

The Specialized Labour Market Review

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Temporary work reduces the time spent in unemployment by a month for those taking it

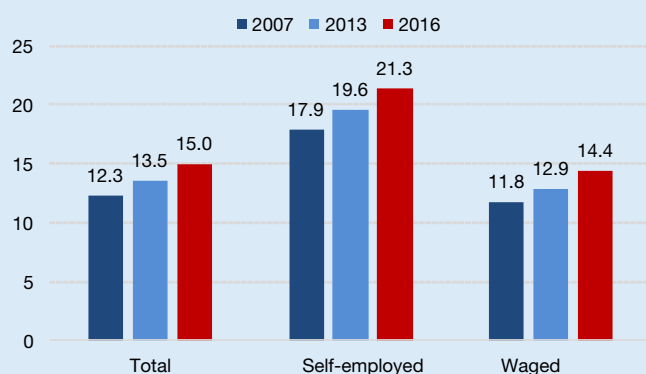
The unemployed who found a job in the past year were unemployed for 15 months, a month more than those who found a temporary job. This period is shorter for men, the under 35s, the highly educated (able to take more qualified jobs) and those residing in Navarre or Aragon.

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As discussed in our previous issue, the recovery in the economy and employment has allowed a growing number of the unemployed to rejoin the labour market. However, this improvement has not been across the board, as only certain groups have benefited. The May issue noted that unemployed men aged 25-34, those with higher education and less than a year unemployed are those who today have the best chance of finding a job.

It is precisely the latter characteristic (time spent in unemployment) that we will analyse in this issue, as it is a variable that measures in some way how up-to-date workers' skills are. In other words, the longer workers spend in unemployment, the higher the likelihood that these skills will become outdated or that they will lose touch with the sector in which they used to work, and hence the less attractive they will be to potential employers. An analysis of the average time spent in unemployment by workers hired in the past year, using the EPA microdata, shows that the average was over a year (15 months, in fact). Though this period has increased by 3 months since the onset of the crisis, it is quite limited, considering the current level of unemployment (21% in 1Q16), the proportion of long-term unemployed (60% in 1Q16) and the average time spent in unemployment by those who have not found work (over two and a half years in 1Q16).

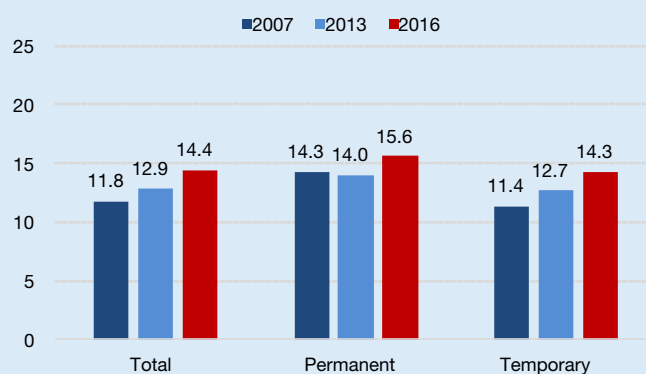
No. of months spent in unemployment by workers who found jobs in the previous 12 months by employment status



Source: INE

*Figures for 2016 are the average of 2Q15-1Q16

No. of months spent in unemployment by workers who found waged jobs in the previous 12 months by duration of contract



Source: INE

* Figures for 2016 are the average of 2Q15-1Q16

... a month more than those who found a temporary job...

By employment status, the time is longer for unemployed workers who decide to set up in self-employment (over 21 months), probably because they take up this option as a last resort (entrepreneurship has increased during the crisis due to necessity rather the perception of opportunities) or because of the bureaucratic procedures required, rather than wait (almost 14 and half months on average) until they find waged employment. In the latter case, the type of contract offered by the employer is also relevant. If the unemployed worker takes a temporary, rather than permanent, job, his/her time in unemployment is almost 2 months less. Comparing the average time that any unemployed worker takes to find a job, it can be seen that temporary work reduces it by a month, i.e. temporary work is not simply the key to emerging from unemployment, it also serves to shorten the time spent in that situation.

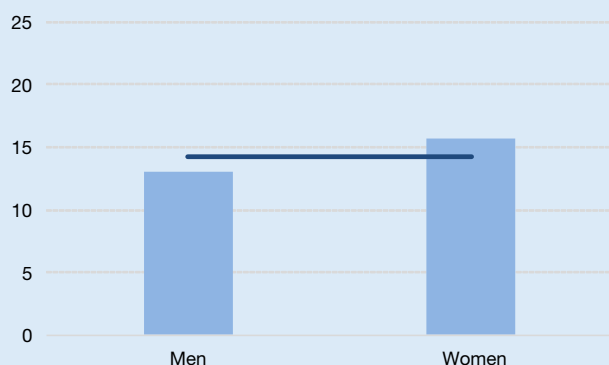
...this period is shorter for men...

With regard to the profile of the unemployed who found a temporary job in the past year, it can be seen that the men hired had been unemployed for less time than the women (13.1 and 15.7 months respectively), even though the current unemployment rate and proportion of long-term unemployed do not show significant differences by gender.

... the under 35s...

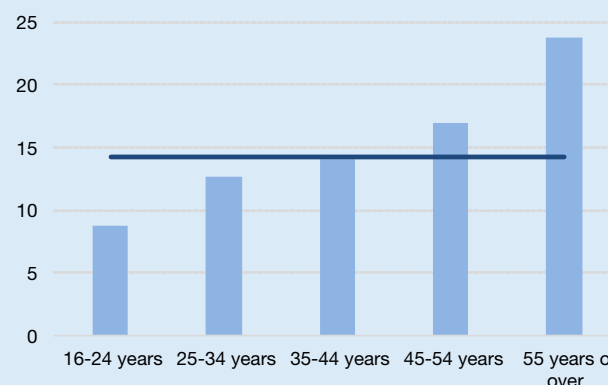
On the other hand, they can be differentiated with regard to age. Although young workers suffer one of the highest rates of unemployment, those who find temporary work have been unemployed for little more than nine months. The situation of the over 55s is different, as they can spend as long as two years unemployed. This group therefore has a higher risk of becoming stuck in unemployment, which can have a negative on their government pension when they retire (even though the system is aware of this and seeks to provide them with special protection).

No. of months spent in unemployment by workers who found temporary jobs in the previous 12 months by gender



Source: INE

No. of months spent in unemployment by workers who found jobs in the previous 12 months by age group

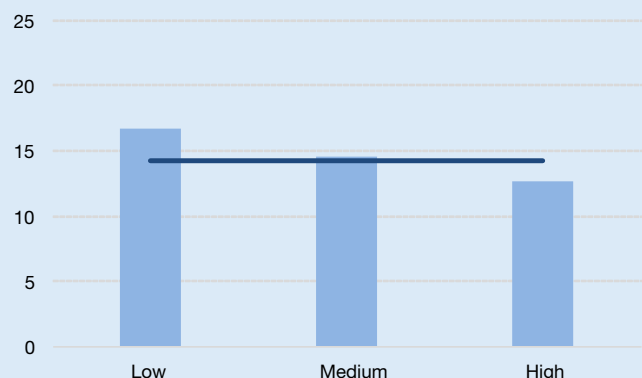


Source: INE

... the highly educated (able to take more qualified jobs)...

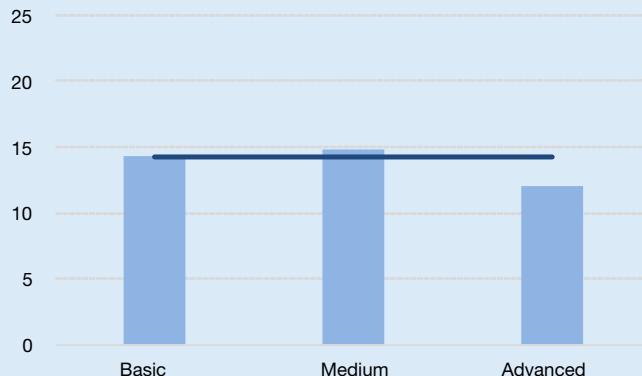
Once again, education appears as an effective tool in the search for employment and in shortening the time spent in unemployment. Unemployed workers with higher education hired in the past year were unemployed for 12.7 months, four less than those with only basic education. The same occurs with the type of occupation in the new job, which is usually related to the qualifications required for each position. For advanced occupations, the time spent in unemployment is only a year, while for those of a basic type it is 14.3 months. In other words, unemployed workers who moved into positions of responsibility were unemployed for less time than those hired for basic jobs.

No. of months spent in unemployment by workers who found temporary jobs in the previous 12 months by educational level in 1Q16



Source: INE

No. of months spent in unemployment by workers who found temporary jobs in the previous 12 months by occupational level in 1Q16



Source: INE

As noted above, taking longer to find a job can mean that the skills of the unemployed worker become increasingly obsolescent, especially in the case of the most qualified. If the work is of a basic or medium level nature, the skills are acquired more easily and quickly than if higher levels are required. This is probably the path for the long-term unemployed to rejoin the labour market and it also explains why the time spent in unemployment by those hired has been somewhat longer.

...and those residing in Navarre or Aragon.

Indeed, at the regional level, it can be seen, as could hardly be otherwise, that the less the time spent in unemployment by those who found a temporary job in the past year, the lower the proportion of long-term unemployed and the lower the unemployment rate. The regions where the unemployed had spent least time in unemployment when hired were Navarre and Aragon, with 9 and 11 months respectively, with the Canary Islands at the other extreme with 19 months. These periods are generally shorter than if they had waited to find permanent jobs. However, in Asturias, the Balearic Islands and Murcia, those taking temporary work have to wait longer, but this is probably due to the re-hiring of long-term unemployed workers.

