

# Labor transitions of Spanish workers: a flexicurity approach

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*Abstract: This paper uses data from the Continuous Sample of Working Lives (MCVL) to assess whether flexicurity can contribute to solving endemic problems in the Spanish labor market. Two different periods are considered: 2005–2007, in which the unprecedented expansion of the Spanish economy came to an end, and 2008–2010, which clearly shows how the economic crisis has affected the employment rate. The results obtained bear out the preliminary hypotheses. More specifically, a) labor market transitions have come to a halt, and b) contractual arrangements which may act as gateways to more stable employment are being misused.*

*Keywords: flexicurity, transitional labor market, risk society, segmentation, Continuous Sample of Working Lives.*

*Resumen: La comunicación trata de conocer si la flexiguridad puede desarrollarse como una alternativa que acabe con los endémicos problemas que sufre el mercado laboral español. La base de datos utilizada es la Muestra Continua de Vidas Laborales y se estudian dos períodos diferentes: 2005-2007 coincidente con el final de una etapa de crecimiento sin precedentes en la economía española y 2008-2010 tres años que reflejan los efectos que la crisis económica ha tenido sobre el empleo. Los resultados parecen confirmar algunas de las hipótesis previas. Encontramos que a) las transiciones dentro del mercado laboral están bloqueadas y b) no se utilizan adecuadamente modalidades contractuales que podrían servir como pasarelas hacia empleos más estables.*

*Palabras clave: flexiguridad, mercados de trabajo transicionales, sociedad del riesgo, segmentación, Muestra Continua de Vidas Laborales.*

# 1. Introduction

The paper makes a twofold assessment, static and dynamic, of the features of the Spanish labor market from a flexicurity perspective. These features are checked against those of modern labor markets in order to analyze whether the market provides, 1) enough flexibility to cope with external shocks from changing demographics, business strategies and market pressures, and 2) enough security to allow for individual reorientations due to changes in career paths or new family situations.

Previous studies from different fields — e.g. Toharia (1996), Toharia *et alii* (1998), Alba (1998), García Serrano *et alii* (1999) and Luis Garrido (2004) — have analyzed whole life career paths relying primarily on the Labor Force Survey (LFS). No applied research from the perspective of flexicurity has ever been published in Spain, though. This paper aims to overcome this shortcoming by opening up a line of research in which labor market dynamics are explored using data from administrative records.

The growing importance of the concept of flexicurity in politics and academia further supports our choice of subject, as is shown by the exponential increase in research studies and working papers on flexicurity over recent years, and the EU Council and Commission promotion of the implementation of flexicurity in the labor markets of member states, and its transposition into national law via the European Employment Strategy (Burroni and Keune, 2011).

The analytical model presented here is based on the analysis of individual supply-side and structural demand-side variables. More specifically, we purport to obtain information about the evolution of the unemployment rate of certain groups, jobless reintegration and labor market participation of disadvantaged groups. Ultimately our aim is to assess whether flexicurity policies are being implemented in Spain and if not, identify the areas where they could lead to an enhancement of labor market performance. In other words, despite the operational difficulties in the analysis of transitions, we purport to exploit the information in the MCVL so as to answer the following research question: Is Spain on the road to flexicurity?

The paper is organized as follows. First we define the general concept of flexicurity, the problem motivating the paper, and the spatial and temporal scope of the analysis. Second we describe the theoretical framework and the current status of the issue. Third we explain the methodological approach and the starting point of the paper. Finally, we present our findings and discuss the potentialities and challenges of an eventual adoption of flexicurity in Spain.

## 2. Conceptualization of the study

The concept of flexicurity originally stems from the Danish labor market, but it was first coined in its present meaning in the Netherlands in the mid 1990s. It refers to a combination of flexibility and security in the labor market and in recent years has become part of a UE global strategy geared towards the promotion of the European social model.

From this perspective, flexicurity demands greater flexibility in recruitment and layoff procedures, and more adaptable and capable workforces that can cope with changing economic conditions and provide greater productivity, competitiveness and innovation. On the security side, the flexicurity approach advocates a high level of social protection with 1) generous unemployment benefits, 2) lifelong learning strategies that ensure employability, especially among the most vulnerable workers, and 3) an improvement in active labor market policies so as to reduce periods of unemployment and facilitate the redeployment of unemployed workers.

Work is a key sociological category and a central element in the development of all people. Although classic notions such as unemployment, inequality and the consequences of the introduction of new technologies are as valid today as they were decades ago, other work-related issues have changed and so have the analytical tools and concepts. Today we consider issues such as neo-dependent jobs or diversification of employment relationships rather pompous terms which conceal new professional bonds and a trend towards further part-timing of full-time jobs.

These changes in work organization and employment have become particularly relevant over the last two decades, in which jobs for life, guaranteed wages and foreseeable futures have given way to «market-oriented» human resources practices in which timing, performance evaluation and performance-based salary compensation have taken root (Castilla, 2009).

New phenomena such as globalization, outsourcing, flexibility, and organizational and productive decentralization have also led to new labor market configurations and business strategies, as well as changes beyond formal design. In order to succeed in this changing labor market, work processes and human and technical resources need to be adapted to a scenario in which flexibility and speed of adaptation are vital.

The dawn of the new century has confirmed some labor market trends that arose during the final decade of the last century. Societies need better trained, more efficient and adaptable workers, as well as developed companies that can increase the number and quality of employment opportunities. Ultimately social

dialogue holds the key to effectively overcoming the challenges facing modern societies, since only agreement between social partners can bring about economic, social and cultural change.

In all these areas, flexicurity provides an opportunity for «... companies to compete and employees to find an adequate balance in their security needs ...» (Suarez, 2009: 18). Permanent employment played a central role in the industrial society, whereas in today's knowledge society this role has shifted to the development of skills that enable career progression.

The geographical scope of the paper is Spain, which needs better trained, more efficient and adaptable workers, and developed companies that can increase the number and quality of employment opportunities. The changes in employers' and employees' behavior must also be closely linked to improved employment policies, the modernization of labor mediation services and administrative implementation, and the monitoring of active policies, so that they can help create a suitable workforce.

The analysis focuses on the period 2005–2010 because this is the time span covered by the MCVL. Overall, on the demand side, in this period there was a considerable contraction in the workforce but also a high job turnover because of the considerable amount of seasonal work, which fluctuated between 20% and 27% over the years (EPA, 2010). On the supply side, there was a qualitative change: namely, a greater number of applications from highly skilled professionals, who were active in and open to ongoing training, as required by a competitive and knowledge-based labor market (Homs and Whittingham, 2009).

The period is also interesting because it shows two sub periods with different trends, 2005–2007 and 2008–2010. The period 2005–2007 coincides with the end of an unprecedented expansion of the Spanish economy, in which employment grew and unemployment fell, especially among women, who have historically been most affected by unemployment (Eurostat, 2010). This sub period allows us to observe whether the decisions taken at periods of economic growth have any impact on recession. The period 2008–2010, by contrast, shows the effects of the economic crisis on employment and the persistence of long-term structural problems in the Spanish labor market (Eurostat, 2010).

### 3. Background

In recent years, flexicurity has become central to politics and academia because of its advocacy of employability, skill improvement programs and active labor market policies.

There have been attempts to balance flexibility and security in the labor market since at least the aftermath of World War II, when the countries of Eastern Europe led a drive towards interventionist policies and market regulations. However, ever since the 1970s, in a context of economic globalization, high unemployment and runaway inflation, the market has replaced the state as the regulator of industrial relations, especially after the collapse of communism. The welfare state has begun to be regarded as an obstacle and reforms in developed countries have focused on the productive rather than the protective dimensions of welfare (Burrioni and Keune, 2011).

It was not until recently that the flexicurity neologism restored the balance between flexibility and security. Since its inclusion on the political agenda of the major European countries, flexicurity has emerged strongly in EU recommendations. Through the Council and the Commission, the EU has been promoting common employment policies based on flexible workforces that can adapt to a changing employment environment and at the same time maintain income stability and professional development.

The Commission was first to point out the transformation that work has undergone in modern knowledge societies, in which the nature of work is very different from that in industrial societies. The new concept of productive work aims to overcome traditional notions such as full employment or labor market access. Flexicurity gained serious momentum at the Lisbon Council in March 2000, which attempted to set clear and measurable goals to the largely unsubstantiated proposals put forward at the Extraordinary Summit on Employment held in Luxembourg in 1997.

The Green Paper (European Commission, 2006) and the subsequent European summit in December 2007 seeded the launch of the Mission for Flexicurity (Commission of the European Communities, 2007), an EU initiative aimed at balancing labor market flexibility and employment security. The transposition of this aim into national policies across the EU countries was given expression at the meeting of the European Network of Public Employment Services (PES) in Nice in December 2008, where heads of PES signed a joint declaration endorsing flexicurity.

Flexicurity has had little political impact in Spain, where it has been characterized by a lack of global objectives and a focus on the flexibility dimension. The term contractual flexibility was first used in the 1984 labor market reform, although it was not until a decade later that measures aiming at external and internal numerical flexibility began to be implemented. Shortly afterwards, in 1997, labor legislation in Spain came full circle with the

implementation of measures concerning functional and wage flexibility, and an improvement in employee skills and versatility. Finally, the decree of June 2006 sought to encourage the conversion of temporary contracts into permanent ones by lowering dismissal costs. This recent addition to the Spanish labor market landscape was noted in the Green Paper of the European Commission (2006) as an exemplary effort in flexicurity. That notwithstanding, the measure was hardly a paradigm of job security and results were very poor.

Little systematic research on flexicurity has been conducted in Spain. Even though the literature has grown in recent years, and even websites and blogs have been produced on the subject, most studies published to date fail to fully address its integral parts, and rather focus on issues connected with segmentation and temporary employment, two of the continuing problems of the Spanish labor market.

## 4. Theoretical approaches

Labor market research tends to use individual variables as explanatory factors. The analyses are based on the theory of human capital and consider the job offer as a result of the decisions on investment in human capital that each individual makes at a certain time.

Although not considered a theory until the twentieth century, the theory of human capital, related to the economic dimension of education, has its origins in the works of Adam Smith and John Stuart Mill, who had already pointed to education as key to increasing worker productivity. Later developments include the works of Theodore Schultz and especially Gary Becker, whose book *Human Capital* (1964) considers education and training as investments, which result from calculations made by rational individuals with the aim of increasing their productive efficiency and income. Thus, the future income of individuals is heavily influenced by their decisions to acquire more or less education, remain in a particular geographical area rather than emigrate, or accept or reject a job offer.

Nevertheless, as suggested in institutional approaches from fields like economics and sociology, this kind of explanation not good enough for studying modern labor markets.

Some institutionalist authors have tried to explain inequalities and labor stratification with the theories of labor market segmentation and dualization. This is the case of Doeringer and Piore (1983, 1985) and Piore (1983), who recommended implementing measures to bring to an end the polarization and segmentation of the labor market between traditional workers with permanent

highly protected jobs, and atypical ones with temporary contracts and reduced dismissal compensation.

Other authors are more concerned with the drift in socio-labor relations towards dismantling the welfare state, which puts us on the brink of the abyss of job insecurity. In the «risk society» (Beck, 1992; Giddens, 1993), the distribution of wealth gives way to the distribution of uncertainty, and decisions made in advanced industrial and technological societies lead to unintended consequences, conflict and insecurity.

Bearing in mind that the current economic crisis has hit Spain hard, due attention has also been paid to documents that take a more critical view of flexicurity. In this regard, we would like to highlight the research carried out by Andranik Tangian (2007, 2008, 2009), whose long ongoing series of critical *Diskussionspapier* has been trying to find empirical evidence and operationalize indicators of flexicurity in Europe, and coin alternative terms to describe flexicurity (e.g. «flexinsurance»).

Closely related to the concept of risk society, the theory of transitional labor markets (Schmid, 1998) enables the working lives of Spanish workers to be studied in detail, thus providing an appropriate theoretical framework for a flexicurity approach.

Transitional labor markets (TLMs) are characterized by diversity, flexibility, mobility, employment transition support and higher regard to social protection categories, such as training, unemployment benefits, pension schemes and work-family balance.

As an analytical concept the transitional labor market relates to the observation of the vague line that distinguishes paid employment from other productive activities (Pérez del Prado, 2009).

The theory of TLM therefore entails a «flexible re-institutionalization of the labor markets» (Köhler and Artiles, 2005: 348), which have stopped offering predictable career paths and require internal and external adjustment beyond the theory of human capital. An increasing number of workers have discontinuous career paths regardless of occupation, age or activity sector.

According to Esping-Andersen (1999), post-industrial societies have given rise to 1) *class risks*, which affect workers in the primary segment of the labor market who are no longer secure against income or employment losses; 2) *inter-generational risks* (i.e. age risks), which lead to the obsolescence of qualifications and demand continuous training and retraining of workers, and 3) *life course risks*, such as those arising from unemployment growth and declining activity rates, particularly for senior workers.

Flexicurity is radically different from the European welfare state model and offers solutions to these problems by finding gateways and complementarities in the diversity of situations people go through in the course of their lives. Flexicurity as a normative concept complements the focus of the TLM and allows its theoretical proposals to be implemented.

Consequently flexicurity could offer solutions to problems inherent in the Spanish labor market:

First, flexicurity addresses some of the main problems facing the Spanish labor market, such as segmentation and high job turnover, closely related in turn to the endemic high rate of temporary employment.

Second, it relies on TLMs to solve these problems because they can bridge the gap between occupation and social protection while transitioning from one job to another.

Third, flexicurity encourages active employment policies to be developed to stimulate job search in such inefficient labor markets as Spain.

Fourth, it acknowledges workers' needs for work-family balance, which has been long demanded by workers in our country.

And finally, it deals in depth with the improvement of workers skills through continuous training and retraining, which are essential if the challenges of economic globalization, outsourcing, and technological and organizational change in the new knowledge society are to be met.

As analytical and normative concepts, TLMs and flexicurity are two facets of a long-term socio-economic policy that identifies common areas and develops tools for conflict resolution so that an appropriate balance can be struck between the interests of all the parties involved — a win-win or positive sum strategy.

Social dialogue holds the key to effectively overcoming the challenges facing modern societies, since only agreement between social partners can bring about economic, social and cultural change. A fluent dialogue between social partners in a climate of consensus is one of the fundamental pillars of flexicurity. In recent years, social dialogue in Spain has turned, as it were, into a ship on which social partners try to interact from watertight compartments, which hinders rather than facilitates any search for solutions. As a result, what should be one of the strengths of the Spanish industrial relations model has become one of its main weaknesses and a very unlikely starting point for the implementation of flexicurity policies.

It should not be forgotten, therefore, that theory needs to be connected to real policies and social dialogue. Any flexicurity proposal for solving the problems inherent in the Spanish labor market should take into consideration that decisions

on working time, periods of leave and training are ultimately implemented through collective agreements at the corporate level and, consequently, collective bargaining is central to an effective implementation of flexicurity policies.

## 5. Methodology. The MCVL

The Continuous Sample of Working Lives has been used as the data source for this study because no other database in Spain provides access to detailed employment histories. This is so because the data in the MCVL come from Social Security records, which makes it possible to observe the exact beginning and end of the work spells of selected individuals since the 1960s. This is a comparative advantage over the Labor Force Survey (LFS) — so far the most widely used in the academic study of employment transitions.

The MCVL database contains information on more than one million people, which allows the static and dynamic analysis of any individual who at any time in a given year was registered with Social Security or received unemployment benefits or contributory pensions, regardless of length (see Tables 1 and 2).

**Table 1. Length of employment up to 2005**

		<i>Frecuency</i>	<i>%</i>	<i>Valid %</i>	<i>Cumulative %</i>
Valid	less than 1 year	8980	5,1	5,1	5,1
	1 to 5 years	31973	18,2	18,2	23,3
	5 to 10 years	36140	20,6	20,6	43,9
	10 to 20 years	54169	30,8	30,8	74,7
	20 to 30 years	30076	17,1	17,1	91,8
	more than 30 years	14462	8,2	8,2	100,0
	Total	175800	100,0	100,0	

**Table 2. Length of unemployment up to 2005**

		<i>Frecuency</i>	<i>%</i>	<i>Valid %</i>	<i>Cumulative %</i>
Valid	less than 1 year	44185	25,1	25,1	25,1
	1 to 3 years	31967	18,2	18,2	43,3
	3 to 10 years	16987	9,7	9,7	53,0
	more than 10 years	82661	47,0	47,0	100,0
	Total	175800	100,0	100,0	

Available since 2004, the MCVL is structured as a series of individual annual samples: i.e. they can each be analyzed separately, though the overall design ensures continuity in the selection of individuals. The MCVL is a standard sample. As a result, it may be used in different research projects (Durán and Sevilla, 2006), though it was not designed specifically for this purpose. It is continuous because it is updated annually.

The MCVL is collected from a non-stratified random sampling equivalent to 4% of the reference population. The people who participate in the survey represent the entire population. Each person is multiplied by a raising factor of 25, which indicates the average number of population units he or she represents. Information is made available in micro data files, where the unit of analysis is the «period of recorded contribution to social security», defined as having a starting and an end date (Toharia and Cebrián, 2007).

The sample can be approached in two different ways. One is cross-sectional or static, and the other one is longitudinal or dynamic. The first approach uses a single wave. It can also be used for a short-term analysis because the MCVL data represent reality less accurately as the time span widens toward the long run. The second approach transforms the data into a somehow peculiar panel dataset, as the input and output processes make the MCVL rather unsuitable for standard panels. Even though data changes can be tracked using successive waves, the exact date on which the change took place sometimes remains unknown.

The MCVL has many advantages for research but also a number of disadvantages. Among the advantages are the following:

- It provides the exact start and end date of every employment spell of selected individuals since the SS started using automated registers. The records cover all people who have ever been registered with the SS, or received contributory pensions or unemployment benefits. That is to say, the MCVL covers 95% of the employed population in Spain.
- It contains fifty different variables for each individual: personal data, jobs, employers, employment status and pensions (if any) (Durán, 2007). The comprehensive data collection on career paths, flows into and out of employment, change dynamics, protective intensity and benefit impact assessment (Lapuerta, 2010) provides very valuable information for research on flexicurity. It allows the analysis of the time of entry into the labor market, and its continuing influence in later career development and especially wages (i.e. *scarring effects*) (Toharia and Cebrián, 2007).
- The MCVL ensures continuity in the selection of individuals. It allows longitudinal studies and life course research, which are fundamental for

the study of flexicurity. Since career paths are interpreted as a series of transitions, they become the result of both the individual's status at a given time and their past decisions (Mortimer and Shanahan, 2003). It covers a far longer period than the LFS, since it covers both 2005–2009 and the work history of selected individuals since SS started using automated records (García Pérez, 2008).

- Further advantages are that the large sample size enables small groups to be studied which are not significant in other surveys. It also represents people with discontinuous employment histories more effectively, and facilitates analysis by region.

The main disadvantages are:

- High setup costs due to data cleansing and management complexity, especially when compared with databases like the FLS.
- The administrative nature of the SS data prevents further data relationships from being built. Consequently it does not provide information on informal economy, economically inactive individuals and the unemployed who do not receive benefits.
- It does not contain information on contract suspensions due to risk during pregnancy, adoption, etc. It does, however, inform about childcare leaves and reductions in working hours for legal guardianship.
- Some of its constraints are common to all databases that use administrative records: comprehensive information on specific required data along with an absence of other information.

## 6. Preliminary hypotheses and work plan

In this section we present some preliminary hypotheses about the current situation of the Spanish labor market and the challenges to the employability of workers in Spain.

Even though the TLM approach is considered among the best suited for conducting life course research (or perhaps because of it), we would like to put forward the hypothesis that TLMs may not provide an appropriate theoretical framework for the study of a segmented labor market such as Spain's.

As a result of the employment policies over the last two decades, the Spanish labor market has some peculiar features such as an endemic high rate of temporary employment. Such policies were largely responsible for unprecedented economic growth, which was obtained at the expense of social cohesion and the segmentation of the labor market. The Spanish labor market is now clearly polarized between

traditional workers (insiders) with permanent highly protected jobs and good working conditions, and atypical workers (outsiders) with precarious fixed-term contracts and reduced dismissal compensation.

A proposal based on flexicurity should ensure a narrowing of the gap between insiders and outsiders. It should also bear in mind the specific difficulties each group may come across in the new industrial relations environment. Outsiders – especially women, young and low skilled workers, over-represented in the group – need access to decent and stable jobs, whilst insiders have to prepare themselves for likely transitions between jobs and eventual unemployment. Approaches based on either segmentation or dualization seem to be more appropriate in this scenario.

Besides what has been stated above, the specific aims of the study are the following:

First, as regards temporary employment, we will try to prove the hypothesis that links fixed term contracts and low-skilled young workers. We also aim to know whether, as it seems, this group is more likely to move between temporary employment and unemployment and, therefore, increase its risk of social exclusion. It should be noted that we have used SS contribution groups as a proxy for the qualifications variable, since educational attainment data in the MCVL are based on a survey which has not been updated since 1996.

Second, as far as the working day is concerned, the starting assumption is that part-time employment and job insecurity are greater among women. We will try to determine the percentage of women who are able to obtain a full-time job after several part-time contracts, how long it takes them to achieve this status, and whether they are able to remain in full-time employment over the years without being made part-time or unemployed.

Third, we will try to prove some hypotheses about job transitions. We will look at a society in which *a)* some groups face many difficulties in accessing or remaining in the labor market, *b)* there is a wide gap between workers' skills and job demands, and *c)* segmentation prevents labor market transitions. We expect to obtain rates of transitions into and out of employment, between different employment statuses, and between employment and retirement. We will use these rates to develop indicators of flexicurity that may reflect the degree of stability and mobility in and from the labor market.

Fourth, we will analyze the routes flexicurity has taken so far in Spain. In other words, we investigate whether recent reforms have been more geared towards flexibility or towards safety so that we can draft a general picture of flexicurity in Spain. Successive reforms since 1984 have tried to flexibilize the Spanish labor

market and reduce the impact of temporary employment and segmentation with mixed results. The reforms, however, have not been so proactive in trying to reduce employment and income uncertainties among Spanish workers. In recent literature, several hypotheses have been advanced about large groups being relegated to temporary work and the existence of a duality in the types of contracts (open-ended contracts in the primary segment and fixed-term ones in the secondary). This paper also contrasts these hypotheses by using the MCVL database, which allows us to follow the evolution of selected individuals over long periods of time.

Finally, we will study specific regions and sectors of activity which are representative of the different political discourses and resources flexicurity has managed to deploy.

## 7. Preliminary results

Preliminary results in the static analysis have been taken from the 2005 MCVL, which has provided the first wave of data to work with. More recent waves will be successively added, up to the last available sample (at present, 2010), in due time. Only data up until 2005 have been considered in the dynamic analysis.

The 2005 MCVL provides data on all work spells and dates of registration prior to the year mentioned. Not only does it give a snapshot of the moment but also the career path up to that year: i.e. the exact start and end date of all work spells of every selected individual.

Our sample consisted of all individuals with employment spells over three months for 2005. We ruled out those who were in employment for less than three months because we believe they do not meet the criteria for inclusion in a study that aims to analyze employment trajectories from the perspective of flexicurity

The total number of episodes collected with this method was 2,427,651, corresponding to 175,800 people, of whom 107,438 were men (61.1%) and 68,362 women (38.9%). The average age of women in the sample is lower than that of the men.

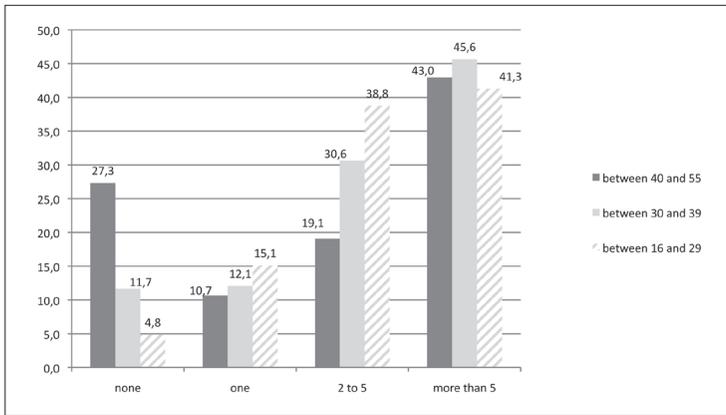
Preliminary results based on MCVL data seem to confirm that the above assumptions are headed in the right direction and, as a result, they are presented in an abbreviated form below.

## 7.1 Static analysis

As shown in Chart 1, temporary employment is high among all age groups. It should be noted that in all age groups the proportion of workers who have had more than 5 contracts is over 40%. This is particularly significant in the cohort aged 16–29, whose shorter employment history does not translate into differences from the other groups.

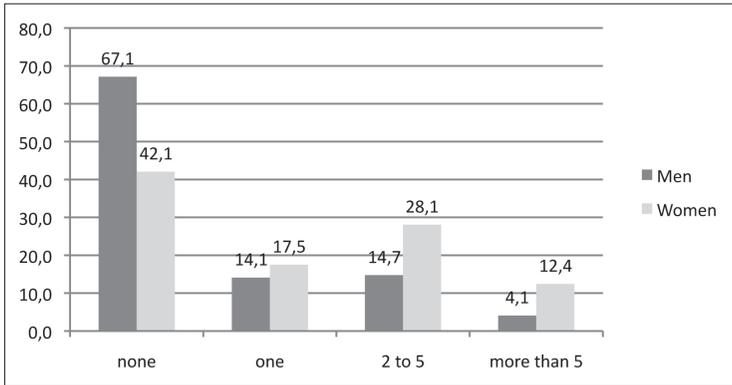
The chart also shows that it is mainly young workers who go through the ordeal of temporary employment. It should be noted that while 27% of workers aged 40–55 have never had a temporary contract, only 5% of those aged 16–29 can say the same. These differences are also notable among those who have had between 2 and 5 temporary contracts, 19% of those aged 40–55, roughly half the rate of the 16–29 age group (39%).

Chart 1. Temporary work by age



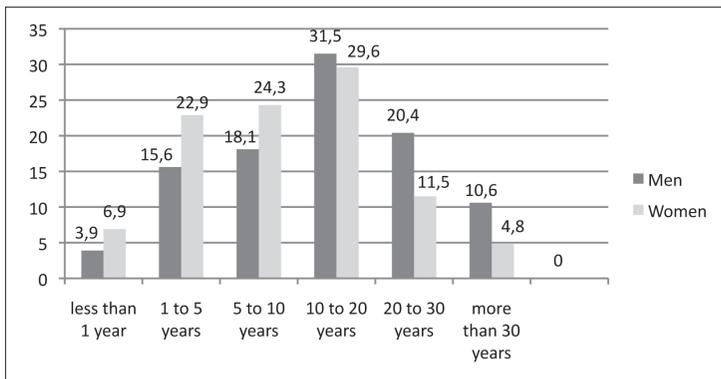
As for the type of working day, Chart 2 shows that part-time is a characteristically female phenomenon. A total of 67% of men have never had a part-time contract, while this is the case for only 42% of women. The trend is reinforced when we take into account that 28% of women have had between 2 and 5 part-time contracts, and 12% over 5, whilst male rates are 15% and 4%, respectively. In other words, the rate of men who have had between 2 and 5 part-time contracts is roughly half that of women, and the rate of men who have had over 5 is one third of their female counterparts.

Chart 2. Part-time by gender



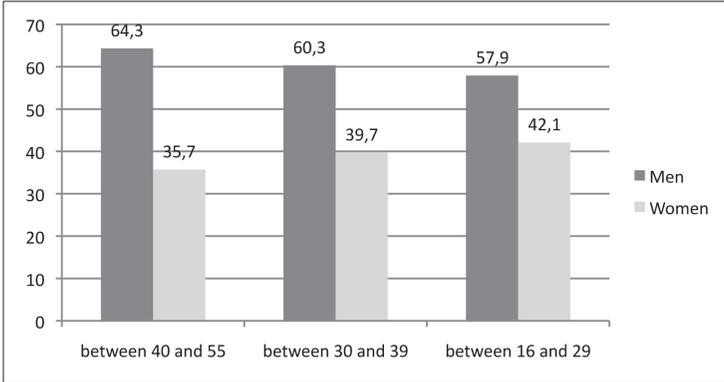
Finally, the number of years worked by gender reinforces the theory that women have higher employment discontinuity and instability. Women's career paths are much shorter than men's in every category and age group. As we can see in Chart 3, the rate of women with a complete career path — i.e. spanning over 20 years — is half that of men.

Chart 3. Length of employment by gender



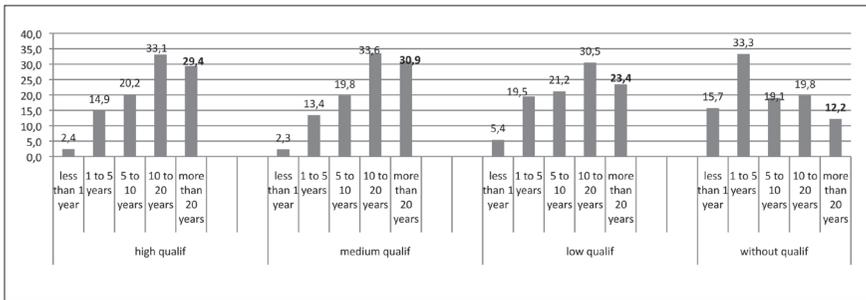
The data analysis by gender and age cohort shows (see Chart 4) that 64% of men and 36% of women aged 40–55 have had at least one spell of employment — that is, a difference of 28 percentage points between men and women. The difference is down to 20% in the age group 30–39 and only 16% for workers aged 16–29 (58% of men and 42% of women in this age group). The figures show that there are differences in labor market behavior between older and younger women, because the latter are more occupationally active. This should be taken into consideration in any gender analysis of the labor market.

**Chart 4. Rate of workers with at least one spell of employment**



As shown in Chart 5, data on educational attainment reinforces the hypothesis that training has a direct influence on the length of employment trajectories. A total of 30% of workers with higher or medium educational attainment have complete career paths (over 20 years), while the percentage falls to 23% and 12% in the case of those with lower and no educational attainment, respectively. The trend is reversed in the length of employment of less than one year.

**Chart 5. Length of employment by educational attainment**



## 7.2 Dynamic analysis

Our dynamic analysis focuses on two time points. Time 1, or the first measurement, represents the situation of the worker at the time of their first record in the MCVL. And time 2, or the second measurement, refers to the situation of the worker in 2005, the first wave of data we are working with. For example, when the type of contract is analyzed, time 1 refers to the contractual arrangement the worker had when they entered the labor market (or the earliest

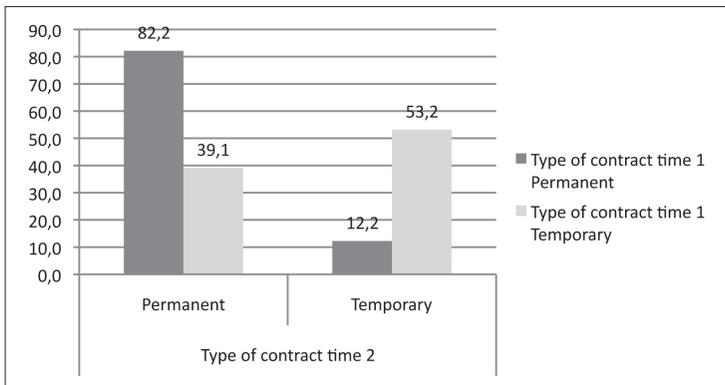
available data) and time 2 corresponds to the type of contract the worker had in 2005. The same applies to educational attainment.

### *Type of contract*

As we can see in Chart 6, permanent contracts seem to be a guarantee for job stability over the years. A total of 82% of those with a permanent contract at time 1 had the same type of contract at time 2, whilst only 12% had been moved to a temporary contract.

By contrast, less than 40% of workers who had temporary contracts at the time of the first measurement had a permanent one at time 2, and over half (53%) had not changed their employment status between time 1 and time 2.

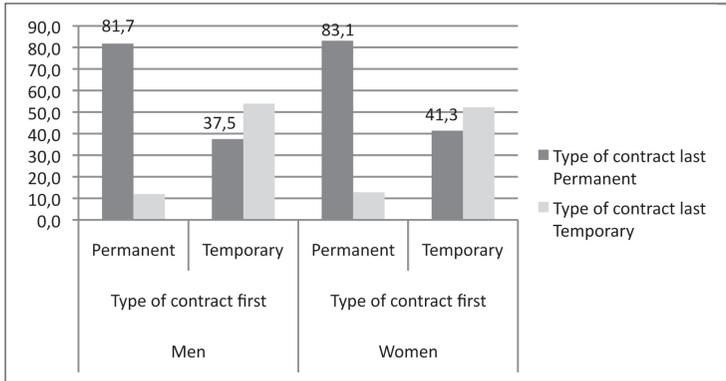
**Chart 6. Type of contract and transitions**



Therefore, even if we take into account the differences outlined above, it is not insignificant that 40% of temporary workers are able to move into a more permanent job. Accordingly, temporary contracts may be acting as gateways into permanent work for a significant share of the workforce.

There are no great differences between men and women when we disaggregate the data by gender (see Chart 7). The probability of women still having a permanent job (83% vs. 82%) is only one percentage point higher than for men, while the probability of them moving into permanent employment is four percentage points higher (41% vs. 37%).

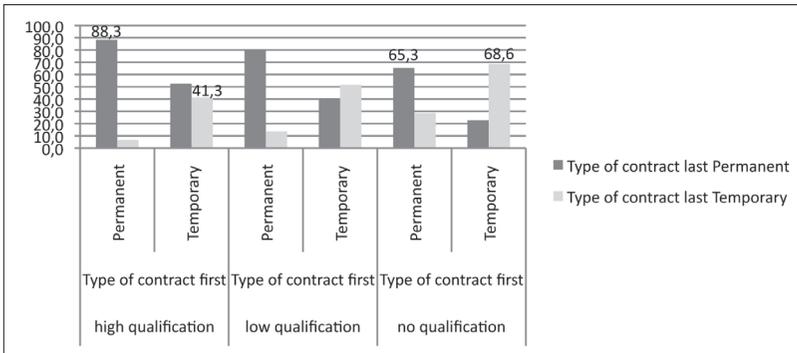
**Chart 7. Type of contract and transitions (by gender)**



Notwithstanding this, considerable differences can be observed if we analyze temporary contracts by educational attainment (see Chart 8). In this case, the probability for the highly qualified still having a permanent job is 23 percentage points higher (88% vs. 65%) than for those with no qualification.

By contrast, the chance of remaining in a temporary job is higher for workers with lower educational qualifications (41% for those with higher educational qualifications vs. 69% for those with lower ones).

**Chart 8. Type of contract and transitions (by educational attainment)**



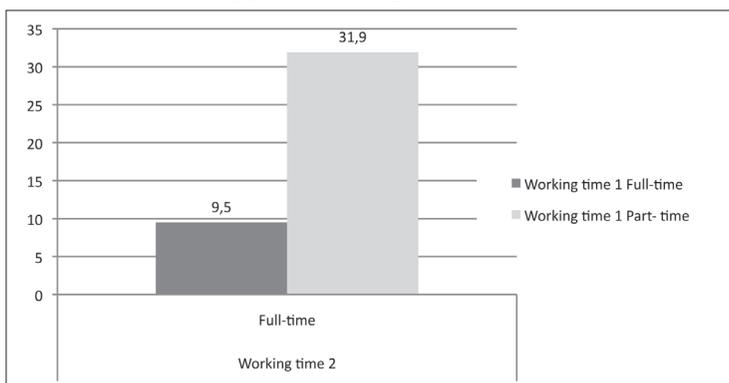
*Working day*

The type of working day the worker had at the time of entrance into the labor market, then, largely determines their future position in the labor market. Thus, 90% of those with a full-time contract at time 1 remained in the same condition

at the time of the second measurement, whilst only 9% were working part-time at the time of the second measurement (see Chart 9).

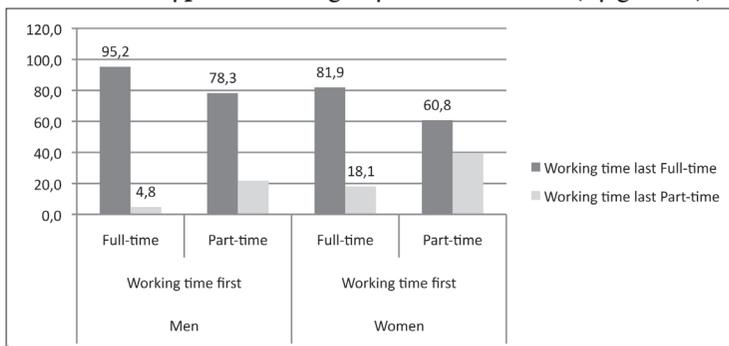
Only 68% of those who had a part-time contract at time 1 had moved into a full-time position at time 2, whilst almost 32% were in part-time positions at both measurements. However, as with temporary employment, part-time positions can also act as gateways to normal full-time jobs. Almost 70% of workers who enter the labor market through a part-time job manage to get a full-time position.

**Chart 9. Type of working day and transitions**



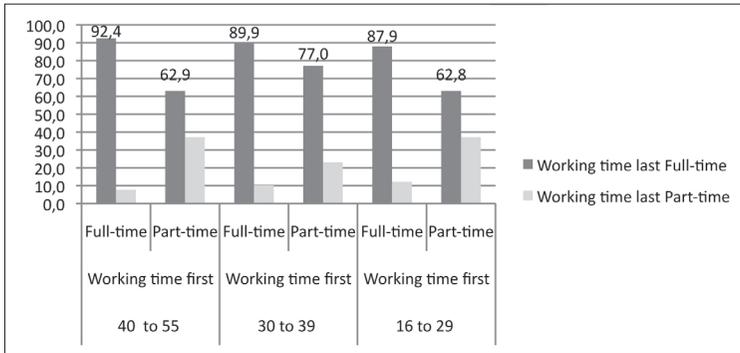
When the data is broken down by gender (see Chart 10), the differences between men and women are considerable. A total of 95% of men were in a full-time position at both observations, in contrast to only 82% of women. Women are also much more likely to move from a full-time to a part-time position (18%) than men (5%). By contrast, only 61% of women manage to move from a part-time to a full-time position in contrast to 78% of men.

**Chart 10. Type of working day and transitions (by gender)**



Finally, when the data is disaggregated by age (see Chart 11), the probability of staying in a full-time job is higher for workers aged 40–55 (92%) than for those aged either 30–39 (90%) or 16–29 (88%). However, members of the 30–39 age group in part-time positions access full-time contracts more often (77%) than members of the other two cohorts (63% each).

**Chart 11. Working day and transitions (by age)**



## 8. Conclusion

The analysis above reveals that a high proportion of workers of all age groups, but particularly the younger ones, have temporary contracts, which reinforces the segmentation of the Spanish labor market. However, temporary employment is not necessarily negative, as it can act as a gateway to a full-time job.

It also shows that part-time work is a typically female phenomenon in Spain. According to data from the MCVL, the rate of women in this type of work doubles or even triples the male rate. Nevertheless, the dynamic analysis shows that part-time positions can also act as a gateway to a full-time job.

It also seems irrefutable that women have shorter careers than men. The analysis by age reinforces this view, since it shows that the work-family balance is very difficult to achieve for Spanish women in certain age groups, who end up interrupting their careers, either temporarily or permanently.

Qualifications are critical for building long careers in Spain. Therefore, any attempt to improve career paths should start by raising the educational attainment of citizens.

The results of the dynamic analysis also suggest that the initial hypothesis is headed in the right direction, and confirm the presence of discontinuity,

instability and temporary work in career paths, besides transition and completion difficulties, especially among certain social and age groups.

At state level, there is a lack of active policies that can ensure a quick and easy return to the labor market for those who are made unemployed. Flexicurity-based labor market policies could help provide a solution to the problems in several components of the Spanish labor market, but flexicurity is not at the forefront of collective bargaining. In fact, it is rather unpopular among social partners, especially trade union representatives, maybe because employers tend to equate it only with flexibility in their discourse.

The Spanish labor market has such unique features as an endemic high rate of temporary employment in all age groups, which is also responsible for segmentation. Over the last quarter of a century, successive labor market reforms have emphasized flexibility, whilst security has been neglected. The exclusive focus on one of the two dimensions of flexicurity has ended up aggravating the situation of large groups, who have been relegated to temporary work or what is worse, long-term unemployment.

Also, the high rate of long-term unemployment is a clear sign of high employment uncertainty. Rather than continue to emphasize flexibility in a labor market with an already excessive job turnover, it seems reasonable to modernize the market and enhance certain organizational and functional features of business.

The Spanish labor market has such problems as segmentation, poor work-life balance and low worker qualification. Flexicurity tries to provide solutions for such problems and, therefore, the implementation of flexicurity policies (e.g. activation programmes) could improve job transitions and facilitate the employability of workers, especially those who encounter more obstacles to job placement and long, stable careers (the young, women and less-qualified workers). Consequently, activation policies, central to flexicurity policies, should be geared mainly to this aim.

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