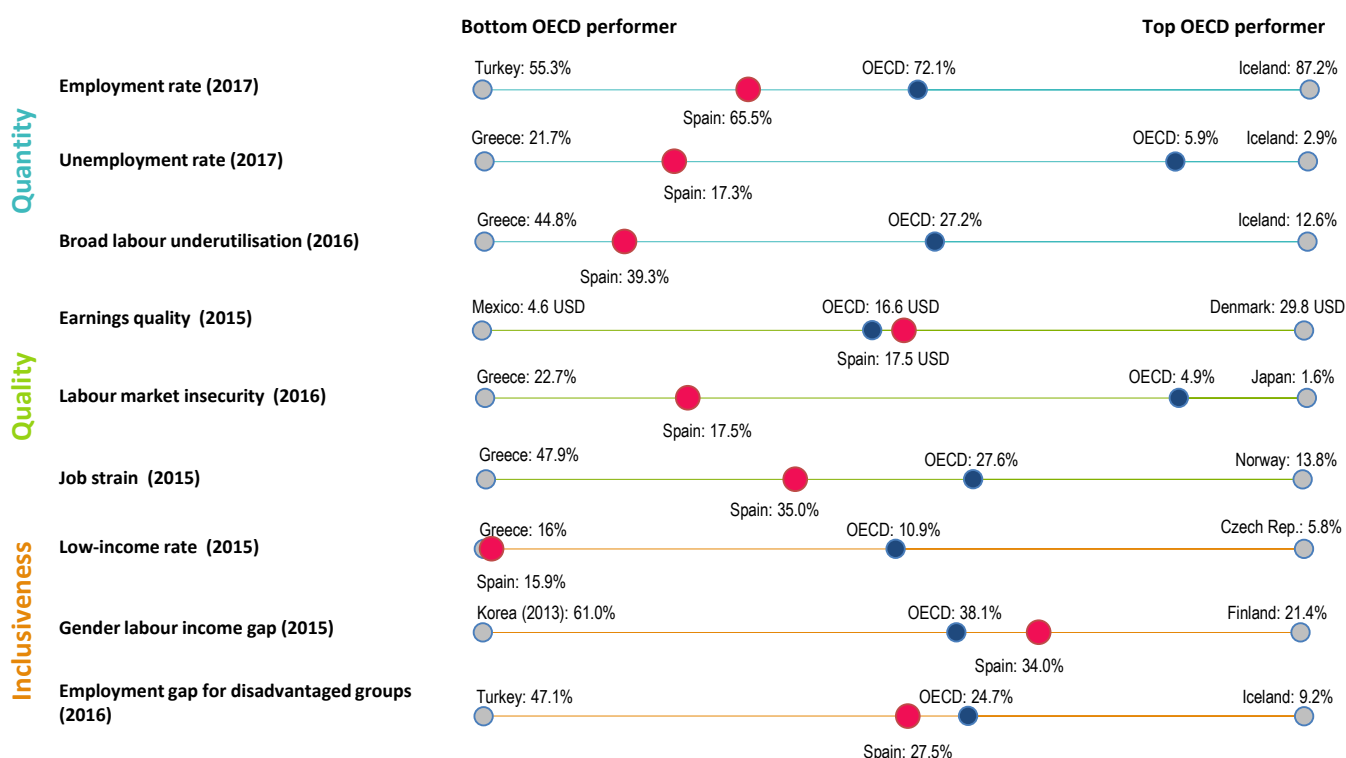


How does SPAIN compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Spain



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation : Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all

indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The labour market situation in Spain has improved continuously over the past years; the unemployment rate for example has declined by more than 10 percentage points since 2013. Nevertheless, Spain scores in the bottom third of OECD countries on all three indicators of job quantity due to the legacy of the crisis: employment rates and broad labour utilisation



rates are among the lowest in the OECD, while the unemployment rate is among the highest.

- Earnings quality, measured as gross hourly earnings adjusted for inequality, is around the OECD average. Labour market insecurity is the second highest among OECD countries, reflecting high unemployment. The long-term unemployment rate and the share of temporary contracts are high, further increasing vulnerabilities associated with job security. Spain also

has the fourth highest share of workers experiencing job strain among OECD countries.

- The performance of the labour market in terms of inclusiveness is mixed. Poverty rates are the second highest in the OECD. The gender labour income gap is slightly below the OECD average, but the employment gap for disadvantaged groups, such as mothers with children, youth, older workers, non-natives, and persons with partial disabilities, is slightly above.

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

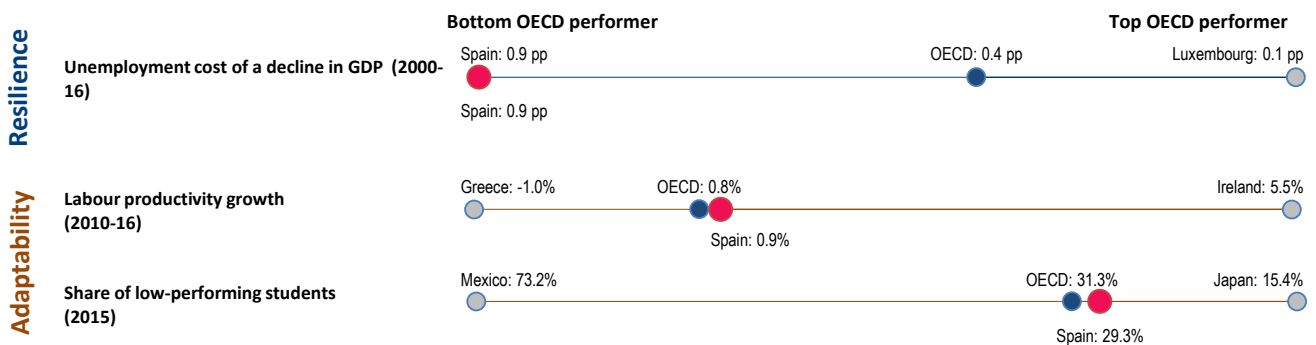
Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

- Spain is the bottom performer in the OECD in terms of employment resilience. Low resilience partly reflects large and persistent employment losses following the global economic and financial crisis. The 2012 labour

market reform, which increased internal flexibility and strengthened incentives to hire on permanent contracts, is likely to contribute to reducing the employment costs of future economic shocks.

- The Spanish performance in terms of adaptability is around the OECD average, according to indicators of productivity growth and skills.
- Labour productivity growth has improved in the post-crisis period, reflecting capital deepening, and is now around the OECD average, as is the share of low-performing students, according to PISA results.

Framework conditions for Spain



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).