

EMPLOYMENT AND UNEMPLOYMENT IN 2014, ACCORDING TO THE SPANISH LABOUR FORCE SURVEY

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Introduction

According to the Spanish Labour Force Survey (“EPA” by its Spanish abbreviation), the sharp recovery in employment seen in the second and third quarters of 2014 continued in the final quarter, with a year-on-year increase of 434,000 persons. This increase is equivalent to a year-on-year growth rate of 2.5%, up 0.9 pp from the previous quarter (see Table 1). In 2014 as a whole, average employment growth was 1.2%, in contrast to the decline in 2013 (-2.8%), the first positive figure to be recorded after six consecutive years of decreases. The quarterly path of progressive recovery was seen in all sectors of activity, except agriculture, giving rise to rises in employment of around 4% in industry and construction at the end of the year and of 2.6% in services. On average in 2014, employment grew in industry (1%, as against -5.2% the previous year) and services (1.7%, up from -1.7% in 2013), while job destruction slowed in construction (to -3.5%, from -11.4% in 2013) and agricultural employment remained practically unchanged (-0.1%). The increase in employment was higher for temporary employees (5.3%), although the quarterly path of permanent employment showed a clear recovery, ending 2014 with an expansion of 2%, after five consecutive years of decline.

Other indicators, such as social security registrations and the Quarterly National Accounts (QNA) employment data, followed a similar path during 2014 (see the right-hand panel of Chart 1), although social security registrations recorded somewhat higher average annual growth (1.6%). The data available for January suggest that the labour market remained buoyant, with year-on-year growth of registrations of 2.5%.

With regard to the labour supply, the labour force contracted again in 2014 at rates similar to those seen a year earlier (-1%), both as a result of the fall in the working age population (-0.3%) and the decline in the participation rate (of 0.4 pp, to 59.6%). Notwithstanding, this process slowed as the year progressed, especially in the final quarter, with a fall in the labour force of 0.2%. The participation rate, as calculated for the population aged 16-64, was unchanged in 2014 at 75.3%, its highest level historically and 2 pp above the EU-15 average.

Against this background of contracting labour force participation, the buoyancy of employment led to a notable decline in unemployment, of 441,000 persons on average in 2014 (-7.3%). At the end of the year, a total number of 5,458,000 people were unemployed, down 8.1% from a year earlier. The unemployment rate fell by 1.7 pp during 2014, to 24.4%. It stood at 23.7% in the final quarter, 2 pp down from end-2013.

Employment

In 2014 Q4, employment rose by 65,000 persons quarter-on-quarter, the seasonally adjusted increase being some 156,000 (0.9%), which was higher than in Q3 (0.5%). EPA gross flow data suggest that the increase in employment in recent quarters, and in particular in Q4, stems from both the slowing of job destruction (especially in the case of permanent jobs, the rate of destruction of which has returned to 2008 levels) and an incipient rise in flows from unemployment to employment. By group, the increase in job creation flows was broadly based across age brackets and gender, and was concentrated among the short-term unemployed and the higher skilled. These developments, along with the large flows of job destruction still observed among the low-skilled, show how difficult it is for groups that

EMPLOYMENT PERFORMANCE ACCORDING TO THE EPA
Year-on-year rates of change (%)

TABLE 1

	2012	2013	2014	2012				2013				2014			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Employed	-4.3	-2.8	1.2	-4.5	-4.1	-3.4	-2.5	-1.2	-0.5	1.1	1.6	2.5			
Employees	-5.3	-3.5	1.5	-5.7	-5.0	-4.4	-3.0	-1.4	-0.4	1.7	2.0	2.8			
By length of contract															
Permanent	-3.1	-3.1	0.4	-3.2	-3.0	-3.7	-3.2	-2.4	-1.9	0.3	1.3	2.0			
Temporary	-11.8	-4.6	5.3	-13.2	-11.4	-6.6	-2.2	2.3	5.0	6.5	4.6	5.3			
By length of working day															
Full-time	-6.5	-5.4	1.4	-7.7	-7.4	-6.4	-4.7	-2.9	-0.9	1.4	2.2	2.7			
Part-time	1.6	7.0	2.4	6.1	8.5	6.6	6.5	6.5	1.9	3.5	1.1	3.1			
Self-employed	1.1	0.3	-0.4	1.6	0.1	1.7	0.0	-0.3	-0.7	-1.7	-0.5	1.5			
Employed persons by industry															
Agriculture (1)	-1.6	-0.9	-0.1	-3.5	-6.1	4.3	-2.1	0.4	12.9	-1.8	-4.8	-6.2			
Manufacturing (2)	-4.6	-5.2	1.0	-5.6	-5.2	-5.3	-6.1	-4.0	-3.4	-0.1	3.5	4.2			
Construction (3)	-17.3	-11.4	-3.5	-15.5	-11.3	-14.1	-10.6	-9.1	-11.6	-5.3	-0.5	4.0			
Services	-3.0	-1.7	1.7	-3.3	-3.2	-2.4	-1.1	-0.1	0.2	2.0	1.8	2.6			
Market (4) (a)	-2.8	-0.6	1.6	-2.5	-1.6	-1.2	-0.3	0.6	-0.3	2.1	1.8	2.7			
Non-market (a)	-3.5	-4.2	1.9	-5.0	-6.6	-5.3	-3.2	-1.7	1.5	1.8	1.6	2.5			
Market economy (1 + 2 + 3 + 4)	-4.5	-2.4	1.0	-4.3	-3.4	-2.8	-2.3	-1.0	-1.0	0.9	1.6	2.5			
Employed persons by educational level (b)															
Low	-13.6	-9.8	-5.1	-13.7	-13.9	-9.4	-9.5	-5.9	-4.2	-5.0	-5.9	-5.3			
Medium	-3.8	-2.5	1.8	-4.1	-3.2	-3.3	-2.5	-1.1	-0.8	1.9	2.6	3.3			
High	-0.8	-0.3	2.5	-0.9	-1.7	-0.9	0.6	0.7	1.7	2.0	2.3	4.0			
Employed persons by nationality															
Spanish	-3.7	-2.0	1.9	-4.1	-3.6	-2.9	-1.4	-0.1	0.7	2.0	2.0	2.8			
Foreign	-8.4	-8.6	-4.2	-7.2	-7.9	-6.7	-10.2	-9.5	-9.2	-5.6	-1.9	0.2			
MEMORANDUM ITEMS															
Year-on-year changes, in 000s of persons															
Total persons employed	-789	-494	205	-814	-735	-598	-438	-204	-80	192	274	434			
Levels, as a %															
Employment rate (16-64)	56.5	55.6	56.8	55.7	54.9	55.5	56.0	55.9	55.4	56.8	57.3	57.6			
Ratio of salaried employees	82.6	82.1	82.4	82.4	82.1	82.0	82.0	82.2	82.2	82.5	82.3	82.4			
Temporary employment ratio (c)	23.4	23.1	24.0	22.8	21.9	22.9	24.1	23.7	23.1	24.0	24.6	24.2			
Part-time employment ratio (c)	15.3	17.0	17.2	16.0	17.0	17.4	16.4	17.3	17.4	17.7	16.2	17.4			

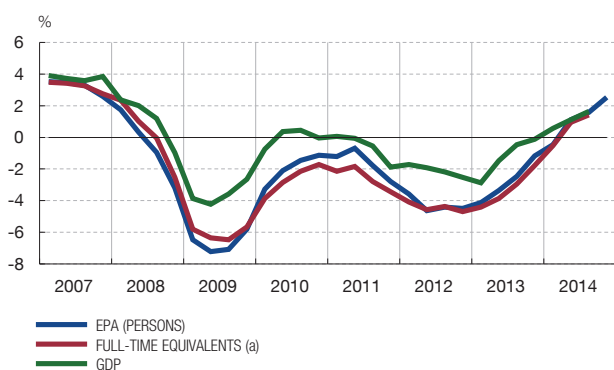
SOURCES: INE and Banco de España.

- a** Non-market services encompass: public administration and defence; compulsory social security; education; and human health and social work activities. The remainder are market services.
- b** In 2014 a change was made in the classification of education in the EPA. To create homogeneous series, a new breakdown in three groups was created, which is slightly different from the one normally used in the two lower levels: Low (no or only primary education, or first cycle of secondary education incomplete or without diploma); High (tertiary education); and Medium (all other intermediate categories).
- c** Figures are a percentage of salaried employees.

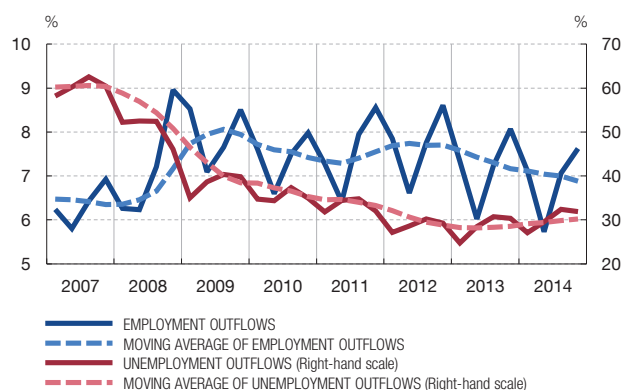
have had lengthy spells of unemployment since the start of the crisis and whose skill levels are low to participate in the current improvement in the labour market.

By branch of activity, the quarterly pattern shows a progressive recovery in employment in all cases, except agriculture, with the improvement in employment stepping up in Q4. On one hand, construction recorded a year-on-year increase in employment of 4% at the end of 2014, the first positive rate since 2007 (see Table 1). In industry, job creation firmed, with

EMPLOYMENT AND GDP



OUTFLOWS FROM EMPLOYMENT AND UNEMPLOYMENT (b)



SOURCES: INE and Banco de España.

a Full-time equivalent jobs.

b As a percentage of the source population, i.e. the employed for the employment outflow rate, and the unemployed for the unemployment outflow rate, calculated at the Banco de España. Moving averages are the average of the last quarter and the three preceding ones.

a 4.2% year-on-year increase in Q4, following declines in the first half of the year. Within this sector, the increase in employment in Q4 was notable in metallurgy (4.6%), while in chemicals (12.8%), the manufacture of food products (7.8%) and the manufacture of transport equipment (6.1%) growth remained significant. In market services employment increased by 2.7% at the end of 2014, up 0.9 pp from Q3, with notable growth in food service activities (6.6%), real estate activities (4.9%) and other social activities (5.6%), while in the wholesale and retail trade and transport rates were similar to those in previous quarters (1% and 1.3% respectively). On the other hand, jobs were destroyed in agriculture at a year-on-year rate of -6.2%. In the market economy employment grew in step with the growth in the economy as a whole, with a seasonally adjusted quarter-on-quarter rate of 1% in Q4 and a year-on-year increase of 2.5% (up from 1.6% in Q3).

In the non-market economy employment increased by 2.5% year-on-year, up 0.9 pp on Q3. This rise stemmed from positive growth of employment in education (1.5%), following nine consecutive quarters of declines, and from an acceleration in employment in public administration and defence (4.4%). A similar trend was seen, albeit with lower levels of growth, among public sector employees, up 0.6% in 2014 Q4 (or 1.2%, if public corporations are excluded), following the sharp decline in 2013 (-5.6%). By level of government, employment was down in local government (by -0.9%, a 0.6 pp larger decline than in Q3), but increased by 0.4% in regional government, where it had been falling since the beginning of 2012. In central government, employment growth accelerated to 5.8%. By type of contract, in the non-market economy, the growth of employees with permanent contracts and with temporary contracts rose, to 1.5% and 5.8%, respectively.

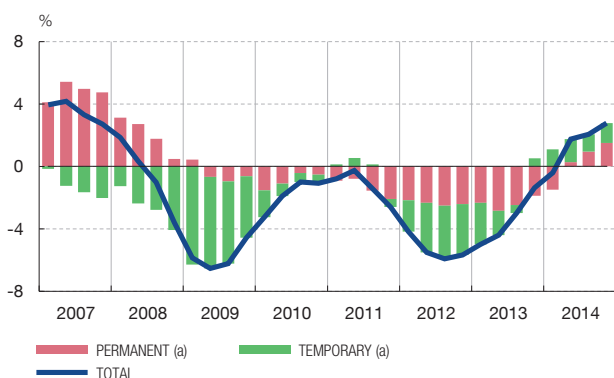
In the economy as a whole, salaried workers increased by 2.8% in Q4, up 0.8 pp from the previous quarter, while self-employment grew by 1.5%, following five quarters of consecutive decline. Among the first group, the rise in the final quarter reflected similar accelerations among temporary employees (5.3%) and permanent employees (2%, see Chart 2). Behind this progressive improvement in permanent employment lie opposite trends in part-time and full-time contracts. The former, which were highly buoyant from mid-2012, slowed during 2014. By contrast, full-time permanent contracts increased by

EMPLOYMENT

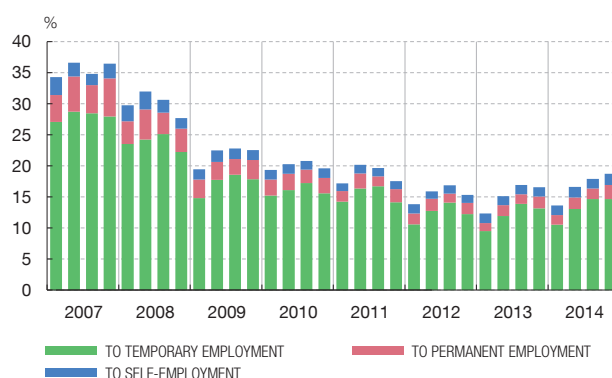
Year-on-year rates from original time series

CHART 2

SALARIED EMPLOYEES ACCORDING TO THE EPA: BREAKDOWN BY LENGTH OF CONTRACT



UNEMPLOYMENT OUTFLOWS, BY TYPE OF EMPLOYMENT OBTAINED (b)



SOURCES: INE and Banco de España.

a Contributions to year-on-year rate of change.

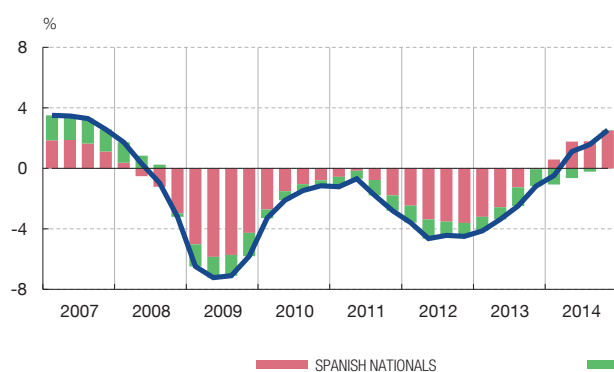
b As a percentage of the unemployed. Calculated at the Banco de España on the common sample of each two consecutive quarters taken from EPA microdata.

EMPLOYMENT AND LABOUR FORCE

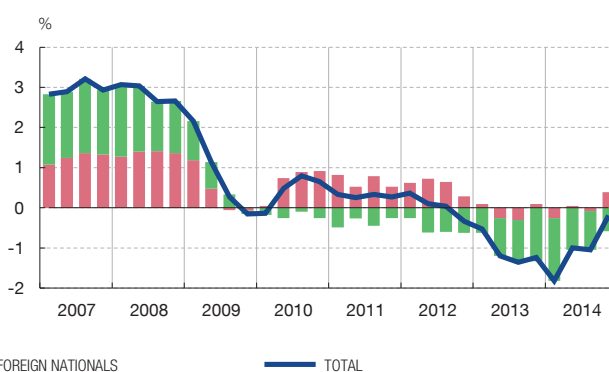
Year-on-year change and contribution by nationality

CHART 3

EMPLOYMENT



LABOUR FORCE



SOURCES: INE and Banco de España.

1.8% in the final quarter, after falling by 2.7% at the beginning of the year. The proportion of temporary employment stood at 24.2% at the end of 2014, up 0.5 pp from its level a year earlier. As regards working time, in Q4 the growth of full-time employment climbed to 2.7%, while that of part-time employment rose to 3.1%. Thus, the part-time employment ratio reached 17.4%, up 0.1 pp from a year earlier, which represented a moderation of the upward trend seen since the second half of 2008.

In terms of nationality, numbers of foreigners employed were up slightly (0.2%) at the end of 2014, ending the negative rates of the previous six years. However, it was Spanish workers that continued to benefit most from the improvement in employment, with an increase of 2.8% (see Chart 3), up 0.8 pp on Q3, which resulted in an average growth rate for this group of 1.9% in 2014. In terms of gender, there was an evident improvement of female employment in Q4, with growth of 2.3%, which reduced the gap with respect to the related male rate (2.7%). The breakdown by age confirms the notable recovery in the eldest group (the over 45s), which increased by 5.1% in Q4, while among

	2012	2013	2014	2012				2013				2014			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Year-on-year change (%)															
Labour force	0.0	-1.1	-1.0	-0.3	-0.5	-1.2	-1.4	-1.2	-1.8	-1.0	-1.0	-0.2			
Spanish nationals	0.7	-0.1	0.0	0.3	0.1	-0.3	-0.4	0.1	-0.3	0.1	-0.1	0.4			
Foreign nationals	-3.6	-7.0	-7.9	-4.3	-4.4	-6.7	-7.6	-9.6	-11.3	-7.9	-7.4	-4.6			
Population above age 16	-0.1	-0.5	-0.3	-0.3	-0.3	-0.4	-0.5	-0.6	-0.6	-0.4	-0.2	-0.1			
Spanish nationals	0.2	0.2	0.4	0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.4	0.4			
Foreign nationals	-2.4	-5.9	-6.6	-3.1	-3.7	-5.0	-6.8	-8.3	-9.2	-7.5	-5.5	-3.9			
Level, as % of the population in each category															
Participation rate	60.4	60.0	59.6	60.2	60.2	60.0	60.0	59.9	59.5	59.6	59.5	59.8			
Age 16 to 64	75.3	75.3	75.3	75.2	75.3	75.2	75.4	75.3	75.0	75.3	75.2	75.6			
By gender															
Male	67.1	66.4	65.8	66.7	66.6	66.3	66.6	66.1	65.5	65.9	66.0	66.0			
Female	54.0	53.9	53.7	54.0	54.1	54.0	53.8	54.0	53.7	53.7	53.3	53.9			
By age															
Age 16 to 29	61.2	60.1	58.4	60.2	60.1	59.7	61.3	59.2	58.1	58.2	59.3	58.0			
Age 30 to 44	89.4	89.8	90.0	89.7	89.8	89.7	89.3	90.2	89.9	90.1	89.7	90.4			
Age 45 or over	43.2	43.3	43.5	43.3	43.3	43.3	43.2	43.3	43.2	43.6	43.4	44.0			
By educational level (a)															
Low	29.6	28.9	28.5	29.1	28.9	28.8	29.0	28.8	28.6	28.6	28.3	28.4			
Medium	71.1	70.1	68.6	70.6	70.6	70.3	70.0	69.4	68.7	68.8	68.5	68.4			
High	82.4	81.7	81.3	82.7	82.3	81.8	81.1	81.6	81.5	81.6	80.8	81.5			
By nationality															
Spanish nationals	58.5	58.3	58.0	58.3	58.2	58.3	58.3	58.2	57.8	58.0	58.0	58.2			
Foreign nationals	75.8	74.9	73.8	75.5	75.9	74.4	74.7	74.4	74.1	74.1	73.2	73.9			

SOURCES: INE and Banco de España.

a In 2014 a change was made in the classification of education in the EPA. To create homogeneous series, a new breakdown in three groups was created, which is slightly different from the one normally used in the two lower levels: Low (no or only primary education, or first cycle of secondary education incomplete or without diploma); High (tertiary education); and Medium (all other intermediate categories).

the youngest (the under 30s) there was moderate growth of 0.3%. Finally, by level of educational attainment, as mentioned above, there is a significant contrast between the group with the lowest level, whose employment continued to fall at a notable rate (-5.3% at the end of 2014), and those with higher levels, where there was an expansion of 3.3% in the case of the medium level of educational attainment and 4% in that of the highest level.

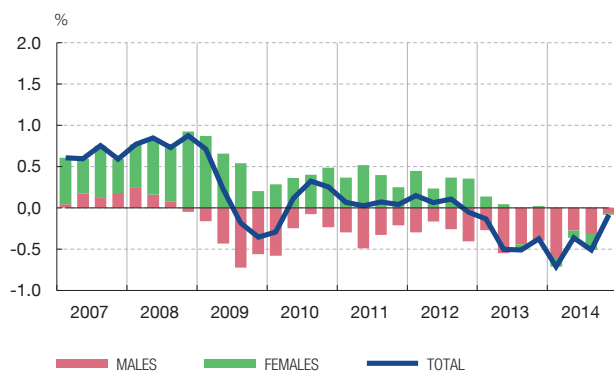
Labour force

The labour force was 0.2% down in Q4, which represented a significant moderation with respect to the rates of decline observed during the rest of the year (see right-hand panel of Chart 3). The rate of decline in 2014 as a whole was, however, similar to that recorded in 2013 (-1%). The improved performance at the end of the year was a consequence of less contractionary behaviour on the part of the working-age population and a smaller fall in the participation rate. The rate of decline in the working-age population slowed to -0.1%, from -0.6% at the start of the year, owing to the more moderate fall in the foreign population. For its part, the participation rate stood at 59.8% at the end of the year, only 0.1 pp below its end-2013 level, after declines of around 0.5 pp had been observed during the year. In terms of the population aged 16-64, the participation rate rose by 0.3 pp, to

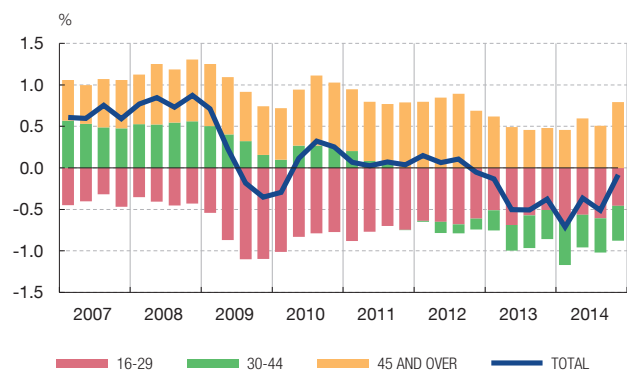
PARTICIPATION RATE
Year-on-year change and contribution by gender and age

CHART 4

CONTRIBUTION BY GENDER



CONTRIBUTION BY AGE



SOURCES: INE and Banco de España.

75.6%, and the average rate for the year as a whole stood at 75.3%, the same level as in the preceding two years.

For both sexes the participation rate remained at very similar levels to those of a year earlier, with a notable improvement in the male rate which had been showing stronger year-on-year falls in recent quarters (see Table 2). By nationality, the decline in the participation rate of foreign women was notable, while the related rate for other groups remained practically unchanged from a year earlier. As a result, there was a year-on-year decline of 0.5 pp in the participation rate of foreigners, to 73.9%, while for Spanish nationals it held unchanged at 58.2%.

By age group (see Chart 4), participation continued to show varied behaviour, with slight improvements on a year earlier both for the middle group (90.4%) and for the over 45s (44%), while the participation rate of the youngest group fell sharply again, by 1.2 pp, to 58%. This fall partly reflects greater involvement in educational activities, since the number of economically inactive persons under the age of 30 on formal courses increased by 2.9% on average in 2014. According to the breakdown by level of educational attainment, the decline in the participation rate was broadly based, although it was once again sharper among those with an intermediate level of educational attainment (1 pp) and with a low level (0.4 pp), for whom it stood at 68.4% and 28.4%, respectively.

Unemployment

At the end of 2014, the number of unemployed persons was 477,900 lower than in the same quarter of 2013, a year-on-year rate of -8.1% (-8.7% in Q3). The seasonally adjusted fall was estimated to be some 70,600 people in Q4 (-1.3%), which was somewhat more moderate than it had been during the rest of the year. This behaviour was in line with the figures for registered unemployment published by SEPE (the National Public Employment Service), which show a year-on-year decline of -5.8% in 2014 Q4, similar to that recorded in Q3. The data available for January show a continuation of these trends, with a fall of 6%. The unemployment rate stood at 23.7% in Q4, down 2 pp from a year earlier (see Table 3). In seasonally adjusted terms, unemployment is also estimated to stand at 23.7%, with a quarter-on-quarter decline of 0.4 pp, which is somewhat smaller than in previous quarters.

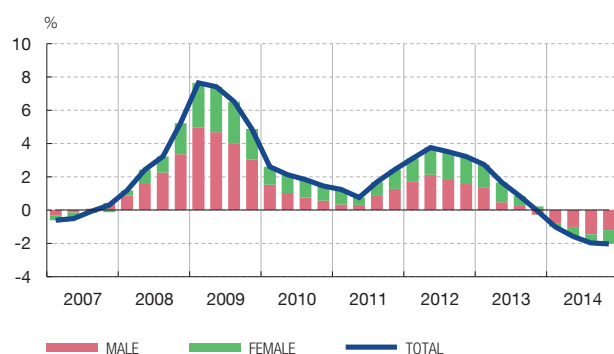
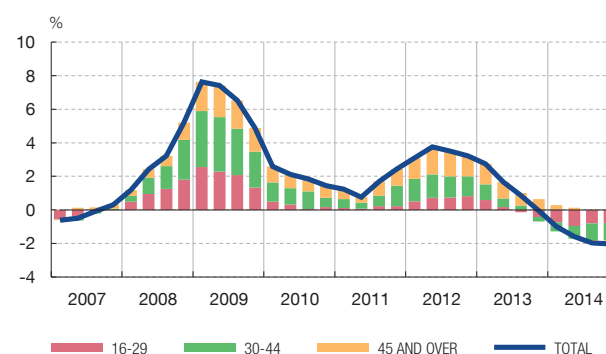
By gender, female unemployment was down by more than one percentage point in 2014, to 25.4%, while the male rate fell by two points, to 23.6%. In both cases, the declines

CHANGES IN UNEMPLOYMENT ACCORDING TO THE EPA
TABLE 3

	2012	2013	2014	2012	2013					2014			
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Year-on-year change (%)													
Unemployed	15.9	4.1	-7.3	13.9	10.8	5.5	2.0	-1.4	-5.5	-7.0	-8.7	-8.1	
Level, as % of the working population in each category													
Unemployment rate	24.8	26.1	24.4	25.8	26.9	26.1	25.6	25.7	25.9	24.5	23.7	23.7	
By gender													
Male	24.6	25.6	23.6	25.4	26.7	25.5	25.2	25.0	25.4	23.7	22.5	22.8	
Female	25.0	26.7	25.4	26.2	27.3	26.7	26.2	26.5	26.6	25.4	25.0	24.7	
By age													
Age 16 to 29	40.3	42.4	39.7	42.2	44.0	42.9	41.2	41.6	41.9	39.4	38.6	38.7	
Age 30 to 44	22.7	23.7	22.0	23.8	24.6	23.4	23.2	23.4	23.6	21.9	21.1	21.4	
Age 45 or over	19.4	21.2	20.5	20.0	21.5	21.2	21.0	21.2	21.5	20.9	19.9	19.9	
By educational level (a)													
Low	39.4	41.5	41.2	40.4	42.8	40.7	41.6	40.9	42.2	41.1	40.9	40.5	
Medium	25.9	27.4	25.5	26.9	28.1	27.6	26.7	27.0	27.3	25.6	24.4	24.8	
High	13.2	14.3	13.1	14.5	14.8	13.8	14.2	14.2	13.8	12.9	13.0	12.7	
By nationality													
Spanish nationals	23.0	24.4	23.0	24.0	25.0	24.6	24.0	24.2	24.2	23.1	22.4	22.4	
Foreign nationals	35.9	37.0	34.5	36.5	39.2	35.7	36.6	36.4	37.7	34.1	32.9	33.2	
Long-term unemployment													
Incidence (b)	52.4	58.4	61.8	54.8	56.3	58.3	58.4	60.7	61.6	62.1	61.9	61.4	

SOURCES: INE and Banco de España.

- a In 2014 a change was made in the classification of education in the EPA. To create homogeneous series, a new breakdown in three groups was created, which is slightly different from the one normally used in the two lower levels: Low (no or only primary education, or first cycle of secondary education incomplete or without diploma); High (tertiary education); and Medium (all other intermediate categories).
- b Those unemployed more than one year as a percentage of the total unemployed.

UNEMPLOYMENT RATE
Year-on-year change and contribution by gender and age
CHART 5
CONTRIBUTION BY GENDER

CONTRIBUTION BY AGE


SOURCES: INE and Banco de España.

became more pronounced as the year elapsed (see Chart 5). By age group, the path also showed improvement over the year, with the youngest group posting the largest fall over the year, of 2.5 pp. However, this group still has the highest unemployment rate (39.7%). By level of educational attainment, the low attainment group recorded a very minor decline

(of 0.5 pp), to 40.5%. The other groups evidenced notable decreases at year-end, of 2.2 pp in the group with intermediate educational attainment and 1.5 pp in the one with the highest level, to take the unemployment rate to 24.8% and 12.7%, respectively.

Finally, the total number of long-term unemployed (those out of work for a year or more) fell for the third consecutive quarter, by 7% (some 251,800 persons), after declining by 3.2% in the previous quarter. That said, the incidence of long-term unemployment stood at 61.8% on average in 2014, up 3.4 pp from 2013, reflecting the fact that the incipient rise in outflows from unemployment is concentrated among those who have been unemployed for shorter spells.

13.2.2015.