

Labour Segmentation and Precarisation in Spain

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Objective

- To discuss the debate on labour segmentation in Spain
- Facts: high volatility of employment and high levels of fixed-term jobs
- To discuss the hegemony of neoclassical explanation based on the role of regulations and insiders-outsiders models

From rigidity to segmentation I

- Problems of Spanish Labour Market start in 1970s crisis
- The orthodox explanation: rigidity of labour market due to persistence of Franco's regulations and reinforced by the legalisation of Unions
- Plus excessive protection to unemployment

From rigidity to segmentation II

- 1987: Labour Survey begins to publish data of types of labour contracts
- The first data is 17,7% of temporary employment, very high relative to EU (the coverage of unemployment is near 25%)
- The argument of rigidity is difficult to maintain. It needs a rewriting
- Orthodox economist discover segmentation

A dualistic model

- The new explanation: fix term jobs reinforce rigidity
- The core of permanent employers is protected by two mechanisms: by protective legislation and by temporary employers who firms used in order to adjust to changes in activity
- Spanish labour market is dual, with a core of rigid insiders and a periphery of temporary outsiders
- Unions represent the interest of insiders and create inflation

Discussion of orthodox explanation

- Dualism is produced for the election of the variable. If you took gender it is possible to generate another type of dualism
- Evidences against orthodox explanations:
 - The percentage of fixed term is very different in each industry. There is not a common pattern of insiders/outsideers
 - In 1991-94 crisis the main loses of jobs are among “insiders”
 - In the expansion 1994-2007 the majority of industries reduce the levels of fixed terms jobs related with collective bargaining. But there is, however, a global expansion of temporary jobs due to a composition effect produced by the growth of construction employment (and public sector)
 - There is no evidence of unions pressure to increase insider’s wages. On contrary Unions accept wage moderation in order to transform temporary jobs in permanent ones
 - There was a lot of regulatory changes without impact on the use of temporary jobs

An alternative view

- Based on segmentation approach: study of labour markets related with product markets, employers strategies and interaction with regulations and unions
- Use both of statistics and qualitative information (case studies of firms and industries)
- Old segmentation (firm size, differentiated collective bargaining, role of tourism and agriculture)

New segmentation I: Outsiders

- Two routes of precarisation:
- Fixed term jobs
- Outsourcing chains highly developed in the last 20 years
- Outsourcing allows firms to segment collective bargaining and to introduce new mechanisms of control employees (car, construction, food...)
- There is a complex relation between outsourcing chains and fixed-term jobs and self-employment
- Massive immigration open new possibilities for new deregulated markets
- THERE IS A SEGMENTATION OF OUTSIDERS

New segmentation II Insiders

- Generalized introduction of new flexible measures that change labour conditions:
- Time flexibility
- New models of job evaluation and incentives
- Wage moderation (and wage concessions)
- Changing conditions for new employees
- And complete different conditions according the place of the firm in production chains

Conclusions: Segmentation vs. Dualism

- Dualism implies a complete difference of employees situation into “homogeneous groups”
- Studies based on cluster techniques found more different groups of situations and only a minority of employees that maintain “good situation”
- Studies based on Labour life statistics (on Social Security register) shows that fixed terms contracts or permanent have different influence on wages, career in different industries.
- More than dual market we have a fragmented labour situations related with industry, size of firm, outsourcing chains
- And a general pressure on wages and labour conditions

Political issues

- There is a theoretical debate but also a political one
- Dualism consider insiders and unions responsible of precariousness. The main possibility to reverse segmentation is to introduce new structural reforms (“Contrato único”) that reduces the level of protection
- The experience of the last, deregulatory reform, 2012 is that, contrary to the orthodox believings, wages have fallen more in the low wage industries. Due that deregulation change the balance of power more in firms and sectors where union organization is low

A final comment

- The problem of Spanish labour market is mainly produced by the particular economic history:
- The position of Spanish firms in world context (small, low R&D, specialized in tourism...)
- The persistence of Spanish employers and politicians in a route of low wages and low regulation
- A truncated modernisation and the inadequacy of public sector
- All the deregulation experience reinforces these problems