

# Labour market segmentation in Spain: is legislation leading to a reduction in duality?

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**Abstract**: In the last decades, the Spanish legislature has expressed its concern regarding the negative impact of the existing duality in its national labour market. Many of the employment Acts adopted in the last few years specifically mention this problem in their preambles.

In order to analyse the effectiveness of the measures adopted about this question it is necessary to highlight the two different ways to approach the problem of duality. On the one hand, the existing duality could be reduced by making the access to temporary contacts of employment harder (reducing the number and the possibilities of temporary contracts and increasing the labour cost of these contracts) On the other hand, protection to open-ended contracts could be loosened so that differences of protection in both kind of contracts would be shortened. For some years the focus was on reducing hiring flexibility. Since the economic crisis of 2008, and in accordance with the recommendations of the European Council, initiatives to combat the duality of the Spanish labour market have affected firing flexibility. This paper studies the effectiveness and consequences of those policies.

Keywords: duality and segmentation, hiring flexibility, firing flexibility, labour law reforms.

### 1. The duality between temporary workers and permanent workers. The causes

For the past thirty years, the Spanish labour market has been highly segmented and there has been considerable duality between temporary and permanent workers. This has become a special feature of Spain's labour market<sup>1</sup>, that is, *a structural element of Spanish labour relations*<sup>2</sup>.

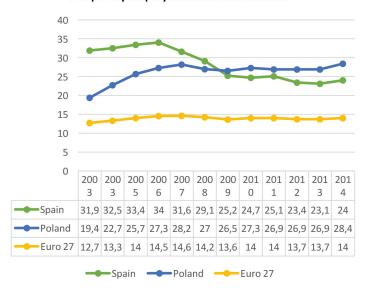
According to Eurostat (the European Statistics Agency), for many years now, Spain has been the country with the highest rate of temporary employment, at its highest in 2006 when it reached 34%. Since 2009, Spain has only been substituted by Poland in first place for having the highest temporality rate of all European countries. In 2014, the percentage of temporary workers in Spain reached 24%, the second highest in the European Union in terms of temporality, only following Poland (28.4%).

Therefore, it is remarkable that over the past twelve years, the evolution of the temporary employment rate has risen from 2003 (31.9%) until 2006 (34%), with a steady decline occurring from that year onwards, although some rises did take place in 2011 and 2014.

As a result of the high levels of labour market segmentation –permanent vs temporary workers– and the excessive turnover of the temporary appointment, there have been negative effects on

<sup>&</sup>lt;sup>1</sup> Commission Staff Working Document (2015, 40).

<sup>&</sup>lt;sup>2</sup> ESCUDERO RODRÍGUEZ, R. (1997, 208).



Temporary employment rate. Source: Eurostat

productivity<sup>3</sup>, competitiveness and proper functioning of companies, which have been detrimental to both companies and workers<sup>4</sup>. These negative effects have even affected the social protection systems<sup>5</sup>.

Therefore, Spanish lawmakers have long shown an increasing interest in tackling these excessive temporality rates in the labour market. However, the legal measures adopted by Spanish law have not succeeded in diminishing the segmentation of the Spanish labour market, and therefore, concerns have been raised regarding the strength of lawmakers' intent to fight temporality<sup>6</sup>.

Indeed, the decrease in the temporality rate since 2007 appears to have been the result of the readjustment of staff as a consequence of the crisis, rather than from the measures proposed by lawmakers to fight this excessive temporality<sup>7</sup>. This is clearly seen in the previously mentioned statistical data which reveals a rise in the temporality rate in 2014, after the impact of the economic crisis in Spain had a seemingly reduced effect.

The pressure of social agents on the need to encourage permanent hiring as well as the appropriate use of temporary hiring does not appear to have been useful in reducing the rate of labour temporality<sup>8</sup>.

It is also important to note that the causes of this excessive temporality in labour hiring are many and varied. On the one hand, there is the productive structure in a country with a strong presence of certain activity sectors –such as tourism– with the burden of seasonality<sup>9</sup> (a). On the other hand, there is a

<sup>&</sup>lt;sup>3</sup> 11th clause of Recommendation for a Council Recommendation on the 2015 National Reform Programme of Spain and delivering a Council opinion on the 2015 Stability Programme of Spain. Brussels 13.5.2015. COM(2015) 259 final.

<sup>&</sup>lt;sup>4</sup> Acuerdo Interconfederal para la Estabilidad del Empleo 7.4.1997.

<sup>&</sup>lt;sup>5</sup> Preamble of *Real Decreto-ley* 8/1997 (later Ley 63/1997).

<sup>&</sup>lt;sup>6</sup> In the past, academics have drawn attention to the contradiction between the theoretical approach of the temporality problem on behalf of lawmakers and the specific measures that have later been put into effect. See BAYLOS GRAU (1993) on this issue, in regards to the process of labour reforms started in 1992. In relation to the legal reforms introduced in 2010: CAMPS RUIZ (2010, 15) In relation to the legal reforms introduced in 2012 (RODRIGUEZ PIÑERO *et al.*, 2012, 4).

<sup>&</sup>lt;sup>7</sup> FUNDACIÓN SAGARDOY (2013, 20 and 21).

<sup>&</sup>lt;sup>8</sup> The last official document pointing out the need to reduce the excessive temporality is the *II Acuerdo para el Empleo y la Negociación Colectiva 2012, 2013 y 2014* (BOE 30.1.2012). Agreement related to Emploment and Collective Bargaining signed on 25.1.2012 by social counterparts: Confederación Española de Organizaciones Empresariales (CEOE) and Confederación Española de la Pequeña y Mediana Empresa (CEPYME) representing employer's' associations; and Comisiones Obreras (CCOO) and Unión General de Trabajadores (UGT) representing trade unions. In similar terms, the first Agreement on Collective Bargaining (BOE 6.6.1997) pointed out the negative effects of high levels of temporary contracts in the Spanish labour market.

<sup>&</sup>lt;sup>9</sup> Commission Staff Working Document (2015, 40). This report says that if high levels of labour market segmentation in Spain continue to hold the country back, it is due in part to the persistent macroeconomic uncertainty. However, the current high rate of temporary contracts even during periods of economic growth –reaching the highest percentage in 2006– does not support this conclusion.

presence of a great unjustified temporary labour exchange, stemming from the strong temporary culture existing amongst the Spanish employers (b).

- a) The growing importance of the tertiary sector in the Spanish economy. Although it is true that the seasonal nature, as a main feature of the services sector, can affect the percentage of temporality, the fact is, this circumstance alone does not seem to explain the segmentation of the labour market<sup>10</sup>.
- b) What may be defined as an "entrepreneurs' culture of labour temporality" has gradually been established over the last four decades, particularly since 1984, when priority was given to temporal hiring as a tool to promote employment<sup>11</sup>. This measure was taken in order to fight the high unemployment rates existing in Spain at that time, as a result of the contemporary economic crisis. Temporary contracts for employment promotion became widespread ever since that year. This type of temporary contracts was made without a justified cause and they were soon favoured by employers<sup>12</sup>, thus helping to perpetuate the culture of precariousness among Spanish employers. Therefore, when the law has restricted access to this type of contract, Spanish employers have not hesitated to maintain the temporary hiring practice even though it goes against legal norms (so, in *fraus legis*<sup>13</sup>)<sup>14</sup>.

Aside from these two aforementioned factors, it is necessary to add the effects that the position adopted by lawmakers, social agents and the Courts themselves have had on temporary hiring on this reality. Lawmakers have revealed a lukewarm temper when addressing the problem of temporality (BAY-LOS GRAU, 1993; CAMPS RUIZ, 2010, 19). Social agents, when negotiating collective agreements, have excessively stretched the legal frameworks, and have permitted abusive temporary hiring practices<sup>15</sup> (LóPEZ GANDÍA, 1997, 84; ESCUDERO RODRÍGUEZ, 1997, 226) Finally, the Court's decisions have encouraged the increase of temporality, by allowing, for instance, the temporary hiring of workers by suppliers in the case of outsourcing (FITA ORTEGA, 2005, 1352).

#### 2. Measures adopted to overcome the segmentation of the Spanish labour market

Theoretically there are two possibilities for reducing the temporality rates. On the one hand, there is the reduction of hiring flexibility by toughening the limits applied to temporary hiring (2.1). On the

<sup>&</sup>lt;sup>10</sup> The fact that Spanish enterprises are not competing in quality but rather, in costs, may have an even stronger impact on the temporality rate than the importance of the services sector in the Spanish economic model. PEDRAJAS MORENO *et al.* (2006, 81).

<sup>&</sup>lt;sup>11</sup> The so-called temporary contracts without an objective reason.

<sup>&</sup>lt;sup>12</sup> The favourable employer's reception to this type of hiring stems from different causes: It is an instrument of external flexibility that permits the easy adaptation of the staff to the company's circumstances, therefore avoiding the "rigid" safeguarding that concerns an indefinite employment contract (the extinction of which entails greater procedural obstacles and a higher economic cost). It represents more worker dependence and subordination to the employers' managerial power, as a result of the increased lack of employee stability caused by the temporary feature of their contracts. Finally, the temporary workers' group reveals lower rates of Union membership as compared to the group of workers with indefinite employment contracts. To learn about some of these reasons, vid. ESCUDERO RODRIGUEZ (1997, 214 and 215).

<sup>&</sup>lt;sup>13</sup> Defined as a maneuver tending to escape the scope of application of a given law in order to integrate the scope of application of another law regarded as more favourable. In this case, escaping from the law applicable to indefinite employment contracts and replacing it by the law applicable to temporary contracts.

<sup>&</sup>lt;sup>14</sup> ESCUDERO RODRIGUEZ (1997, 223, 224 and 241) CAMPS RUIZ (2010, 17) Even in the Preamble of Ley 35/2010, it is assumed that there is an increase in unjustified use of temporary contracts.

<sup>&</sup>lt;sup>15</sup> The inadequate use of the collective bargaining is implicitly considered in the "II Acuerdo para el Empleo y la Negociación Colectiva 2012, 2013 y 2014". In order to contribute to the reduction of the excessive number of temporary contracts, this document asserts that collective agreements must *encourage the adequate use of the contractual modalities in such a way that the permanent needs of a company be accomplished with indefinite-term employment contracts and the short-term requirements, when these exist, may be attended to with causal temporary contracts, directly or by means of temporary agencies.* It finishes by pointing out that collective agreements must not introduce drafts or agreements that denaturalize the legally foreseen causes of temporary employment contracts (Estatuto de los Trabajadores).

other hand, there is the introduction of flexibility to the indefinite employment contracts in order to make them more appealing from an employers' point of view (which basically means reducing the costs of dismissal –firing flexibility– and cutting social security costs) (2.2). Given that the extinctive conveniences (in terms of procedure and costs) inherent to temporary contracts represent one of the factors that encourages these contractual formulas, the need to reduce the rigidity to dismiss in the indefinite employment contracts has been argued so that employers do not perceive stability as an obstacle.

These options are not mutually exclusive but can, on the contrary, be combined to also achieve the goal of reducing the temporality rate. This would involve the combination of lower hiring flexibility with higher firing flexibility for indefinite employment contracts such that by fighting the pathologic temporality –the one not justified by objective reasons– the required flexibility that allows employers to weaken the bond with the worker is not lost.

**2.1 Reducing hiring flexibility**. The measures adopted by Spanish lawmakers since the 1990's with the purpose of fighting the duality of the Spanish labour market and slowing down the excessive temporality rate existing in Spain, were initially focused on increasing the limits of temporary hiring by establishing mechanisms to make the temporary contract option –in theory– less interesting for employers.

Hence, and with the goal of promoting objective reasons for temporary hiring:

- 1°) The number of temporary employment contracts available was reduced. This reduction affected the temporary contracts with objective reasons (eliminating the *contrato para el lanzamiento de nueva actividad<sup>16</sup>*) as well as the temporary contracts without objective reasons<sup>17</sup> (reducing the possibilities to enter into this contract just by limiting the group of people to whom this contract was address to<sup>18</sup>).
- 2°) The costs of temporary employment contracts were increased. This was achieved by two means: increasing social contributions, as a penalization for some temporary contracts<sup>19</sup>; and establishing an indemnity when the contract expired –which affected, basically, the two categories of contracts that were most often used by Spanish employers (*contrato de obra o servicio* and *contrato eventual*) often in *fraus legis*–<sup>20</sup>.
- 3°) The option to reduce Social Security costs in the case of temporary employment contracts was significantly reduced. This option remained almost exclusively devoted to encouraging stable employment.

These restrictive measures of hiring flexibility were largely driven by the need to incorporate Council Directive 1999/70/EC on fixed-term work, whose purpose, according to clause 1, has a dual nature: a) To improve the quality of fixed-term work by ensuring the application of the principle of non-discrimination. b) To establish a framework to prevent abuses arising from the use of successive fixed-term employment contracts or relationships.

This Directive declares: "To prevent abuse arising from the use of successive fixed-term employment contracts or relationships, Member States, after consultation with social partners in accordance with national law, collective agreements or practice, and/or the social partners, shall, where there are no

<sup>&</sup>lt;sup>16</sup> This contract was intended to help companies begin a new activity, offering them the opportunity of temporary hiring when opening a business or launching a new activity in the existing business.

<sup>&</sup>lt;sup>17</sup> Those aimed at job creation.

<sup>&</sup>lt;sup>18</sup> So that for a period of time (from 1997 to 2007) only disabled workers could enter into this contract. With Ley 44/2007 a new group of persons was added (people at risk of social exclusion and only if hired by enterprises searching for social inclusion)

<sup>&</sup>lt;sup>19</sup> Since Ley 49/1998 the percentage for calculating employers' contributions for unemployment benefits rose from 7.8 (in the case of indefinite contracts) to 8.3 (in the case of temporary contracts). By Ley 12/2001 the percentage for calculating contributions for common (non-professional) accidents or illnesses in the case of temporary contracts having a duration of less than seven days suffered an increase of 36%. Differences in this cost increased later, when social contributions were reduced in the case of indefinite contracts by different laws (like *Real Decreto-ley* 5/2006) in order to promote a stable employment (reaching 7.05 –instead of 7.8– nowadays).

<sup>&</sup>lt;sup>20</sup> *Real Decreto-ley* 5/2001 (later Ley 12/2001). The amount of the compensation, originally 8 days per year of service, has been progressively increased since 2012 to 12 days per year of service in 2015.

equivalent legal measures to prevent abuse, introduce in a manner which takes account of the needs of specific sectors and/or categories of workers, one or more of the following measures<sup>21</sup>:

- (a) objective reasons justifying the renewal of such contracts or relationships;
- (b) the maximum total duration of successive fixed-term employment contracts or relationships;
- (c) the number of renewals of such contracts or relationships"

Based on the parameters established in that Directive, and aimed at countering the existing abuses in temporary hirings, Spanish lawmakers introduced three new limits to temporary hiring: a limit in the number of renewals for some temporary contracts<sup>22</sup>; a maximum total duration for the *contrato de obra o servicio*<sup>23</sup>; and a limit to the succession of temporary contracts with the same worker in his/her organization<sup>24</sup>. However, the limits to the succession of temporary contracts with different workers to occupy the same post in an organization were left in the hands of the collective agreements.

However, as a consequence of the economic crisis, this last mechanism (established in Article 15.5 of the *Estatuto de los Trabajadores*) was put on hold for two years, in order to encourage recruitment<sup>25</sup>. The *Real Decreto-ley* 10/2011 providing such a withdrawal, in its Preamble, asserted that the limits for the succession of temporary contracts with the same worker in his/her organization established in 2006, in a period of economic expansion adequate to encourage employment stability, would be counterproductive at a time of crisis. It was pointed out that, in a situation of economic crisis, *the rule, far from encouraging permanent hiring, may cause undesired effects for the renewal of temporary contracts, and may negatively affect the maintenance of employment.* 

Eventually, in an attempt to reduce temporality rates, the focus has been on establishing some limits to precariousness in companies, demanding either a minimum number of permanent contracts or a maximum number of temporary contracts. Some examples of these measures, which are referred in the mentioned "II Acuerdo para el Empleo y la Negociación Colectiva 2012, 2013 y 2014<sup>226</sup>, may be found in:

- Ley 14/1994 which regulates the temporary-work agencies. This norm demands, since 1999<sup>27</sup>, that temporary-work agencies must have a minimum number of permanent-contract workers in their staff (12 workers per thousand temporary agency workers<sup>28</sup> hired in the previous year)
- 32/2006, regulating subcontracting in the building sector, introduced the obligation to count a percentage of stable personnel (with indefinite employment contracts), at no less than 30%, for those companies willing to subcontract works or services in this activity sector (This demand was applied gradually over time: 10 per cent during the first eighteen months as of the law's entry into enforcement; 20 per cent during the nineteenth to the thirty-sixth month; 30 per cent from the thirty-seventh month included)

<sup>&</sup>lt;sup>21</sup> According to article 2, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 10 July 1999, or shall ensure that, by that date at the latest, management and labour have introduced the necessary measures by agreement, being, the Member States, required to take any necessary measures to enable them at any time to be in a position to guarantee the results imposed by this Directive.

 $<sup>^{22}</sup>$  The Real Decreto-ley 5/2001 established that the *contratos eventuales* signed for a lesser duration with respect to their maximum duration (generally 6 months) could only be renewed once. On the other hand, the Ley 3/2012 limited the possible renewals of the apprenticeship contracts to two.

<sup>&</sup>lt;sup>23</sup> Three years, although expandable to twelve additional months by sectorial collective agreement (measure introduced by the *Real Decreto-ley* 10/2010).

<sup>&</sup>lt;sup>24</sup> 24 months in a 30-month period, regardless of whether they have been working providing services directly to the company or through a temporary agency with the same or a different type of fixed-term contract. In any case, it is important to highlight that this limitation is not applicable to some contracts, like formative contracts or interim contracts (measure introduced in the *Real Decreto-ley* 5/2006).

<sup>&</sup>lt;sup>25</sup> Real Decreto-ley 3/2012 shortened the period of suspension of this measure, which became effective again since January 1, 2013.

<sup>&</sup>lt;sup>26</sup> This agreement, as another measure directed to bring down employment temporality, establishes that the possibility or convenience to determine the global volume of temporary contracts is analyzed in the collective agreements.

<sup>&</sup>lt;sup>27</sup> Since Ley 29/1999.

<sup>&</sup>lt;sup>28</sup> Workers with an employment contract or an employment relationship with a temporary-work agency with a view to being assigned to a user undertaking to work temporarily under its supervision and direction (article 3.1.c of Directive 2008/104/EC on temporary agency work).

As for the determination of a maximum number of temporary contracts in the company's staff, this kind of measure has been tested in Spain with formative contracts: from the *Real Decreto-ley* 18/1993 a maximum limit for apprenticeship contracts was established<sup>29</sup>. However, since 2011 with the *Real Decreto-ley* 10/2011, this limit has disappeared.

**2.2 Greater firing flexibility**. In addition to the measures adopted to restrain hiring flexibility, other measures have been taken in order to reduce temporary rates by intensifying firing flexibility in the Spanish employment legislation<sup>30</sup>. Those have aimed at bringing down the cost and simplifying the extinctive procedures provided for in the Spanish regulation with the declared intention of fighting the Spanish labour market duality<sup>31</sup>.

It is common to state that *strict employment protection legislation often encourages recourse to a range of temporary contracts with low protection —often held by women and young people– with lim-ited progress into open-ended jobs. The result is segmentation of the labour market<sup>32</sup>.* 

In Spain the "strict" protection against dismissal is identified with the need to pay the worker an indemnity in cases of wrongful dismissal—in some cases, even when declared a fair dismissal—. So it has been argued that the high cost of compensation for firing provides a clearly dissuasive effect to hiring workers with permanent employment contracts<sup>33</sup>.

To redress this situation, the cost of dismissals has been reduced since 1997<sup>34</sup>, the year when the red line on the cost of dismissals that Trade Unions considered insurmountable was crossed for the first time<sup>35</sup>. In 1997, the so-called *contract for encouraging indefinite hiring* was introduced. This contract was established in the interest of fighting the high temporality rates and promoting stable employment for ever increasing groups of people<sup>36</sup>. Its distinctive feature consisted of a reduced indemnity in cases of objective dismissal –those dismissals not related to the worker's behaviour and his/her compliance with the basic labour obligations–. In these cases, if the dismissal was declared wrongful, the indemnity was reduced from 45 days' salary per year of service with a maximum of 42 months of salary to 33 days of salary per year of service (with a maximum of 24 months of salary).

The inefficiency of this type of contract to effectively achieve its goal of fostering stable employment was recognized by the Government in 2010. In order to promote an increased use of this type of contracts, the option was to significantly widen the group of individuals to whom it was directed<sup>37</sup>.

Moreover, in order to increase the number of indefinite employment contracts (not only of the *contrato para el fomento de la contratación indefinida*, but also of the whole set of indefinite contracts) in 2010 new legislation reduced costs of objective dismissals<sup>38</sup> in case of open-ended employment con-

<sup>35</sup> In fact, making dismissals less costly was the real and transcendental aspect of the reform of 1997. RODRIGUEZ PIÑERO (1997, p. 81).

<sup>&</sup>lt;sup>29</sup> In the beginning, that limit was established by decree according to the number of workers in a company. Later –after the Real Decreto-ley 8/1997– the legal limit was only effective in case of no limitation assigned by a collective agreement.

<sup>&</sup>lt;sup>30</sup> For a more detailed presentation of the evolution of dismissals regulation since 2010, see MANEIRO VÁZQUEZ (2014)

<sup>&</sup>lt;sup>31</sup> In that sense, see Preamble of *Real Decreto-ley* 3/2012, point V. In other occasions it was not expressly stated in the Preambles of the regulations that the changes on dismissals and redundancies regulation were directed to the fight against labour precariousness and segmentation. For instance, the *Real Decreto-ley* 8/1997 that introduced the *contrato de fomento de la contratación indefinida* as a tool addressed to fight in a decisive and urgent way against labour precariousness and the high turnover of contracts. Or, for example, *Real Decreto-ley* 10/2010, which includes some reforms on the termination of contracts within the measures adopted to reduce duality and temporality in the labour market.

<sup>&</sup>lt;sup>32</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Towards Common Principles of Flexicurity: More and better jobs through flexibility and security*, Brussels, 27.6.2007. COM (2007) 359 final, p. 6.

<sup>&</sup>lt;sup>33</sup> See Blasco Pellicer (2010, p 57).

<sup>&</sup>lt;sup>34</sup> Real Decreto-ley 8/1997.

<sup>&</sup>lt;sup>36</sup> Such groups were expanded –always with the purpose of encouraging the use of this contract of employment– at first with the Ley 12/2001, later with the *Real Decreto-ley* 10/2010 and, finally, with the Ley 35/2010. After this last norm, only the unemployed males between 16 and 30 years of age, who had not been in a situation of unemployment for more than a month or were unsuitable to enter into this contract, (in case of women is such a circumstances, they could enter into this contract if they were hired to work in professions or activities with a lesser rate of female employment) were affected.

<sup>&</sup>lt;sup>37</sup> *Real Decreto-ley* 10/2010.

<sup>&</sup>lt;sup>38</sup> Not related to worker's behavior, but to other causes such as ineptitude, absenteeism, or economical, technical, organizational or productive causes.

tracts. It is remarkable that in this case the reduction of the indemnity for the employer did not mean lower compensation for the worker, since a public entity –the *Fondo de Garantía Salarial*<sup>39</sup>– assumed the difference. That way, the maintenance of the workers' rights and the reduction of costs related to dismissal were combined<sup>40</sup>.

The *Real Decreto-ley* 3/2012 put an end to the two above-mentioned mechanisms and made a qualitative leap in the use of firing flexibility as an instrument for boosting employment and reducing duality in the labour market. In this sense, it must be taken into account that the suppression of the *contrato de fomento de la contratación indefinida* was not a result of the renouncement of reducing the cost of dismissals as an incentive towards indefinite employment contracts. On the contrary, this contract lost its interest because of the generalization of the reduction of the legal compensation in case of wrongful dismissals<sup>41</sup> that was widened to all types of contracts (temporary or indefinite-term) regardless of the motives of the dismissal (objective or disciplinary reasons)<sup>42</sup>.

Furthermore, this *Real Decreto-ley* 3/2012 introduced<sup>43</sup> a new contract (the *contrato de trabajo por tiempo indefinido de apoyo a los emprendedores*) which aims to foster stable employment. This contract of employment is addressed to companies with less than 50 workers<sup>44</sup>, and tries to persuade employers to engage under indefinite employment contracts in the same two ways as with the *contrato para el fomento de la contratación indefinida*: using the traditional mechanism of reducing employer's Social Security contributions; and reducing costs of the termination of the contract. However, with this new contract, this second way has become more relevant. Indeed, the particularity of this contract relies on the regulation of the probationary period –during which the contract can be terminated without an objective cause, without previous notice and, more relevantly, without having to pay any compensation to the worker–. In this contract, the general legal regulation of the institution, its length is shorter and depends on the workers' skills that are to be evaluated by the employer (six months in case of technical personnel and two months for other personnel<sup>45</sup>).

Hence, consequently, the option of firing flexibility as an instrument to encourage employment and reduce the duality and segmentation of the Spanish labour market has been clearly intensified in 2012.

Nevertheless, the Spanish Courts have objected to the legality of some of these measures, as the one just mentioned regarding the *contrato de trabajo por tiempo indefinido de apoyo a los emprendedores*<sup>46</sup>. In some cases tribunals have considered that this contract is contrary to the European Social Charter of 1961<sup>47</sup>, quoting the Decision on the Merits of the European Committee of Social Rights of 23.5.2012 (complaint 65/2011)<sup>48</sup>. In any case, the Spanish Constitutional Court has understood that this contract respects Spanish constitutional rights without considering whether it respects the rights recognized by the European Social Charter<sup>49</sup> or not.

<sup>&</sup>lt;sup>39</sup> A public entity financed through employers' contributions.

<sup>&</sup>lt;sup>40</sup> This measure disappeared with *Real Decreto-ley* 3/2012.

<sup>&</sup>lt;sup>41</sup> López Terrada (2012, 20).

<sup>&</sup>lt;sup>42</sup> Vamong the measures contained in Chapter IV of *Real Decreto-ley* 3/2012 (entitled 'Measures to encourage the efficiency of the labour market and reduce labour duality'), along with other measures targeted to facilitate extinctions for objective causes, the indemnity decrease in case of wrongful dismissal could be found.

<sup>&</sup>lt;sup>43</sup> In its Chapter II entitled "Promotion of the Indefinite Hiring and other Measures to Foster Employment.

<sup>&</sup>lt;sup>44</sup> According to data provided by *Real Decreto-ley* 3/2012 in its Preamble, enterprises of 50 or less employees represent the 99,23% of Spanish enterprises.

<sup>&</sup>lt;sup>45</sup> But in the case of enterprises with less than 25 workers the length is three months for non-technical personnel.

<sup>&</sup>lt;sup>46</sup> Not only Courts, but academics have also expressed their concerns about the disrespect of international rules introduced by this set of measures. López (2012, 37) Pérez Rey (2012, 60) Rodríguez PIÑERO *et al* (2012, 17 and 18) López TERRADA (2012, 38) SALCEDO BELTRÁN (2013, 93-122).

<sup>&</sup>lt;sup>47</sup> Judgment of the Juzgado de lo Social of Barcelona nº 412/2013, 19.11.2013.

<sup>&</sup>lt;sup>48</sup> In its decision, the European Committee of Social Rights confirmed that Greek legislation stipulating that employment contracts of indefinite duration, considered in probationary employment period –could be terminated without notice and severance pay unless otherwise agreed by the parties– for the first 12 months as of the date of entry into force, was in violation of Article 4, par. 4 of the European Social Charter (which recognizes the right of all workers to a reasonable period of notice for employment termination).

<sup>&</sup>lt;sup>49</sup> Judgments of the *Tribunal Constitucional* nº. 119/2014, 16.7.2014 and nº. 8/2015, 22.1.2015.

#### 3. Some incongruent actions related to the declared policy against segmentation and duality

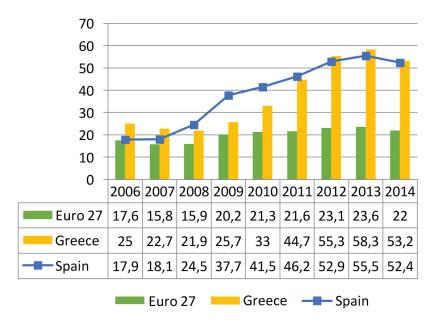
Once the Spanish lawmakers' actions, devoted to fighting the duality and segmentation of the labour market, have been exposed, it is important to analyze other measures which could be considered incongruent with the ultimate purpose of promoting stable employment. Such measures affect both hiring flexibility (3.1) and firing flexibility (3.2).

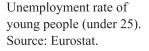
**3.1. In relation to hiring flexibility**. A renewed policy regarding temporary employment contracts may be seen as a key tool to foster employment in two ways. One way is the creation of new fixed-term contracts and the other is the consolidation of existing temporary contracts as mechanisms of employment promotion.

a) *New fixed-term contracts*. Since one of the first initiatives adopted in the field of hiring flexibility was to reduce the number of temporary contracts –with or without an objective cause–, the introduction of new forms of temporary contracts, although aimed at encouraging employment, may be inconsistent with this measure.

This argument may lead to more inconsistencies if these new contracts are established based on a legal text whose declared purpose consists of reinforcing the principle of employment stability. This was the case with *Real Decreto-ley* 5/2001 which introduced a new temporary contract –allegedly for objective causes<sup>50</sup>–: the so-called *contrato de inserción<sup>51</sup>*.

Despite these considerations, new temporary employment contracts have recently been introduced into Spanish labour legislation in order to alleviate the high rates of unemployment, especially among young people. Because of the last economic crisis and its impact on this vulnerable group, several actions have been adopted to overcome the rates of youth employment, even though those actions have not impacted the segmentation of the Spanish labour market.





<sup>&</sup>lt;sup>50</sup> The aim of this contract was to carry out a service or task of general or social interest as a way to acquire job experience and to improve the employability of the unemployed person entering this contract. It was not required that the service or activity carried out should have autonomy or substantivity, as it happens in the similar contract –this one purely objective as it is addresses to attend temporary needs– regulated in article 15.1.a of the *Estatuto de los Trabajadores*.

<sup>&</sup>lt;sup>51</sup> This contract was disappeared with *Real Decreto-ley* 5/2006 as it did not fulfill the expectations and objectives for which it was created.

According to Eurostat data, the unemployment percentage of young people under 25 years of age has almost tripled in Spain since 2008, competing with Greece for the dubious honour of having the highest rate of unemployment (including youth unemployment) in the European Union<sup>52</sup>.

Within this context, a new modality of temporary contract without an objective cause was introduced in the Spanish labour legislation in 2013<sup>53</sup>: the *primer empleo joven* contract. This contract has a 3-month minimum duration and a 6-month maximum duration (extendable to a maximum of 12 months through a collective agreement) and is intended to encourage the employment of unemployed young people –under 30– having limited (less than three months) or no work experience.

b) *The consolidation of temporary contracts as a mechanism to boost employment*. The actions intended to encourage youth employment have not been limited to the introduction of the abovementioned contract. The legal system of formative contracts<sup>54</sup> has also been modified, especially the apprenticeship contract, which has been increasingly seen as an instrument to foster employment<sup>55</sup>. Indeed, if the initial purpose of this contract was to give young people without qualifications access to the labour market, providing them with needed training, the successive reforms on the legal regulation of these contracts (training and apprenticeship) have significantly blurred said objectives.

So, in relation to apprenticeships, young people to whom this contract would be addressed to and who could be eligible for this contract, according to the first text of the *Estatuto de los Trabajadores* of 1980, were only individuals between 16 and 18 years of age. Nowadays, with unemployment rate rising to 15%, people under 30 can enter into this contract<sup>56</sup>.

The age limit for this contract has fluctuated over the past years, based on the economy's cycles. The trend to increase the age limit during periods of high unemployment percentages highlights its use as an instrument to reduce unemployment: the age limit was extended to 20 years in 1984<sup>57</sup>, and was not required in the case of handicapped workers –this exception has never disappeared since this time-; it rose to 25 years in 1993 –in an economic crisis period<sup>58</sup>–; in 1997, during a period of economy recovery, it was once again reduced to 21<sup>59</sup>.

In 2001, and paradoxically, in the context of a legal disposition addressed to reduce the excessive temporality rates<sup>60</sup>, the group of individuals that were not subjected to the age limit was extended considerably (so that together with disabled workers –among other groups– those who had been unemployed for more than three years were also included). In 2006, the number of exceptions to the age limit was reduced, although the age limit increased from 21 to 24 for other worker categories<sup>61</sup>.

Finally, during this last economic crisis, three modifications have taken place: in 2010<sup>62</sup>, some modifications were made both for the group of people that were not subject to the age limit as well as

<sup>56</sup> Ley 3/2012 (Disposición transitoria 9).

<sup>62</sup> Real Decreto-ley 10/2010.

<sup>&</sup>lt;sup>52</sup> Regarding global unemployment rate in Spain and Greece, the evolution from 2010 to 2014 shows the following data. Greece: 12.7% (2010) 17.9% (2011) 24.5% (2012) 27.5% (2013) y 26.5% (2014). Spain: 19.9% (2010) 21.4% (2011) 24.8% (2012) 26.1% (2013) y 24.5% (2014).

<sup>&</sup>lt;sup>53</sup> *Real Decreto-ley* 4/2013. In any case, and in a bid to provide this contract with an objective cause, this norm points out that the acquisition of a first job experience will be considered as the cause of the contract.

<sup>&</sup>lt;sup>54</sup> Which are temporary because of their scope of giving some training to inexperienced workers (maximum of two years in the case of training and three years in the case of apprenticeship).

<sup>&</sup>lt;sup>55</sup> LÓPEZ GANDÍA (2012, 88).

<sup>&</sup>lt;sup>57</sup> Law 32/1984, targeted to implement *the adaptation of an institutional framework that regulates the labour market to the new circumstances of the Spanish economy, after the economic crisis of the last decade* (Preamble).

<sup>&</sup>lt;sup>58</sup> This modification was introduced by *Real Decreto-ley* 18/1993 within the set of measures addressed to optimize employment possibilities for young people lacking specific professional training and work experience, and foster their work placement.

<sup>&</sup>lt;sup>59</sup> *Real Decreto-ley* 8/1997. In the Preamble of this text, the need to initiate a debate regarding how the economic recovery could be accompanied by an improvement in the labour market, offering a joint answer to the serious problems of unemployment, precariousness and high employment turnover, was pointed out.

<sup>&</sup>lt;sup>60</sup> Real Decreto-ley 5/2001.

<sup>&</sup>lt;sup>61</sup> *Real Decreto-ley* 5/2006. This *Decreto-ley* was intended to encourage stable employment taking into account the continuing segmentation between temporary and permanent contracts and, most importantly, given the high rate of temporality

for the group with a higher age limit (24); in 2011<sup>63</sup>, the maximum age was increased to 25; and in 2013, the fact that those under the age of 30 could enter into this contract, as a temporary measure, until the unemployment rate decrease to under 15 %.

On the other hand, the legal regulation of this contract has not been fully coherent with its original aim in regards to the requirement of lack of qualification. In fact, since 1993, the legal regulation of the contract allows for qualified individuals to enter into it, as long as their qualifications are not related to those required for entering into a training contract in the activity performed<sup>64</sup>.

Furthermore, if the apprenticeship contract was created as an opportunity for professional training, intended for unqualified young people in order to offer them a professional career (and just one),<sup>65</sup> this has not been the case since 2012. Nowadays, one can enter into an apprenticeship contract even if he/she was previously hired by the same or a different company under this contract. The only restriction now relates to the activity carried out: it must be related to a different professional career<sup>66</sup>.

Temporary employment contracts have also been fostered during this crisis period by the progressive enlargement of the objective reasons allowing user undertakings<sup>67</sup> to enter into *contratos de puesta a disposición* (assignments) with temporary work agencies (ETT, based on its initials in Spanish) This has meant a qualitative leap in the role attributed to temporary works agencies. If initially their role was basically 'logistic' –providing workers to companies in need of a temporary workforce–, after the successive reforms occurring in 2013, that function has been blurred, reinforcing their role as employment fosterers<sup>68</sup>. This is the conclusion that may be drawn from the legislation that has increased the cases in which user undertakings can enter into assignments with temporary work agencies, allowing them to do so in the same cases foreseen in formative contracts (apprenticeship<sup>69</sup> and training<sup>70</sup>) or the *primer empleo joven* contract<sup>71</sup>.

The fostering of these unstable contracts has two immediate consequences. On the one hand, by increasing the options to enter into temporary contracts, the segmentation of the labour market remains steady. On the other hand, it implies precariousness of the working conditions<sup>72</sup>. In this sense, it must be considered that the apprenticeship contract has a legal minimum wage equivalent to the inter-pro-fessional minimum wage (648.60  $\in$  per month in 2015 –14 payments–) in relation to the time worked. Given that during the first year of the contract no less than 25 % of the working day must be devoted to training (85% in the second and third year), the minimum wage will be 75% of the inter-professional minimum wage (486.45  $\in$ ) during the first year<sup>73</sup>.

**3.2 Actions related to firing flexibility.** As previously mentioned, firing flexibility has also been implemented in order to boost employment. However, certain inconsistencies may also be observed in some of these measures related to firing flexibility<sup>74</sup>.

<sup>&</sup>lt;sup>63</sup> Real Decreto-ley 10/2011.

<sup>&</sup>lt;sup>64</sup> Article 7 of *Real Decreto* 2317/1993. Nowadays article 6 *Real Decreto* 1529/2012.

<sup>&</sup>lt;sup>65</sup> As there was no reason to enter into another apprenticeship contract –either for the same or a different activity– once the skills related to the first professional activity were obtained. This explains that since *Real Decreto-ley* 2317/1993, once the maximum duration of the contract had expired, the worker could not be hired under this contract by the same or different activity.

<sup>&</sup>lt;sup>66</sup> Article 2 Real Decreto-ley 3/2012.

<sup>&</sup>lt;sup>67</sup> That is, any natural or legal person for whom and under the supervision and direction of whom a temporary agency worker works temporarily. (art. 3.1.d of Directive 2008/104/EC on temporary agency work).

<sup>&</sup>lt;sup>68</sup> *Real Decreto-ley* 16/2013 asserts that the modifications affecting training contracts are used to make the incorporation of young workers to the labour market possible. In this legal text it is considered that with this measure stable employment is fostered since the training contract has proved to be an important way to access the labour market and a way of transition towards indefinite-term contracts.

<sup>&</sup>lt;sup>69</sup> Real Decreto-ley 4/2013 (Third final provision).

<sup>&</sup>lt;sup>70</sup> Article 3.1. *Real Decreto-ley* 16/2013.

<sup>&</sup>lt;sup>71</sup> Ley 11/2013 (Disposición adicional 5).

<sup>&</sup>lt;sup>72</sup> Regarding this risk see: RODRIGUEZ PIÑERO *et al* (2012, 14).

<sup>&</sup>lt;sup>73</sup> In the case of training contracts, the minimum wage is established at 60% or 75 % of the wage established in a collective agreement for the corresponding professional category (art. 11.1.e of the *Estatuto de los Trabajadores*).

<sup>&</sup>lt;sup>74</sup> Regarding this question, GIMENO DÍAZ DE ATAURI (2015).

The first inconsistency relates to the reduction of severance pay in cases of wrongful dismissals introduced for the first time in 2002<sup>75</sup>, and reintroduced in 2012<sup>76</sup>. Instead of fostering a stable employment, it has considerably decreased the costs of wrongful dismissals of workers with poor stability in the company –workers provided with temporary employment contracts–. As a consequence, with this logic of reducing dismissal costs in order to promote employment, temporary contracts have been boosted instead of indefinite ones.

This is the case of wrongful dismissals, where the employer<sup>77</sup> can choose between the worker reinstatement or contract termination (in this last case, the employer must pay an indemnity). Regardless of the option selected, before the reform, the employer had to pay the so-called *salarios de tramitación* (procedural salaries)<sup>78</sup>. *Real Decreto-ley* 3/2012 suppressed these procedural salaries when the option becomes the payment of an indemnity –hence, not in cases of readmission– which in turn has significantly reduced the cost of wrongful dismissals of the workers with limited seniority in the company –usually workers with temporary contracts–, and has discouraged their employment stability. Thus, this decision has contributed to perpetuate the segmentation of the labour market.

Indeed, since the cost of indemnities in cases of dismissal in Spain depends on the seniority of the worker within the company, procedural salaries would increase the cost of firing workers having limited seniority<sup>79</sup>.

The second inconsistent action regarding firing flexibility, within the scope of encouraging stable employment, has also been introduced through *Real Decreto-ley* 3/2012. According to this decree, the cost of wrongful dismissals has been reduced from 45 days of salary per year of service to 33 days (and the maximum limit has been reduced from 42 months of salary to 24 months) This measure was introduced in order to *encourage the efficiency of the labour market as an element linked to the reduction of the labour duality*<sup>80</sup>. In the Preamble of *Real Decreto-ley* 3/2012, it is argued that the traditional indemnity of 45 days of salary per year of service, *constitutes an element that "overaccentuates" the existing breach between the costs of termination of a temporary contract of employment and the costs of terminating indefinite-term contracts, in addition to being a distortive element for the competitiveness of companies, especially for the smaller ones due to the current times of limited sources of financing.* However, the reduction of the indemnity to 33 days means reducing all wrongful dismissals, regardless of contract type.

Subsequently, this measure does not contribute to reduce the difference of severance pay between permanent and temporary employment contracts as it does not modify that which generates the difference of treatment in indemnities, that is, that the indemnity mainly depends on the worker's seniority in the company<sup>81</sup>.

It should come as no surprise then that Council Recommendation of 8 July 2014 on the National Reform Programme 2014 of Spain (D.O. C 247 29.7.2014) points out that segmentation remains an important challenge for the Spanish labour market, that the number of contract types remains high and that the gap between severance costs for fixed-term and indefinite contracts remains amongst the highest in the Union, even after the reform.

<sup>&</sup>lt;sup>75</sup> *Real Decreto-ley* 5/2002. This decree was declared null and void by judgment no. 68/2007 of the Tribunal Constitucional (28-3-2007).

<sup>&</sup>lt;sup>76</sup> Article 18 of *Real Decreto-ley* 3/2012.

<sup>&</sup>lt;sup>77</sup> Spanish legislation only recognizes this option to employees in the case of workers' representatives.

<sup>&</sup>lt;sup>78</sup> The unpaid wages from the firing date until the notification of the judgment that would have first declared the firing as wrongful.

<sup>&</sup>lt;sup>79</sup> For instance: a worker with a salary of 50  $\in$  per day and with a seniority of 3 months in the company would receive 412.50  $\in$  of indemnity. If the judgment declares the dismissal to be wrongful, after 6 months since the dismissal, it is declared that the worker would receive 9,000  $\in$  awarded in procedural wages. Nowadays, given the accumulation of complaints, the Social Courts are taking approximately a year and a half, as of the time of the complaint, to notify of the judgment.

<sup>&</sup>lt;sup>80</sup> Preamble of *Real Decreto-ley* 3/2012 (Parts II and V).

<sup>&</sup>lt;sup>81</sup> Only the reduction of the maximum limit of compensations (from 42 to 24 months of salary) allows for an initial approach to the amount of compensation to be received, for unfair dismissal, of both open-ended and temporary contract workers.

We can conclude that firing flexibility has not had the intended effect in overcoming segmentation –since the preference for temporary contracts is still widespread amongst Spanish employers<sup>82</sup>– but it has contributed to rendering instability and precariousness as new features of the labour system.

The reduction in labour market duality appears to have been useful as a pretext for cheapening costs of dismissals without a fair cause or those carried out without following the legal procedural requirements –in other words, wrongful dismissals–<sup>83</sup>.

#### 4. Conclusions

The initiatives implemented to fight segmentation in the Spanish labour market still fail to yield the intended results. The European Commission has recognized that despite regulatory reforms, the proportion of the workforce in temporary employment began to increase once again in 2014, reaching over 24 %, and particularly affecting young people and the low-skilled. Moreover, the new types of contracts that have been introduced and the incentives to encourage employers to hire staff on an open-ended basis have yet to be used to their full potential<sup>84</sup>.

In view of the previous considerations, it seems clear that the actions of Spanish lawmakers were not truly intended to end the labour market's current duality and segmentation. On the one hand, they are the result of the current situation of economic crisis. On the other hand, this same crisis may be used as a pretext to introduce measures of flexibility that are an obstacle to reducing segmentation.

It should be pointed out that the option of lawmakers, when similar cases of economic crisis have taken place, has always been to introduce flexibility in the legal system with regards to temporary contracts, without proposing effective measures targeted to putting an end to fraud in temporary contracts. This was the case of 1997, when the so-called *contrato de fomento de la contratación indefinida* (CFCI) was introduced, including a kind of labour amnesty intended to identify and regularize those temporary contracts concluded in fraud *(fraus legis)*<sup>85</sup> allowing the implementation of incentives (bonuses in employer contributions to the Social Security) for the transformation of temporary contracts signed before a set date, into indefinite-term contracts. This sort of amnesty, applicable from the first legal regulation of the CFCI (*Real Decreto-ley* 8/1997), was prolonged during the entire applicability of this contract until its disappearance. So, all of the following regulations (*Ley* 12/2001, *Real Decreto-ley* 5/2006, *Real Decreto-ley* 10/2011) were given successive amnesties.

The only advances that lawmakers appear to have made from these reform measures are declarations of good intentions, which hide, in some cases, ill-intentioned purposes. This is the conclusion that may be drawn from the actions implemented within the crisis period that started in 2008. During these years of crisis, greater hiring flexibility has been added to increased firing flexibility which does not contribute –suspected of not being the real objective of the reforms implemented– to overcome the duality and segmentation of the labour market<sup>86</sup>.

While the increased firing flexibility is a bid in favour of stable employment, the problem is that pathologic temporality within hiring could be substituted with pathologic actions related to dismissals. There are many examples emphasized by the judgments of Spanish Social Courts: such as *contratos indefinidos de apoyo a emprendedores*, having a one-year probationary period despite involving activities that do not require high qualifications, and that are extinguished a few days before the end of the probationary period.

However, the economic crisis appears to have offered justification for the current state of things at a national level<sup>87</sup>. The laws introducing reforms are not the only ones that have been justified by the

<sup>&</sup>lt;sup>82</sup> FERNANDEZ LÓPEZ (2012, 208). According to LÓPEZ TERRADA (2012, 79) new rules may lead to even higher levels of instability.

<sup>&</sup>lt;sup>83</sup> Urrutikoetxea Barrutia (2012, 28).

<sup>&</sup>lt;sup>84</sup> 11<sup>th</sup> whereas clause of Recommendation for a Council Recommendation on the 2015 National Reform Programme of Spain and delivering a Council opinion on the 2015 Stability Programme of Spain. Brussels, 13.5.2015. COM(2015) 259 final. <sup>85</sup> ALBIOL MONTESINOS (1997, 57).

<sup>&</sup>lt;sup>86</sup> GOERLICH PESET, J.M. (2012, 24).

<sup>&</sup>lt;sup>87</sup> This was the argument of the Greek government in defense of the cuts introduced in social laws in the proceedings

economic crisis. In some cases, judicial decisions that have determined the implemented measures have also justified them. In this way, the Spanish *Tribunal Constitucional* argued in favour of the constitutional legality of certain laws in response to a scenario of severe economic crisis. Nevertheless, it becomes rather doubtful that any of these measures, such as the proposal for the *contrato de apoyo a emprendedores*, conforms to international standards or even to the principles and legal foundations of European Union Law.

Sometimes the objectives established in the Treaty on the Functioning of the European Union (TFEU) have been argued as grounds for limiting the impact of the new regulations. In this sense, the judgment by the Supreme Court from 27.1.2014 (appeal number 100/2013) does not accept that the so-called "social dumping" may be reached by means of the degradation of the working conditions. The Court declares that even though all wage reduction implies increased competitiveness, any means or terms used to carry out this wage reduction cannot be accepted. *Even more when article 151 of the Treaty of the Functioning of the European Union establishes as its objective –and as the objective of all EU Member States– "the improvement of living and working conditions" to which is even subordinated "the need to maintain the competitiveness of the Union economy"; and we should not forget the primacy of European law and the 'pro comunitate' interpretation criterion which even affects the Constitution in accordance with art. 10.2 of the Spanish Constitution".* 

On the other hand, in the general introduction to Conclusions XIX-2 (2009) on the repercussions of the economic crisis on social rights, the European Committee of Social Rights said that while the "increasing level of unemployment is presenting a challenge to social security and social assistance systems as the number of beneficiaries increase while tax and social security contribution revenues decline", by agreeing to the 1961 Charter, the Parties "have accepted to pursue by all appropriate means, the attainment of conditions in which inter alia the right to health, the right to social security, the right to social and medical assistance and the right to benefit from social welfare services may be effectively realised." Accordingly, it concluded that "the economic crisis should not result in a reduction of the protection of the rights of the Charter are effectively guaranteed during a period of time in which beneficiaries require the most protection"<sup>88</sup>.

But once again, at a national level, things appear to work otherwise. In its response to this decision, the Greek delegation before the Committee pointed out that: 1) Its government accepted the conclusions of the ECSR concerning the issues of non-conformity with the European Social Charter. 2) That the measures were of a provisional nature. 3) The Greek government had the firm intention of revoking these measures as soon as the country's economic situation would allow it. However, in this respect, and with regard to the political and economic constraints, it was not possible to envision a set timeframe, although it was unlikely that tangible results in Greece would be apparent before 2015<sup>89</sup>.

In addition to all of the previous considerations, one additional final comment should be made in regards to the consequences of the policies implemented to promote stable employment: they have introduced a higher risk of in-work poverty. Currently, it is not just the issue of precariousness related to the instability of employment, but also precariousness in working conditions, particularly salary. The impact of certain types of contracts (apprenticeship) on wages has been pointed out in this paper. But Spain is suffering from another key factor of precariousness, also linked to the policies that foster employment, regardless of whether it is stable or not: the promotion of part-time work – which seems in most cases to be not by choice-<sup>90</sup>.

We can conclude that Spain is far from overcoming labour market segmentation. Not only due to the poor results of policies promoting stable employment but also due to the appearance of a new

before the European Committee of Social Rights (complaint number 65/2011) and their response to the decision adopted by this organization.

<sup>&</sup>lt;sup>88</sup> Decision on the Merits adopted on 23 May 2012, General Federation of employees of the national electric power corporation (GENOP-DEI) and Confederation of Greek Civil Servants' Trade Unions (ADEDY) v. Greece. Complaint No. 65/2011.

<sup>&</sup>lt;sup>89</sup> Ministers' Deputies/Rapporteur Groups. GR-SOC. Rapporteur Group on Social and Health Questions. GR-SOC(2012) CB5. 5 November 2012.

<sup>&</sup>lt;sup>90</sup> Commission Staff Working Document (2015, 41).

form of polarization: full time employees against part-time ones (wage polarization)<sup>91</sup> which increases gender inequality as part-time contracts tend to be more present amongst women in both indefinite and temporary employment contracts.

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<sup>&</sup>lt;sup>91</sup> Polarization that new rules related to part-time work is increasing as new employment laws related to part-time work are not fostering employment stability and reducing duality. RODRÍGUEZ PIÑERO (2012, 21).

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