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NGS GLOBAL SPOTLIGHT

Spotlight on Spain: Economic Growth Creates New Challenges and Opportunities for Executive Talent

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The NGS Global strategy has always been to open offices in locations where we can serve our clients with a best-in-class delivery model for executive search. Our Spotlight Features introduce our partners and global office locations to clients and candidates. The following is an interview with Fernando de Zavala, Partner at NGS Global, Spain - asking him to share his insights on the Spanish economy, and opportunities that exist for executive talent.

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WHAT IS THE CURRENT STATE OF THE SPANISH ECONOMY AND DO YOU FORESEE CHANGES OVER THE NEXT SEVERAL YEARS?

FZ: Enduring two recessions over a 10-year span, Spain has seen an economic recovery that has placed them as the economic growth leader in the eurozone. Within the last year, the Spanish economy expanded 2.5%, marking the fifth consecutive year of robust economic growth and the fastest growth rate of all eurozone economies.¹

Structural reforms, robust employment growth, gains in competitiveness and favorable external and financial conditions have supported economic activity. Furthermore, the country has invested heavily in infrastructure to facilitate industry growth. A drop in labor costs has made Spain's exports more competitive as trade contributes to the economic turnaround.

Although recent reports show less dynamic growth than in previous years, continued recovery is increasingly reliant on the domestic economy and remains the main driver of growth. Continued job creation, increased wages, and low inflation have supported household real disposable income and the recent upswing in household savings. The Spanish employment rate has grown 3% per year over the past four years, although in 2019 it saw a slight decline at 2%.²

HOW HAS THE ECONOMY AFFECTED THE JOB MARKET AND WHAT CHALLENGES EXIST FOR THE COUNTRY?

FZ: The unemployment rate has continued to fall over the past four years. In 2016, the rate dipped below 20%, followed by 15.6% in 2017 - the lowest number since 2008. The trend continues, and forecasts indicate that unemployment for 2020 will be at 14.3% and 13.6% for 2021.³

The quality of policies in recent years is a sign the government is trying to support and improve Spain's economy to make the country a reference point in Europe and more attractive for executive talent, but challenges still exist.

Today, the main challenge facing the labor market is the low number of people in the active working population compared to the potential workforce. This surprising fact denotes that people have stopped looking for employment, an important aspect that is reflected in the inequalities within the country – less-educated and lower income individuals. The government is attempting to reduce these inequalities by providing the vulnerable groups opportunities to become more skilled and competitive with digital skills. Additionally, points of contact for jobs and social services have been enhanced to provide integrated support.

WHICH INDUSTRIES ARE THE STRONGEST IN SPAIN?

FZ: As a result of steady modernization, Spain's economy has become heavily reliant on its industrial sector. It has developed in diverse areas, including textile, food-processing, machinery, iron and steel. Pharmaceuticals and automobiles are the primary export commodities from Spain's manufacturing industry. The pharmaceutical market in the country is valued at an estimated \$25 billion⁴ and the automobile sector is among Spain's primary economic drivers. Spain produces more than 2.2 million cars per year with record years approaching 3 million⁵ and is Europe's second-largest automobile manufacturer, and eighth-largest in the world.⁶

Additionally, key contributors to the economy are in tourism, agriculture and energy. Tourism plays a major role, accounting for approximately 11% of the national GDP.⁷ Spain is the world's third-most-popular tourism destination receiving 82.8 million visitors in 2018.⁸

Spain has the second-largest amount of land in Europe devoted to agricultural purposes thanks to the robust implementation of new technologies in the industry.⁹ Horticultural products are Spain's most important agricultural export commodities and includes wine, olive oil, vegetables and citrus.

WHERE DO YOU SEE THE MOST TALENT DEMAND FROM A FUNCTIONAL PERSPECTIVE?

FZ: As boosting productivity in Spain is one of the main challenges facing the labor market, there are many opportunities for executive talent. The increasing digitalization of the economy explains the high demand for information and communication professionals, programmers, developers and marketing managers.

Managers and directors are among the functions forecasted to see a substantial rise in demand. These functions also represent the ones that have the lowest unemployment rate because of the lack of candidates with appropriate skills and knowledge. To work in a high potential market, such as Spain, managerial-related skills such as leadership, communication, planning, and negotiation abilities are required.



WHAT DO YOU THINK MAKES SPAIN ATTRACTIVE TO BUSINESSES AND CANDIDATES?

FZ: Working in Spain that has a high growth rate can be stimulating because of its potential and for the same reason necessitate executives to be efficient and show leadership skills. Spain is also the best destination for expats, according to the HSBC reports.¹⁰ This fact is important because Spain's reputation as having a high quality of life is a real driver in attracting executive talent.

The increasing interest of big companies to move to Spain is a great opportunity for executive talent to improve their career in one of the large global companies and, at the same time, to grow their network. Corporations such as Coca-Cola, Amazon, Nestlè and Credit Suisse have moved their technical hub for Europe to Madrid or Barcelona. As well, some unicorns have appeared in Spain: Letgo and Glovo - food delivery apps, Cabify - a competitor to uber with a strong presence in LatAm. Flywire - international payment app, eDreams - online travel agency and Wallapop - second-hand product marketplace.

Despite the challenges it has faced, Spain has consistently shown strong resilience during difficult moments, strong fiscal discipline when needed and the capacity to bounce back quickly and competitively.

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ABOUT NGS GLOBAL

With offices across the Americas, Europe, Asia Pacific and Africa, NGS Global provides the extensive resources of major global executive search firms along with high-touch service, accelerated completion cycles and superior candidate access made possible by a mid-sized global platform without external shareholders. Through our commitment to industry expertise, cultural knowledge, and partner-led search execution, we deliver exceptional value to our clients.

For more information, please visit www.ngs-global.com.

End Notes

- ¹ Guggenheim, B., 2019. Spain Leads The Way On Eurozone Growth. [online] South EU Summit. Available at: <<https://www.southeusummit.com/europe/spain/despite-a-eurozone-slowdown-spains-economy-shows-continued-growth/>> [Accessed 5 April 2020].
- ² Tradingeconomics.com. 2020. Spain Unemployment Rate | 1976-2019 Data | 2020-2022 Forecast | Calendar | Historical. [online] Available at: <<https://tradingeconomics.com/spain/unemployment-rate>> [Accessed 5 April 2020].
- ³ Imf.org. 2019. [online] Available at: <https://www.imf.org/external/datamapper/LUR@WEO/OEMDC/ADVEC/WEO_WORLD> [Accessed 6 April 2020].
- ⁴ 2019. [online] Available at: <<http://www.pharmexec.com/country-report-spain-0>> [Accessed 6 April 2020].
- ⁵ Tradingeconomics.com. 2020. Spain New Passenger Car Production | 1980-2020 Data | 2021-2022 Forecast | Historical. [online] Available at: <<https://tradingeconomics.com/spain/car-production>> [Accessed 6 April 2020].
- ⁶ Mendez-Barreira, V., 2016. Car Makers Pour Money Into Spain. [online] WSJ. Available at: <<https://www.wsj.com/articles/car-makers-pour-money-into-spain-1470613487>> Accessed 6 April 2020].
- ⁷ theOECD. 2018. Industry - Tourism GDP - OECD Data. [online] Available at: <<https://data.oecd.org/industry/tourism-gdp.htm>> [Accessed April 2020].
- ⁸ E-unwto.org. 2019. International Tourism Highlights, 2019 Edition. [online] Available at: <<https://www.e-unwto.org/doi/pdf/10.18111/9789284421152>> [Accessed 6 April 2020].
- ⁹ Ine.es. 2009. [online] Available at: <http://www.ine.es/censoagrario/censoag_folleto.pdf> [Accessed 6 April 2020].
- ¹⁰ Expatexplorer.hsbc.com. 2019. Expat Explorer Survey - How Markets Compare : HSBC Expat. [online] Available at: <<https://expatexplorer.hsbc.com/survey/>> [Accessed 6 April 2020].