

FOCUS · Exports and the quality of employment

The recovery of the Spanish economy has shown strong growth in more than just GDP. Exports of goods and services have grown considerably, increasing from 25.6% of GDP to 34.4% between 2010 and 2017, while employment has also shown notable growth (1.9 million more people in work since Q2 2014). In a previous Focus,¹ we analysed the positive effect of exports on the number of jobs created. In this article, we analyse whether the increase in exports is also helping to improve the quality of employment.

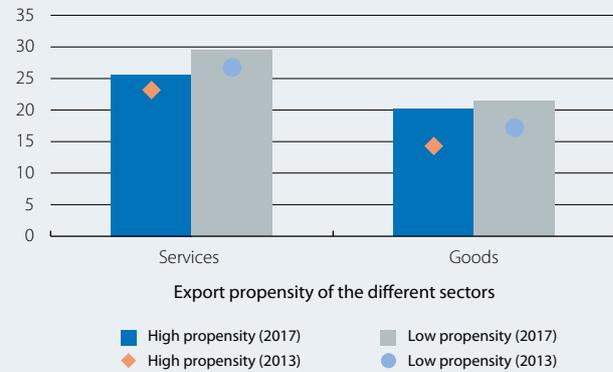
To analyse this question, we classify the 54 business sectors of goods and services which appear in the Industrial Business Survey and in the Annual Survey of Services in 2015 (the latest survey available) according to their export propensity, defined as each sector's foreign sales as a percentage of the total. Then, based on data from the Active Population Survey, we estimate the quality of employment in these sectors. Firstly, we note that there is a positive correlation between the quality of employment in a particular sector and its export propensity. That is, sectors with an above-average export propensity show a lower rate of temporary employment, with a greater proportion of full-time workers and a lower proportion of involuntary part-time workers and workers who would like to work more hours.

This difference in job quality between sectors according to their export propensity is more marked among service providers than among producers of goods. The manufacturing sectors are more homogeneous in terms of export propensity, as well as in terms of their job quality (which is generally higher than in the service sectors). For example, in 2017, the rate of temporary employment in the manufacturing sectors was 20.9%, compared to the 28.4% noted in the service sectors. Within services, however, there is a mix of sectors that are highly open to exports, such as tourism-related sectors (such as air transport, accommodation and travel agencies) and high value-added sectors (for instance, programming, consultancy and IT, technical architectural and engineering services), and others which are less exportable (such as legal services, real estate activities, services for buildings and gardening). If we weight each sector according to the number of employees they have, in 2017 the average temporary employment rate of the 12 service sectors with the highest export propensity was 25.6%, while in the 20 sectors with the lowest export propensity it was 29.5%. Similarly, the proportion of full-time employment was 89.9% compared to 77.2%, the

1. For an analysis of the number of jobs attributable to the growth in exports, see the Focus «Exports' positive effect on job creation» MR02/2018.

Spain: Temporary employment according to the export propensity of the different economic sectors

(% of the total number of employees)



Note: The sectors with a high propensity for exports have an above-average percentage of foreign sales, and those with a low propensity, below average. The averages are obtained by separating goods and services.

Source: CaixaBank Research, based on data from the Spanish National Statistics Institute.

rate of involuntary part-time employment was 46.6% compared to 58.8% (12.2 pp differential), and the proportion of employees who would like to work more was 8.5% compared to 17.1% (8.7 pp differential). These differences suggest that business internationalisation has a positive impact on the quality of employment.

Having noted that sectors with greater export propensity have higher-quality jobs, we analyse whether the internationalisation of Spanish companies which is currently taking place is resulting in higher-quality jobs being generated. In this regard, we note that the increase in temporary employment in the early years of the economic recovery was also more moderate in the sectors with greater export propensity. Nevertheless, it is surprising to note that the greater buoyancy of the exporting sectors, which as we have seen tend to generate higher-quality jobs, is not translating into an improvement in the quality of employment across the board. This can be explained by the fact that in the sectors with greater export propensity, the increase in turnover is driven by improvements in workforce productivity and not so much by a growth in jobs. In particular, the 12 sectors with the greatest export propensity were responsible for 61% of the growth in turnover between 2013 and 2015, yet they only generated 21% of jobs. However, over a longer time scale, as the economic recovery and Spain's competitiveness in exports are consolidated, this greater productivity can be expected to lead to better-quality employment across the board.