

## FOCUS · Job quality: Spain within the international context

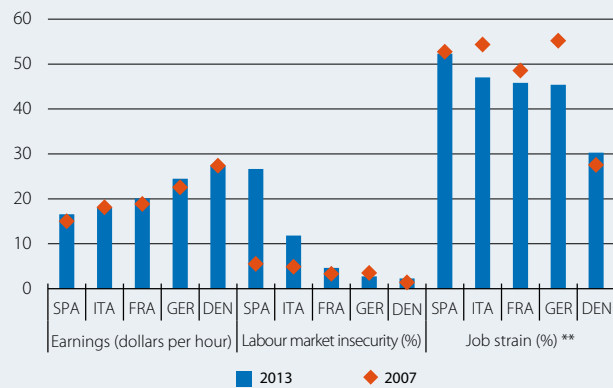
The Spanish labour market is making good progress in quantitative terms: in the last three years the number of employees has increased by almost 1.5 million while the unemployment rate has fallen by around 8 pps, reaching 18.9% in 2016 Q3. However, one of the greatest causes of concern is the quality of the jobs being created.

Measuring job quality is no easy task. Experts in this area point out that it is a multi-dimensional construct and various characteristics have to be taken into account, both regarding the employment relationship and the job. The OECD, for example, has proposed a conceptual framework to evaluate job quality based on three components: earnings (adjusted for inequality of its distribution), labour market insecurity and the working environment, measured as the strain suffered by employees due to job demands or having insufficient resources to carry out their work. According to these indicators, employment quality in Spain is among the lowest of all OECD countries. Specifically, Spain is among the 10 countries with the worst indicators in two out of the three factors analysed, together with countries such as Slovakia, Greece, Hungary, Italy, Poland, Portugal and Turkey.<sup>1</sup> At the other end of the scale are countries such as Norway, Switzerland and Denmark, the latter generally being used as the paradigm for an efficient labour market.<sup>2</sup> Spain's poor position in the ranking of developed countries can partly be explained by the greater impact of the crisis on the Spanish labour market. Between 2007 and 2013 Spain worsened its position in the component of labour market security, falling from 27th to 32nd (out of 33 countries), as well as the working environment component with Spain being the penultimate country, ahead only of Greece. In any case even before the crisis, when the unemployment rate was around 8%, the situation of the labour market in qualitative terms was not at all enviable (see the first graph).

The conceptual framework proposed by the OECD aims to assess job quality from an individual point of view due to the impact this has on the well-being of workers. Employment quality, however, is also a fundamental issue from an aggregate point of view as it is closely linked to the better utilisation of labour as a factor of production. In fact, employment quality affects participation in the labour market and worker productivity and therefore has a direct impact on a country's macroeconomic performance. From this perspective, it is useful to explore other dimensions such as the type of employment contract and how far an economy's labour resources are being utilised. The type of contract can affect productivity as the incentives for

employees and employers to invest in specific human capital and training are less when the employment relationship is shorter in duration. On the other hand a country's total production is reduced when labour resources are utilised below their potential. To measure the extent of this situation, variables can be used such as the percentage of part-time employees who would prefer to work full-time or to what extent employees are over-qualified (when employees have higher qualifications than those required by the job). An international comparison once again reveals that Spain's situation is far from encouraging (as shown by the second graph). So there is still a long way to go and labour policies should therefore focus on improving not only the quantity of employment but also its quality.

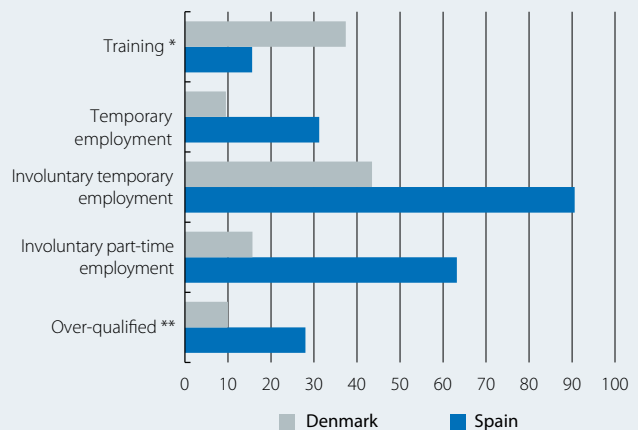
### Components of job quality according to the OECD \*



Notes: \* Earnings in dollars per hour adjusted for purchasing power parity and inequality of its distribution. Labour market instability measures the risk of becoming unemployed and the expected cost as a percentage of previous earnings. Job strain measures the proportion of workers who face more job demands than the number of resources they have at their disposal. \*\* Data from 2005 and 2015.

Source: CaixaBank Research, based on OECD data (Job Quality Database, 2016).

### Job quality indicators (%)



Notes: \* Workers who have taken part in training in the last four weeks. \*\* Percentage of employees with higher qualifications who carry out tasks requiring medium or low qualifications.

Source: CaixaBank Research, based on data from Eurostat and OECD.

1. 2013 figures for the first two components and 2015 figures for the third component. See «OECD Employment Outlook 2016».  
 2. The Danish labour market is characterised by its flexi-security, which combines the labour flexibility required by companies with security for employees via stable contracts, unemployment benefits and active policies.