

Labour Market Monitor

Issue No. 92 | March 2015

Key points of the month

- Social Security enrolment rose almost 97,000 (2.8% YoY) in February, considerably more than in the same month in 2014.
- The labour market is now in a phase of strong job creation, supported by an environment in which access to credit is easier and sectors such as construction show signs of incipient recovery.
- The Afi-ASEMPLEO SLM Indicator points to a slightly larger YoY rise in employment in March than in February.

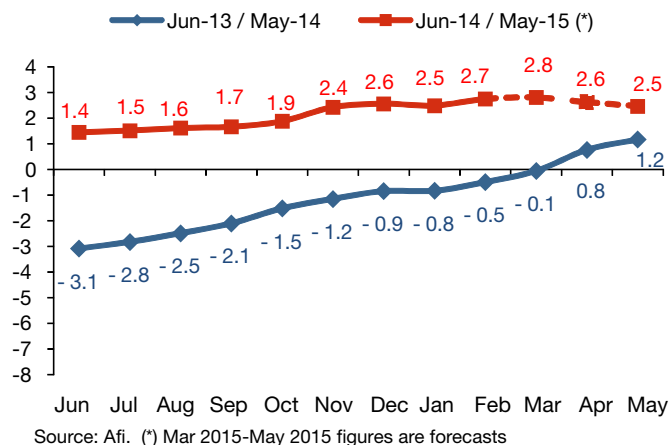
The growth in employment again accelerates

Good employment figures in February. Social Security enrolment rose by almost 97,000, considerably more than in February 2014 (38,000), taking the YoY increase in Social Security enrolment to levels of 2.8%. If agricultural employment is excluded, this rise would be above 3%.

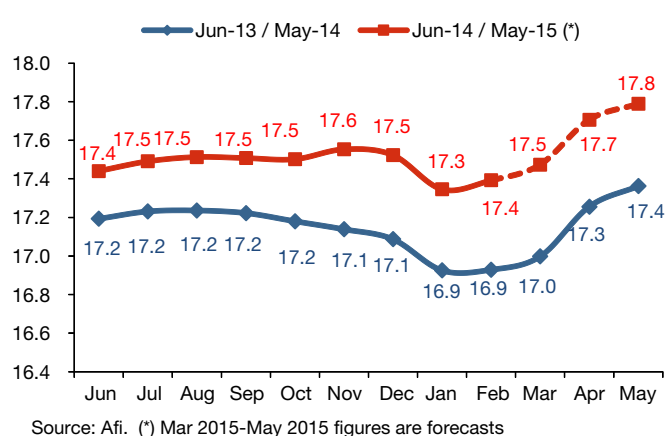
The breakdown of employment by economic sector confirms the dynamism of services and the growing strength of construction. Social Security enrolment in the latter sector grew at more than 5% YoY and now accounts for a tenth of the improvement in Social Security enrolment over the last year. In terms of employment by sectors, the tendencies of previous months (the strength of areas such as hotels & catering, retailing and employment-related activities) are being confirmed, and the public sector's role in job creation is also growing.

The labour market is now in a phase of strong job creation, supported by an environment in which access to credit is easier and sectors such as construction show signs of incipient recovery. In February, the Afi-ASEMPLEO SLM Indicator estimated employment growth at 2.7% YoY with the prospect of some further improvement in March. From then, YoY growth in employment will moderate. 2015 could end with an increase in employment of 400,000, slightly less than in 2014.

SLM monthly forecast of workers in employment (% YoY change)



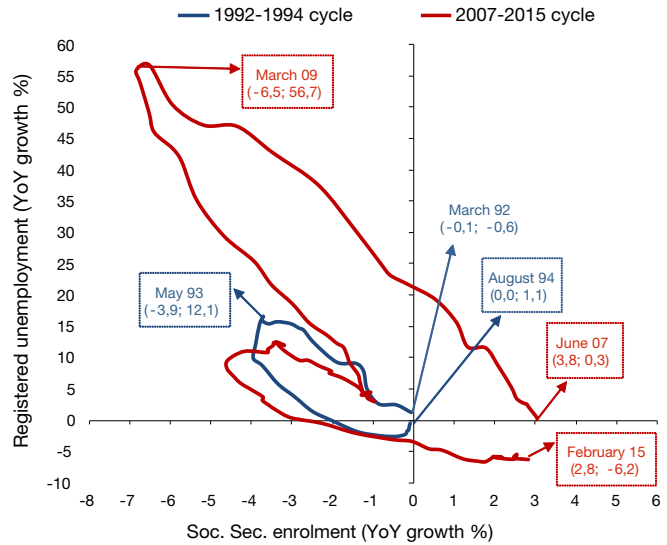
SLM monthly forecast of workers in employment (millions)



The February labour market figures show that the growth in employment is accelerating. After beginning to grow exactly a year ago, the number of enrolments rose 96,909 (2.8% YoY), the largest monthly increase in a month of February since 2007. The general enrolment scheme saw growth accelerate to 3.5% YoY while the self-employed maintained their growth rate of 2.4% YoY. By sectors, construction is now growing faster than manufacturing industry, but retailing, hotels & catering and employment-related activities continue to show the fastest growth and to contribute most to the YoY increase in the aggregate. On the other hand, the monthly decrease in unemployment (13,538, 6.2% YoY) is the biggest registered in a month of February since 2001.

Recruitment increased again, by 12.5% YoY. It was driven by both permanent and temporary contracts (23.0% and 11.4% YoY, respectively). Both types of contracts saw stronger growth in full-time jobs than part-time, although the latter remain an alternative used by Spanish companies.

Afi-ASEMPLEO SLM 'clock'



Source: Ministry of Employment and Social Security

The assessment of ASEMPELO

With their knapsacks on their backs

The majority of Spanish students travel the path to the labour market much more slowly than in other countries, and while the road has been steepening for more than six years, another factor to bear in mind is the weight of the training backpack that the majority of the working age population are carrying. As with provisions, nobody doubts that the fuller the backpack the better, to survive on a hard road like the Spanish labour market at the present time. But everyone knows that if the journey is long, it is important that the backpack contains only the bare necessities, well planned to cover all our needs without having to lug extras that we won't use and will weigh us down.

Something similar occurs with education in Spain. We have many people accumulating education that is out of date and very different to the requirements of a labour market that, at this time, is opening up new roads to employment that many aspirants cannot reach. Not because they are not ready for the journey, but because there are others who arrive much faster. The load of education in their backpacks penalizes them when they have to compete with people carrying a much smaller load, whose education is much more focussed, allowing them to join these roads much faster.

This is why I believe that now is the moment to pool our efforts in the training, retraining, monitoring and placement of the more than 4.5 million unemployed currently registered with our public employment services.

Andreu Cruañas. President of Asempleo

The highlight of Afi

Education, what education?

In all advanced countries, the general public knows perfectly well that the best-trained workers work in more productive companies, which compete for them by offering them higher salaries. It is beginning to be better-known that these workers pair up among themselves, and that they and their descendants generally have much better educational and professional opportunities that their own parents.

However, should we conclude from this that we must encourage young people to achieve the maximum level of education so that they can be highly educated workers? That might not be a good idea.

The Spanish evidence indicates that perhaps our labour force has too much higher education, which could be partly wasted. At the same time, we are lacking a sufficiently broad tier with a good intermediate education, preferably vocational. Lastly, we also have a broad tier of young workers with insufficient education. This reality evokes the shape of a figure eight, instead of a zero.

A good intermediate vocational education plus good continuous training for workers - two unresolved issues in our country, by the way - are the best way of ensuring that most jobs are more productive and most of the salaries, the opportunities to move between good jobs and the likelihood of finding a new position if they lose the one they have, are better.

José Antonio Herce. Associate Director, Afi

The Specialized Labour Market Review

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Education increases the chances of finding a job

40% of the labour force has higher education. A high educational level means a lower unemployment rate and a better chance of the unemployed finding a job. Only 16.7% of the unemployed are taking some kind of course (officially recognised or not); this percentage is higher among the best qualified, who take advantage of their situation to improve their higher education. In the regions with better trained labour forces, the unemployed have a higher probability of finding employment.

40% of the labour force has higher education

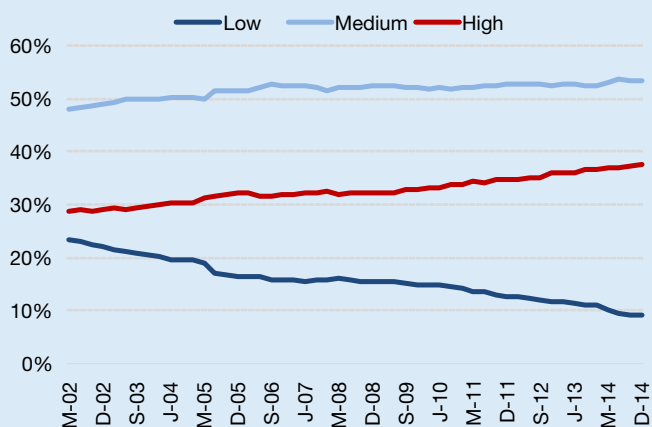
It seems obvious that education is one of the most important motors of development and progress, not only personal, but also for society as a whole.

The Spanish educational system has promoted the transition to an increasingly educated society. At the end of 2014, almost 40% of workers who were active or willing to work had completed higher education, an increase of some 10 percentage points compared to a decade ago. The proportion of population that only has completed primary studies has experienced a corresponding decline. Over the same period it has fallen by half, from 20% of the total in 2004 to 10% at the end of 2014. The population with intermediate studies has seen little change, at around 50%.

A high educational level means a lower unemployment rate

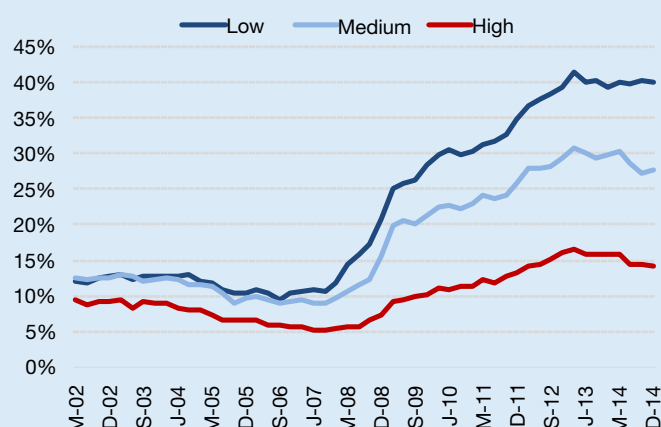
In the labour market, a high level of education means greater success. Here, we will focus on the impact of education on the unemployed population. The unemployment rate of those who have completed higher education (university or PhD) is the half that of those with intermediate studies and barely a third that of those who have only primary education or even have completed no educational course of any kind.

Labour force by educational level (% total)



Source: INE

Unemployment rate by educational level



Source: INE

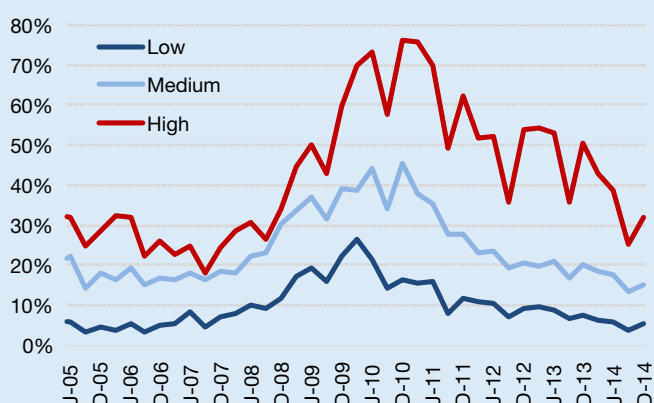
Only 16.7% of the unemployed are taking some kind of course, though this percentage is higher among the best qualified...

Education can also be viewed as one of the tools that favour the probability of the unemployed finding jobs. Hence, it is essential to continue studying while unemployed. However, it is surprising that only 16.7% of those unemployed in 4Q14 took some training course (officially recognized or not) while out of work. Moreover, the tendency to improve their education is higher, not among the less qualified, but among those who already have a high level of education. In 4Q14, 31.7% of the latter took a course, compared with only 5.5% of the former. This phenomenon may be due either to the best educated being those who value education most, being conscious that the higher their qualifications, the better their performance in the labour market, or else because being highly qualified also means the need to recycle themselves and not let their education become obsolete while they are unemployed.

... who take advantage of their situation to improve their higher education

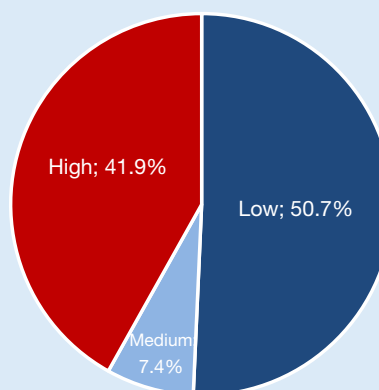
This explains why over 40% of the officially recognized courses taken by the unemployed are in higher education. Even though it might be expected that the other educational groups would take intermediate courses to improve their qualifications, the fact is that the majority take a basic course. They probably take advantage of the period of unemployment to obtain a basic educational qualification or one that will allow them to acquire the skills in demand by employers in their area.

Unemployed workers taking courses (officially recognized or not) by educational level (% total unemployed)



Source: INE

Level of officially recognized courses taken by unemployed workers in 2014 (% total)

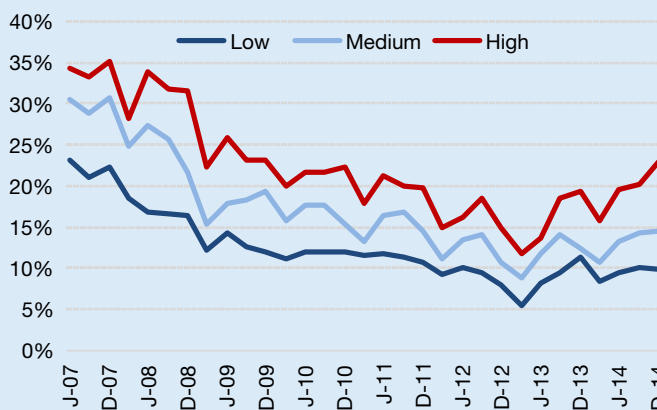


Source: INE

Education increases the chances of the unemployed finding a job

In short, improving workers' skills through education increases their chances of finding a job if they find themselves unemployed. Historically, this has been easier for the unemployed who have completed higher education than for others. Moreover, in recent months, when the economic recovery has been consolidating, the unemployed who have seen the biggest increase in their probability of finding employment have been those with higher qualifications. In 4Q14, 23% of them found a job, whereas two years ago that probability was around 12%. The other categories of unemployed have also seen their probability to find a job increase in recent months, but in absolute terms they are far behind the former (in 4Q14, the probability was 14.5% for those with intermediate studies, and 9.9% for workers with elementary education).

Probability of a worker unemployed in t-1 finding work in t by educational level



Source: INE

In the regions with the highest educational levels, the unemployed have a higher probability of finding a job

Those regions where a higher proportion of the population willing to work has completed higher education have the lowest unemployment rates; their unemployed receive more training and have a higher probability of finding a job. In 4Q14, La Rioja and Navarre were the regions where the unemployed had the best chance in all of Spain of finding work (on the order of 20%, compared to the national average of 15.7%). Among the factors behind this tendency are the dynamism of their economies and the demand for highly qualified workers. With regard to the best educated tier, in La Rioja they also have the highest probability in Spain of finding work. Almost 40% managed to find employment in 4Q14. Cantabria is next with a probability of slightly more than 30%. At the other extreme, the poorest prospects of finding employment are found among the least educated. Aragon and Cantabria are the regions where the least qualified job seekers have the lowest probability of finding employment.

