

Labour Market Monitor

Issue No. 93 | April 2015

Key points of the month

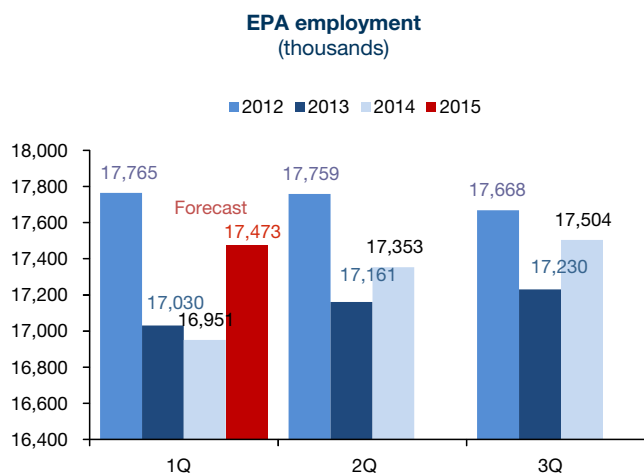
- March provided the best labour market figures for this month since 2001. The YoY growth in Social Security enrolment now exceeds 3%.
- EPA employment in 1Q15 should be 522,000 up on 1Q14, though lower than in 4Q14, but the fall should be much smaller than in the same quarter of last year.
- The "discouragement" effect in the search for employment is expected to have continued to weaken in the first quarter. The unemployment rate would thus have fallen by 2 percentage points since 1Q14, though rebounding by 0.2 percentage points in the quarter, to 23.9%.

Easter Week boosts the employment figures

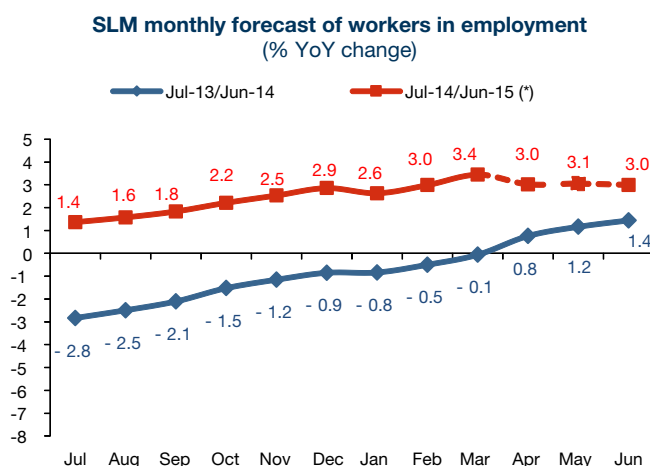
The labour market figures for March are the best for that month since 2001. With a rise of 160,579 in Social Security enrolment and 60,120 fewer unemployed, the data amply exceed the forecasts of the Afi-ASEMPLEO SLM Indicator (increase of 88,000 in Social Security enrolment, fall in unemployment of 18,000). While Easter Week may have skewed the results in employment creation (last year it fell in the middle of April), the fact is that they confirm the improving trend in the labour market and are gaining strength in the first half of 2015.

The labour force survey (EPA) is expected to show that employment rose by 522,000 in 1Q15 with respect to 1Q14, but fell compared to 4Q14, though much less strongly than in the same quarter of last year. The YoY rise in employment is forecast by the Afi-ASEMPLEO SLM Indicator to exceed 3% in March, reflecting the exceptionally good performance in that month, and to maintain this level in the next three months.

Thus, the unemployment rate would fall by 2 percentage points with regard to 1Q14, to 23.9%. With regard to 4Q14, it would increase although only modestly (0.2pp). In addition, the labour force is expected to see a smaller fall with regard to 1Q14, reflecting the pull effect on "discouraged" workers of the rise in employment.

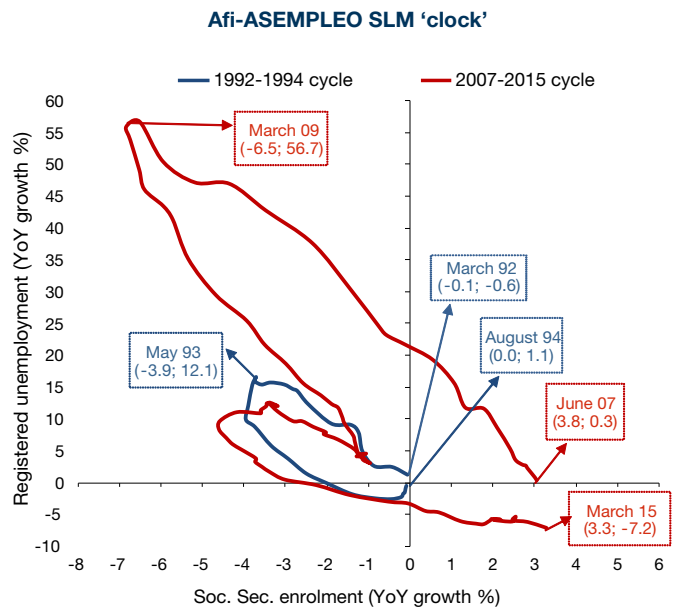


Source: EPA (INE) and Afi forecasts



Source: Afi. (*) Apr 2015-Jun 2015 figures are forecasts

March's labour market figures are unequivocally positive, given the acceleration of all the labour market indicators and of economic growth. Social Security enrolment rose by 160,579 over the previous month (3.3% YoY), exceeding the average increase in the 2001-2007 period by 33%. YoY growth in the general scheme continues to accelerate (4.0%), while the self-employed maintain growth of 2.4% YoY. By sectors, growth is fastest in construction (7.2% YoY), although retailing, hotels & catering and administrative activities continue to make the largest contributions to the YoY rise in the total. Registered unemployment fell by 60,214 in the month (7.2% YoY), far above the average for the 2001-07 period (some 29,700). Recruitment increased by 18.5% YoY, due to YoY increments in both permanent and temporary workers (27.1% and 17.6% respectively). The most significant increase was in part-time workers (25.7% YoY), although it is the rise in full-time workers that accounts for the rise in the aggregate. However, Easter Week could be skewing the results, so the April data will allow a more complete analysis of the pick-up in the labour market.



Source: Ministry of Employment and Social Security

The assessment of ASEMPELO

Adjusted competences, efficient jobs

Spain finds itself at a turning point. Its economy has begun to show signs of moderate growth after a period of recession. The fall in unemployment, and the creation of employment, show the need for a model that will ensure long-term prosperity. For this, it will be crucial to rise to the challenges; a highly qualified labour force is required, able to adapt to change and flexible, and the development of appropriate skills.

The mismatch of current competences is a challenge we must face. Overqualification is due to a mismatch between workers' competences and those actually necessary for the jobs on offer. On the other hand, there are also large numbers of adults with lower levels of competences than the average, compared with other countries. The fact is that adults who want training encounter considerable obstacles, notably: being too busy at work, reconciling family life, and not having the prior requirements for the course. The launch of measures in support of training will help workers to find a job and to maintain and/or develop their skills.

The recent reform of the vocational training system introduced elements of efficacy, a better match with the needs detected in the different sectors, and execution through reputable bodies accredited according to criteria of professionalism, quality and solvency.

A strategic focus for the design and execution of more efficient politics is essential, and requires the actors involved - public administrations, educational institutions, businesses and social agents - to pool their efforts.

Andreu Cruañas. President of Asempleo

The highlight of Afi

Transformative training

Vocational training should be for all workers, of all ages and in all economic sectors. It should define them professionally from their birth to their working life, until they finally leave it, when they retire. The "training account" and the "training cheque", already present in Spain's labour market legislation, are key tools that should be activated to the maximum.

One of the milestones that feature harshly in day-to-day experience is around the age of 50. This is an age when a significant number of workers find themselves unemployed, on sick leave due to depression or temporary disability, or afraid of ending up in one of these situations because it is obvious that their training and capacity are inadequate for the demands, physical and otherwise, of their jobs. It would be a good idea to design a program of "occupational sabbaticals" to re-equip these workers thoroughly for new jobs more appropriate to their physical and mental capacities after that age.

This would avoid many episodes of sick leave and subsequent unemployment, which exact a heavy price from the workers that suffer them and from society as a whole. The employment services, in turn, would incur costs of certain significance, but would save enormous amounts on the unemployment benefits that they would otherwise pay. Many workers would thus be able to extend their working lives well beyond the age at which they would have to retire in the absence of this incentive.

The occupational sabbatical fits perfectly with the training account and cheque. Really transformative training.

José Antonio Herce. Associate Director, Afi

Labour Market Review

Issue No. 93 | April 2015

Only 11.1% of the employed take courses

The Royal Decree-Law (RDL) on the reform of vocational training aims to provide continuous training for workers, since only 11.1% received training in 2014. The percentage of businesses that train their employees is lowest in the micro-businesses of the hotel & catering sector and in administrative activities. The most highly valued competences are teamwork and customer service. The cost and the lack of time restrict training in companies. The regions that place most value on education are those that provide most training for their workers.

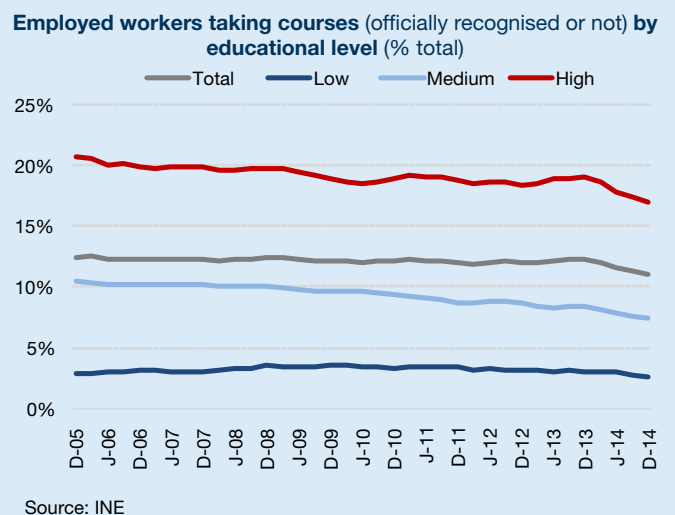
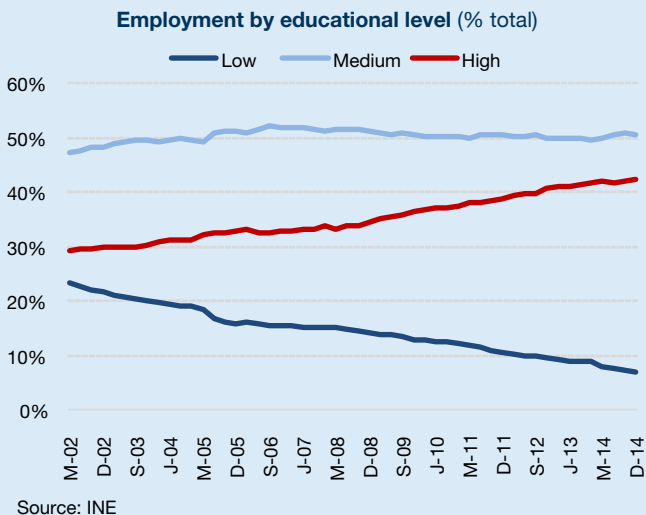
The RDL on the reform of vocational training aims to provide continuous training for workers...

The March issue of the Afi-ASEMPLEO SLM Monitor analysed the importance of training for the unemployed, showing that it is a key factor, both in keeping a job and in finding one. This issue, following the recent approval of Royal Decree-Law 4/2015, of 22nd March, for the urgent reform of the Vocational Training System, analyses the importance of continuous education for the employed and the competences which businesses consider most important. Thus, the courses designed from now on may be oriented, among other aims, to improving the employability of workers and the competitiveness of companies.

In recent years, as shown in our previous issue, there has been a progressive increase of the number of highly qualified workers, putting those who have only completed basic education at a disadvantage. By the end of 2014, slightly more than the 40% of the employed had completed higher education.

... since only 11.1% received training in 2014.

In addition to the initial training, updating workers' skill also turns out to be important. In 2014, only 11.1% of workers in employment did so. It was more frequent among highly qualified workers than those with less education, showing that recycling is more significant among the better educated.



The percentage of businesses that provide training for their employees is lower among micro-enterprises...

The larger the company, the higher the percentage of those that detect training needs and provide courses for their workers. The recently published 2013 Annual Labour Survey shows that 67.6% of micro-businesses (those with 5 to 9 workers) carried out courses, while in the large businesses (more than 499 workers) that rose to 99.6%. The recent reform of vocational training seeks to encourage continuous training among the former, as they represent more than 90% of businesses and account for a similar share of employment.

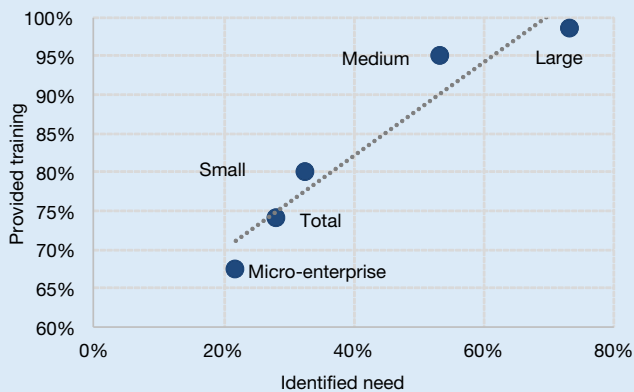
... in the hotels & catering sector and in administrative activities.

By economic sector, the companies most likely to provide training in 2013 were those in technical, scientific, and professional activities, with 80.7%, followed by construction, with 80.1%. At the other extreme, in hotels & catering, administrative activities and auxiliary services, the percentage was less than 70%.

The most highly valued competences are teamwork and customer service.

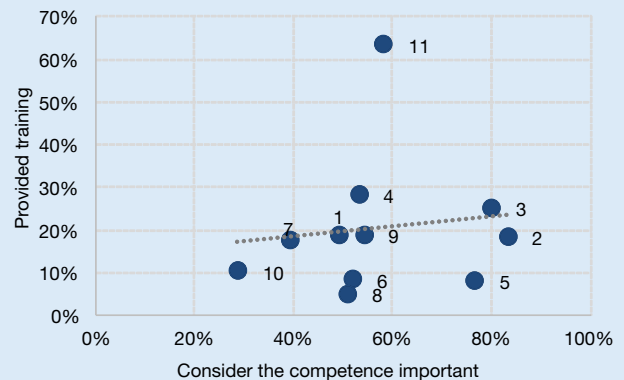
Analysing the competences most valued by businesses, and contrasting them with the types of courses given to employees, it is surprising to find that there is no direct relation between them. Nevertheless, analysis of the most important competences, teamwork and customer service, leads to the conclusion that these aptitudes are probably associated with the worker's personality, and not so easily acquired in courses. Hence, the most common training is that which seeks to improve the skills that workers must have to perform their jobs adequately. According to the Tripartite Foundation, the most popular courses in 2012 (latest available data), both in terms of number of participants and in training hours, were those on prevention of occupational risks and English (which together represented 18% of the total).

Companies that identified training needs and trained employees, by company size, in 2013 (% total)



Source: Ministry of Employment and Social Security

Competences important for companies and training of workers in the same in 2013 (% total)



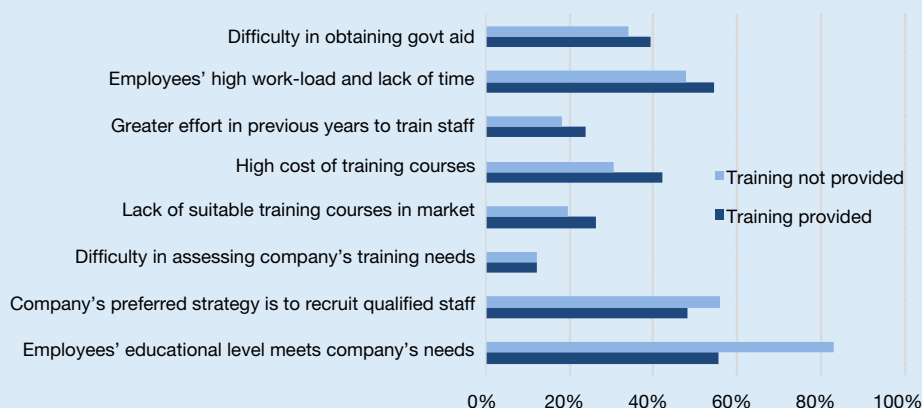
Source: Ministry of Employment and Social Security

* Competences: 1 = Management; 2 = Teamwork; 3 = Customer service; 4 = Office administration; 5 = Techniques specific to the job; 6 = Resolution of problems/conflicts; 7 = Foreign languages; 8 = Basic calculation and/or oral or written communication; 9 = General IT; 10 = Professional IT; 11 = Other necessary for the job.

The cost and the lack of time restrict training in companies.

The difficulty of financing training (access to public aid or subsidies) and the employees' lack of time due to their high work load stand out as the aspects that most restrict continuous training in companies. With respect to the latter, the recently approved reform seeks to promote remote training, taking advantage of the widespread use of the new technologies in businesses to resolve this problem, although according to the latest data from the Tripartite Foundation, for 2013, it represents only 12.2% of training actions.

Factors which restricted or influenced training actions in companies, by whether implemented or not, in 2013 (% total)



Source: Ministry of Employment and Social Security

The regions that place most value on education are those that provide most training for their workers.

The most training needs are detected not where there is a higher percentage of under-qualified workers in employment, but where there is a higher percentage of highly qualified workers. The businesses in these regions place more value on the training of their workers and, therefore, also their retraining; hence, they also provide more training courses for their employees. The high levels of qualification required in these jobs and the interest in keeping skills up to date could be some of the motives behind this behaviour. It should also be noted that, on the other hand, these are the regions with the lowest levels of unemployment and the greatest stability of employment. The case of the Basque Country is particularly notable, being the region that is most aware of the importance of continuous training for workers and it is also the quickest in detecting any training deficiencies among its workers and remedying them with courses.

