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Short-time work and temporary workers in Spain: A dual labour market amid the Covid19 pandemic

Miguel Á. Malo (University of Salamanca, Spain)



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7th Regulating for Decent Work Conference

► COVID-19 and the world of work: Towards a human-centred recovery

6-9 July 2021, Virtual Conference, ILO Geneva

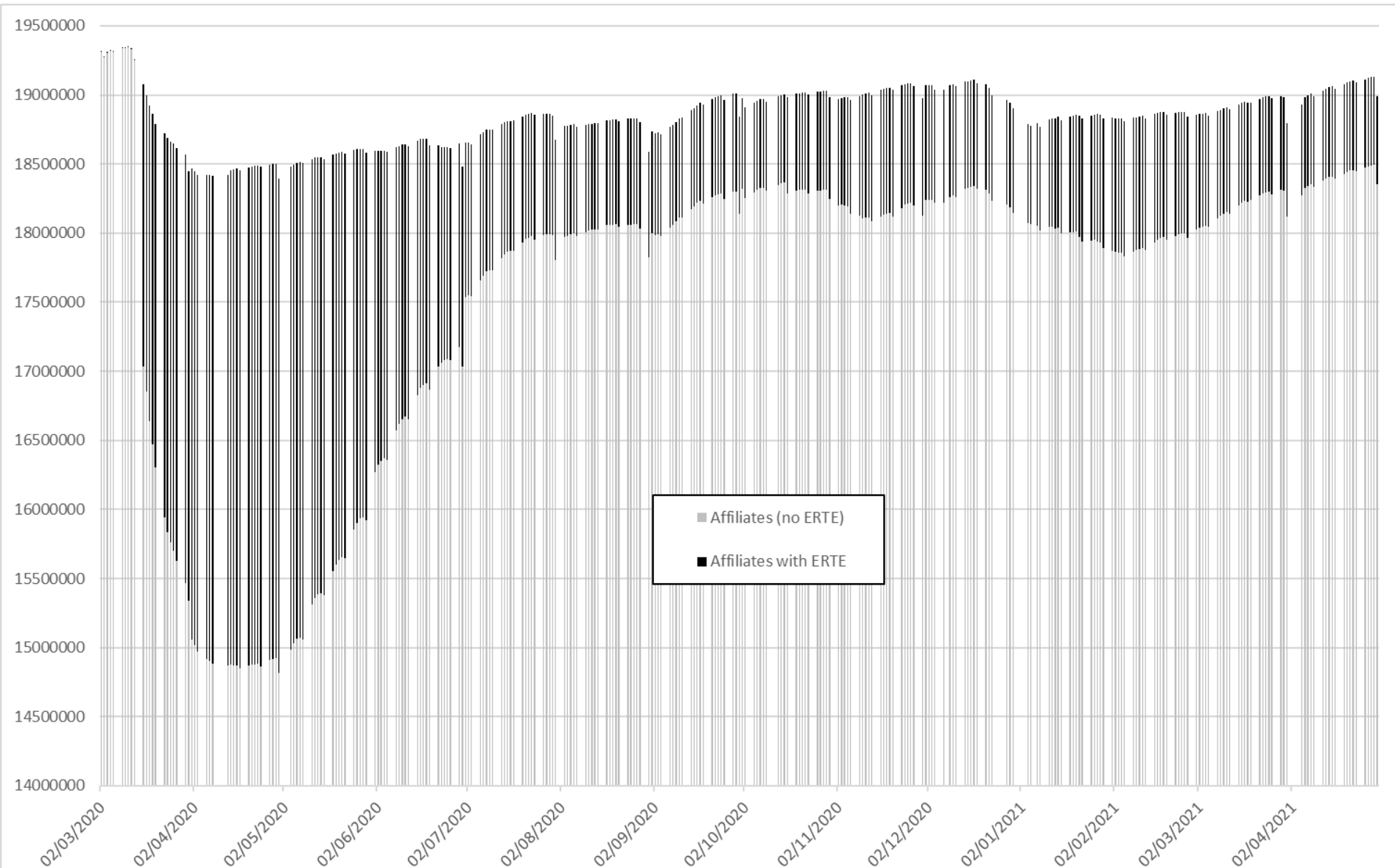


July 7th, 2021 – Regulating for Decent Work (ILO)

1. Introduction and motivation

- The unexpected pandemic shock and the effects on the labour market.
- In many countries, intensive use of different Short-Time Work (STW) schemes:
 - In Spain, an ERTE ('Expediente de Regulación de Empleo') may **potentially applies to any worker, irrespective of the contract type.**
- But, in fact, **are the ERTes covering in the same way workers with temporary and open-ended contracts?**
 - This question is interesting because of the **dual structure of the Spanish labour market**, focusing adjustment to the business cycle on workers with temporary contracts

ERTE: A new adjustment pattern? (1)

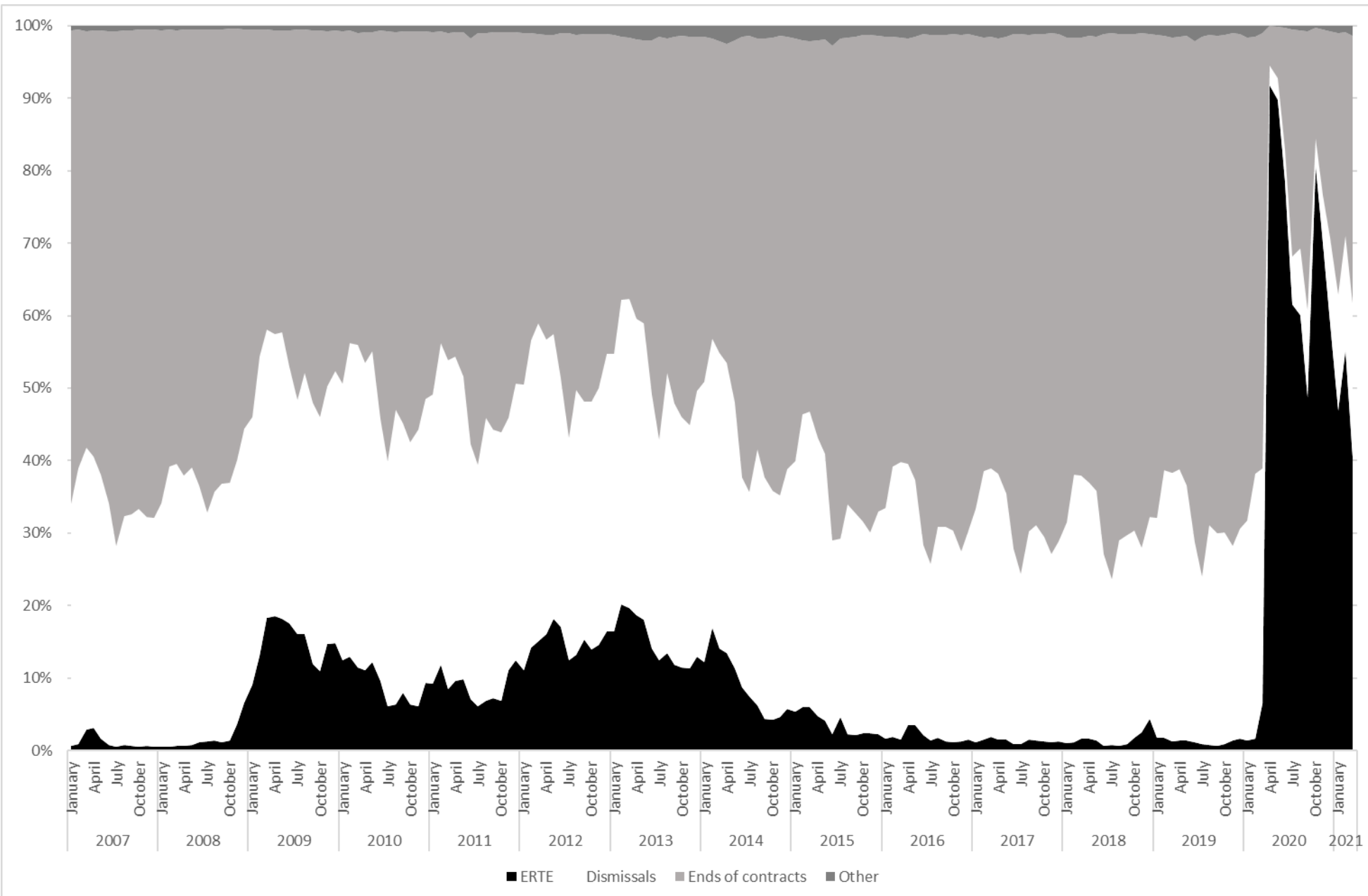


Daily affiliates to Social Security

Source: Social Security

- *The ERTEs have kept a large number of workers as occupied*
 - *The standard concepts of employment and unemployment have not been very useful in the current crisis*
 - *This limitations affects both survey and administrative data sources*

ERTE: A new adjustment pattern? (1)

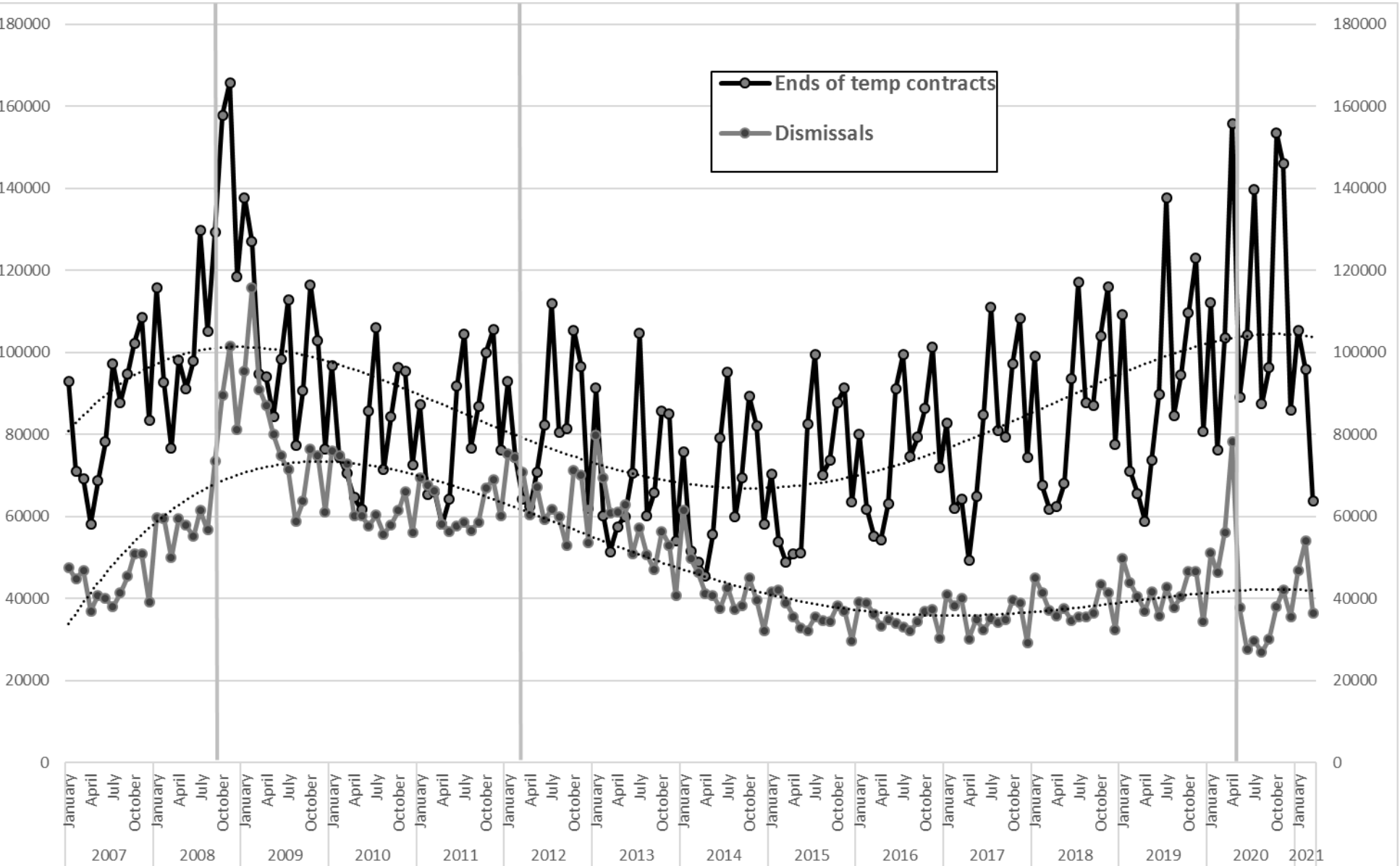


Distribution of new entries in unemployment benefits

Source: Ministry of Employment

➤ *In relative terms, the ERTEs have been the great adjustment tool, not dismissals or ends of temporary contracts*

But, what happens for the number of dismissals and ends of temp contracts?



Number of new entries in unemployment benefits because of dismissal and end of temporary contract

Source: Ministry of Employment

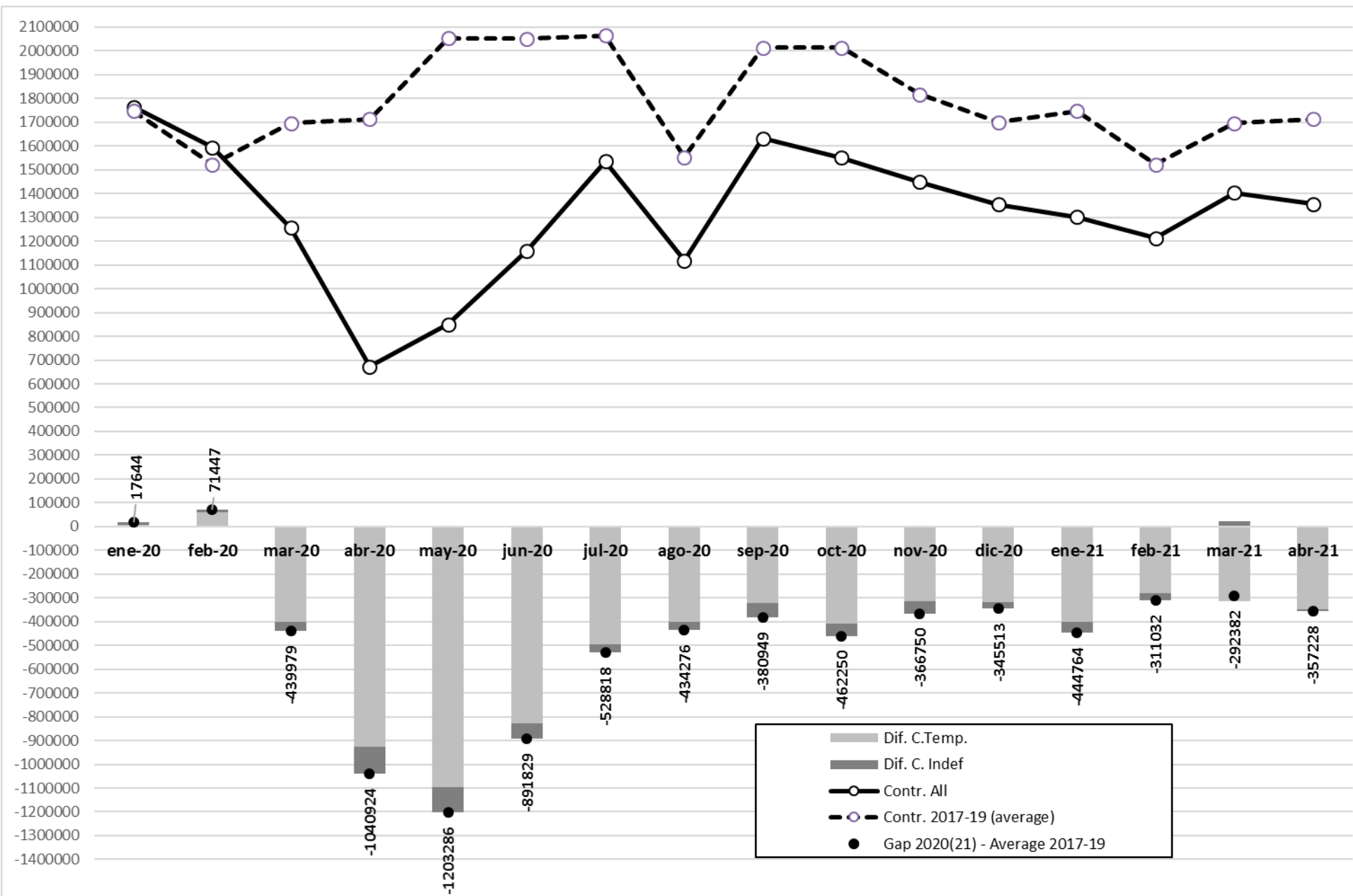
➤ *The adjustment in terms of number of dismissals has been limited in the pandemic (compared to the financial crisis), but not for the ends of temporary contracts*

The gap of new contracts mainly affects to temporary contracts

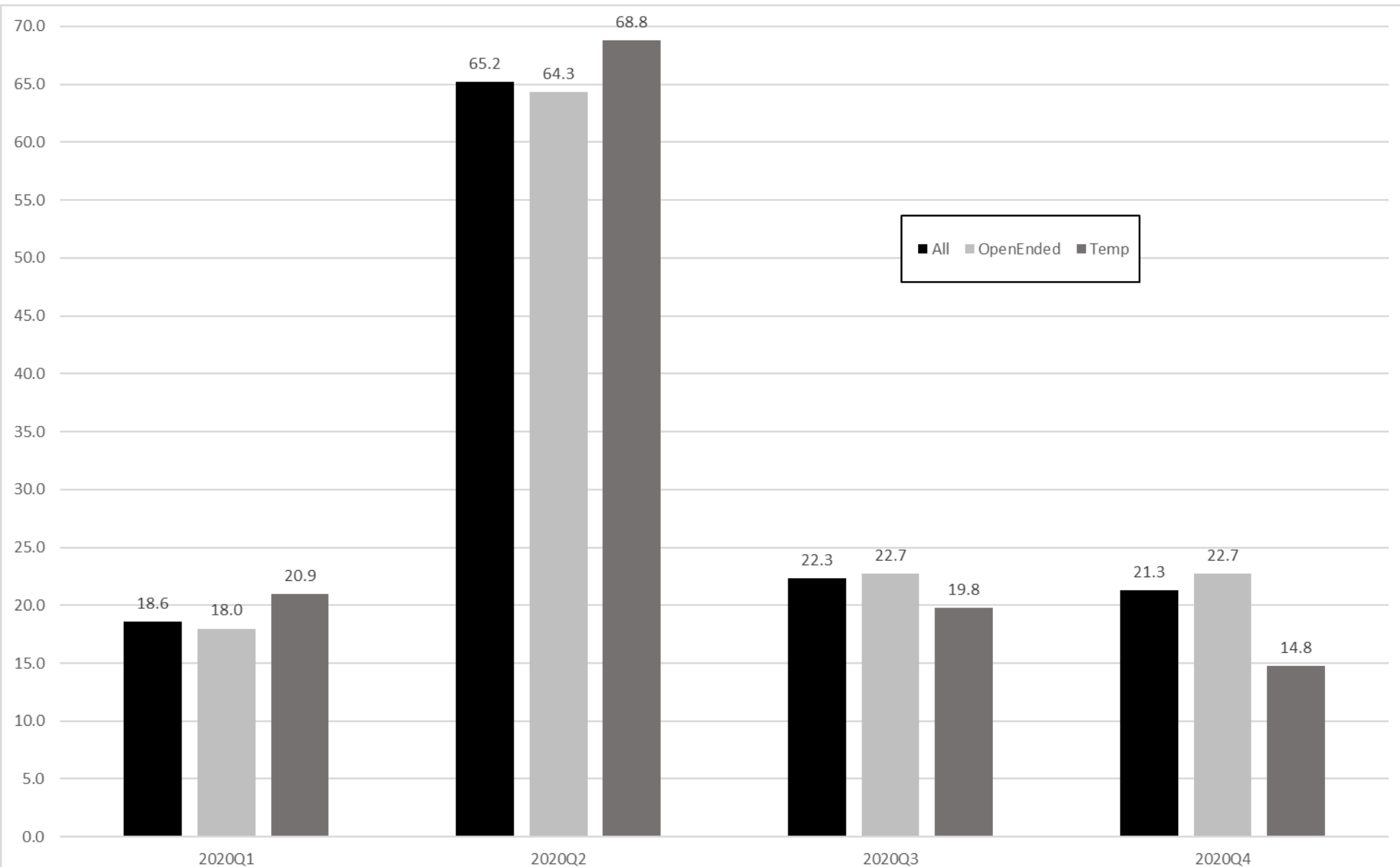
New contracts in 2020 and 2021 compared to the average of 2017 to 2019

Source: Register of Contracts (Spanish Public Employment Office).

- *There is an important and very slow closing hiring gap*
- *The hiring gap mainly corresponds to temporary contracts*



Temps and perms affected by an ERTE (1)



Affected and not affected by an ERTE in 2020

Source: Spanish LFS and own calculations

- **Huge concentration in the 2nd quarter (lockdown)**
- **Higher percentages of temps in the first semester and the opposite in the second one (especially in the 4th quarter)**

Temps and perms affected by an ERTE (2): By gender

ALL WORKERS			
Quarter	All	OpenEnded	Temp
2020Q1	18.6	18.0	20.9
2020Q2	65.2	64.3	68.8
2020Q3	22.3	22.7	19.8
2020Q4	21.3	22.7	14.8
MALE WORKERS			
Quarter	All	OpenEnded	Temp
2020Q1	18.7	18.3	20.4
2020Q2	65.3	65.2	65.5
2020Q3	21.3	22.1	16.8
2020Q4	19.9	21.6	12.5
FEMALE WORKERS			
Quarter	All	OpenEnded	Temp
2020Q1	18.5	17.7	21.6
2020Q2	65.1	63.4	72.0
2020Q3	23.3	23.3	22.9
2020Q4	22.8	23.9	17.5
Logistic regressions on being affected by an ERTE – Odds ratio			
	All	Males	Females
Temp. Contract	0.875	0.818	0.935(n.s.)

Affected and not affected by an ERTE in 2020

Source: Spanish LFS and own calculations

- The percentage of temporary workers covered by an ERTE in all quarters was **higher for women** (last column)
- This percentage was **almost the same for females and males with an open-ended contract** (2nd column)
- **Logits confirm these results by gender** (last row)

Wrapping up

- The general question: Do STW schemes protect all workers irrespective of their contract type?
 - **Spanish case:**
 - **STW: ERTE, with no distinction by contract type**
 - **Dual labour market**
- **Elements of the answer:**
 - Until the lockdown, no great observed differences
 - Later, the dual structure of the Spanish labour market almost work as usual, resting more and more on the adjustment of temporary workers (mainly on male temps)
- **Policy implications:**
 - The ERTE is a powerful tool against transitory shocks (even a big one as the pandemic crisis), but it is not almighty in a dual labour market



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Thank you very much!

malo@usal.es



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