120556-2 (web pdf)
David Ashton, Johnny Sung, Arwen Raddon, Trevor Riordan
- 2 Integrating mass media in small enterprise development: Current knowledge and good practices;
ISBN 978-92-2-121142-6 (print); 978-92-2-121143-3 (web pdf)
Gavin Anderson. Edited by Karl-Oskar Olming, Nicolas MacFarquhar
- 3 Recognizing ability: The skills and productivity of persons with disabilities. A literature review;
ISBN 978-92-2-121271-3 (print); 978-92-2-121272-0 (web pdf)
Tony Powers
- 4 Offshoring and employment in the developing world: The case of Costa Rica;
ISBN 978-92-2-121259-1 (print); 978-92-2-121260-7 (web pdf)
Christoph Ernst, Diego Sanchez-Ancochea
- 5 Skills and productivity in the informal economy;
ISBN 978-92-2-121273-7 (print); 978-92-2-121274-4 (web pdf)
Robert Palmer
- 6 Challenges and approaches to connect skills development to productivity and employment growth: India;
unpublished
C. S. Venkata Ratnam, Arvind Chaturvedi
- 7 Improving skills and productivity of disadvantaged youth;
ISBN 978-92-2-121277-5 (print); 978-92-2-121278-2 (web pdf)
David H. Freedman
- 8 Skills development for industrial clusters: A preliminary review;
ISBN 978-92-2-121279-9 (print); 978-92-2-121280-5 (web pdf)
Marco Marchese, Akiko Sakamoto
- 9 The impact of globalization and macroeconomic change on employment in Mauritius: What next in the post-MFA era?;
ISBN 978-92-2-120235-6 (print); 978-92-2-120236-3 (web pdf)
Naoko Otake
- 10 School-to-work transition: Evidence from Nepal;
ISBN 978-92-2-121354-3 (print); 978-92-2-121355-0 (web pdf)
New Era

- 11 A perspective from the MNE Declaration to the present: Mistakes, surprises and newly important policy implications;
ISBN 978-92-2-120606-4 (print); 978-92-2-120607-1 (web pdf)
Theodore H. Moran
- 12 Gobiernos locales, turismo comunitario y sus redes:
Memoria: V Encuentro consultivo regional (REDTURS);
ISBN 978-92-2-321430-2 (print); 978-92-2-321431-9 (web pdf)
- 13 Assessing vulnerable employment: The role of status and sector indicators in Pakistan, Namibia and Brazil;
ISBN 978-92-2-121283-6 (print); 978-92-2-121284-3 (web pdf)
Theo Sparreboom, Michael P.F. de Gier
- 14 School-to-work transitions in Mongolia;
ISBN 978-92-2-121524-0 (print); 978-92-2-121525-7 (web pdf)
Francesco Pastore
- 15 Are there optimal global configurations of labour market flexibility and security?
Tackling the “flexicurity” oxymoron;
ISBN 978-92-2-121536-3 (print); 978-92-2-121537-0 (web pdf)
Miriam Abu Sharkh
- 16 The impact of macroeconomic change on employment in the retail sector in India: Policy implications for growth, sectoral change and employment;
ISBN 978-92-2-120736-8 (print); 978-92-2-120727-6 (web pdf)
Jayati Ghosh, Amitayu Sengupta, Anamitra Roychoudhury
- 17 From corporate-centred security to flexicurity in Japan;
ISBN 978-92-2-121776-3 (print); 978-92-2-121777-0 (web pdf)
Kazutoshi Chatani
- 18 A view on international labour standards, labour law and MSEs;
ISBN 978-92-2-121753-4 (print); 978-92-2-121754-1 (web pdf)
Julio Faundez
- 19 Economic growth, employment and poverty in the Middle East and North Africa;
ISBN 978-92-2-121782-4 (print); 978-92-2-121783-1 (web pdf)
Mahmood Messkoub
- 20 Global agri-food chains: Employment and social issues in fresh fruit and vegetables;
ISBN 978-92-2-121941-5 (print); 978-92-2-121942-2 (web pdf)
Sarah Best, Ivanka Mamic
- 21 Trade agreements and employment: Chile 1996-2003;
ISBN 978-92-121962-0 (print); 978-92-121963-7 (web pdf)

- 22 The employment effects of North-South trade and technological change;
ISBN 978-92-2-121964-4 (print); 978-92-2-121965-1 (web pdf)
Nomaan Majid
- 23 Voluntary social initiatives in fresh fruit and vegetable value chains;
ISBN 978-92-2-122007-7 (print); 978-92-2-122008-4 (web pdf)
Sarah Best, Ivanka Mamic
- 24 Crecimiento económico y empleo de jóvenes en Chile: Análisis sectorial y proyecciones;
ISBN 978-92-2-321599-6 (print); 978-92-2-321600-9 (web pdf)
Mario D. Velásquez Pinto
- 25 The impact of codes and standards on investment flows to developing countries;
ISBN 978-92-2-122114-2 (print); 978-92-2-122115-9 (web pdf)
Dirk Willem te Velde
- 26 The promotion of respect for workers' rights in the banking sector:
Current practice and future prospects;
ISBN 978-92-2-122116-6 (print); 978-2-122117-3 (web pdf)
Emily Sims
- 2009**
- 27 Labour market information and analysis for skills development;
ISBN 978-92-2-122151-7 (print); 978-92-2-122152-4 (web pdf)
Theo Sparreboom, Marcus Powell
- 28 Global reach - Local relationships: Corporate social responsibility, worker's rights and local
development;
ISBN 978-92-2-122222-4 (print); 978-92-2-122212-5 (web pdf)
Anne Posthuma, Emily Sims
- 29 Investing in the workforce: Social investors and international labour standards;
ISBN 978-92-2-122288-0 (print); 978-92-2-122289-7 (web pdf)
Elizabeth Umlas
- 30 Rising food prices and their implications for employment, decent work and poverty reduction;
ISBN 978-92-2-122331-3 (print); 978-92-2-122332-0 (web pdf)
Rizwanul Islam, Graeme Buckley
- 31 Economic implications of labour and labour-related laws on MSEs: A quick review of the
Latin American experience;
ISBN 978-92-2-122368-9 (print); 978-92-2-122369-6 (web pdf)
Juan Chacaltana

- 32 Understanding informal apprenticeship – Findings from empirical research in Tanzania;
ISBN 978-92-2-122351-1 (print); 978-92-2-122352-8 (web pdf)
Irmgard Nübler, Christine Hofmann, Clemens Greiner
- 33 Partnerships for youth employment. A review of selected community-based initiatives;
ISBN 978-92-2-122468-6 (print); 978-92-2-122469-3 (web pdf)
Peter Kenyon
- 34 The effects of fiscal stimulus packages on employment;
ISBN 978-92-2-122489-1 (print); 978-92-2-122490-7 (web pdf)
Veena Jha
- 35 Labour market policies in times of crisis;
ISBN 978-92-2-122510-2 (print); 978-92-2-122511-9 (web pdf)
Sandrine Cazes, Sher Verick, Caroline Heuer
- 36 The global economic crisis and developing countries: Transmission channels, fiscal and
policy space and the design of national responses;
ISBN 978-92-2-122544-7 (print); 978-92-2-122545-4 (web pdf)
Iyanatul Islam
- 37 Rethinking monetary and financial policy:
Practical suggestions for monitoring financial stability while generating employment and
poverty reduction;
ISBN 978-92-2-122514-0 (print); 978-92-2-122515-7 (web pdf)
Gerald Epstein
- 38 Promoting employment-intensive growth in Bangladesh: Policy analysis of the manufacturing
and service sectors;
ISBN 978-92-2-122540-9 (print); 978-92-2-122541-6 (web pdf)
Nazneen Ahmed, Mohammad Yunus, Harunur Rashid Bhuyan
- 39 The well-being of labour in contemporary Indian economy: What's active labour market
policy got to do with it?;
ISBN 978-92-2-122622-2 (print); 978-92-2-122623-9 (web pdf)
Praveen Jha
- 40 The global recession and developing countries;
ISBN 978-92-2-122847-9 (print); 978-92-2-122848-6 (web pdf)
Nomaan Majid
- 41 Offshoring and employment in the developing world: Business process outsourcing in the
Philippines;
ISBN 978-92-2-122845-5 (print); 978-92-2-122846-2 (web pdf)
Miriam Bird, Christoph Ernst

- 42 A survey of the Great Depression as recorded in the International Labour Review, 1931-1939;
ISBN 978-92-2-122843-1 (print); 978-92-2-122844-8 (web pdf)
Rod Mamudi
- 43 The price of exclusion: The economic consequences of excluding people with disabilities
from the world or work;
ISBN 978-92-2-122921-6 (print); 978-92-2-122922-3 (web pdf)
Sebastian Buckup
- 44 Researching NQFs: Some conceptual issues;
ISBN 978-92-2-123066-3 (print), 978-92-2-123067-0 (web pdf)
Stephanie Allais, David Raffé, Michael Young
- 45 Learning from the first qualifications frameworks;
ISBN 978-92-2-123068-7 (print), 978-92-2-123069-4 (web pdf)
Stephanie Allais, David Raffé, Rob Strathdee, Leesa Wheelahan, Michael Young
- 46 International framework agreements and global social dialogue:
Lessons from the Daimler case;
ISBN 978-92-2-122353-5 (print); 978-92-2-122354-2 (web pdf)
Dimitris Stevis

2010

- 47 International framework agreements and global social dialogue:
Parameters and prospects;
ISBN 978-92-2-123298-8 (print); 978-92-2-122299-5 (web pdf)
Dimitris Stevis
- 48 Unravelling the impact of the global financial crisis on the South African labour market;
ISBN 978-92-2-123296-4 (print); 978-92-2-123297-1 (web pdf)
Sher Verick
- 49 Guiding structural change: The role of government in development;
ISBN 978-92-2-123340-4 (print); 978-92-2-123341-1 (web pdf)
Matthew Carson
- 50 Les politiques du marché du travail et de l'emploi au Burkina Faso;
ISBN 978-92-2-223394-6 (print); 978-92-2-223395-3 (web pdf)
Lassané Ouedraogo, Adama Zerbo
- 51 Characterizing the school-to-work transitions of young men and women:
Evidence from the ILO school-to-work transition surveys;
ISBN 978-92-2-122990-2 (print); 978-92-2-122991-9 (web pdf)
Makiko Matsumoto, Sara Elder

- 52 Exploring the linkages between investment and employment in Moldova:
A time-series analysis
ISBN 978-92-2-122990-2 (print); 978-92-2-122991-9 (web pdf)
Stefania Villa
- 53 The crisis of orthodox macroeconomic policy: The case for a renewed commitment to full
employment;
ISBN 978-92-2-123512-5 (print); 978-92-2-123513-2 (web pdf)
Muhammed Muqtada
- 54 Trade contraction in the global crisis: Employment and inequality effects in India and South
Africa;
ISBN 978-92-2124037-2 (print); 978-92-2124038-9 (web pdf)
David Kucera, Leanne Roncolato, Erik von Uexkull
- 55 The impact of crisis-related changes in trade flows on employment: Incomes, regional and
sectoral development in Brazil;
ISBN 978-92-2-
Scott McDonald, Marion Janse, Erik von Uexkull
- 56 Envejecimiento y Empleo en América Latina y el Caribe;
ISBN 978-92-2-323631-1 (print); 978-92-2-323632-8 (web pdf)
Jorge A. Paz
- 57 Demographic ageing and employment in China;
ISBN 978-92-2-123580-4 (print); 978-92-2-123581-1 (web pdf)
Du Yang, Wrang Meiyang
- 58 Employment, poverty and economic development in Madagascar: A macroeconomic
framework;
ISBN 978-92-2-123398-5 (print); 978-92-2-123399-2 (web pdf)
Gerald Epstein, James Heintz, Léonce Ndikumana, Grace Chang
- 59 The Korean labour market: Some historical macroeconomic perspectives;
ISBN 978-92-2-123675-7 (print); 978-92-2-123676-4 (web pdf)
Anne Zooyob
- 60 Les Accords de Partenariat Economique et le travail décent:
Quels enjeux pour l'Afrique de l'ouest et l'Afrique centrale?;
ISBN 978-92-2-223727-2 (print); 978-92-2-223728-9 (web pdf)
Eléonore d'Achon; Nicolas Gérard
- 61 The great recession of 2008-2009: Causes, consequences and policy responses;
ISBN 978-92-2-123729-7 (print); 978-92-2-123730-3 (web pdf)
Iyanatul Islam, Sher Verick

- 62 Rwanda forging ahead: The challenge of getting everybody on board;
ISBN 978-92-2-123771-6 (print); 978-92-2-123772-3 (web pdf)
Per Ronnås (ILO), Karl Backéus (Sida); Elina Scheja (Sida)
- 63 Growth, economic policies and employment linkages in Mediterranean countries:
The cases of Egypt, Israel, Morocco and Turkey;
ISBN 978-92-2-123779-2 (print); 978-92-2-123780-8 (web pdf)
Gouda Abdel-Khalek
- 64 Labour market policies and institutions with a focus on inclusion, equal opportunities and the
informal economy;
ISBN 978-92-2-123787-7 (print); 978-92-2-123788-4 (web pdf)
Mariangels Fortuny, Jalal Al Hussein
- 65 Les institutions du marché du travail face aux défis du développement:
Le cas du Mali;
ISBN 978-92-2- 223833-0 (print); 978-92-2-223834-7 (web pdf)
Modibo Traore, Youssouf Sissoko
- 66 Les institutions du marché du travail face aux défis du développement:
Le cas du Bénin;
ISBN 978-92-2-223913-9 (print); 978-92-2-223914-6 (web pdf)
Albert Honlonkou, Dominique Odjo Ogoudele
- 67 What role for labour market policies and institutions in development? Enhancing security in
developing countries and emerging economies;
ISBN 978-92-2-124033-4 (print); 978-92-2-124034-1 (web pdf)
Sandrine Cazes, Sher Verick
- 68 The role of openness and labour market institutions for employment dynamics during
economic crises;
Elisa Geronzi, Erik von Uexkull, Sebastian Weber
- 69 Towards the right to work:
Innovations in Public Employment programmes (IPEP);
ISBN 978-92-2-124236-9 (print); 978-92-2-1244237-6 (web pdf)
Maikel Lieuw-Kie-Song, Kate Philip, Mito Tsukamoto, Marc van Imschoot
- 70 The impact of the economic and financial crisis on youth employment: Measures for labour
market recovery in the European Union, Canada and the United States;
ISBN 978-92-2-124378-6 (print); 978-92-2-124379-3 (web pdf)
Niall O'Higgins
- 71 El impacto de la crisis económica y financiera sobre el empleo juvenil en América Latina:
Medidas del mercado laboral para promover la recuperación del empleo juvenil;
ISBN 978-92-2-324384-5 (print); 978-92-2-324385-2 (web pdf)
Federico Tong

72 On the income dimension of employment in developing countries;
ISBN: 978-92-2-124429-5 (print);978-92-2-124430-1 (web pdf)
Nomaan Majid

73 Employment diagnostic analysis: Malawi;
ISBN 978-92-2-123101-0 (print); 978-92-2-124102-7 (web pdf)
Per Ronnas

74 Global economic crisis, gender and employment:
The impact and policy response;
ISBN 978-92-2-14169-0 (print); 978-92-2-124170-6 (web pdf)
Naoko Otobe

2011

75 Mainstreaming environmental issues in sustainable enterprises: An exploration of issues,
experiences and options;
ISBN 978-92-2-124557-5 (print); 978-92-2-124558-2 (web pdf)
Maria Sabrina De Gobbi

76 The dynamics of employment, the labour market and the economy in Nepal
ISBN 978-92-2-123605-3 (print); 978-92-2-124606-0 (web pdf)
Shagun Khare , Anja Slany

77 Industrial policies and capabilities for catching-up:
Frameworks and paradigms
Irmgard Nuebler

78 Economic growth, employment and poverty reduction:
A comparative analysis of Chile and Mexico
ISBN 978-92-2-124783-8 (print); 978-92-2-124784-5 (web pdf)
Alicia Puyana

79 Macroeconomy for decent work in Latin America and the Caribbean
ISBN 978-92-2-024821-8 (print); 978-92-2-024822-5 (web pdf)
Ricardo French-Davis

80 Evaluation des emplois générés dans le cadre du DSCR au Gabon
ISBN 978-92-2-223789-0 (print) ; 978-92-2-223790-6 (web pdf)
Mohammed Bensid, Aomar Ibourk and Ayache Khallaf

81 The Great Recession of 2008-2009: Causes, consequences and policy responses
ISBN 978-92-2-123729-7 (print); 978-92-2-123730-3 (web pdf)
Iyanatul Islam and Sher Verick

- 82 Le modèle de croissance katangais face à la crise financière mondiale : Enjeux en termes d'emplois
ISBN 978-92-2-225236-7 (print) ; 978-92-2- 225237-4 (web pdf)
Frédéric Lapeyre, Philippe Lebailly, Laki Musewa M'Bayo, Modeste Mutombo Kyamakosa
- 83 Growth, economic policies and employment linkages: Israel
ISBN 978-92-2-123775-4 (print); 978-92-2-123778-5 (web pdf)
Roby Nathanson
- 84 Growth, economic policies and employment linkages: Turkey
ISBN 978-92-2-123781-5 (print); 978-92-2-123782-2 (web pdf)
Erinc Yeldan and Hakan Ercan
- 85 Growth, economic policies and employment linkages: Egypt
ISBN 978-92-2-123773-0 (print); 978-92-2-123774-7 (web pdf)
Heba Nassar
- 86 Employment diagnostic analysis: Bosnia and Herzegovina
ISBN 978-92-2-125043-2 (print); 978-92-2-2125044-9 (web pdf)
Shagun Khare, Per Ronnas and Leyla Shamchiyeva
- 87 Should developing countries target low, single digit inflation to promote growth and employment
ISBN 978-92-2-125050-0 (print); 978-92-2-125051-7 (web pdf)
Sarah Anwar, Iyanatul Islam
- 88 Dynamic Social Accounting matrix (DySAM): concept, methodology and simulation outcomes: The case of Indonesia and Mozambique
ISBN 978-92-2-1250418 (print); 978-92-2-1250425 (web pdf)
Jorge Alarcon, Christoph Ernst, Bazlul Khondker, P.D. Sharma
- 89 Microfinance and child labour
ISBN 978-92-2-125106-4 (print)
Jonal Blume and Julika Breyer
- 90 Walking on a tightrope: Balancing MF financial sustainability and poverty orientation in Mali
ISBN 978-92-2-124906-1 (print); 978-92-2-124907-8 (web pdf)
Renata Serra and Fabrizio Botti
- 91 Macroeconomic policy “Full and productive employment and decent work for all”:
Uganda country study
ISBN 978-92-2-125400-3 (print); 978-92-2-125401-0 (web pdf)
Elisa van Waeyenberge and Hannah Bargawi
- 92 Fiscal and political space for crisis response with a focus on employment and labour market:
Study of Bangladesh
ISBN 978-92-2-125402-7 (print); 978-92-2-125403-4 (web pdf)
Rizwanul Islam, Mustafa K. Mukeri and Zlfiqar Ali

- 93 Macroeconomic policy for employment creation: The case of Malawi
ISBN 978-92-2-125404-1 (print); 978-92-2-125405-8 (web pdf)
Sonali Deraniyagala and Ben Kaluwa
- 94 Challenges for achieving job-rich and inclusive growth in Mongolia
ISBN 978-92-2-125399-0 (print); 978-92-2-125398-3 (web pdf)
Per Ronnas
- 95 Employment diagnostic analysis: Nusa Tenggara Timur
ISBN 978-92-2-125412-6 (print); 978-92-2-125413-3 (web pdf)
Miranda Kwong and Per Ronnas
- 96 What has really happened to poverty and inequality during the growth process in developing countries?
ISBN 978-92-2-125432-4 (print); 978-92-2-125433-1 (web pdf)
Nomaan Majid
- 97 ROKIN Bank: The story of workers' organizations that successfully promote financial inclusion
ISBN 978-92-2-125408-9 (print); 978-92-2-125409-6 (web pdf)
Shoko Ikezaki
- 98 Employment diagnostic analysis: Maluku, Indonesia
ISBN 978-92-2-12554690 (print); 978-92-2-1254706 (web pdf)
Per Ronnas and Leyla Shamchiyeva
- 99 Employment trends in Indonesia over 1996-2009: Casualization of the labour market during an ear of crises, reforms and recovery
ISBN 978-92-2-125467-6 (print); 978-92-2-125468-3 (web pdf)
Makiko Matsumoto and Sher Verick
- 100 The impact of the financial and economic crisis on ten African economies and labour markets in 2008-2010: Findings from the ILO/WB policy inventory (forthcoming)
ISBN 978-92-2-125595-6 (print); 978-92-2-125596-3 (web pdf)
Catherine Saget and Jean-Francois Yao
- 101 Rights at work in times of crisis: Trends at the country-level in terms of compliance with International Labour Standards (forthcoming)
ISBN 978-92-2-125560-4 (print); 978-92-2-125561-1 (web pdf)
David Tajgman, Catherine Saget, Natan Elkin and Eric Gravel
- 102 Social dialogue during the financial and economic crisis: Results from the ILO/World Bank Inventory using a Boolean analysis on 44 countries (forthcoming)
ISBN 978-92-2-125617-5 (print); 978-92-2-125618-2 (web pdf)
Lucio Baccaro and Stefan Heeb

- 103 Promoting training and employment opportunities for people with intellectual disabilities: International experience
ISBN 978-92-2-1254973 (print); 978-92-2-125498-0 (web pdf)
Trevor R. Parmenter
- 104 Towards an ILO approach to climate change adaptation
ISBN 978-92-2-125625-0 (print); 978-92-2-125626-7 (web pdf)
Marek Harsdorff, Maikel Lieuw-Kie-Song, Mito Tsukamoto
- 105 Addressing the employment challenge:
India's MGNREGA
ISBN 978-92-2-125687-8 (print); 978-92-2-125688-5 (web pdf)
Ajit Ghose
- 106 Diverging trends in unemployment in the United States and Europe: Evidence from Okun's law and the global financial crisis
ISBN 978-92-2-125711-0 (print); 978-92-2-125712-7 (web pdf)
Sandrine Cazes, Sher Verick and Fares Al Hussami
- 107 Macroeconomic policy for full and productive and decent employment for all:
The case of Nigeria
ISBN 978-92-2-125693-5 (print); 978-92-2-125696-0 (web pdf)
Ugochukwu Agu, Chijioke J. Evoh
- 108 Macroeconomics of growth and employment:
The case of Turkey
ISBN 978-92-1-125732-5 (print); 978-92-2-125733-2 (web pdf)
Erinc Yeldan
- 109 Macroeconomic policy for full and productive employment and decent work for all:
An analysis of the Argentine experience
ISBN 978-92-2-125827-8 (print); 978-92-2-125828-5 (web pdf)
Mario Damill, Roberto Frenkel and Roxana Maurizio
- 110 Macroeconomic policy for full and productive employment and decent work for all:
Sri Lanka country study
ISBN 978-92-2-125845-2 (print); 978-92-2-12584-6 (web pdf)
Dushni Weerakoon and Nisha Arunatilake

2012

- 111 Promotion of cluster development for enterprise growth and job creation
ISBN 978-92-2 – unpublished
- 112 Employment dimension of trade liberalization with China:
Analysis of the case of Indonesia with dynamic social accounting matrix
ISBN 978-92-2-125766-0 (print); 978-92-2-125767-7 (web pdf)
Christoph Ernst and Ralph Peters
- 113 Social protection and minimum wages responses to the 2008 financial and economic
crisis: Findings from the International Labour Office (ILO) /World Bank (WB)
Inventory
ISBN 978-92-2-126041-7 (print); 978-92-2-126042-4 (web pdf)
Florence Bonnet, Catherine Saget and Axel Weber
- 114 Mapping and analysis of growth-oriented industrial sub-sectors and their skill
requirements in Bangladesh
ISBN 978-92-2-126028-8 (print); 978-92-2-126029-5 (web pdf)
Rushidan Islam Rahman, Abdul Hye MondaL and Rizwanul Islam
- 115 Gender and the environment:
A survey in the manufacturing in the machine-parts sector in Indonesia and China
ISBN 978-92-2-126165-0 (print); 978-92-2-126166-7 (web pdf)
Maria Sabrina de Gobbi – unpublished
- 116 Employment implications of the “Five – Hubs Strategy” of Sri Lanka
Sirimal Abeyrathne
- 117 Preferential trade agreements and the labour market
Emanuel Ornelas
- 118 Macroeconomic policies and employment in Jordan:
Tackling the paradox of job-poor growth
Sahar Taghdisi-Rad
- 119 Globalization, trade unions and labour standards in the North
Alejandro Donado and Klaus Walde
- 120 Regional trade agreements and domestic labour market regulation
Christian Häbberli, Marion Jansen, José-Antonio Monteiro
- 121 Strategies for unions to provide benefits and financial services to workers:
Experiences in the United States
Richard C. Koven

- 122 Preliminary assessment of training and retraining programmes implemented in response of the Great Recession
Ellen Hansen and Zulum Avila
- 123 Contribution of labour market policies and institutions to inclusion through employment, equal opportunities and the formalisation of the informal economy: Morocco
Aomar Ibourk
- 124 Tackling the youth employment crisis: A macroeconomic perspective
Makiko Matsumoto, Martina Hengge, Iyanatul Islam
- 125 Well-being and the non material dimension of work
Duncan Campbell
- 126 Labour related provisions in international investment agreements
Bertram Boie
- 127 An examination of approaches to employment in two South African case study cities
Cities with jobs: Confronting the employment challenge
Glen Robbins and Sarah Hobbs
- 128 Sao Paulo – Brazil – The case of Osasco
Cities with jobs: Confronting the employment challenge
Jeroen Klink
- 129 Promoting employment in Marikana and Quezon City, Philippines
Cities with jobs: Confronting the employment challenge
Eugenio M. Gonzales
- 130 Cities with jobs: Confronting the employment challenge
A policy paper
Adrian Atkinson
- 131 Cities with jobs: Confronting the employment challenge
A research report
Adrian Atkinson
- 132 Trade and employment in services: The case of Indonesia
Chris Manning and Haryo Aswicahyono

- 133 Employment protection and collective bargaining:
Beyond the deregulation agenda
Sandrine Cazes, Sameer Khatiwada and Miguel Malo
- 134 Implications of the recent macroeconomic policies on employment and labour market
outcomes in Peru
Sandrine cazes, Sameer Khatiwada, Miguel Malo
- 135 Local governance and the informal economy: Experiences in promoting decent work in the
Philippines
Reginald M. Indon, Sandra O. Yu
- 136 How not to count the employed in developing countries
Nomaan Majid
- 2013**
- 137 Towards more inclusive employment policy making: Process and role of stakeholders in four
selected countries
Claire Harasty
- 138 Globalization, employment and gender in the open economy of Sri Lanka
Naoko Otake
- 139 Promoting employment intensive growth in Sri Lanka
Sunil Chandrasiri
- 140 The Philippines employment projections model: Employment targeting and scenarios
Souleima El Achkar Hilal, Theo Sparreboom, Douglas Meade
- 141 Disabled beggars in Addis Ababa, Ethiopia
Nora Groce, Barbara Murray
- 142 An anatomy of the French labour market
Country case study on labour market segmentation
Thomas Le Barbanchon, Franck Malherbet

Employment Sector

**For more information visit our site:
<http://www.ilo.org/employment>**

International Labour Office
Employment Sector
4, route des Morillons
CH-1211 Geneva 22

Email: edempdoc@ilo.org