

ANNUAL REPORT 2023. CHAPTER 3

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Chapter 1

The resilience of the Spanish economy in the European context

Chapter 2

Structural challenges facing the Spanish economy

Chapter 3

The Spanish labour market: current developments, structural trends and labour market policies

Chapter 4

The Spanish housing market: recent changes, risks and affordability problems

CONTENTS

1. **Takeaways**
2. **Spanish labour market: current developments**
3. **Impact of technological and demographic change on the labour market**
4. **Labour market policies**

TAKEWAYS

- Recent Spanish labour market developments have mainly been marked by **employment's considerable momentum**. By contrast, **labour productivity has barely increased since the onset of the pandemic**
- Despite strong job creation, **the unemployment rate in the Spanish economy remains excessively high**. The Spanish labour market is nevertheless showing **signs of tightness** similar to those of other countries with lower unemployment rates. For example, firms are reporting labour shortages as one of the main constraints on their business activity
- Looking ahead, the **technological and demographic changes under way** could revolutionise the labour market, with very significant implications for labour demand and supply and for the employability and productivity of certain groups
- New technologies could cause the **displacement of workers** across all occupations, even the most highly-skilled. Meanwhile, the **ageing of the working population** has a negative impact on the rates of growth of aggregate employment and productivity and, therefore, on potential economic growth
- **A labour market policy overhaul is a priority** in light of the challenges facing the Spanish labour market posed by a persistently higher unemployment rate than other European countries, technological changes and population ageing
 - **Active labour market policies** (training and job mediation) are especially necessary to absorb the disruptive effects of technological change on employment and to make older workers more employable
 - **Unemployment benefits** should afford the unemployed appropriate protection, but without disincentivising job-seeking and labour mobility
 - Turning to other aspects related to the labour market's institutional framework, to foster the necessary occupational reallocation of employment, more headway should be made in **defining the objective grounds for dismissal and in making such processes less uncertain**
 - Amid growing heterogeneity across businesses on many fronts, collective bargaining should afford some flexibility so that working conditions – e.g. in terms of working hours – can be adapted to **firms' individual circumstances**

SPANISH LABOUR MARKET: CURRENT DEVELOPMENTS

Momentum

Recent Spanish labour market developments have been marked by employment's considerable momentum, a trend also seen across a broad set of countries

Heterogeneity

The performance of employment has been mixed across sectors, occupations and geographical areas; and this heterogeneity is likely to intensify in the coming years

Public sector

The share of public sector employees in total employment has increased since the outbreak of the pandemic, although most job creation has come in the private sector

Migratory flows

The recovery in migration flows, which were very adversely affected by the pandemic, has contributed considerably to employment's recent strength

Productivity and ULCs

Labour productivity has barely increased in the Spanish economy since the start of the pandemic. In Spain unit labour costs have grown more than in the euro area as a whole since 2019

Temporary employment/stability

The temporary employment ratio of the Spanish economy has fallen sharply since the approval of the labour reform in 2021, although other indicators of employment stability have seen relatively modest growth

The unemployment rate fell to 11.8% at end-2023, although it remains excessively high compared with other European countries (*)

Signs of tightness in the labour market (*)

- Firms perceive labour shortages as one of the main constraints on their productive activity
- The vacancy rate has been rising in recent years, and there are indications of labour supply shortages in several sectors and occupations, both low and high-skilled

IMPACT OF TECHNOLOGICAL AND DEMOGRAPHIC CHANGE ON THE LABOUR MARKET

Ageing

The ageing of the working population has a negative impact on employment and productivity growth, but decisive economic policy action could, at least in part, mitigate these potential adverse effects

Migration

Longer working lives

Education/training

Technological innovation

Throughout history, technological innovations have sustained and even boosted employment, but the technological change under way (in particular, robotics and artificial intelligence) differs from past examples in certain very important ways.

In any event, its effects will materialise through three channels, the impact of which is hugely uncertain

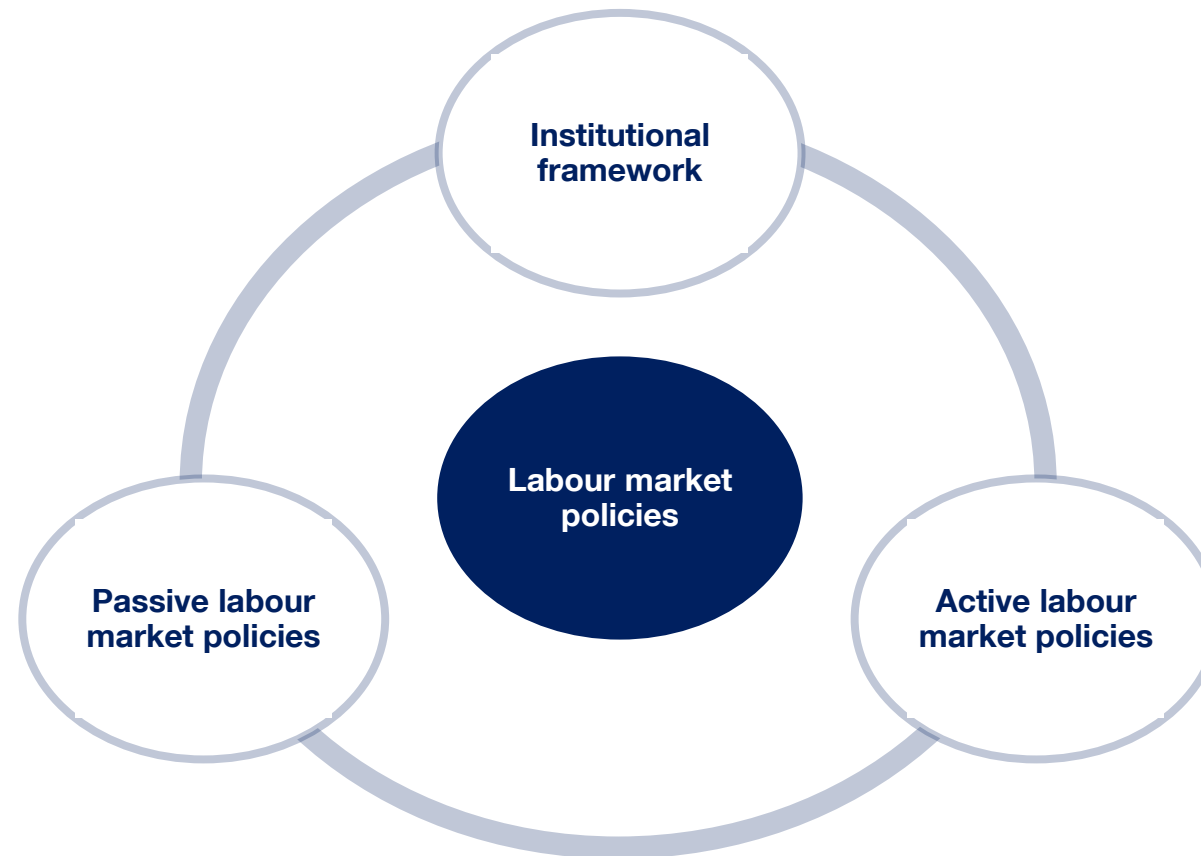
Increase in productivity

Displacement of some workers

Creation of new jobs

LABOUR MARKET POLICIES

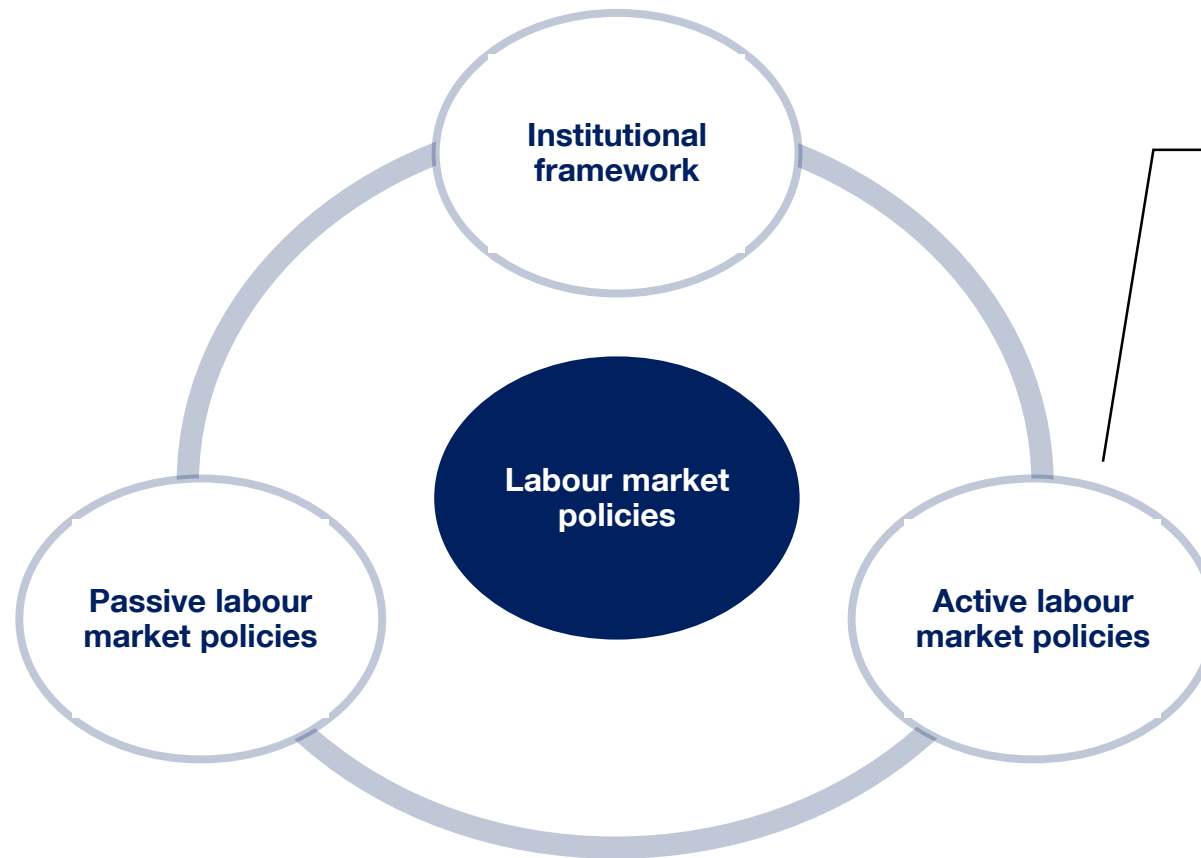
A labour market policy overhaul is a priority in light of the challenges facing the Spanish labour market posed by a persistently higher unemployment rate than other European countries, technological changes and population ageing



LABOUR MARKET POLICIES

ACTIVE POLICIES

A labour market policy overhaul is a priority in light of the challenges facing the Spanish labour market posed by a persistently higher unemployment rate than other European countries, technological changes and population ageing



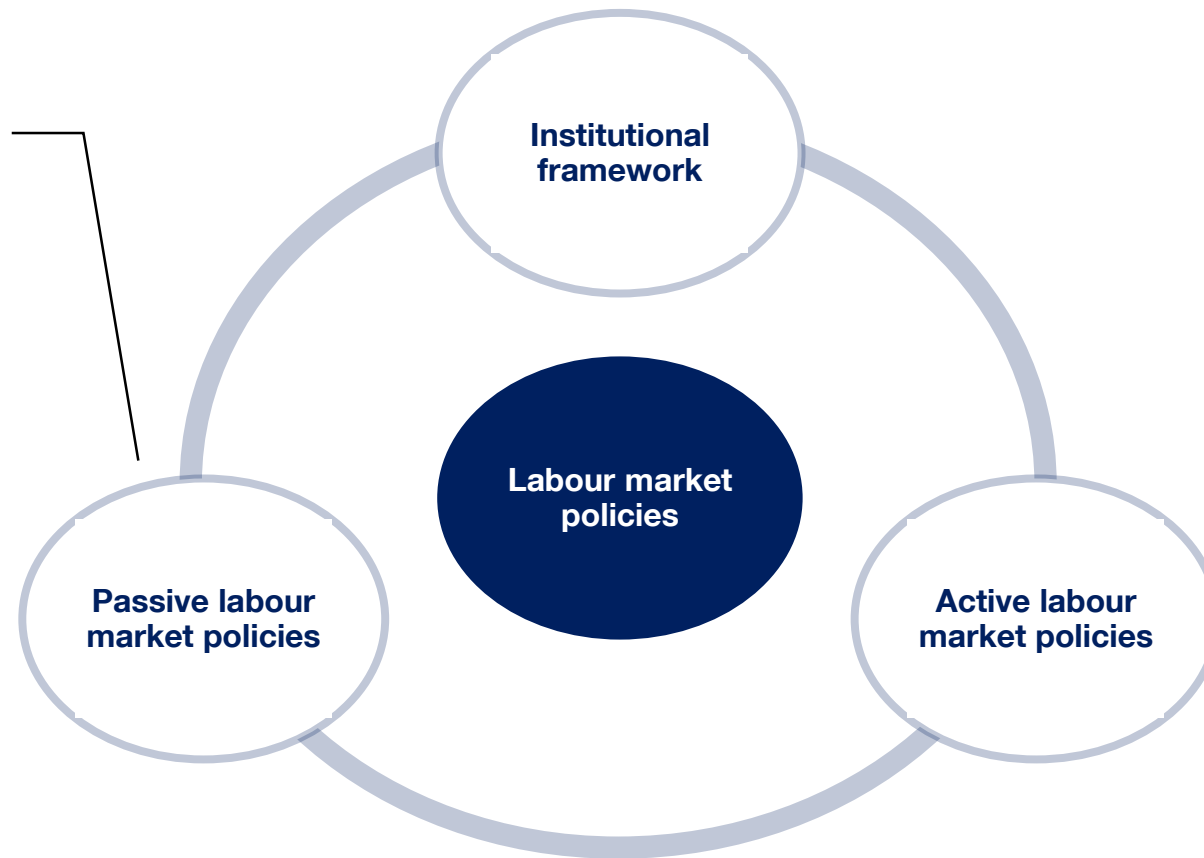
- By international standards, both the extent to which the unemployed participate in active policies and the amounts spent on such policies are low in Spain when set against the unemployment rate
- Continuous assessment is a key tool for modernising active labour market policies
- Training programmes must be designed with regard to the new technological context
- The role played by the public employment services in job mediation must be reviewed

LABOUR MARKET POLICIES

PASSIVE POLICIES

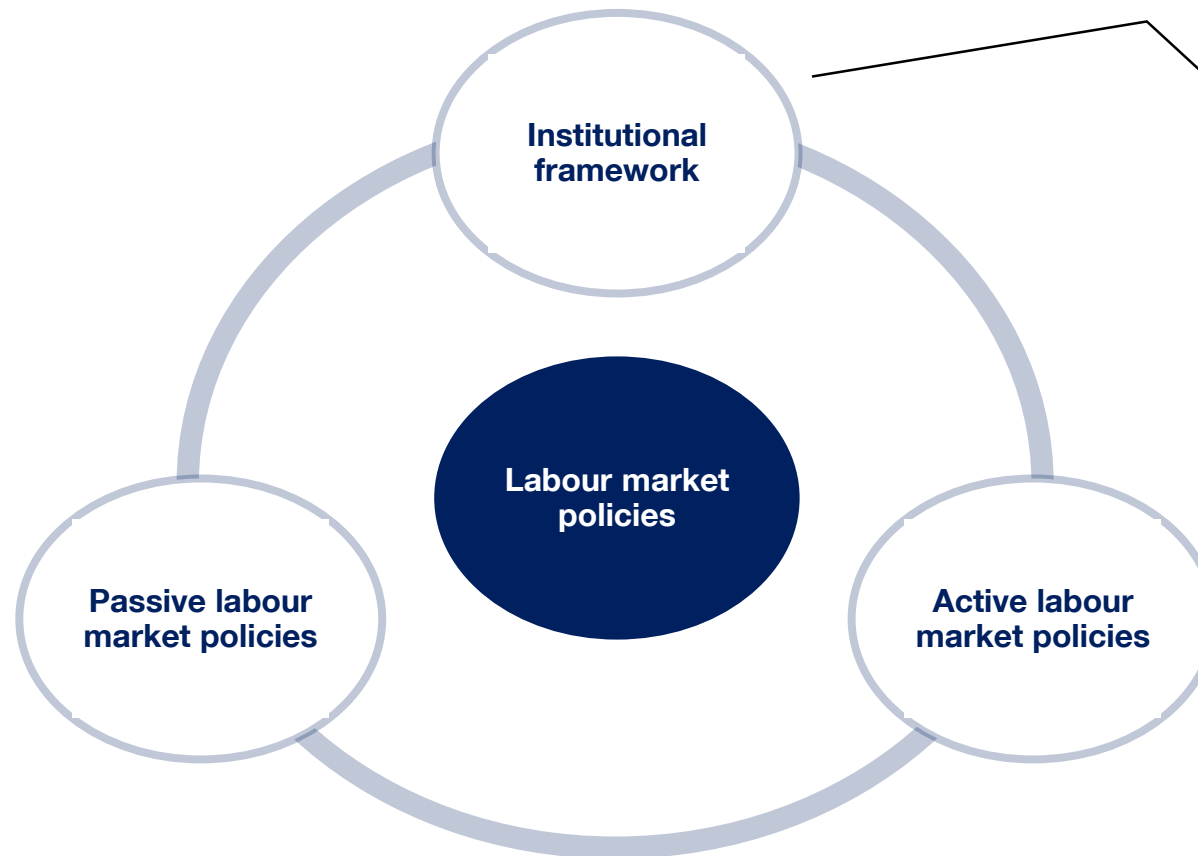
A labour market policy overhaul is a priority in light of the challenges facing the Spanish labour market posed by a persistently higher unemployment rate than other European countries, technological changes and population ageing

- Strengthening coordination with active labour market policies so that, together, they ensure that the unemployed are adequately protected, while at the same time encouraging and facilitating their return to the labour market
- Further streamlining and improving the assistance offered by the unemployment protection system
- Allowing certain benefits/subsidies to be compatible (for part of or their entire duration) with employment
- Introducing changes to the duration of the benefits/subsidies and/or decreasing their amount over time, without reducing the level of protection ex ante



LABOUR MARKET POLICIES INSTITUTIONAL FRAMEWORK

A labour market policy overhaul is a priority in light of the challenges facing the Spanish labour market posed by a persistently higher unemployment rate than other European countries, technological changes and population ageing



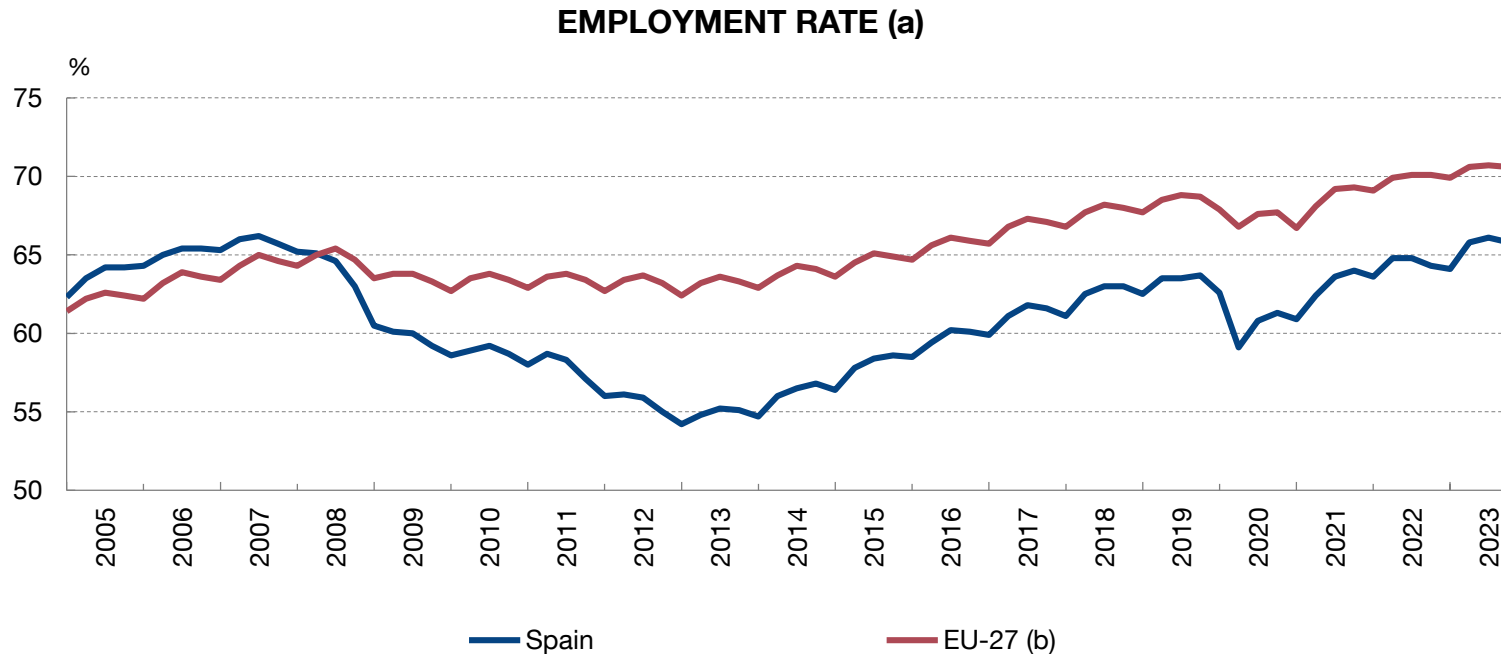
- Encouraging workers to prolong their working lives
- Ensuring collective bargaining is sufficiently flexible
- Making further progress on defining the objective grounds for dismissal and on reducing the uncertainty associated with these processes
- Allowing for flexibility across firms and sectors if the statutory working week is adjusted
- Assessing the impact of other potential changes to the elements comprising the institutional framework of the labour market on employment, labour costs and productivity

THANK YOU FOR YOUR ATTENTION



THE SOUND PERFORMANCE OF THE LABOUR MARKET FOLLOWING THE PANDEMIC IS SIMILAR IN SPAIN AND THE EURO AREA. EMPLOYMENT (IN NUMBER OF PERSONS) OUTSTRIPPED GDP IN BOTH AREAS

- The potential reasons for employment's relative strength in the Spanish economy notably include (i) public sector employment growth, (ii) immigrant inflows, (iii) higher growth in particularly labour intensive sectors, and (iv) a degree of “labour hoarding” on the part of firms
- In turn, such labour hoarding – which is also observed in other countries – could be associated, in part, with (i) firm's experiences during the pandemic (e.g. with the use of furlough schemes), (ii) firms finding it more difficult of late to hire new workers, and (iii) firms potentially expecting the recent adverse shocks to be temporary



Sources: INE and Eurostat.

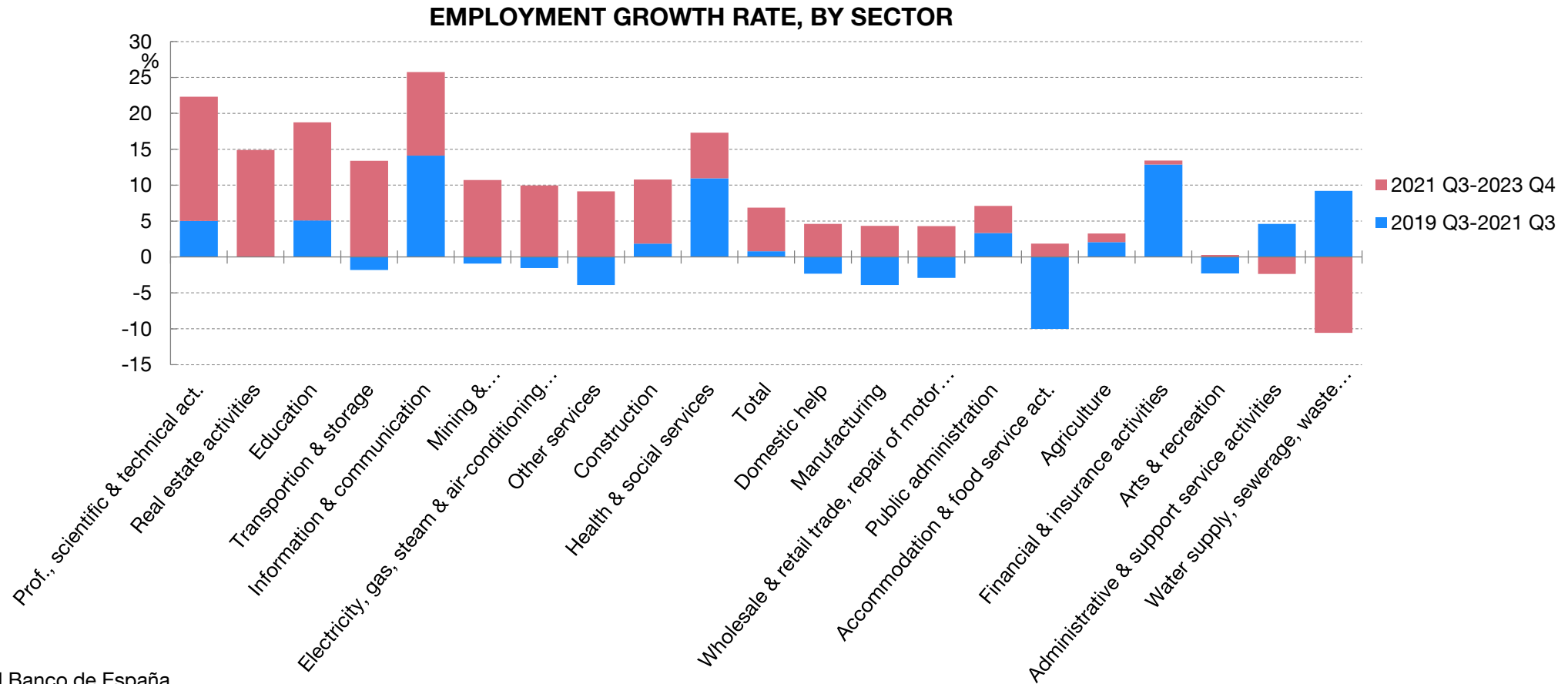
(a) Employment rate measured as employed people as a percentage of the working-age population (aged 15-64).

(b) EU-27 refers, throughout the period considered, to the aggregate of the European Union Member States from 2020 onwards.



EMPLOYMENT HAS GROWN WITH CONSIDERABLE HETEROGENEITY ACROSS SECTORS, OCCUPATIONS AND REGIONS

- By sector and occupation, worth noting is the sharp employment growth in technical, scientific and intellectual professions in the most recent period, something also observed in the EU-27 as a whole
- By geographical area, since 2019 employment rates have grown the most in the regions where such rates have historically been the lowest. Moreover, the growth of the employment rates has above all been due to the greater presence of tertiary-educated persons in employment

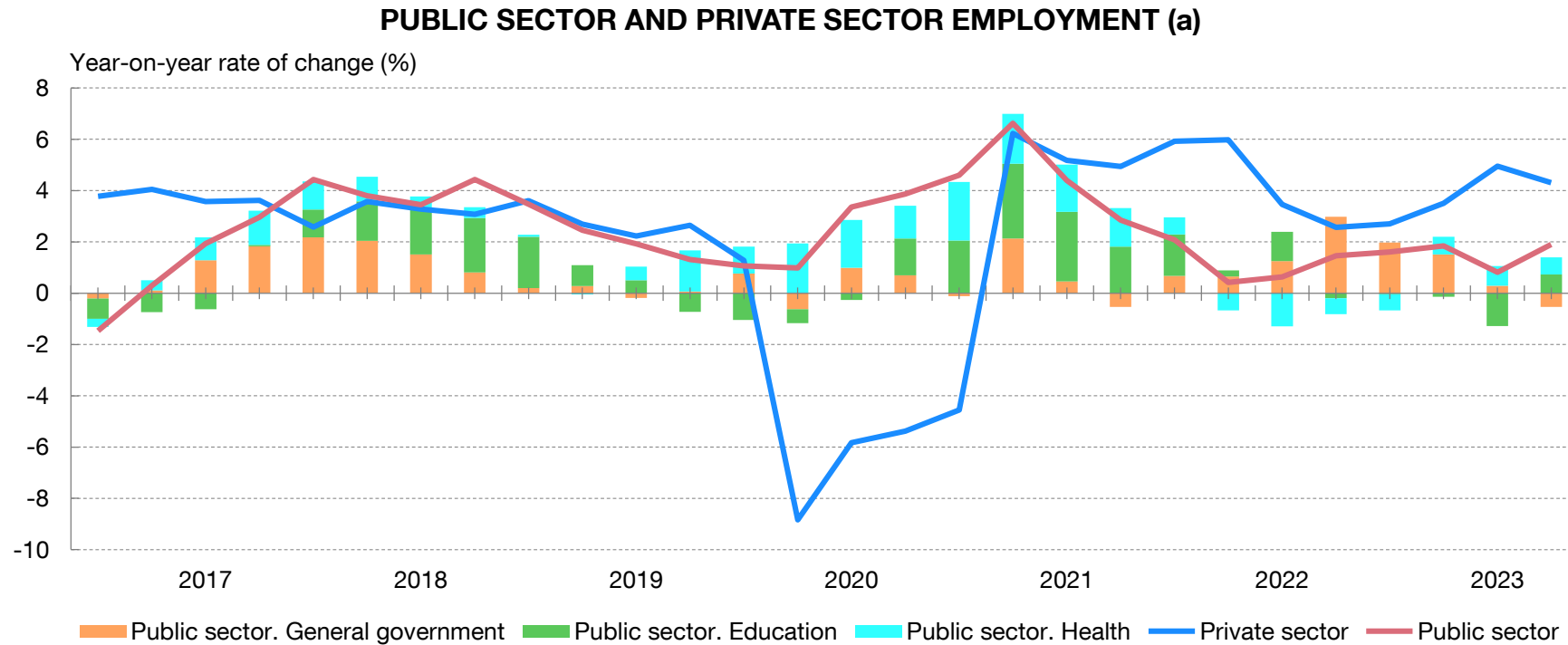


Sources: INE and Banco de España.



PUBLIC AND PRIVATE SECTOR EMPLOYMENT

- Between end-2019 and end-2023 the number of salaried workers in the public sector increased by 340,000, i.e. average annual growth of 2.4%, outstripping that in paid employment in the private sector (1.7%). However, in the same period private sector employment increased by 850,000 people. As a result, the share of public sector employees in total paid employment rose from 16.3% to 16.9%
- This trend was particularly noticeable between 2020 and 2022 (when the public sector accounted for 17.3% of total paid employment), while private sector paid employment grew more in 2023



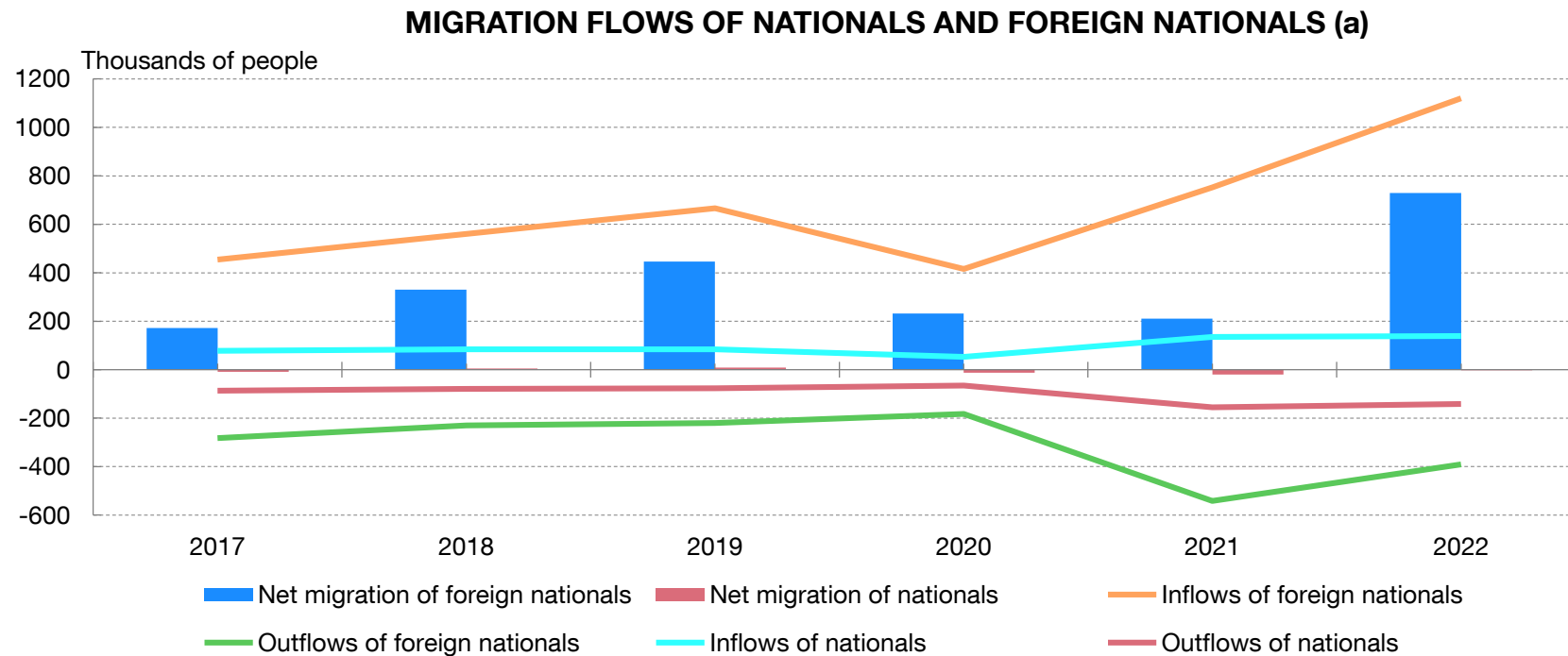
Sources: INE and Banco de España.

(a) Public sector employment measured by public sector paid employment. General government, education and health account for more than 85% of public sector paid employment.



MIGRATORY FLOWS

- Between early 2022 and end-2023, the population in Spain grew by 1,000,000 and the labour force increased by 788,000. Virtually all of these increases (96.1% and 71.7%, respectively) were due to immigration
- Turning to employment, foreign nationals accounted for 54% of the 1.06 million new persons employed in the same period
- The demographic forecasts of the National Statistics Institute (INE), Eurostat and the Independent Authority for Fiscal Responsibility (AIReF) all point to immigration maintaining this momentum over the coming years, with net inflows of 200,000-500,000 in 2024 and 2025



Sources: INE and Banco de España.

(a) Banco de España calculations drawing on data from the Migration Statistics, Residential Variation Statistics and Statistics on Migrations and Changes of Residence.



PRODUCTIVITY, COMPENSATION PER EMPLOYEE AND UNIT LABOUR COSTS

Labour productivity

- In the period 2019-2023, GDP per hour worked only grew by 0.8% in Spain, a figure which is not too dissimilar from that observed in the euro area as a whole
- However, a decrease in labour productivity can be seen in Spain and the euro area (-1.4% and -0.8%, respectively) when measured in terms of persons employed

Compensation per employee

- Since end-2019, compensation per employee has increased in Spain by 16.9% in nominal terms and by 1.2% in real terms

Unit labour costs (ULCs)

- Compensation per employee growth, combined with productivity's sluggishness, has driven unit labour costs (up 2.6 pp since 2019) higher than those observed in other euro area countries

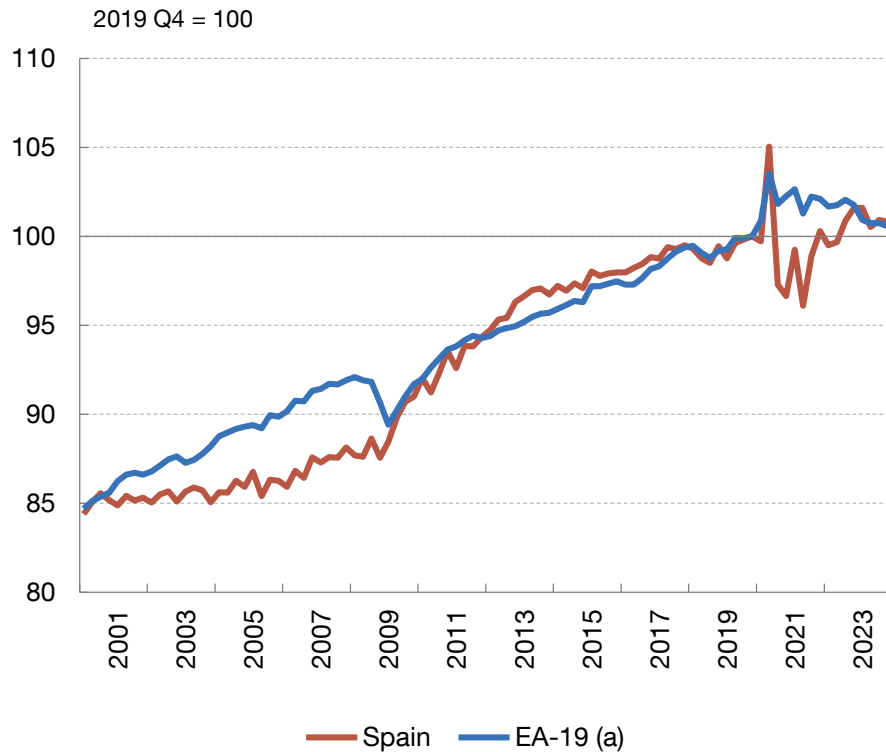
Empirical relationship between wages and productivity

- Productivity growth is the main determinant of real wage growth, although, in certain settings, productivity gains do not necessarily entail equivalent increases in real wages

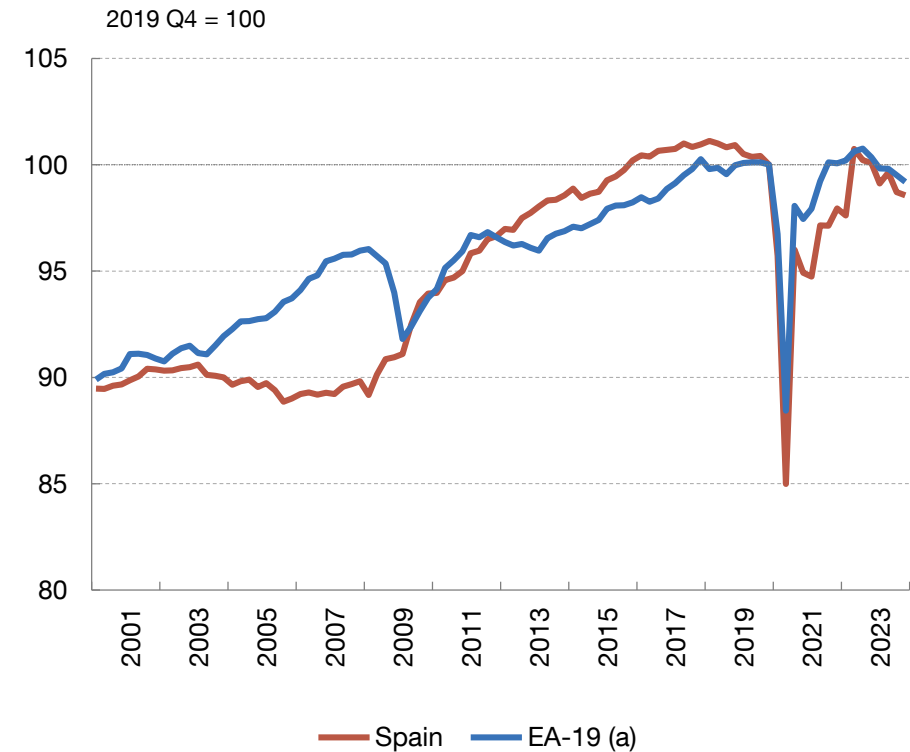


APPARENT LABOUR PRODUCTIVITY IN SPAIN AND THE EURO AREA

APPARENT LABOUR PRODUCTIVITY PER HOUR WORKED



APPARENT LABOUR PRODUCTIVITY PER PERSON EMPLOYED



Source: Eurostat.

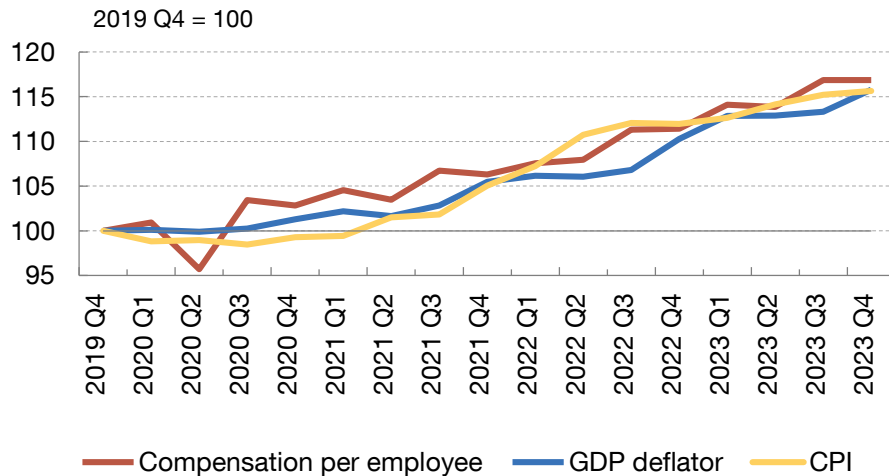
(a) EA-19 refers to the euro area countries in the period 2015-2022.



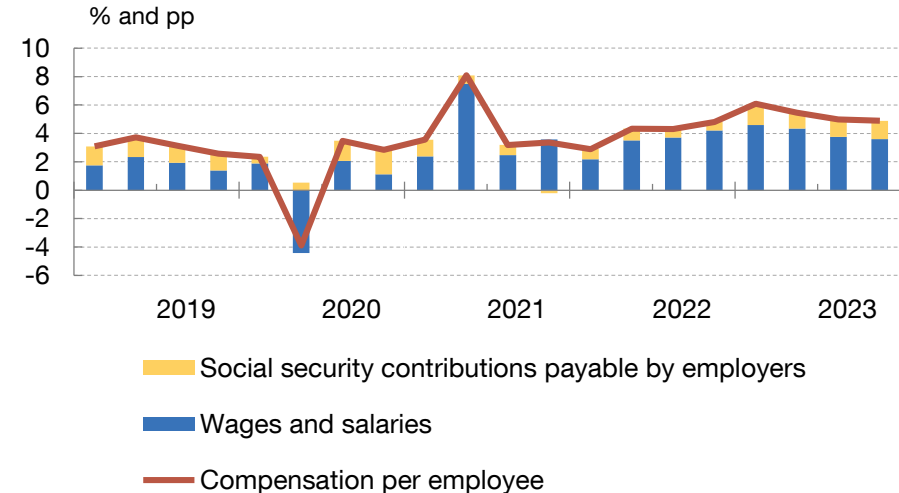
COMPENSATION PER EMPLOYEE

- The factors that have affected compensation per employee in recent years include the following:
 - Amid high inflationary pressures, **wage increases negotiated under collective agreements have been relatively moderate**
 - **The increase in social security contributions** contributed to the rise in labour costs in 2023
 - According to simulations conducted using the Quarterly Macroeconometric Model of the Banco de España, a 1 pp increase in the average effective rate of social security contributions could, after four years, prompt a decrease in the number of persons employed of close to 0.25%
 - **The national minimum wage has continued to rise** (by 54% between 2018 and 2024)
 - The percentage of workers earning the national minimum wage in Spain rose from 5.1% to 11.5% between 2018 and 2023, and, according to estimates, it will reach 12.7% in 2024. Having reached these levels, it would be advisable for potential future increases in the national minimum wage to take into account (through a detailed ex ante analysis) the possible adverse effects that, in the absence of productivity gains, such increases could have on the employment of certain groups of workers, firms and regions
 - **Wage drift has been greater than observed in the past** (it was close to 2 pp in 2023), which could be at least partly attributable to the Spanish labour market's considerable tightness of late

COMPENSATION PER EMPLOYEE AND PRICE INDICES



COMPENSATION PER EMPLOYEE AND ITS MAIN COMPONENTS



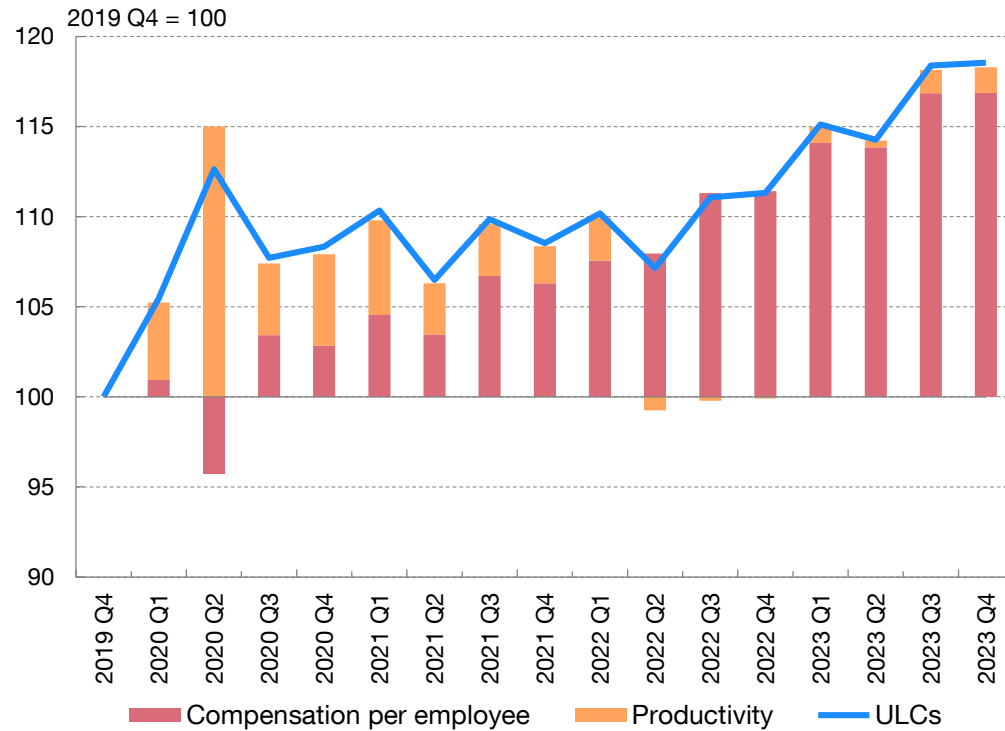
Source: INE.



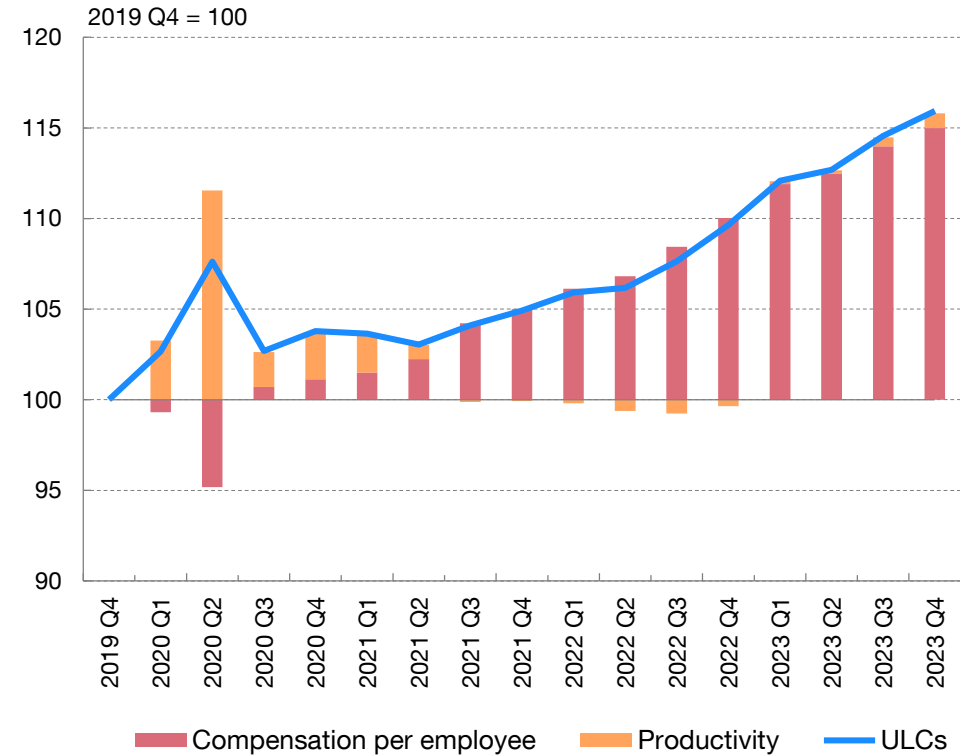
UNIT LABOUR COSTS IN SPAIN AND THE EURO AREA

- Recent Banco de España estimates (Aguilar, Domínguez-Díaz, Gallegos and Quintana, 2024) suggest that, for each percentage point increase in this differential, Spanish exports could decrease by between 0.2% and 0.3%

ULCS IN SPAIN (a)



ULCS IN THE EA-19 (a) (b)



Source: Eurostat.

(a) Seasonally adjusted time series. Unit labour costs are decomposed under the assumption that the productivity of employees is equal to that of persons employed.

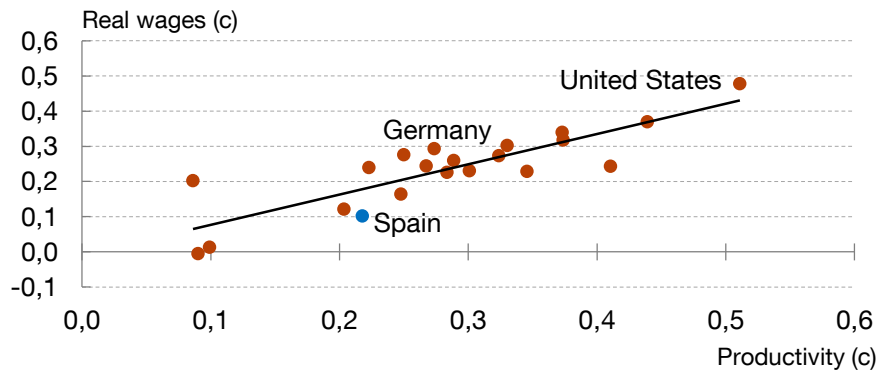
(b) EA-19 refers to the euro area countries in the period 2015-2022.



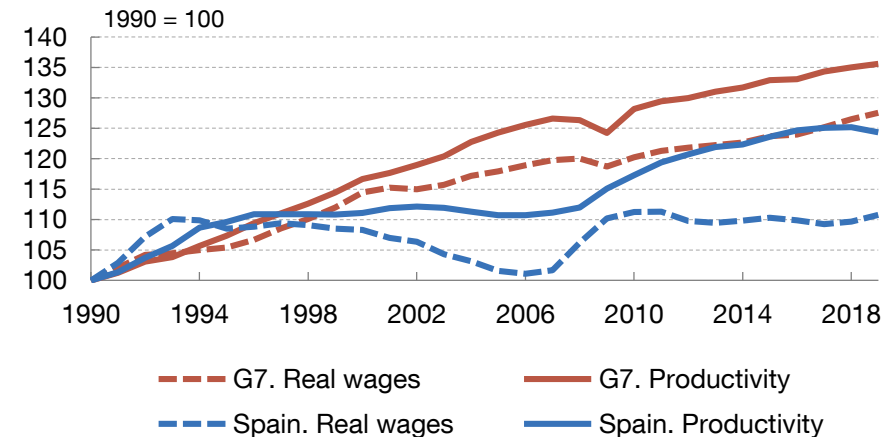
EMPIRICAL RELATIONSHIP BETWEEN WAGES AND PRODUCTIVITY

- The international evidence for recent decades points to **real wages increasing more markedly in economies where productivity growth is stronger**
- This does not mean that **growth in apparent labour productivity necessarily entails equivalent increases in real wages**: In many of the countries analysed, growth in apparent labour productivity in the period 1990-2019 outstripped that observed in average real wages
- The **reasons behind this gap** have been and continue to be a focal point in the economic literature, although it is yet to offer conclusive findings on the relative importance of each of the possible determinants (for example, **technological change - which shows greater complementarity with capital than with labour -**, **globalisation, the monopsony and monopoly power exerted by firms and changes in the composition of labour supply**)

RELATIONSHIP BETWEEN REAL WAGES AND LABOUR PRODUCTIVITY: ADVANCED ECONOMIES (a) (b)



REAL WAGES AND LABOUR PRODUCTIVITY IN SPAIN AND THE G7(a)

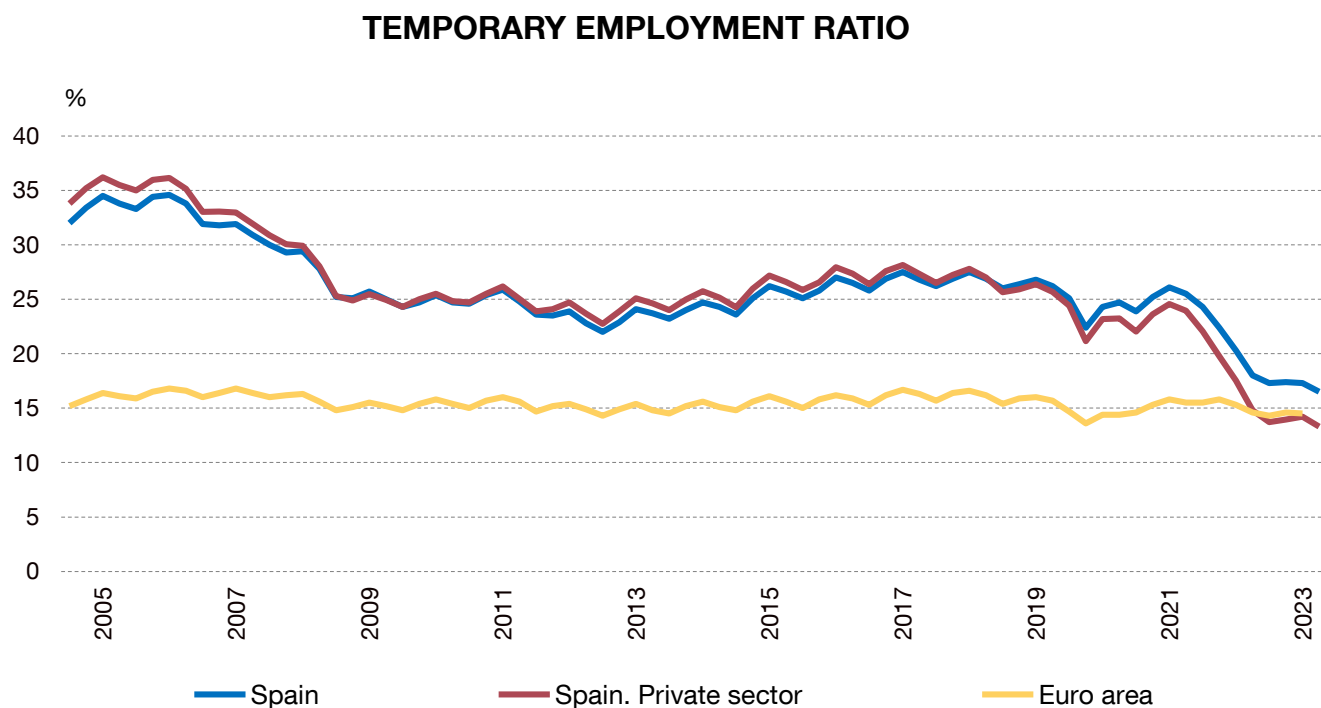


Sources: OECD and Banco de España.

- (a) Real wages are measured as compensation per employee deflated by the GDP deflator. Labour productivity is expressed as the ratio of real GDP to the total number of persons employed.
- (b) The following advanced economies are considered: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and United States.
- (c) Rate of change between 1990 and 2019, as a percentage.

THE TEMPORARY EMPLOYMENT RATIO HAS FALLEN SHARPLY SINCE THE 2021 LABOUR MARKET REFORM WAS ADOPTED

- This decline has enabled the Spanish temporary employment ratio to **make up considerable ground on the euro area average**
- This fall in the temporary employment ratio is explained by an increase in **full-time permanent contracts** (which account for around 55% of the total), in **part-time permanent contracts** (approximately 26%) and in **permanent seasonal employment contracts** (approximately 19%)



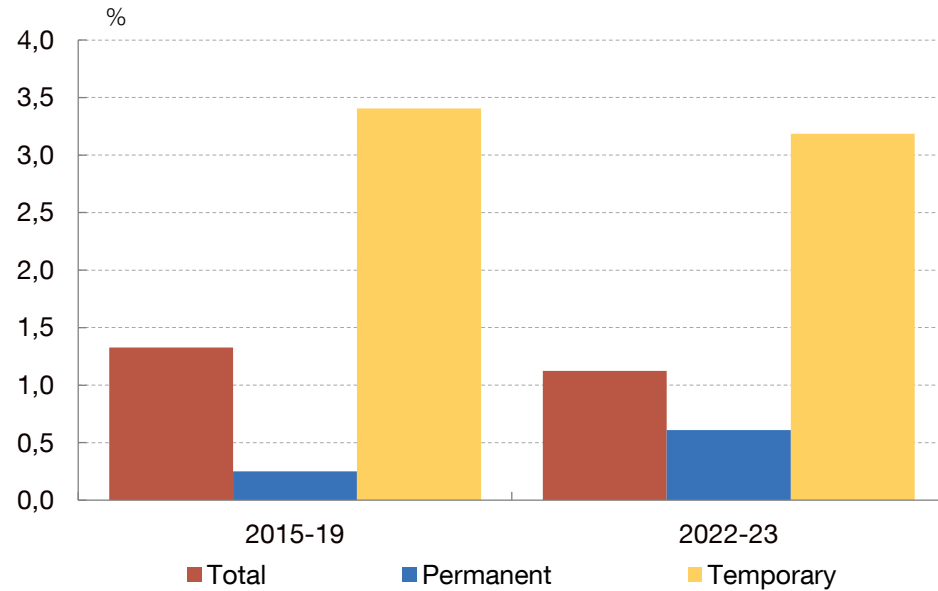
Sources: INE and Eurostat.



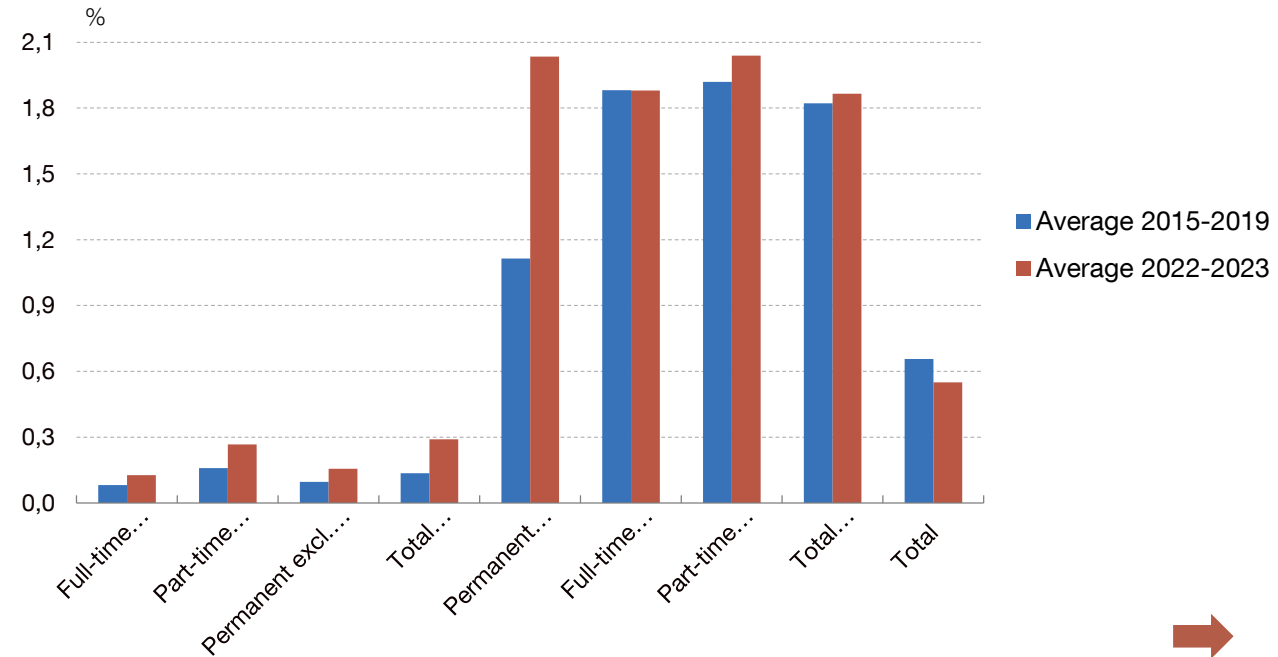
OTHER INDICATORS WHICH PROXY JOB STABILITY: RATIO OF THE SUM OF CONTRACTS STARTING AND ENDING IN A MONTH TO PERSONS EMPLOYED

- Since the reform was adopted labour turnover has fallen from an average of 1.33% in the period 2015-2019 to an average of 1.12% in the period 2022-2023
- This decline is the result of the change in the percentage of workers with permanent and temporary contracts, as the turnover for employees with a permanent contract increased (from 0.25% to 0.61%) and it only decreased slightly for workers with a temporary contract (from 3.40% to 3.19%)
- The higher turnover of permanent contracts since the entry into force of the labour market reform reflects the greater labour market inflows and outflows of workers with permanent contracts, in general, and of those with permanent seasonal contracts in particular

TOTAL TURNOVER RATE AND BY TYPE OF CONTRACT



TERMINATION RATE, BY TYPE OF CONTRACT



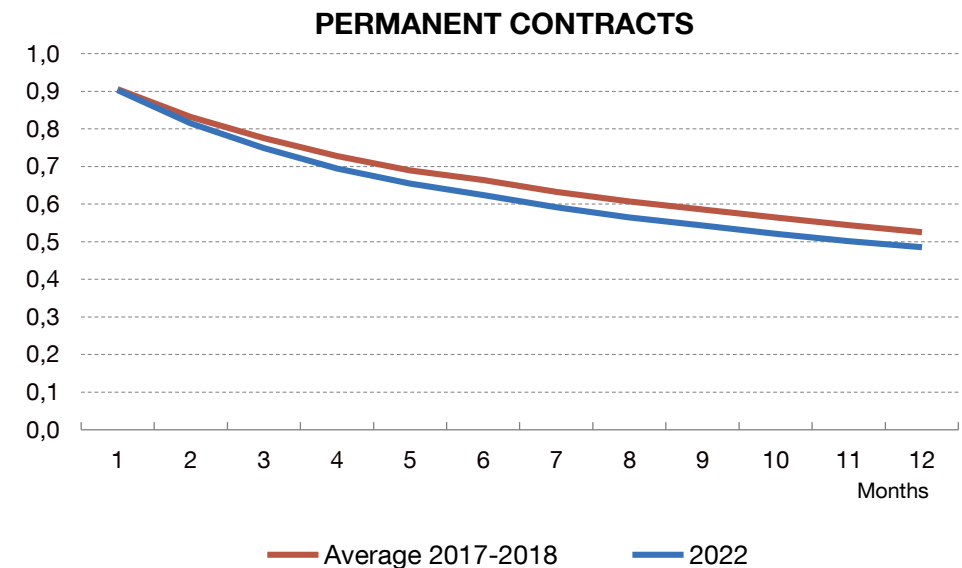
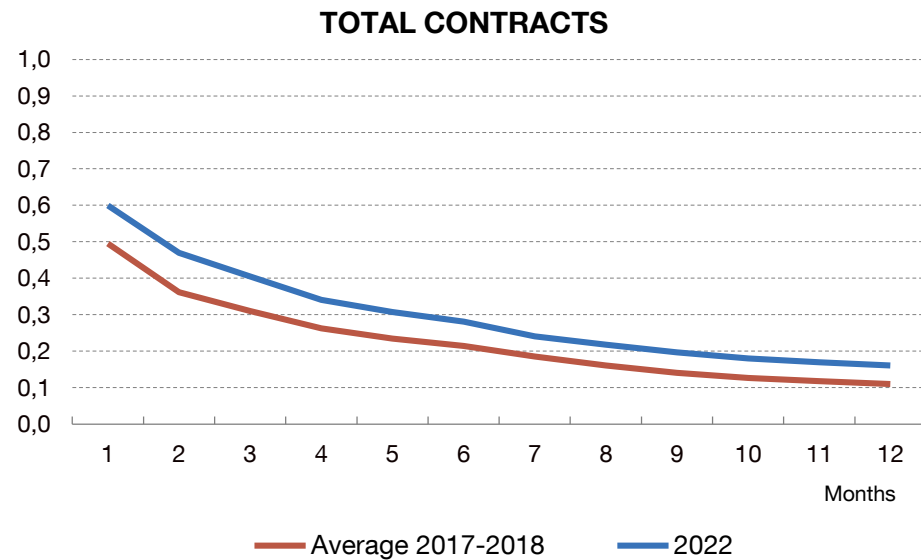
Sources: Tesorería General de la Seguridad Social and Banco de España.



OTHER INDICATORS WHICH PROXY JOB STABILITY: FIRST YEAR SURVIVAL RATE OF EMPLOYMENT CONTRACTS

- 16.1% of all the employment relationships that began in March 2022 were still ongoing a year later. This is a higher survival rate than observed for the contracts signed in March 2017 and March 2018 (11% on average)
- The overall survival rate improved despite the **deterioration in the survival rate of permanent contracts (excluding permanent seasonal contracts) following the labour market reform**. Thus, 48% of the permanent contracts signed in March 2022 were still ongoing one year later, while this percentage was 52.5% on average for permanent contracts signed in March 2017 and March 2018
- Although outflows from employment into unemployment decreased in Spain from 3.3% of the labour force in the first three quarters of 2019 to 2.8% in the same period of 2023, this percentage is still significantly higher than that observed for the euro area as a whole (1.2%)

SURVIVAL PROBABILITY OF A CONTRACT STARTING IN MARCH OF EACH YEAR (a)

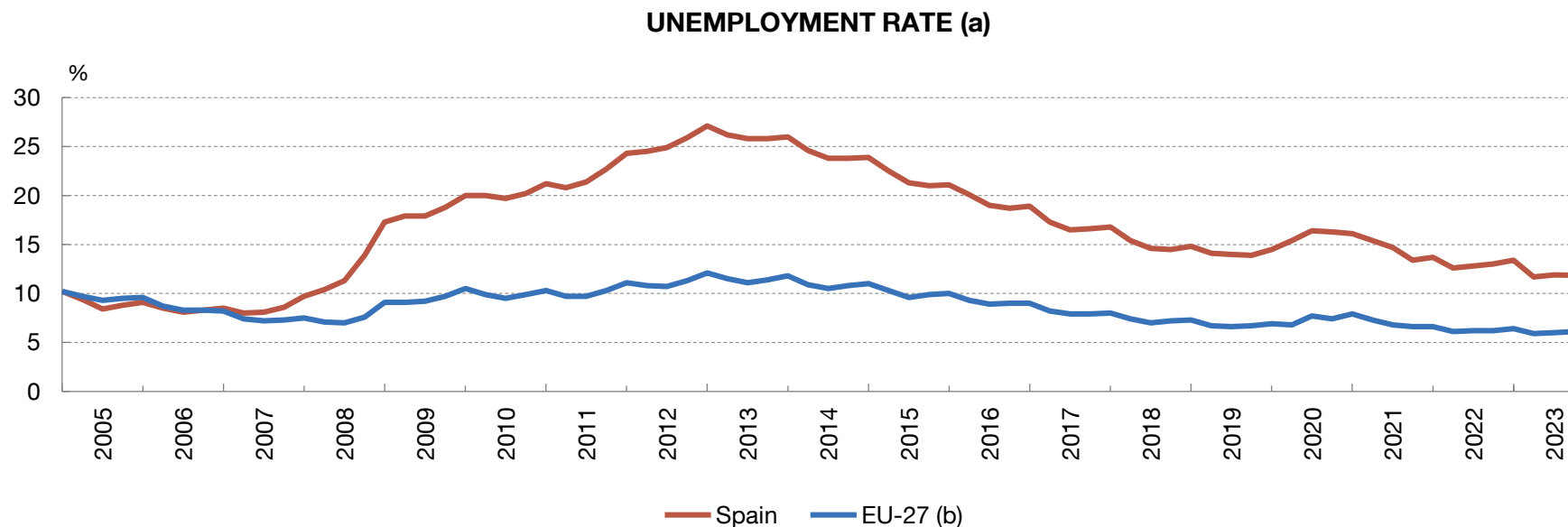


Sources: Ministerio de Inclusión, Seguridad Social y Migraciones and Banco de España.
(a) Drawing on individual records for employment relationships beginning between 2017 and 2022.



THE BUOYANCY OF EMPLOYMENT IN SPAIN HAS DRIVEN THE UNEMPLOYMENT RATE DOWN IN RECENT YEARS. HOWEVER, AT END-2023 IT WAS STILL TWICE THAT OF THE EU-27

- The **rate of youth unemployment** was 28%, almost triple the OECD rate (10.7%) and around double the EU-27 average
- In addition, despite the high labour turnover in Spain, 39% of the unemployed had been **jobless for over one year**, versus 25.4% in the OECD as a whole
- The **causes of the persistence of this positive differential in the unemployment rate between Spain and most other European countries** have been the subject of much research over the course of recent decades: a considerable portion of this gap are related to **the very institutions and policies that have a direct impact on the functioning of the labour market**, such as the design of active and passive labour market policies and other factors that influence both the rate of job creation and job stability (e.g. the different types of contracts available, the level of termination costs and many factors with a bearing on collective bargaining)



Source: Eurostat.

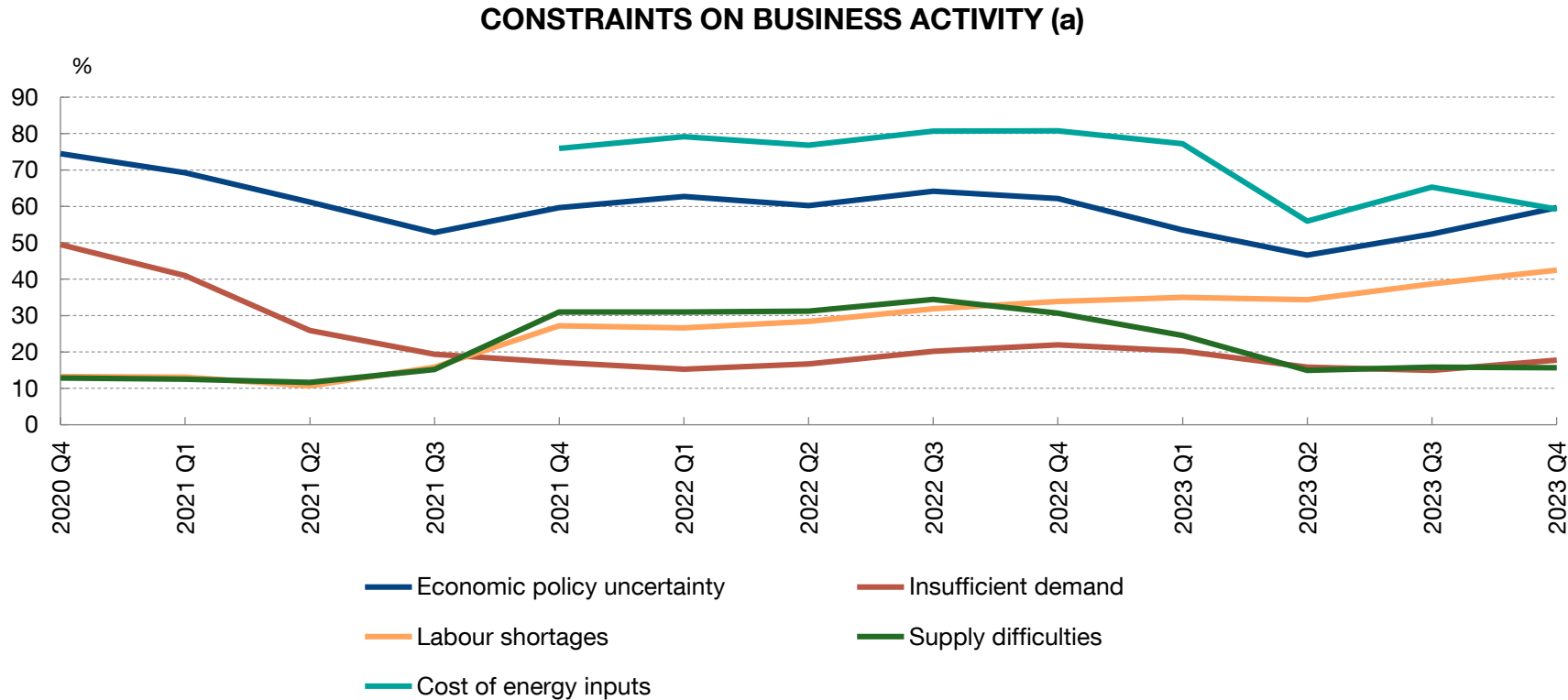
(a) Employment rate measured as employed people as a percentage of the working-age population (aged 15-64).

(b) EU-27 refers, throughout the period considered, to the aggregate of the European Union Member States from 2020 onwards.



DESPITE THE HIGH UNEMPLOYMENT RATE, THE SPANISH LABOUR MARKET IS SHOWING SIMILAR SIGNS OF TIGHTNESS TO THOSE OF OTHER COUNTRIES WITH LOWER UNEMPLOYMENT RATES

- Labour market tightness may arise on the demand side (due to an increase in the number of jobs created by firms), on the labour supply side (on account of a higher reservation wage), because of lower job matching efficiency, and through a combination of several of these factors



Source: Banco de España (EBAE).

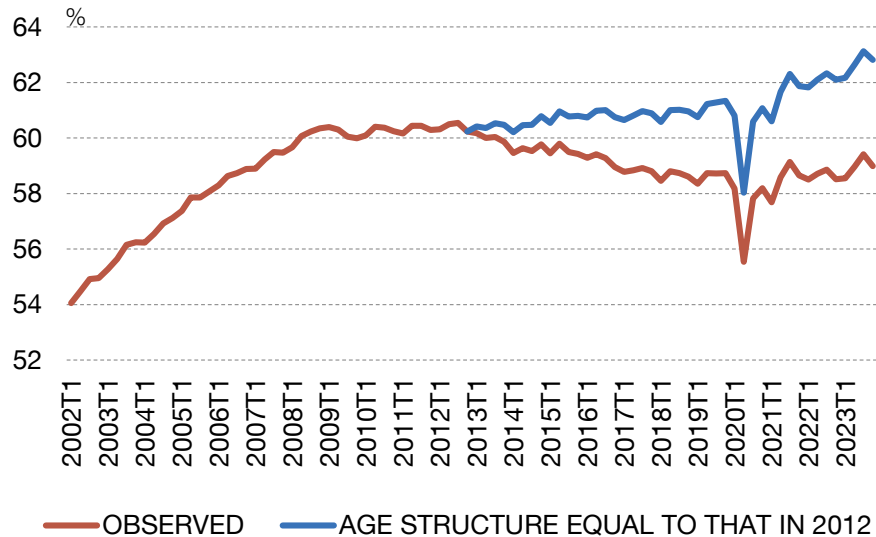
(a) In the Banco de España Business Activity Survey (EBAE), the proportion of firms reporting an adverse or very adverse impact of each of the factors on their activity. The index is constructed by assigning the following values to firms' qualitative responses: significant increase = 2; slight increase = 1; unchanged = 0; slight decrease = -1; and significant decrease = -2.



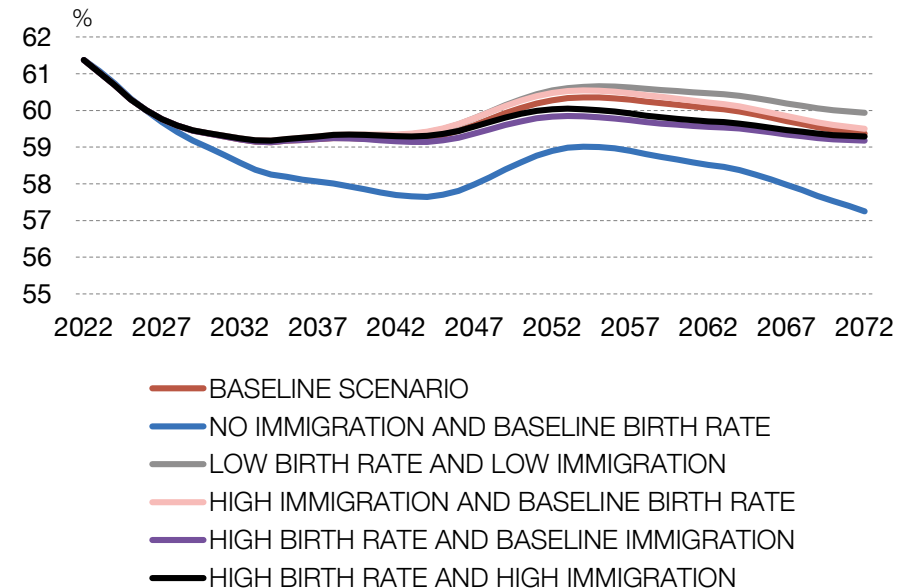
THE AGEING OF THE WORKING POPULATION HAS A NEGATIVE IMPACT ON THE RATES OF GROWTH OF AGGREGATE EMPLOYMENT AND PRODUCTIVITY AND, THEREFORE, ON GROWTH

- So far this century the average age of employed persons in Spain has risen by approximately 6 years – from 37.5 to 43.5 – and that of the self-employed has done so by 4 years – from 44 to 48
- Participation and employment rates for workers approaching the retirement age are lower than for middle-aged workers. Similar differences by age group are also observed in the case of productivity and innovation capacity
- Population ageing will also shape labour demand through changes in household consumption patterns and the emergence of new activities related to the “silver economy” could lead to a significant sectoral and occupational redistribution of employment

OBSERVED AND COUNTERFACTUAL PARTICIPATION RATE (a)



EMPLOYMENT RATE PROJECTIONS (b)



Sources: INE and Banco de España.

(a) The counterfactual participation rate is calculated by setting the weightings applied to each five-year population bracket at their 2012 average level and applying the observed participation rate to each population group quarter by quarter.

(b) Calculations using EPA data and the INE population projections. See Anghel, Jimeno and Jovell (2023).

DECISIVE ECONOMIC POLICY ACTION COULD, AT LEAST IN PART, MITIGATE THE POTENTIAL ADVERSE EFFECTS OF POPULATION AGEING

Migration policies should proactively anticipate the recruitment needs that will arise in the Spanish labour market as a result of future retirements and promote the arrival of immigrants able to meet these labour needs

Constraints

- In Spain foreign workers are on average 3.4 years younger than national workers. However, fully solving the problem of the generational replacement of workers in Spain would require much stronger migration flows than assumed in the current demographic projections
- In addition, immigrants tend to have different professional qualifications and occupy different jobs from nationals who retire from the labour market

Workers should be encouraged to extend their working lives

Constraints

- While the participation and employment rates of workers approaching the retirement age have increased significantly in Spain in recent years, longer working lives cannot fully offset the decline in new entrants to the labour market
- Although there is still some scope to further extend the working lives of Spanish workers, this process faces some obvious limitations, for example those related to the health of older workers (Crespo, Denis and Jimeno, 2023)
- Older workers are not perfect substitutes for younger workers, since their professional qualifications, skills and abilities are not the same

The potential adverse impact of population ageing (and new technologies) on the economy as a whole could be reduced by training and labour market policies that help workers (re)adapt their professional qualifications to the labour market's new demands

ASPECTS TO BE CONSIDERED IN RELATION WITH THE TECHNOLOGICAL CHANGES UNDER WAY

Differences with other technological innovations

- Previous technological changes were limited to the automation of very specific tasks that complemented human work or to manual or routine tasks. Conversely, the development of robotics and artificial intelligence could make it possible to automate productive tasks across all occupations, including those requiring a higher level of professional qualification

Possible winners/losers?

- Exposure to new technologies and their degree of complementarity with human work will determine which workers will be displaced and which will benefit from further increases in productivity:
 - Workers who are versatile enough to perform several different and horizontal tasks?
 - Lower-skilled workers (for example, through an increase in self-employment and jobs associated with the gig economy)?

Empirical evidence

- Evidence on the labour impact of these new technological changes is still very limited and should be interpreted with caution
- [Albanesi, Dias-da-Silva, Jimeno, Lamo and Wabistch \(2023\)](#): Labour demand has so far increased relatively more in occupations that are potentially more exposed to robotics and AI developments

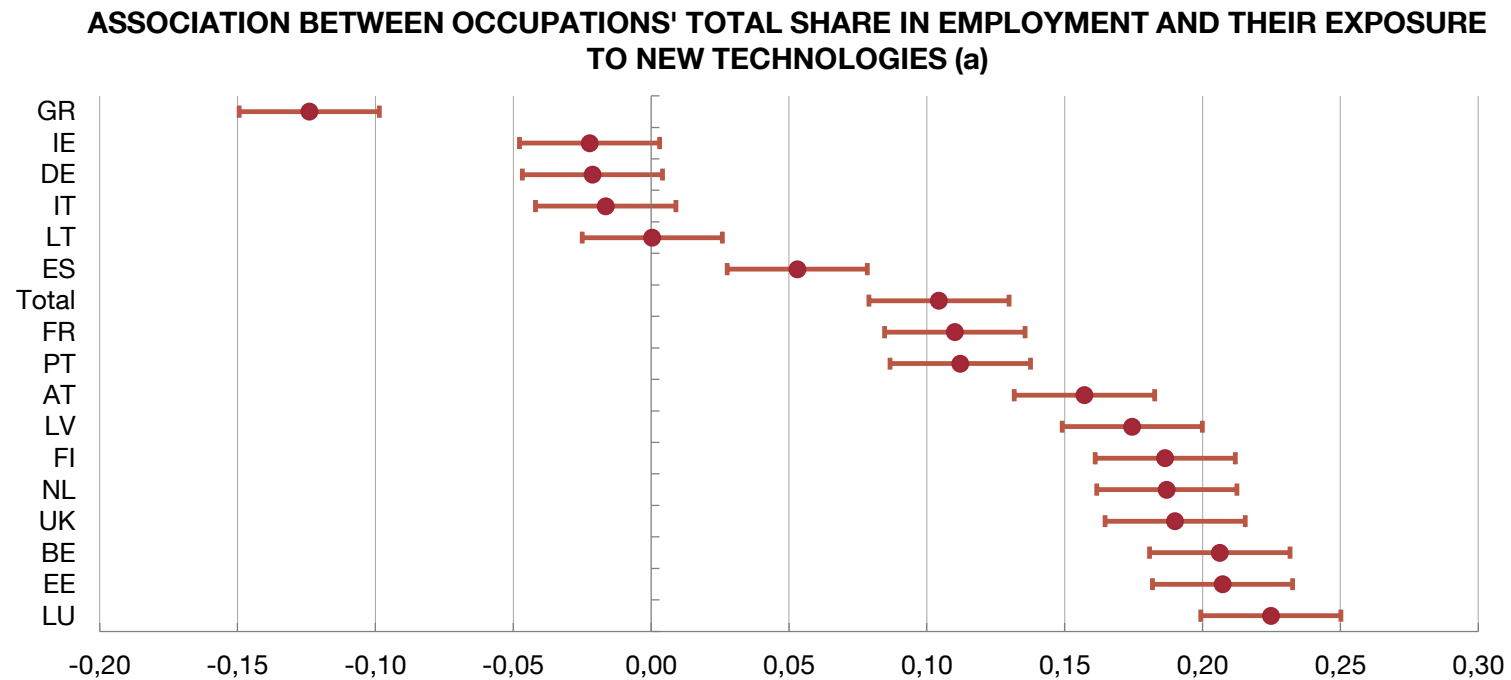
How will these technologies be deployed?

- The use of the new technologies in the production of goods and services is still in its infancy and how quickly they are deployed will foreseeably depend on various institutional factors
- The pace of this deployment will hinge on the development of digital infrastructure, human capital and workers' digital skills, and the flexibility of the labour market and labour market policies



PRELIMINARY EVIDENCE ON THE IMPACT OF NEW TECHNOLOGIES ON THE LABOUR MARKET

- Albanesi, Dias da Silva, Jimeno, Lamo and Wabitsch (2023) show that in EU countries the share of occupations that are more complementary with advances in robotics and AI in employment increased over the period 2011-2019. This effect seems to be stronger the more young people and high-skilled workers are employed in these occupations
- Meanwhile, the wage losses associated with the introduction of new technologies tend to be higher for older manual workers, while younger workers, more likely to take up jobs in the more technological sectors, tend to see their wages rise (Humlums, 2021)

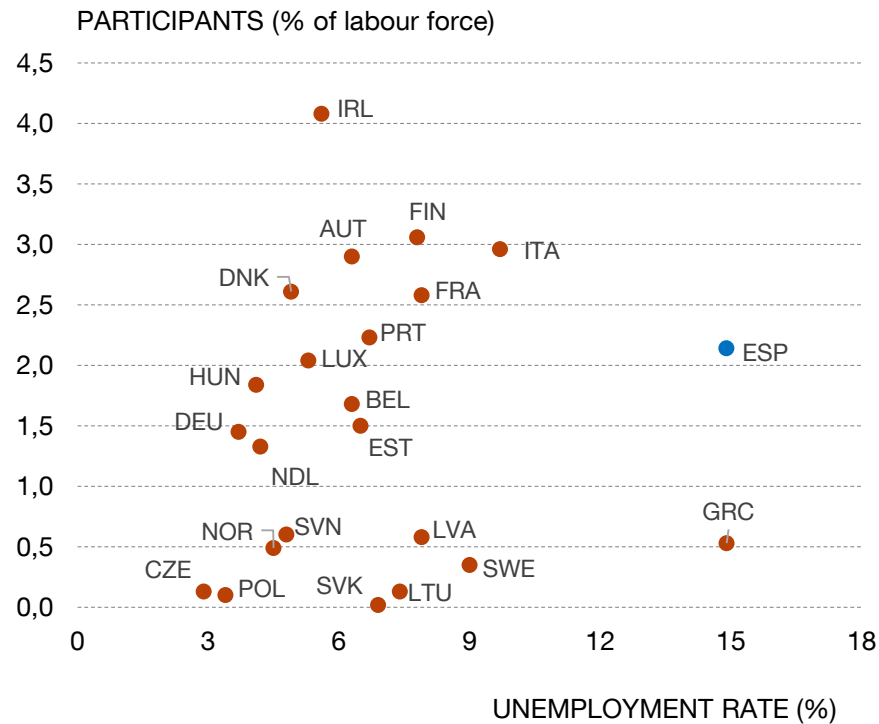


Source: Albanesi, S., Dias da Silva, A., Jimeno, J. F., Lamo, A., and Wabitsch, A. (2023). "New technologies and jobs in Europe". Documentos de Trabajo, 2322, Banco de España.
(a) Error bars indicate standard error with 95% confidence.

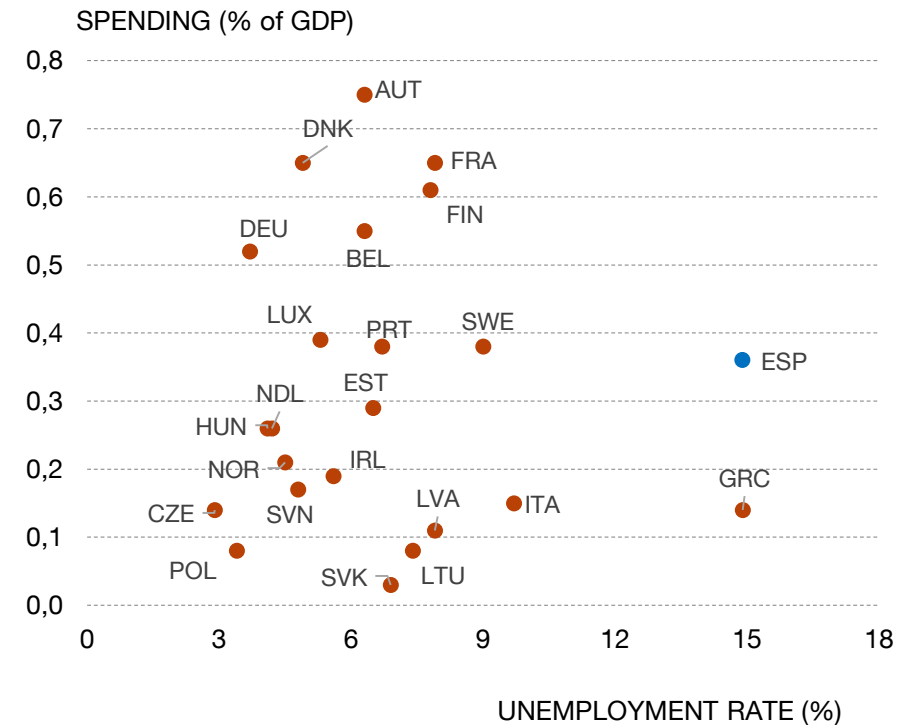


BY INTERNATIONAL STANDARDS, PARTICIPATION OF THE UNEMPLOYED IN ACTIVE POLICIES AND SPENDING ON SUCH POLICIES ARE LOW IN SPAIN WHEN SET AGAINST THE UNEMPLOYMENT RATE

UNEMPLOYMENT RATE AND PARTICIPANTS IN ACTIVE POLICY PROGRAMMES IN 2021 (a)



UNEMPLOYMENT RATE AND SPENDING ON ACTIVE POLICIES IN 2021 (a)



Source: OECD.

(a) Training programmes, direct job creation and public employment and government services.

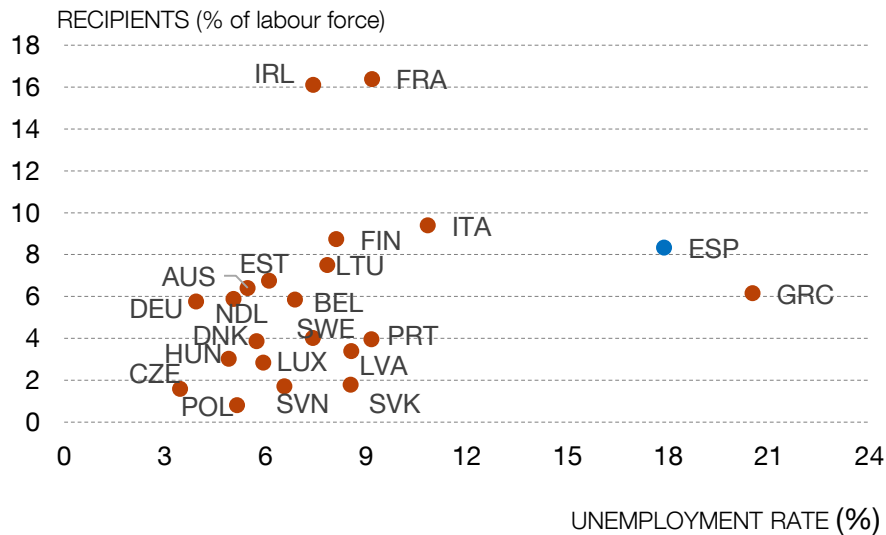


THE LEVEL OF COVERAGE/PROTECTION THAT PASSIVE POLICIES IN SPAIN AFFORD THE UNEMPLOYED HAS BEEN COMPARATIVELY LOW ...

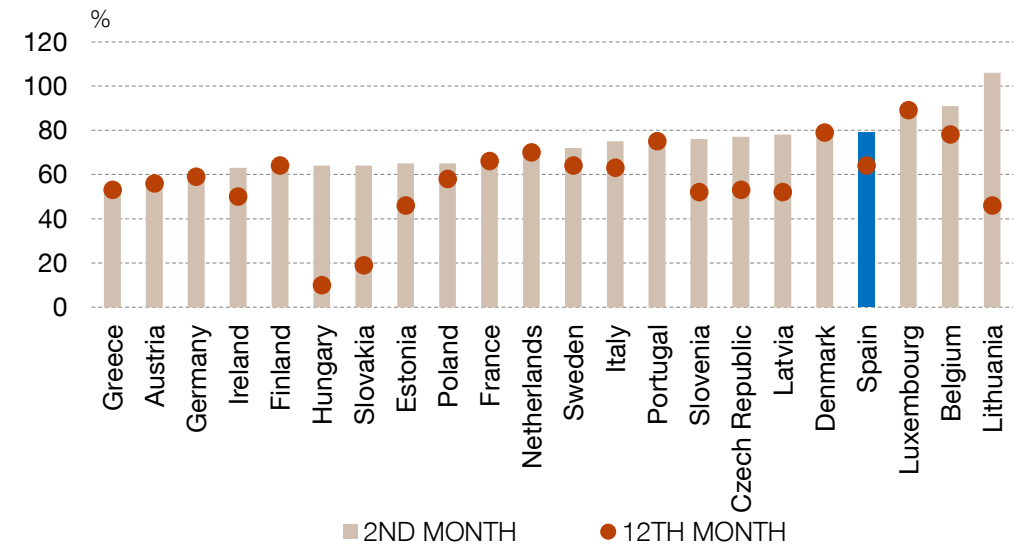
... while the unemployment benefit replacement rate is fairly high by international standards

- Complementarity between active and passive policies:
 - No matter how efficient active policies are, if the incentives to look for work are not tailored accordingly, transitions from unemployment to employment will be low and, by extension, so will aggregate employment
 - Equally, unemployment benefits that are heavily geared towards incentivising job-seeking will neither be sufficient nor able to meet their goal if the active labour market policies do not effectively help to make workers more employable

UNEMPLOYMENT AND RATE AND UNEMPLOYMENT BENEFIT RECIPIENTS (2014-2021)



NET REPLACEMENT RATE OF UNEMPLOYMENT INSURANCE BENEFITS (2022)



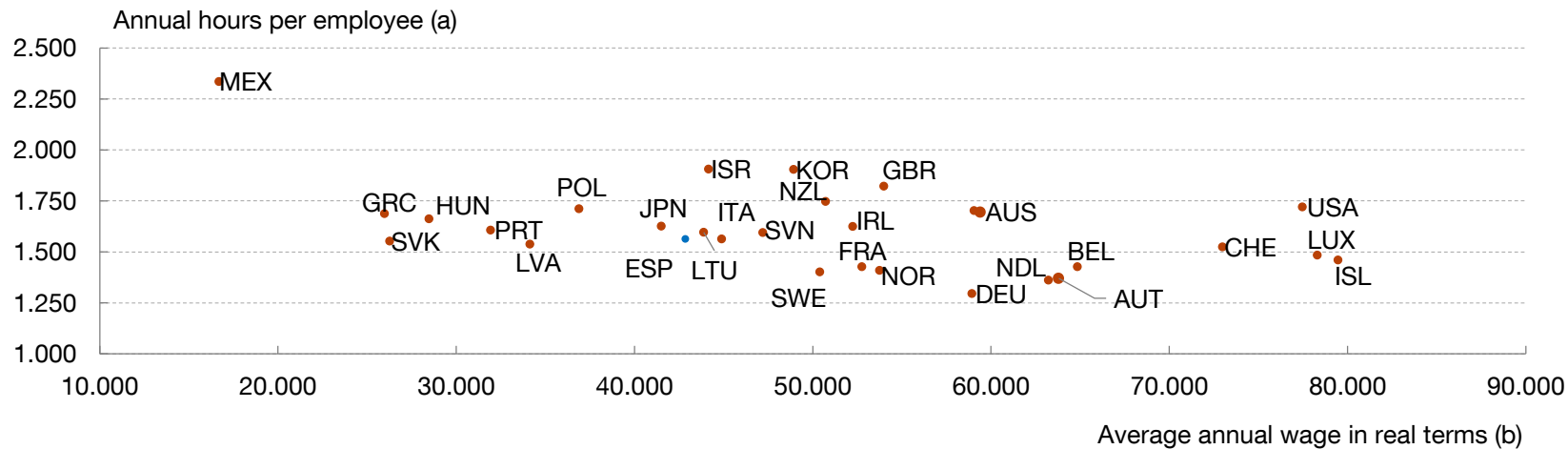
Source: OECD.

(a) The net unemployment benefit replacement rate is the proportion of previous income represented by the unemployment benefit, 2 and 12 months after becoming unemployed, for a single, childless person whose previous in-work income amounted to 67% of the average wage.

HOURS WORKED PER PERSON EMPLOYED HAVE BEEN ON A CLEAR DOWNWARD PATH FOR DECADES, BOTH IN SPAIN AND GLOBALLY

- This decline in weekly working hours is part of a structural process attributable to various factors, such as the greater weight of the services sectors, a higher female labour market participation rate and the rise in the part-time employment rate, as well as to productivity improvements, which leave more time for leisure. Indeed, countries with higher real wages (i.e. higher productivity) tend to have a shorter working week
- But the decline in the duration of the average working week has been highly heterogeneous across sectors and firms and has allowed working hours the specific characteristics of firms, its uneven impact on productivity and labour costs and workers' preferences. This heterogeneity must be maintained going forward, particularly if the statutory working week is ultimately reduced, in which case the different firms and sectors should be afforded ample flexibility to adapt to the legislative change if the possible negative effects of this measure on labour costs, productivity and the aggregate level of employment and activity are to be avoided

RELATIONSHIP BETWEEN REAL WAGES AND HOURS ACTUALLY WORKED IN OECD COUNTRIES IN 2022



Source: OECD.

(a) Annual hours actually worked per employee based on National Accounts.

(b) Equivalent full-time wage, calculated using National Accounts. All sectors of the economy. Expressed in US dollar (PPP).

