Steady as she goes: Labor dynamism consolidates in Spain

Nearly one in five workers in Spain changed jobs during the first half of 2015, according to the latest labor dynamism index, project of Meta4 and IESE.

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The labor dynamism index (LDI) confirms the continuing agility of the labor market in Spain, standing at 18.6 percent during the first half of 2015. This level is just shy of the record high of 18.8 percent registered at the end of 2014, after two years of continuous growth.

The LDI tracks mobility and flexibility within the labor market. Developed by IESE's **International Research Center on Organizations** and Meta4, it registers when a company makes a change in a job contract or replaces one worker with another. Importantly, it picks up on job movements that do not directly depend upon the economy — i.e., outright job creation or elimination. In the latest results, the LDI shows that almost a fifth of job changes come from labor force dynamism, apart from job creation or elimination.

Movement afoot in temp work

The main source of Spain's market dynamism is an increase in temporary contracts, the updated LDI shows. The most movement is seen in fixed-term contracts that are also part-time: this group accounts for almost 60 percent of the dynamism observed. Meanwhile, full-time, fixed term contracts are responsible for about 40 percent of dynamism. There was very little movement observed for permanent positions.

The results indicate that there are now more options for those left outside the labor market. At the same time, those options are increasingly of shorter duration. Greater labor flexibility may indicate more precarious situations for workers in search of permanent positions.

More creation than destruction

The updated LDI shows that for every 100 jobs in Spain, four new posts were created while just two disappeared. This confirms the positive trend observed over the previous year.

Another data point inviting optimism is the percentage of new contracts signed by the total workforce. That signing rate stands at about 10 percent in mid-2015 — its highest level seen since 2010.

A tool to take the pulse of labor dynamism

The LDI analyzes labor mobility as workers retire, step down or are dismissed from their positions. It also measures changes in employment contracts (from fixed-term to permanent, full-time to part-time, from one function or department to another, etc.).

LDI data is gathered from 150,000 employees at 900 companies operating in Spain, covering 21 sectors of the economy.

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