

# Labour Market Monitor

Issue No. 105 | April 2016

## Key points of the month

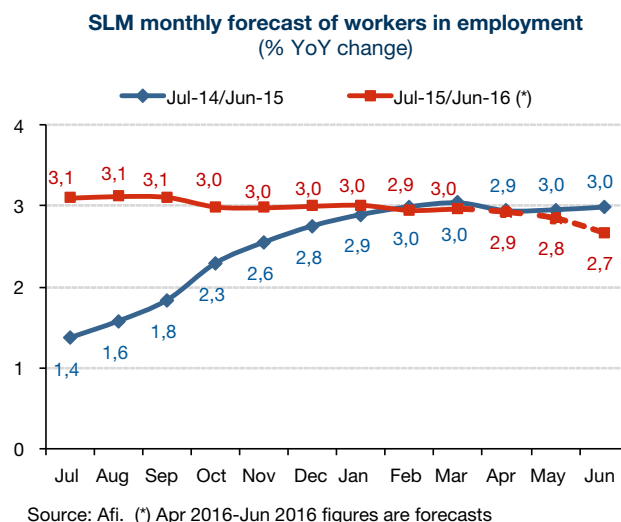
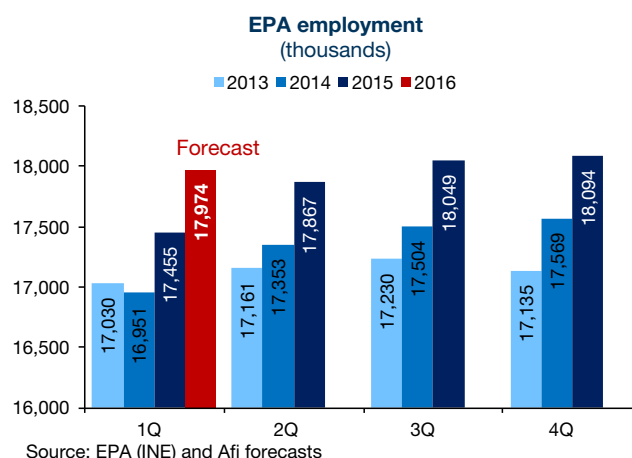
- Social Security enrolment rose as expected in March (up 138,086), while registered unemployment (down 58,216) fell somewhat more than forecast by the Afi-ASEMPLEO SLM Indicator.
- The sectoral breakdown of the increase in employment and the slowing of other indicators strengthen the likelihood that Easter Week has postponed a sharper deceleration in Social Security enrolment.
- The quarterly labour force survey (EPA) is expected to show a fall of some 121,000 in employment in 1Q16, with the unemployment rate rising to 21.2%.

## The unemployment rate is estimated to have risen to 21.2% in 1Q16

The sectoral breakdown of the increase in employment in March and the slowing of other indicators strengthen the likelihood, forecast by the Afi-ASEMPLEO SLM Indicator in previous issues of the Monitor, that Easter Week has postponed a sharper slowdown in Social Security enrolment growth. The Indicator forecasts that the growth in employment will slow from April, though it will maintain the high levels typical of the consolidation phase of an economic recovery such as Spain is currently experiencing.

The labour force survey (EPA) is expected to show that employment rose by 519,000 in 1Q16 with respect to 1Q15, but fell by around 121,000 compared to 4Q15, rather more strongly than in the same quarter of last year. This behaviour would be consistent with the trend in Social Security enrolment, which declined by 58,000 in the first quarter of this year, compared to 27,000 in the same quarter last year.

This implies that the unemployment rate would fall by 2.6 percentage points with regard to 1Q15, to 21.2%. Compared to 4Q15, it would increase, although only modestly (0.3pp). In addition, the labour force is estimated to have fallen less than previously forecast.



In March, Social Security enrolment Increased by 138,086 over the previous month, confirming the anticipated slowdown in job creation (2.81% YoY), even though this deceleration was offset by Easter Week, which fell wholly in March (last year it fell partly in April). Without this seasonal effect, Social Security enrolment would have risen by an estimated 59,116. Hotels & catering and retailing accounted for the bulk of the growth in enrolment, boosted by the current strength of the tourism sector and the recovery in household consumption. Construction and industry, on the other hand, saw slower growth.

Registered unemployment fell somewhat more than expected (down 58,216 on the previous month), with the YoY decline remaining at 8%.

Recruitment, meanwhile, grew by 4.7% YoY in March. Temporary and permanent hiring increased equally strongly, though numbers in the former were higher due to its larger share of the total. By length of working day, on the other hand, full-time recruitment rose while new part-time contracts declined.

Afi-ASEMPLEO SLM 'clock' 2014-2016



Source: Ministry of Employment and Social Security

## The assessment of ASEMPELO

### A lever for competitiveness and improvement

The data discussed in the in-depth study below reflect an economy with little intensity in computerised processes compared to the European average, which is consistent with the situation with regard to R&D+i. However, this stands in contrast to the good digital qualifications of Spanish workers, in line with the high general educational level of the under 35s. Once again we are seeing a mismatch between supply and demand. In this case, though, it is the opposite of the cases we have highlighted in the past: it was usual to see vacancies for highly qualified workers for which suitable candidates were hard to find. In assessing this phenomenon in detail, we need to differentiate between basic computer skills, new digital jobs and companies which are computerised or dependent on the new technologies. We are also looking at a useful instrument for the incorporation (or reincorporation) of workers into the labour market, and at a challenge for employers and employment agencies who have to analyse in depth the skills and competences needed for each position, including digital jobs. This is particularly the case for the SMEs, due to their importance in the Spanish business sector. It is also applicable to the companies mediating in the labour market (recruitment, selection, temporary work and outplacement). We must bear in mind that around 80% of recruitment and selection processes already rely on electronic channels to contact candidates and half also use social media. These tools, rather than replacing our role, must be put to use alongside the experience and expertise of our professionals to obtain better results.

Andreu Cruañas. President of Asempleo

## The highlight of Afi

### Computer literacy: no, not that way!

This is the viral phrase. The totem. Sometimes the catchphrase of people who don't know what to say. The excuse to see what we want to see and to ignore what we don't want to see. Are we sure that we know what "computer literate" means for a company or worker? Needless to say, it is not enough to have a device (it doesn't need to be a computer, it could be a smartwatch) or an internet connection. A device and a data connection are the basic survival kit for a digital native, but the quality of a digital life lies in the digital protocols used for the activity (corporate, professional or personal), not in the gadgets or the optic fibre.

Looking at the evidence analysed below, some things seem to have been confused. Are we computer literate in Spain, or is that what we want others to think? Assuming that the evidence below reflects genuine digital immersion, and not just the ability to watch videos online and use leisure applications, we find ourselves at very modest levels of digital self-esteem, which will hardly serve to resolve the serious problems of unemployment and labour market integration that we suffer.

However, the most remarkable aspect is that in Spain there are very few companies that admit to difficulties in filling vacancies requiring high levels of computer literacy. Well, there could be two reasons for that: either there are plenty of computer literate workers or there is a lack of companies with this type of vacancy. I very much fear that, while there is a shortage of the former, there is more glaring scarcity of the latter.

José Antonio Herce, Associate Director, Afi

# The Specialized Labour Market Review

Issue No. 105 | April 2016

## 30% of Spanish workers have more than basic computer literacy

The improvement in the computer skills of Spanish workers makes them more competitive in the labour market. Spain has a lower percentage of people with high levels of computer literacy among the over-45s and those with low educational levels. Computer literacy is increasingly highly valued by companies seeking new recruits and demand for it in Spain is expected to grow by an average of 2% p.a. until 2020, double the European average.

**30% of Spanish workers have more than basic computer literacy...**

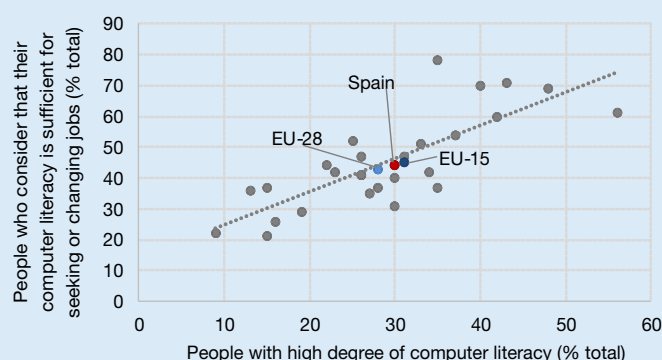
**...which makes them more competitive in the labour market.**

The European Union's digital strategy includes a target for the improvement in workers' computer literacy, as this will be decisive for their productivity in the future, and indeed in the present, for their competitiveness and remuneration and hence for the economic progress of the member states.

One indicator which reflects Europeans' digital progress is the percentage of people who consider that their computer literacy is more than basic (i.e. includes word processing, databases, handling and treatment of information, understanding of the opportunities and potential risks posed by the internet). The 30% of Spanish workers with these skills is close to the European average, whether calculated for the 15 most digitally and economically advanced member states or for all 28 (31% and 28% respectively).

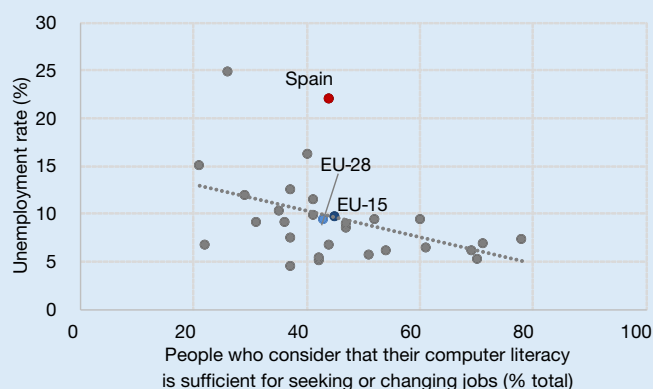
Having more and better computer literacy than other workers constitutes a priori a competitive advantage in an increasingly globalised labour market. Indeed, though this is not the main cause of the high level of unemployment in Spain, there is a certain relationship between the European countries with higher proportions of people who consider that their computer literacy is sufficient to seek or change jobs and those with lower than average unemployment rates. The countries of central and northern Europe stand out in this respect.

**Computer literacy and its sufficiency for seeking or changing jobs, by European countries in 2015**



Source: Eurostat

**Sufficiency of computer literacy for seeking or changing jobs and unemployment rate, by European countries in 2015**



Source: Eurostat

### Spain has a lower percentage of people with high levels of computer literacy among the over 45s ...

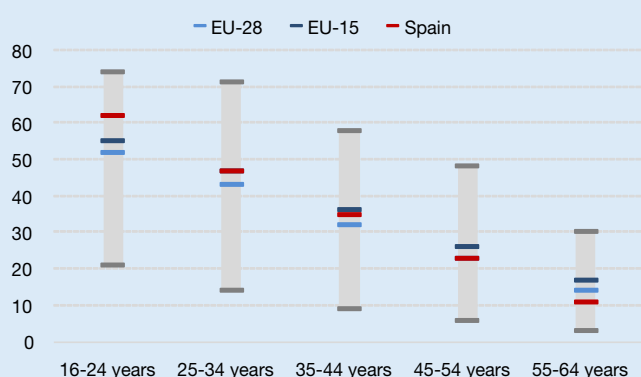
### ... and those with low educational levels.

Although the average indicates that Spanish workers have similar levels of digital competitiveness to other Europeans, an analysis by age and educational level reveals certain disparities that are worth noting and trying to correct.

The older the workers, the lower the percentage who have more than basic computer literacy, indicating a certain obsolescence of these skills among older workers, lower incentives or difficulty in adapting to the new technologies and working methods required by the market. On the other hand, the dispersion between countries is higher in the younger age groups (especially the under 35s); this is probably due to differences in the implementation and development of computerisation. In Spain's case, the percentage of young workers with high levels of computer literacy exceeds the European average, implying a competitive advantage, especially considering that this group also has greater geographical mobility for work.

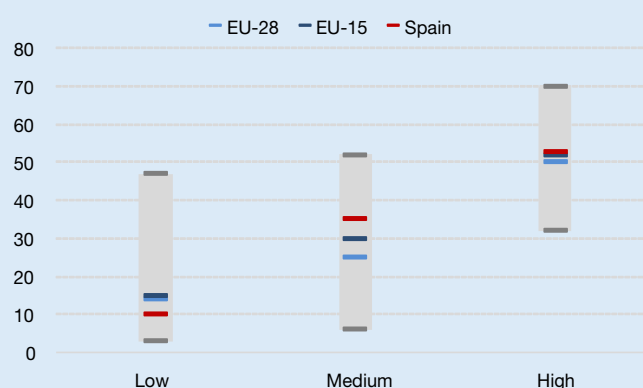
By educational level, the trend is the opposite: the higher the level of education that workers have completed, the better their computer literacy, which is an additional characteristic enabling them to be more successful in the labour market. In Spain's case, what is worth noting is the backwardness of workers with low educational levels, as their level of computer literacy is below the European average (both EU-15 and EU-28).

**Habilidades digitales** Computer literacy by age group (% total) in 2015



Source: Eurostat

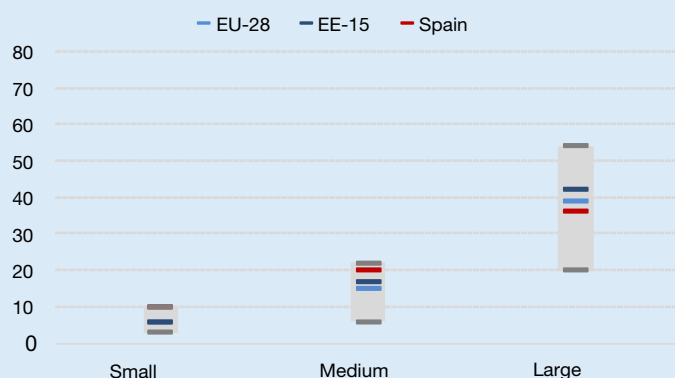
**Computer literacy by educational level (% total), in 2015**



Source: Eurostat

### Computer literacy is increasingly highly valued by companies seeking new recruits...

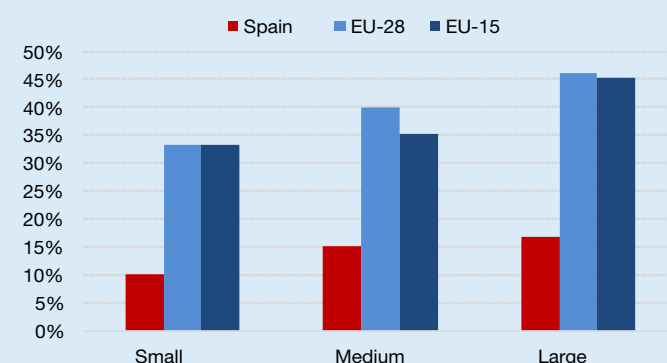
The computer literacy offered by workers is highly valued by employers, who increasingly hire workers with these characteristics. However, it is true that these skills are more appreciated by larger companies, considering the percentage of those that hire this type of worker. In 2015, 36% of large companies hired or sought to hire workers with computer literacy in Spain, while only 10% of small companies did so. Despite this great difference in favour of larger Spanish companies, it should be borne in mind that the percentage of large companies hiring computer literate workers is below the European average. This could be either because the structure of the economy means that they do not need this type of worker or because they have difficulty in finding workers with these skills. The cause seems to be closer to the first possibility than the second, as less than 20% of Spanish companies acknowledged problems in filling vacancies, compared to an average of 38% in the EU-15 and 33% in the EU-28.

**Companies hiring or seeking to hire computer literate workers**  
(% total) in 2015

Source: Eurostat

**... and demand for them in Spain is expected to grow by double the European average until 2020.**

**The proportion of the population with high levels of computer literacy is largest in the most advanced Spanish regions.**

**Empresas con problemas de cobertura de las vacantes que requieren habilidades digitales según tamaño empresarial (% sobre total), 2015**

Source: Eurostat

With regard to the demand for computer literate workers, it is very likely that the number of companies hiring this type of worker will increase in the coming years, due to the giant strides towards the digital era being taken by the Spanish economy. The European Commission, in its report entitled “E-skills for Jobs in Europe: measuring progress and moving ahead”, published at the beginning of 2014 (latest available edition), estimated that the number of jobs requiring computer literacy in Spain will rise by 2% p.a., double the increase in the European average.

Considering that those who use a computer and internet on a daily basis have the highest levels of computer literacy, a certain relationship can be observed between the degree of computer literacy of the population and the per capita income of the Spanish regions. The regions with the highest levels of computer literacy are also those with higher per capita incomes, such as Madrid and Catalonia (in both, 57% and 70% of the population use a computer and internet respectively on a daily basis). At the other extreme we find Andalusia and Extremadura where, in addition to having the lowest per capita incomes in Spain, only 40% of the population is computer literate.

