



Dual Labour Markets And (Lack Of) On-The-Job Training: PIAAC Evidence From Spain And Other Eu Countries

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This paper uses Spanish micro data from the *Programme for the International Assessment of Adult Competencies* (PIAAC) to document how a dual labour market can generate a much larger gap in employer-sponsored training between permanent and temporary workers than a more unified labour market. This happens because large differentials in employment protection in dual labour markets lead to a high turnover rate of temporary workers and a low turnover rate of permanent workers. Given their excessive churning, firms find it optimal to invest much less on training temporary workers. Furthermore, using the literacy and numeracy scores reported in the PIAAC study, it is also shown that large training gaps could result into substantial gaps in cognitive skills between these workers. Lastly, using cross-country evidence, we find that the qualitative results found for Spain also hold in other European dual labour markets whereas they are much weaker in countries with less-segmented labour markets.