

Mercedo Laboral

Boletín Nº 109 | August 2016

Key points of the month

- Social Security enrolment rose by close to 85,000 in July, in a further acceleration of the YoY growth rate seen in June, to 3.06%.
- EPA employment grew less than suggested by the enrolment data (271,400 and 426,800 respectively), though the 12-month rolling average of the two figures coincides.
- The Afi-ASEMPLEO SLM Indicator points to a slight slowdown in the YoY growth in EPA employment in the next three months, to around 2.9% in October.

YoY growth in Social Security enrolment will moderate in August

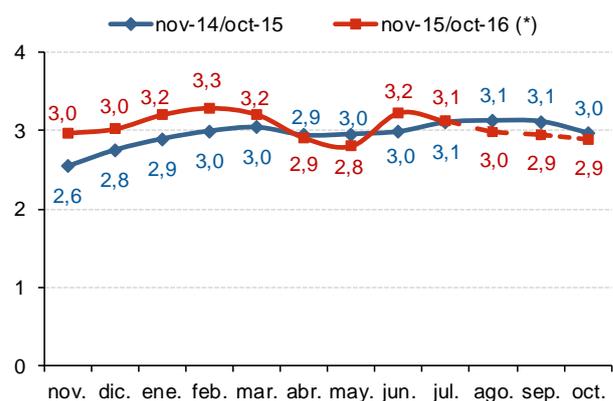
In July, Social Security enrolment rose by almost 85,000 over the previous month (3.06% YoY), exceeding all expectations.

These extraordinary figures represent an acceleration over the rate of job creation seen in June, contradicting the trend in the labour force survey (EPA) data (see our in-depth analysis in this issue) and point to an unusually strong summer season.

Growth in Social Security enrolment in the first seven months of the year was 530,000 over the same period last year, important progress in a labour market that still shows one of the highest structural unemployment rates in Europe.

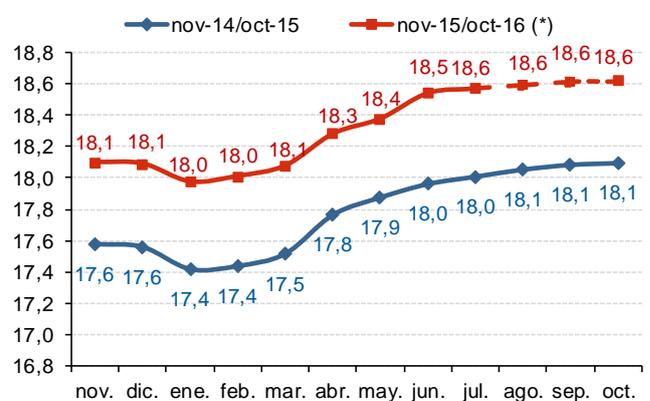
However, job creation is concentrated in sectors that, though they remain the driving force of the economy, are characterised by their marked seasonality, which raises question marks over the continuity of these jobs. Indeed, this behaviour is typical of the month of August in particular. This is why the Afi-ASEMPLEO SLM Indicator points to a slight deceleration in the YoY growth of EPA employment in the next three months, slowing from 3.1% in July to 2.9% in October.

Evolución de la previsión mensual del número de ocupados del AML (tasa interanual)



Fuente: Afi, (*) ago-16 / oct-16: previsión

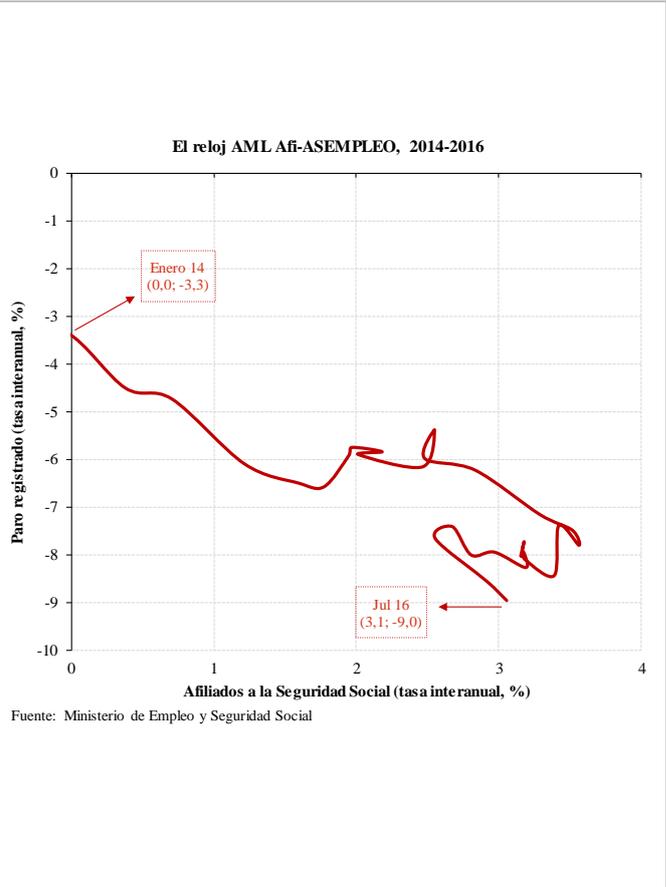
Evolución de la previsión mensual del número de ocupados del AML (millones de personas)



Fuente: Afi, (*) ago-16 / oct-16: previsión

Social Security enrolment rose by close to 85,000 in July, in a further acceleration of the YoY growth rate seen in June, to 3.06%. It is necessary to go back to years typical of growth phases to find an increase of this size (in seasonally adjusted terms it was 41,000 this year, compared to an average of 57,000 in the 2001-2007 period). The economic sectors that remain the driving force of the Spanish economy (hotels & catering, retailing, transport and professional activities) not only account for the major part of the growth in Social Security enrolment in July, but have even accelerated their job creation rates. This occurred even though these sectors had already beefed up their workforces in anticipation of a very good summer season. Other sectors, such as construction, also supported the growth in Social Security enrolment in July.

Registered unemployment, on the other hand, fell by close to 84,000, compared with an average of 37,000 in the past 8 years. In seasonally adjusted terms, the fall of 48,000 was the largest on record.



The assessment of ASEMPELO

Organising work, organising working life

The gradual recovery in the labour market provides an increasingly clear view of how the new organisation of employment is adapting to the needs of companies and individuals.

A consistent picture is emerging of the number of workers who choose part-time work via shorter than usual working days or by working fewer days per week, an option that provides access to the labour market for those who do not have all their time free to work and allows them to reconcile work and family in a way that would otherwise be impossible, without giving up professional promotion. This has been supported by supportive factors, such as the ban on overtime for part-time workers and equality of rights in areas such as unemployment and retirement.

Among the different regions, as elsewhere in Europe, the map of part-time working coincides with lower levels of unemployment and high levels of productivity, showing itself to be an undoubted source of net growth in employment.

On the other hand, the new opportunities in the market and in the organisation of companies creates a demand for a greater number of specific collaborations and contributions of talent at moments or phases of the production process which, if not covered, would reduce competitiveness and, logically, the employment involved.

If to this we add the opportunities provided by professional management through a temporary employment agency and the guarantees it offers, such as appropriate wages and a constant improvement in employability, we may conclude that this is not a necessary evil, but rather a source of opportunities.

Andreu Cruañas. President of ASEMPELO

The highlight of Afi

Few volunteers for productivity

Unlike what happens in many advanced countries, where part-time and temporary working are voluntary, and hence there is much more part-time working and much less temporary employment, in Spain the great majority of wage workers are obliged to take temporary and part-time jobs when they sign a new employment contract. The first undesirable consequence of this is the dissatisfaction of the workers who find themselves forced into unwanted situations, due to the lack of alternatives. It also has consequences for the productivity of the economy because, as can be seen from comparative data, economies with higher rates of voluntary part-time working are more productive.

In Spain in particular, the rate of voluntary part-time working is very low and there is an urgent need to stimulate it. On the other hand, the highest rates of part-time working are found among workers with temporary contracts rather than permanent employees. This suggests one possible way of encouraging voluntary part-time working and perhaps productivity too. While a causal relationship cannot be deduced from these observations, it is worth investigating the conditions, incentives and policies that would encourage workers to accept part-time contracts because they suppose a clear improvement in their personal or family situations.

José Antonio Herce. Associate Director, AFI

El monográfico del Mercado Laboral

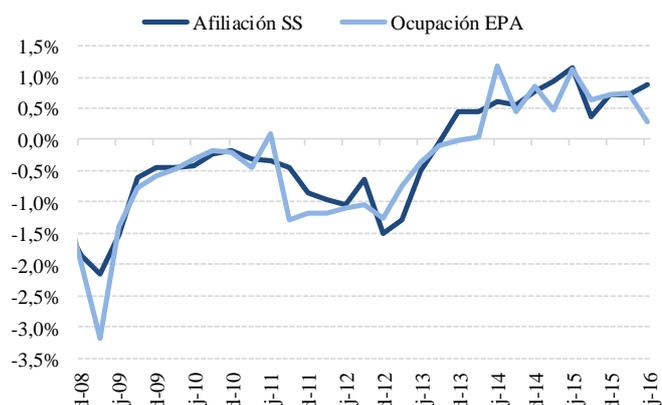
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The EPA suggests that job creation is moderating

EPA employment is growing less than Social Security enrolment would suggest (271,400 versus 426,800 respectively), probably due to the increase in part-time working. Employment increased among women, Spanish workers and almost all age groups with full-time temporary contracts in private companies. The labour force declined (by 0.61% YoY), as did the unemployment rate, which stands at 20%.

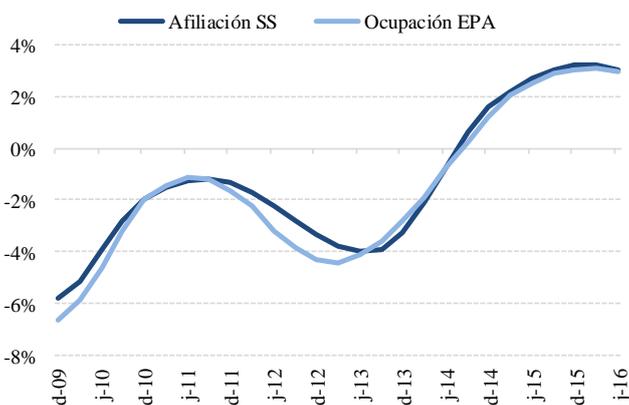
<p>EPA employment is growing more slowly than Social Security enrolment would suggest (271,400 versus 426,800 respectively)...</p>	<p>EPA employment grew less strongly than Social Security enrolment would suggest. It increased 271,400 over the previous quarter, while enrolment had risen by 426,800. This means a slowing in employment growth (to 2.4% YoY), compared to an acceleration in Social Security enrolment (to 2.9% YoY). This divergence is also present in the seasonally adjusted YoY growth rates: While growth in Social Security enrolment quickened (from 0.7% to 0.9%), there was a clear slowing in EPA employment (from 0.7% to 0.3%). However, the rolling 12-month averages show that the underlying patterns of YoY growth in both indicators are identical at around 3%, with a slight deceleration.</p>
<p>... probably due to the increase in part-time working.</p>	<p>In any case, the increase in temporary employment in the second quarter may be one of the reasons for this divergence, due to the different timing of the EPA survey. Over time, the correlation between Social Security enrolment and EPA employment has been stronger in periods when temporary employment was high or rising. In the second quarter, the sectors in which employment increased most over the previous year and with the greatest divergence between Social Security enrolment and EPA were those with the highest rates of temporary employment. Most notable were the cases of hotels & catering and education, in which the increase in EPA employment was much higher than in Social Security enrolment. In other sectors, the former grew less strongly than the latter.</p>

Afiliación a la Seguridad Social y ocupación EPA de puradas de estacionalidad (variación interanual)



Fuente: INE, Ministerio de Empleo y Seguridad Social

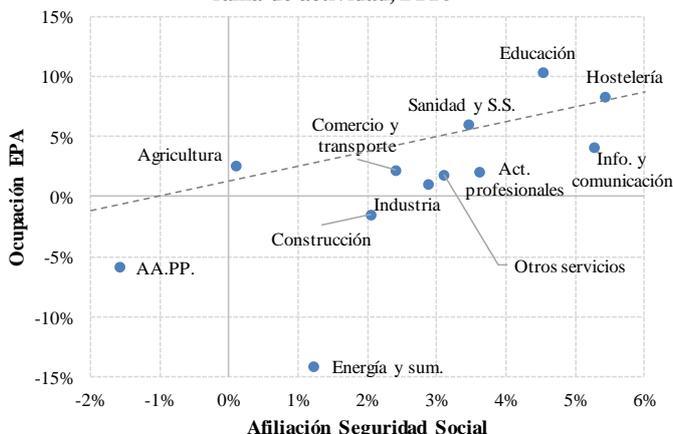
Afiliación a la Seguridad Social y ocupación EPA (media móvil 12 meses, variación interanual)



Fuente: INE, Ministerio de Empleo y Seguridad Social

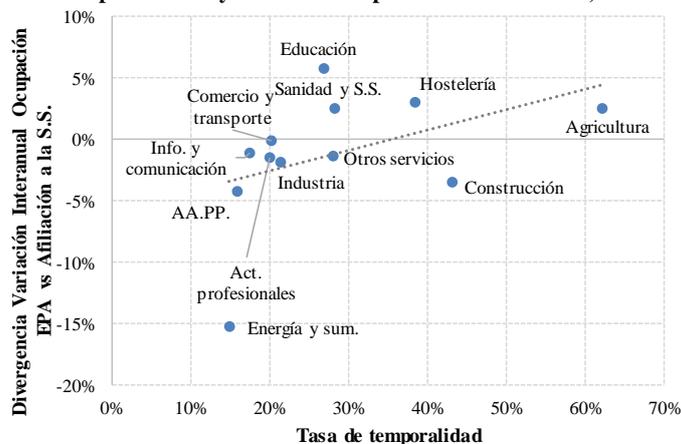
<p>Employment increased among women, Spanish workers and almost all age groups...</p>	<p>As well as explaining the differences between the two indicators, it is worth noting the profile of the newly employed, as the growth in employment is quite clear, whatever indicator is used. According to the EPA, employment increased in 2Q16 in the following categories:</p>
	<ul style="list-style-type: none"> • Women, more than men (147,700 vs. 123,700 respectively over the previous quarter), which helped to reduce their higher unemployment rate. • Spanish workers, more than foreigners (208,100 vs. 63,200 respectively over the previous quarter), • All age groups, except the 30-34 year-olds. <p>Employment grew most in the following categories:</p>
<p>... with full-time temporary contracts in private companies.</p>	<ul style="list-style-type: none"> • Full-time work, at the expense of part-time (the former rose by 301,100 over the first quarter while the latter was down 29,800). The incidence of part-time working stood at 15.3%, 0.4 percentage points down on the previous quarter. • Salaried work grew more than self-employment (252,700 vs. 15,700). • Temporary contracts increased faster than permanent (166,300 up on the previous quarter vs. 86,400). As noted above, the incidence of temporary working grew by close to 0.7 percentage points in the quarter, to almost 26%. • Employment in private companies (up 294,600), while public entities lost 23,200 jobs in the quarter.
<p>The labour force declined (by 0.61% YoY), as did the unemployment rate, which stands at 20%.</p>	<p>The labour force declined again in 2Q16 (down 0.61% YoY), accelerating the fall seen in recent quarters. As we noted with regard to 1Q16, the causes are increasingly demographic (a falling working-age population), rather than economic ("discouragement" effect, usually among the unemployed, due to a perceived lack of job opportunities). This is shown by the fact that the 16-64 age group of the population continues to decline (0.4% YoY), as does the discouraged category (down 5.7% YoY). In consequence, the unemployment rate stood at 20%, a percentage point lower than the previous quarter.</p>

Variación interanual de la afiliación a la S.S. y ocupación EPA por rama de actividad, 2T16



Fuente: INE, Ministerio de Empleo y Seguridad Social

Tasa de temporalidad y divergencia en la variación interanual de la ocupación EPA y afiliación S.S. por rama de actividad, 2T16



Fuente: INE, Ministerio de Empleo y Seguridad Social

El monográfico del Mercado Laboral

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Temporary employment helps voluntary part-time working

The European countries with the highest rates of part-time employment have less unemployment and are more productive. In 2Q16, 6.1% of employed workers were part-time on a voluntary basis. All economic sectors would need to increase their proportion of these workers. Voluntary part-time working is more frequent among the young and women, and in basic occupations.

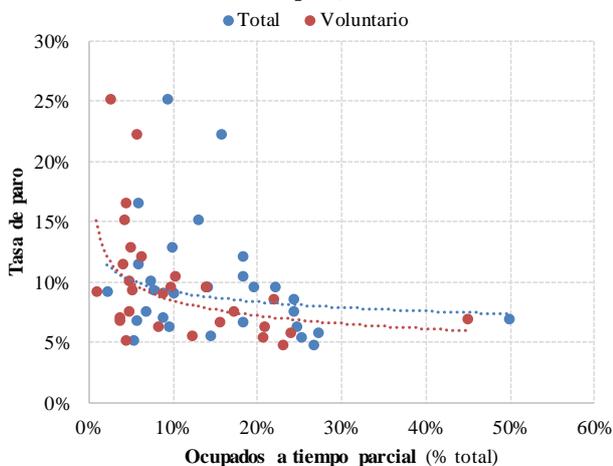
In 2Q16, 6.1% of employed workers were part-time on a voluntary basis

Part-time work is a way for workers who otherwise would probably be inactive to join the labour market. Workers opting for this flexible employment formula are generally looking for a balance between their professional and personal lives. However, if the new forms of work, such as freelancing, continue to spread, it is very likely that voluntary part-time working will become increasingly important.

The European countries with the highest rates of voluntary part-time employment have less unemployment and are more productive

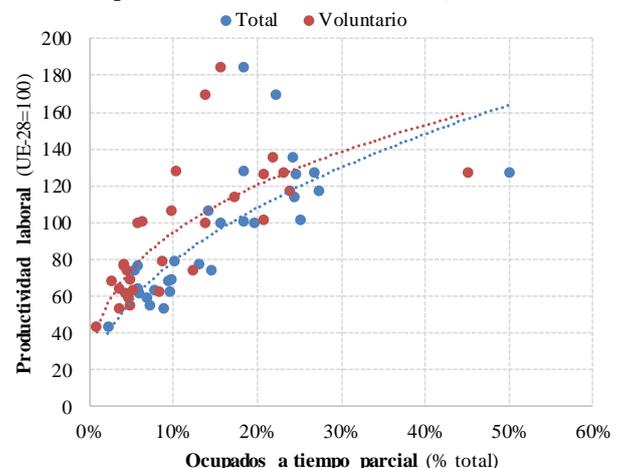
In Spain, only 1.1 million people were in voluntary part-time work in 2Q16, around 6.1% of total employment. The incidence of part-time work rises to 15.3% if we include the larger category of those who would prefer to work full-time (60.5% of all part-timers). In principle, full-time work provides a greater earning capacity, but part-time work can also do this if two or more jobs are combined (though in 2Q16 only 6.6% of voluntary part-time workers were doing this). The key lies in the word 'voluntary'. The European countries with the highest rates of voluntary part-time employment are precisely those with the lowest unemployment rates. Indeed, this relationship is even closer if we look at part-time work overall. On the other hand, part-time employment is not necessarily incompatible with labour productivity; indeed, the empirical evidence shows rather the contrary.

Ocupados a tiempo parcial según sea voluntario o no (% total) y tasa de paro, 2015



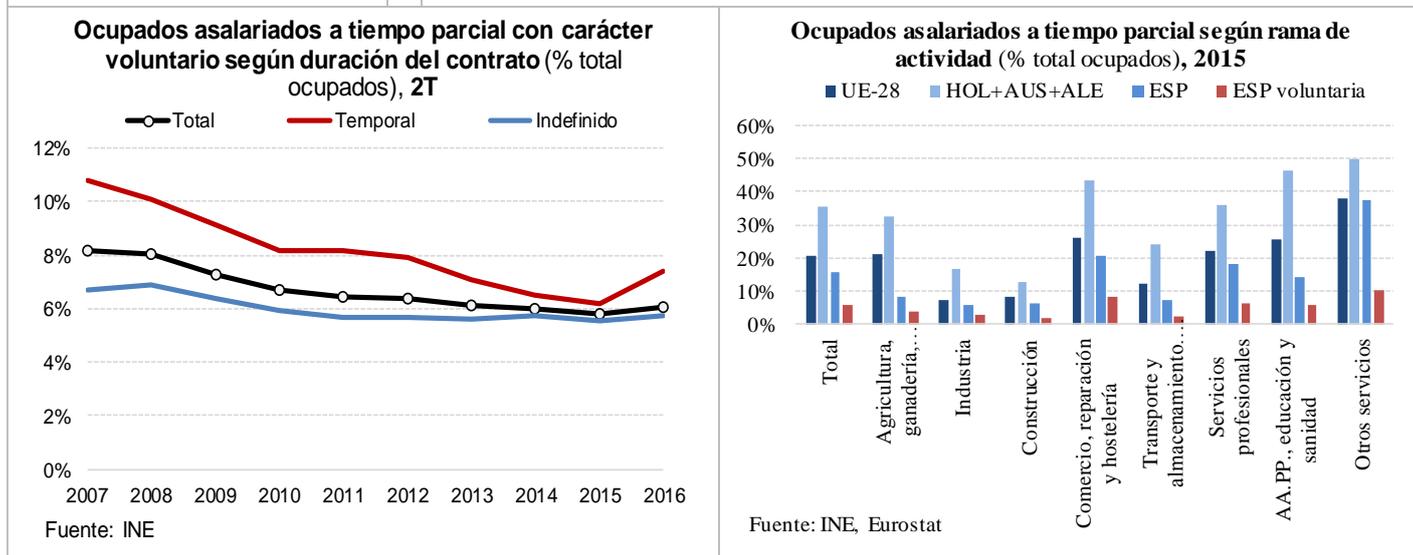
Fuente: Eurostat

Ocupados a tiempo parcial según sea voluntario o no (% total) y productividad laboral (UE-28=100), 2015



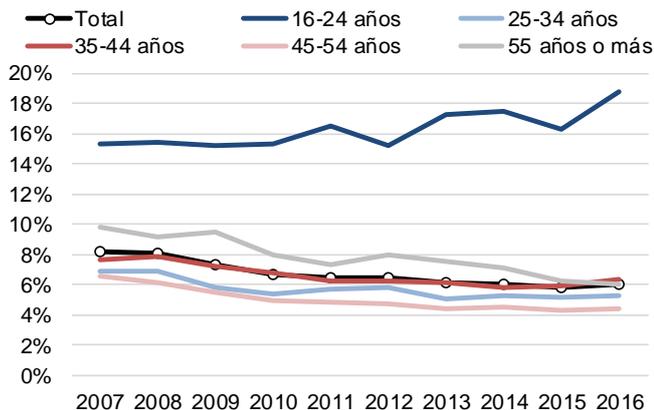
Fuente: Eurostat

	<p>After looking at the advantages of voluntary part-time employment and the need to boost it in Spain, it is necessary to identify the formulas that would allow it to increase and the profile of the workers who opt for this form of flexible working.</p>
<p>Temporary employment increases voluntary part-time working.</p>	<p>Temporary employment facilitates voluntary part-time working. It should be noted that part-time workers with temporary contracts are more typical than those with permanent contracts. In 2Q16, the former have even increased, reaching 7.4% of all temporary workers, while the latter continue to represent the same proportion of permanent workers (5.7%) as they did six years ago; nevertheless, there are three times as many permanent workers as temporary.</p>
<p>All economic sectors would need to increase their proportion of these workers</p>	<p>By economic sector, voluntary part-time working is much more common in services than in the rest. The sector which typically has the lowest proportion of these workers is industry, especially primary industry. In contrast, comparisons with central European countries or the EU-28 average show that it would be advisable to increase the proportion in almost all sectors, and to highlight the advantages of part-time work in order to promote a voluntary take-up, as opposed to compulsory (due to the lack of full-time vacancies) as is the case today.</p>



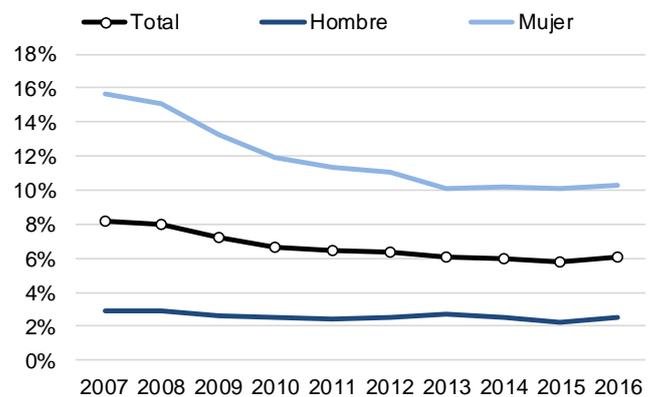
<p>Voluntary part-time working is more frequent among the young and women...</p>	<p>With regard to the profile of part-time workers, the largest groups are young people and women (18.7% and 10.3% respectively in 2Q16). In the case of the former, it is because it allows them to combine work and education, and in the second, because care of the family continues to be identified with their gender.</p>
<p>... and in basic occupations.</p>	<p>With regard to the type of occupation, voluntary part-time working is generally associated with basic tasks (catering, personal services, retailing, machine operators and similar). Nevertheless, workers in advanced occupations (management, technical and professional) are increasingly opting for this form of flexible working. In 2Q16, they accounted for 5.4% of workers in these occupations, compared to only 4.5% in 2011, the lowest figure on record, whatever the type of occupation.</p>

Ocupados asalariados a tiempo parcial con carácter voluntario según rango de edad (% total ocupados), 2T



Fuente: INE

Ocupados asalariados a tiempo parcial con carácter voluntario según género (% total ocupados), 2T



Fuente: INE

The Basque Country has the highest proportion of voluntary part-time workers, coupled with the lowest unemployment rate and highest labour productivity

At the regional level, the same conclusions can be drawn as in the European comparison discussed above. The regions with the highest proportion of voluntary part-time workers are those with the lowest unemployment rates and which take best advantage of their workers efforts, i.e. they have the highest labour productivity in Spain. In the Basque Country, La Rioja and Valencia, over 8% of the workforce worked part-time voluntarily in 2Q16, the highest proportions among all the regions. Moreover, the Basque Country had the lowest unemployment rate and the highest labour productivity in Spain (12.5% y €39.1 per hour worked respectively in 2Q16). However, the distribution by economic sector is different in each of these three regions. While in the Basque Country voluntary part-time workers are found more in industry, in Valencia they are more common in services, especially retailing and hotels & catering. This performance is related to each region's economic structure.

