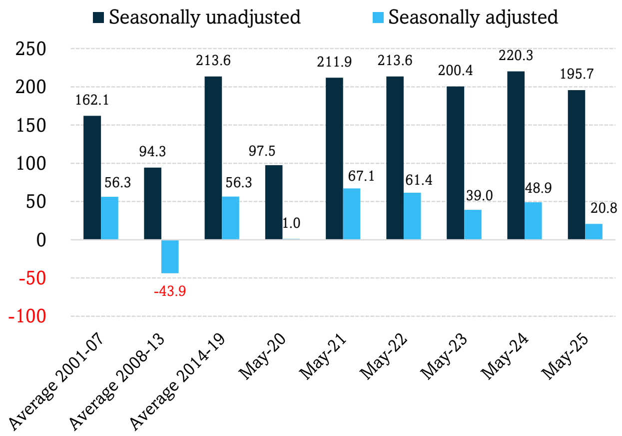
35% of enterprises surveyed flag the shortage of skilled labour as the biggest obstacle facing their business

The World Bank Enterprise Survey 2024 depicts a business environment in which the same challenges linger, despite an improvement in political stability and access to finance. Although the respondents have doubled their internal training offering compared to the last edition (in 2021), the shortage of skilled labour was flagged as the main business constraint by one-third of the firms, making it once again the most frequently mentioned obstacle.

Social security contributors:

In May, the average number of social security contributors increased by over 195,600 (gross) to a new record of 21.78 million. This increase reflects the boom from the onset of the high season. Hiring was strongest in hospitality (+81,295 contributors), followed by administrative activities (+18,989) and retail (+14,299). Between them, these sectors explain over half of the growth recorded in May. However, we expect the pace of job creation to continue to slow in the coming months, with employment nevertheless remaining at high levels by historical standards.

Monthly change in Social Security contributors in May (000 people)

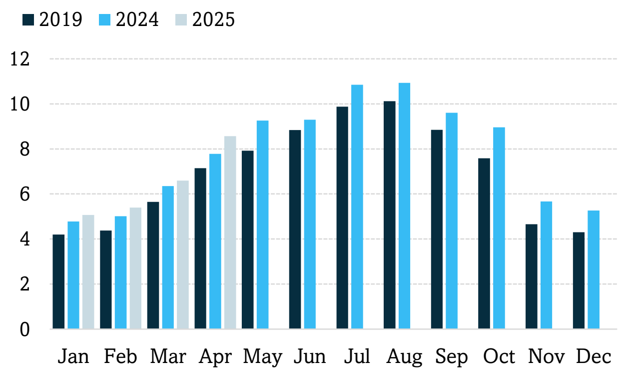


Source: Afi, Ministry of Inclusion, Social Security and Migration

Tourism:

Spain received 8.6 million international tourists in the month of May, year-on-year growth of 10.1%. In 4M25, the total number of visitors was running at over 25.6 million, a new record, year-on-year growth of 7.1%. Tourist spending also hit a new record, with non-residents shelling out €34.33 billion. The UK remains the top issuer market, sending over 1.6 tourists (+11.1%), followed by Germany and France, at 1.3 million apiece.

No. of foreign tourists received per month (m)



Source: Afi, INE

...and what to watch for next week

From the 9th to the 13th of June		
10-Jun	Mercantile Companies	April
13-Jun	CPI-HCPI	May
	Quarterly Spanish National Accounts	1Q-2025

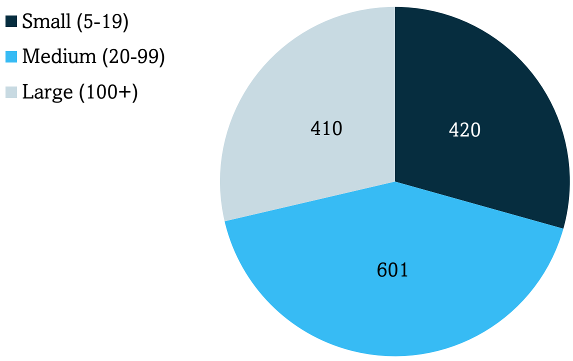
35% of enterprises surveyed flag the shortage of skilled labour as the biggest obstacle facing their business

1,431 Spanish firms from all over the country participated in the Enterprise Survey 2024

This edition of the Weekly takes a look at the key takeaways from the World Bank Enterprise Survey recently published by the Spanish Chamber of Commerce (available here). The factors that determine a favourable or restrictive business climate play a crucial role in the growth and prosperity of any economy's private sector. To that end, we analyse the biggest business environment obstacles reported by the Spanish firms, the trend in those constraints since the previous study in Spain (in 2021) and how they compare with the European average and other High-Income economies[1].

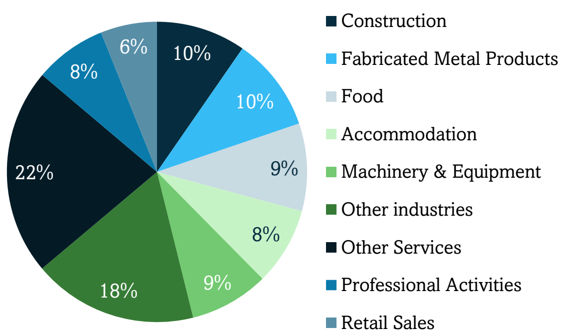
The Enterprise Survey conducted by the World Bank uses uniform methodology and is based on a representative sample of firms[2] in over 150 countries, enabling a uniform comparison of the business climate around the world. In Spain, the survey has been conducted by the Chamber of Commerce in Spain since its first edition in 2020. In 2024, business owners and senior executives from 1,431 firms participated in the survey, from all over Spain, with a view to gauging their assessment of the business climate and environment (Exhibits 1 and 2).

Exhibit 1. Size of the firms surveyed (number of firms by number of employees)



Source: Afi, World Bank

Exhibit 2. Sectors of activity of the firms surveyed (% of total)



Source: Afi, World Bank

One of the questions of greatest interest is that designed to identify the biggest business environment obstacle from of a list of 15 possible constraints. Exhibit 3 illustrates the top 10 constraints in the eyes of the Spanish firms as a percentage of the total, by comparison with the Europe & Central Asia averages. In Spain, the biggest perceived constraint is *Inadequately educated workforce*, the obstacle cited as the biggest by 35% of the firms polled, which is over 10 percentage points (pp) above the Europe and Central Asia average. That marks an increase of 5pp from the last

[1] Defined as economies with per-capita gross domestic product (GDP) of more than 13,845 USD (2024 threshold).

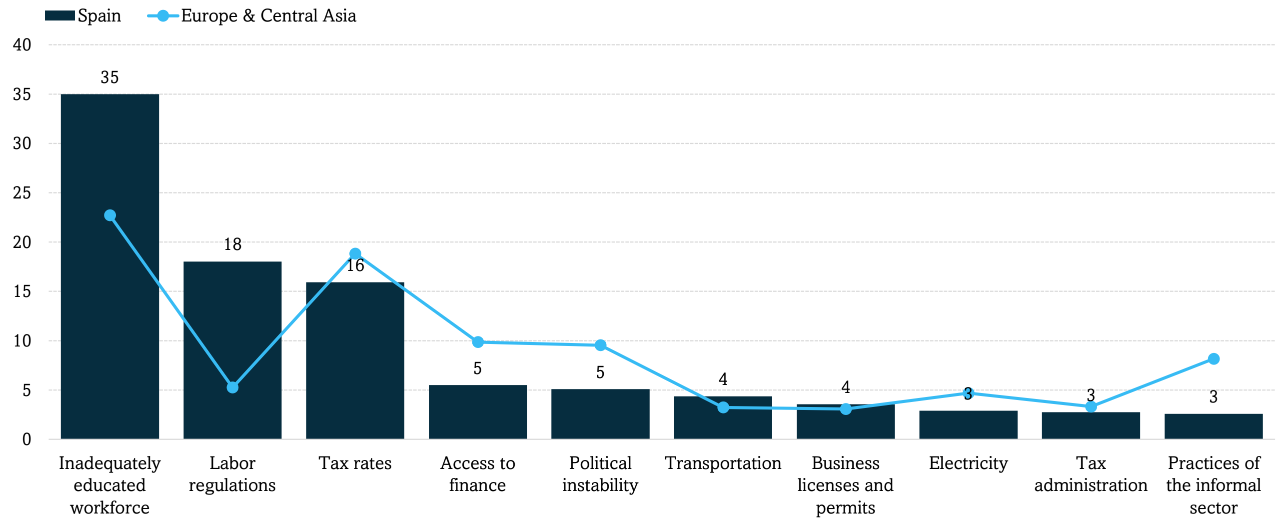
[2] The sample for each country is stratified by sector, company size and geographic region.

35% of enterprises surveyed flagged "Inadequately educated workforce" as the biggest business environment constraint

edition, highlighting the importance of human capital as a key factor for the private sector's development. This perception is common to other types of enterprise surveys (see here). In this other study, this constraint was analysed in greater detail, concluding that companies are facing greater difficulties in attracting and retaining talent, especially young talent, who are prioritising a better work-life balance and greater flexibility around working from home.

The second and third biggest constraints were *Labour regulations* and *Tax rates* for 18% and 16% of the enterprises surveyed. *Labour regulations* stands out on account of the 10pp increase in its share by comparison with 2021 (Exhibit 4) and because it constitutes a far more significant concern for Spanish firms than for their European peers (where it is the biggest obstacle for just 5% of the total). The potential working day reduction may be one of the factors behind this deteriorated perception of labour regulations. Between them, these first three business environment constraints account for the biggest obstacle for seven out of every 10 firms surveyed.

Exhibit 3. Top 10 business environment constraints 2024 (% of firms)

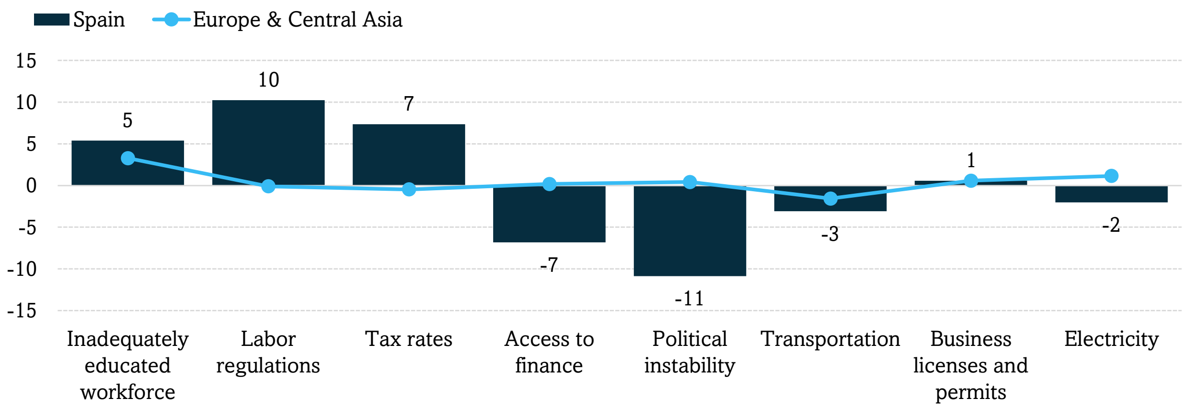


Source: Afi, World Bank

Compared to 2021, perception of *Political instability* and *Access to finance* has improved

By comparison with the 2021 edition, the results show that the Spanish firms are less concerned than previously about *Political instability* and *Access to finance*, whose shares as top concerns fell by 7pp and 11pp, respectively. These factors, which in 2021, ranked as the second and third most worrying business climate constraints, fell to fourth and fifth position in 2024. These shifts reflect greater perceived political and institutional stability and better terms of access to finance, thanks to an expansionary monetary policy and public support funds and mechanisms for the business sector (like the NGEU funds), benefitting some of the participants.

Exhibit 4. Change in the main constraints in 2024 vs. 2021 (pp)

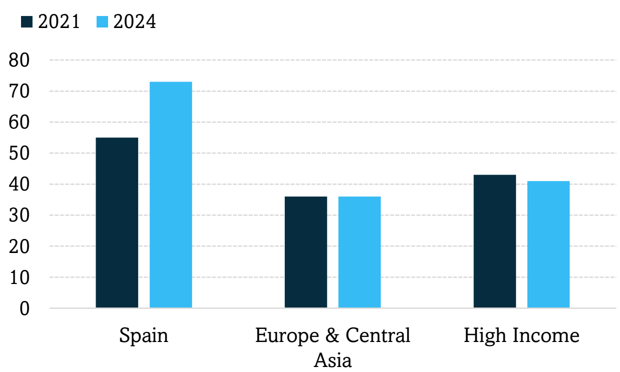


Source: Afi, World Bank

73% of the firms are offering their employees formal training in 2024, compared to 55% in 2021

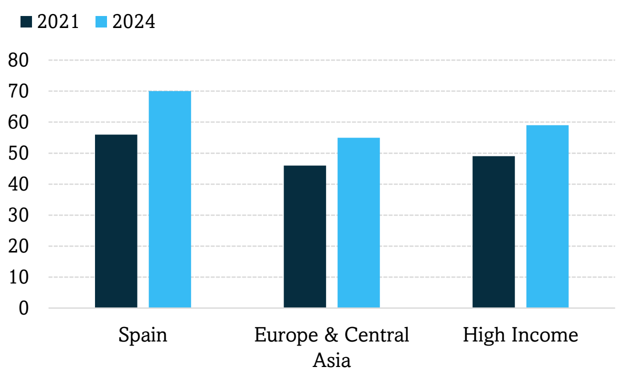
Although the lack of adequate education cemented its place as the main perceived constraint for the Spanish firms, the private sector seems to be making progress on addressing this challenge. In 2024, 73% of the firms said they were providing their employees with formal training (Exhibit 5), up 18pp from the last survey and well above the average for developed and High Income economies (41%). Moreover, this training offering is widespread, encompassing a very significant percentage of job holders. In manufacturing, proportion of workers offered formal training increased from 50% in 2021 to 70% in 2024 (Exhibit 6). Although these measures improve the firms' employees' skills, their impact on the economy's aggregate productivity and workers' employment and pay prospects will depend on the specificity and quality of the training imparted, an aspect not investigated in this survey.

Exhibit 5. Percent of firms offering formal training (% of total)



Source: Afi, World Bank

Exhibit 6. Proportion of workers offered formal training* (% of total)



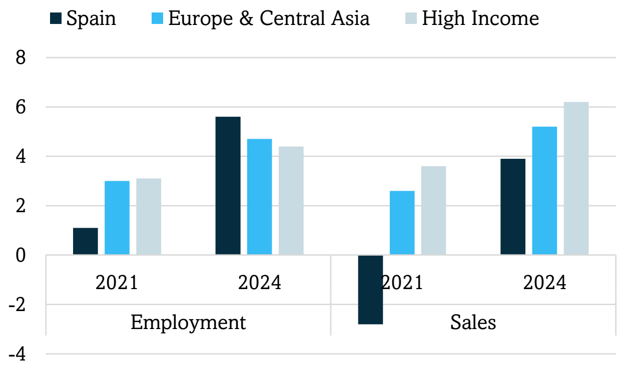
Source: Afi, World Bank * Only for industrial companies

The firms reported considerable growth in employment: from 1.1% in 2021 to 5.6% in 2024

In terms of the challenges posed by the results of the 2021 survey, in the context of the recovery from the fallout from the pandemic, the Spanish firms reported considerably stronger hiring momentum: annual growth in employment of 5.6% in 2024, compared to 1.1% in 2021 (Exhibit 7). That is above the averages observed in Europe & Central Asia (4.7%) and for High Income economies (4.4%) in 2024. However, this momentum in hiring did not translate into proportionate growth in sales. In 2024, the Spanish firms reported real annual sales growth of 3.9%, which is a substantial improvement from the contraction of 2.8% reported in 2021, but still below the annual average of 5.2% in Europe & Central Asia.

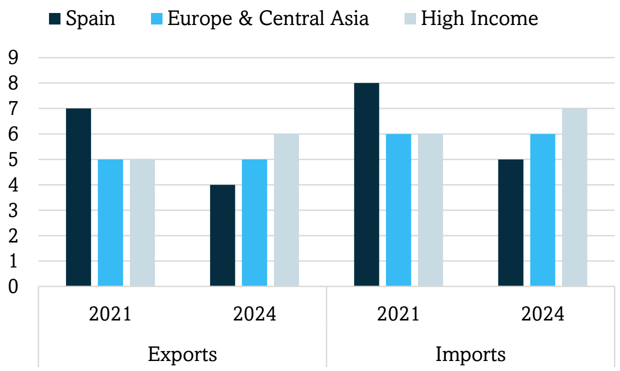
As for trade, it is worth highlighting the reduction in the number of days needed to clear exports and imports through customs, indicating efficiency gains in administrative processes. Whereas in 2021, Spain was taking 2 days longer on average than the High Income economies, in 2024 it was taking 1 day less to clear both exports and imports, reporting averages of 4 and 5 days, respectively (Exhibit 8).

Exhibit 7. Annual employment growth and real annual sales growth (%)



Source: Afi, World Bank

Exhibit 8. Days to clear exports through and imports from customers (days)

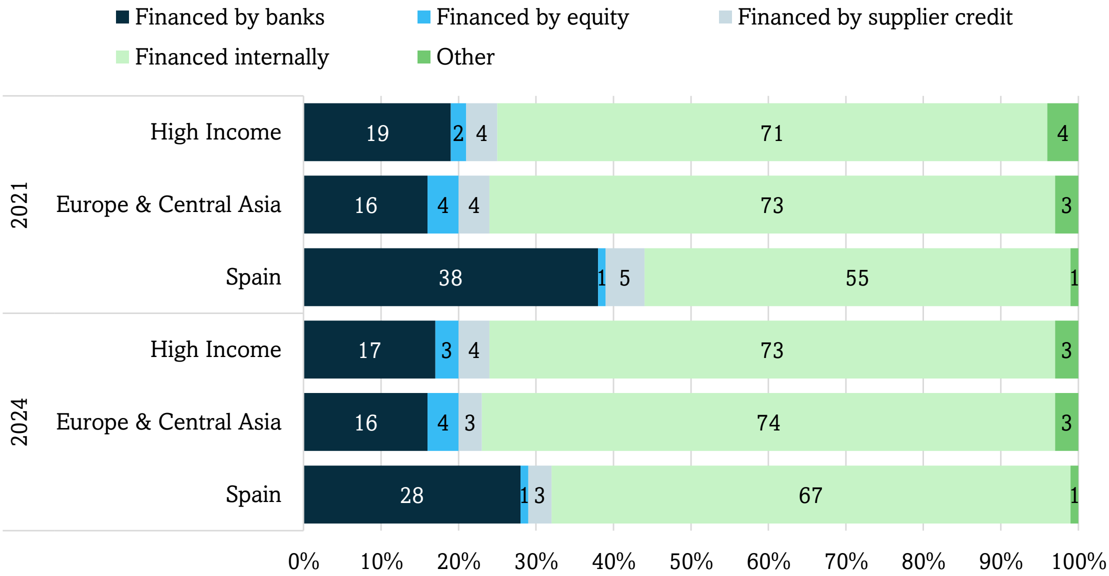


Source: Afi, World Bank

The percentage of firms financing their investments internally increased from 55% of the total in 2021 to 74% in 2025

Although the share of firms citing *Access to finance* as the biggest perceived obstacle fell (from 12% in 2021 to 7% in 2024), the survey reveals significant growth in the percentage of firms reporting the use of internal funding to finance their capital expenditure (Exhibit 9). Whereas in 2021, 55% of the firms surveyed said they financed their investments internally, with 38% relying on banks, in 2024, 74% reported using internal funds, with just 28% using banks. This shift, while closing the gap between Spain and the European average, may reflect certain constraints in enterprise access to credit, such as tighter lending terms as a result of the run-up in rates, which were very low back in 2021, and the rollback of the battery of financing measures introduced in the wake of the pandemic. Elsewhere, between 2021 and 2024, there has been sharp growth in business sector deposits, fuelled by healthy earnings growth during the post-pandemic economic recovery, which may have led to a lower propensity to apply for credit.

Exhibit 9. Sources of financing for purchases of fixed assets (% of investment)



Source: Afi, World Bank

The results of the Enterprise Survey 2024 paint a picture of a business environment marked by greater political stability and better access to finance but clouded by the same obstacles, particularly the shortage of skilled labour, the biggest constraint flagged by over one-third of respondents. Although the firms have doubled their training offering by comparison with 2021 and that training has been extended to many more employees, this effort has not reverted the perception that inadequate education levels is the biggest obstacle to doing business in Spain. In parallel, the poorer perception of labour regulations and growing reliance on internal funds to finance capex signals regulatory rigidity and changes in access to finance, respectively, that provide food for thought. Lastly, there are signs of greater administrative efficiency and recovery in employment, although sales momentum continues to lag the Europe & Central Asia average, indicating the need to reinforce structural conditions with a view to delivering more sustained growth and competitiveness in the private sector.

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