

[IZA News](#)[About IZA](#)[Organization Chart](#)[People](#)[Research](#)[Labor Policy](#)[Publications](#)[Discussion Papers](#)[Policy Papers](#)[Standpunkte](#)[Books](#)[Research Reports](#)[IZA Compact](#)[IZA in the Press](#)[Publication Record](#)[Journals](#)[Events](#)[IZA Prize / YLE Award](#)[Teaching](#)[Links / Resources](#)[Press](#)

# IZA



## The Effect of Product Market Competition on Job Instability

by Ainhoa Aparicio Fenoll  
(April 2011)

### Abstract:

This paper assesses the impact of product market competition on job instability as proxied by the use of fixed-term labor contracts. Using both worker data from the Spanish Labor Force Survey and firm data from the Spanish Business Strategies Survey, I show that job instability rises with competition. In particular, a one standard deviation increase in competition in an economic sector decreases the probability that a fixed-term worker gets an open-ended contract within that sector in a given year by more than 30%. The effect is identified by means of exogenous shifts in competition brought about by changes in legislation.

**Text:** See [Discussion Paper No. 5669](#)



[Back](#)