

**EMPLOYMENT AND TRAINING
2019 ANNUAL REPORT**

EXECUTIVE SUMMARY

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1. Macroeconomic Background – Portugal in the European Context

1. Following a long, deep recession, the Portuguese economy began to experience a recovery in GDP in late 2013. The major contraction in domestic demand during the crisis period was accompanied by both substantial growth in exports and an equally pronounced fall in imports, which together already enabled the country to balance its current account in 2013. From 2014 onwards, the combination of a recovery in private consumption and to a lesser extent in investment on the one hand and a continuous rise in exports on the other, permitted variations in GDP that were always positive, albeit not large enough to make up for the real fall experienced during the crisis. It was only in 2018 that Portugal was able to exceed the real GDP it had recorded in 2008, whereas the Union as a whole had achieved that milestone four years earlier, in 2014. As a result of this divergence process, *per capita* GDP in Portugal in 2019 represented c. 62% of the EU average – 2.1 pp less than in 2009.
2. The labour market behaved more favourably than the variations in real GDP (and GDP *per capita*), especially with regard to employment and unemployment. As of 2014, there was a gradual reduction in the unemployment rate, which in 2019 was around 10 pp below the 2013 rate. In 2019, the unemployed numbered 340 thousand individuals, representing 6.5% of the active population (aged 15-64). The broadest category of underutilised labour, which includes the underemployment of part-time workers among others, has also been falling, reaching 12.7% in 2019 – a reduction of c. 50% in relation to 2013. Having said that, the aggregate figure for the active population has evolved less favourably, attaining levels that are visibly lower at the end of the decade than they were during the pre-crisis period – a result that is not unrelated to the rise in the emigratory flow which typified the beginning of the decade, or to the numbers of persons who have become inactive early.
3. From 2013 onwards, the growth in employment, above all in the most labour-intensive sectors, led to a stagnation in average productivity. The latter was linked to the weak growth in investment, which was insufficient to allow the necessary increase in the capital stock per worker, which in Portugal is below the 60% average for the Union as a whole. The productivity differential in relation to the EU average deepened, attaining around 65% per hour worked in 2019 – a 5 pp decrease in relation to 2009.

4. The growth in both public and private investment thus appears decisive to both the full recovery of domestic demand and a strengthening of the export dynamic which the Portuguese economy displayed over the course of the last decade. It is also a condition that has become indispensable to ensuring a more sustainable standard of specialisation and an effective improvement in the productivity of all the factors of production.

2. Brief Analysis of the Variations in the Labour Market

2.1. Job offers

5. According to data from Statistics Portugal's (INE) *Employment Survey*, 9,768.3 thousand persons resided in Mainland Portugal in 2019 – the first time since 2011 that the resident population had not fallen YoY. However, the male population did decrease, as did the number of residents between the ages of 25 and 44 – a trend that has been observed since 2011. On the other hand, the population aged 15-24 rose for the first time since 2011.
6. Looking at the Emigration Observatory's (OE) data for 2018 (latest available year), we find that the migratory balance was positive (+11.6 thousand individuals): the permanent departure from Portugal of 31.6 thousand persons was more than made up for by the permanent entry of 43.2 thousand immigrants (24.8 thousand from countries outside the EU28; 18.4 thousand from the rest of the Union).
7. The inactive population aged 15 or over fell by 0.1% in relation to 2018. Half of these inactive persons were retirees – the only category that grew compared to the previous year. Students represented 22% of the total, as they had in 2018.
8. In 2019, the activity rate for the population aged 15 and over was 59.1%. This represented a rise in relation to 2018 – the third consecutive YoY increase – but one that was due solely to the increase in the female activity rate. The gap between the latter and its male counterpart narrowed, but the male rate nonetheless remained 9.5 pp above the female one.
9. The activity rate rose for every age bracket except 25-34 years, with a higher increase in the brackets beginning at age 45. It also rose in a balanced manner for both the secondary and higher levels of qualification, albeit in the case of men this increase only applied to the population with tertiary education. Since 2010, the Portuguese activity rate has always been higher than the

average rate for the EU as a whole. The average EU rate for young persons aged 15-24 years has remained stable over the course of the series in question, whereas in Portugal it has successively fallen, albeit remaining almost constant for the last three years.

10. In Portugal, the proportion of young persons who left school early – i.e. the percentage of the population aged 18-24 years whose level of studies does not exceed the lower secondary education and are no longer at school or in any other type of education or training – decreased from 28.3% in 2010 to 10.6% in 2019, thereby practically converging with the EU28 average, which was 10.3% in the latter year.

11. In 2019, the percentage of young persons between the ages of 15 and 29 who were not in employment, education or other types of training (NEETs) was 9.2% – below the European average of 12.5%.

2.2. Employment

12. According to Statistics Portugal's *Employment Survey*, 4,670.4 thousand persons were employed in Mainland Portugal in 2019. This represented an increase of 9.3 thousand employees compared to 2018 – a less significant rise than in the preceding years. Employed men represented 50.8% of the total, but the number of employed women increased more, as it had done the year before. The employment rate rose for all age brackets between 2018 and 2019, but the increase was most significant for ages 35-44 and least significant for ages 25-34. The employed population began to grow in 2013, rising fastest in 2016-2018. For the third consecutive year, the unemployment rate in Portugal exceeded the EU average, but that for young Portuguese is still quite a lot lower than the average.

13. In 2019, the employment rate for individuals with basic education was 41.3%, having fallen slightly in relation to 2018. The rate for individuals with secondary education was 69.8% – a 1 pp YoY rise. That for individuals with tertiary education was 79.1%, having increased 0.4 pp.

14. Compared to 2018, the number of the number of employees (TCOs) rose by 0.6% and that of self-employed workers (TCPs) by 2.5%, but proportionately the two categories remained the same as in the previous year (83.1% and 16.5% respectively). The proportion of TCOs has been increasing since the series began.

- 15.** In Mainland Portugal in 2019, full-time workers represented 89.8% of the total employed population (+1.1% YoY), while the part-time employed population fell by 0.9%, thereby perpetuating a series of consecutive annual decreases that has continued since 2011. During that series, men have always constituted the majority of full-time employees, and women that of part-time workers.
- 16.** Of the 475.9 thousand persons who worked part-time, about 150 thousand were available to work more hours – i.e. were in an underemployment situation. Underemployment decreased by 7.7% in relation to 2018; almost 70% of the underemployed were women.
- 17.** The percentage of total employment represented by fixed-term contracts in Portugal has remained above the EU average since 2010. In 2019, this difference was c. +7 pp. In Mainland Portugal, 79.3% of the individuals who were employees (TCOs) held open-ended contracts, and this was the only category that grew YoY. TCOs with fixed-term contracts represented 17.5%, while 3.2% held other types of contract.¹ The number of TCOs with open-ended contracts rose by about 12% between 2011 and 2019. The total number of persons with fixed-term and other types of contract increased by 2.7% over the same period.
- 18.** In 2019, 69.6% of the employed persons in Mainland Portugal worked in the *Services* area, and 25.1% (1,174.4 thousand) in *Industry, construction, energy and water*. In 2018-2019, employment only grew in the *Services* area. In total, about 3,215 thousand individuals were employed in *Services*.
- 19.** In 2018-2019, the *Manufacturing* sector only grew by 0.3%, (+2.4 thousand workers), while the *Construction sector* shrank by 1.5% (-4.5 thousand). In 2019, there were 48.9 thousand more *Manufacturing* workers than in 2011, whereas *Construction* employed 114.2 thousand fewer people.
- 20.** Turning to the most representative *Services* sectors, those which grew most in Mainland Portugal in 2018-2019 were *Human health and social care activities* (+24.4 thousand persons), *Consultancy, scientific, and technical activities* (+18.3 thousand), and *Administrative and support service activities*. On the other hand, employment fell in *Public administration and defence and compulsory social security* (-13.1 thousand persons), and *Education* (-7.9 thousand) sectors. In 2019, the number of workers exceeded the 2011 value in all the most significant *Services* sectors.

¹ Include seasonal, casual and service contracts.

- 21.** According to data from the Directorate-General for Administration and Public Employment's (DGAEP), in Mainland Portugal in December 2019 there were 646.1 thousand occupied posts² in the various Public Administrations (+14 thousand in relation to 2018), 61% of them by women (+12.2 thousand YoY). The number of occupied posts in the Public Administrations fell steeply in 2011-14, but has consistently experienced moderate growth since then.
- 22.** There were a total of 42.2 thousand occupied posts in state-owned enterprises and other public-sector entities (excluding Public Administrations) in 2019 (+1.9 thousand YoY).

2.3. Unemployment

- 23.** The employment rate in Portugal exceeded the EU average right across 2011-2019, but the gap between the two has been progressively narrowing since 2013, to the point that in 2019 the two values were practically the same.
- 24.** According to data from Statistics Portugal's (INE) *Employment Survey*, 320.1 thousand persons were unemployed in Mainland Portugal in 2019 – a fall of 23.4 thousand persons in relation to 2018 (-6.8%). Women represented almost 55% of the total.
- 25.** In 2019, it was the younger age brackets that recorded the highest unemployment rates: 17.9% for the 15-24 years-old bracket, and 6.7% for the 25-34 age group. In 2018-2019, the unemployment rate fell in practically all the age brackets, albeit remaining stable in the 45-54 group. The difference between the rate of unemployment among young Portuguese (aged 15-24) and the average rate for young persons in the Union has been decreasing, but was still about 4 pp higher in 2019.
- 26.** The unemployment rates for the different levels of education also fell. In 2019, the rate for the active population with up to basic education was 6.6%, which was lower than the value for the active population with secondary education (7.2%), and higher than that for the active population with tertiary education (5.3%).
- 27.** In Mainland Portugal in 2019, the unemployed population looking for a new job constituted 89.7% of all unemployed persons, while the unemployed looking for a first job totalled 34.5 thousand.

² DGAEP publishes data on occupied posts. Some posts can be occupied by more than one person, while conversely the same person can occupy more than one post, particularly in the education and human health sectors.

Unemployment fell in relation to 2018 in both categories. Women formed the majority of the unemployed, and their number fell quite a lot less than that of men.

- 28.** The majority of the unemployed looking for a new job came from the *Services* sector (72.9% of the total), while those from *Industry, construction, energy and water* constituted 23.6%, and those from *Agriculture, farming of animals, hunting, and forestry* 3.5%.
- 29.** Where the main sectors were concerned, 19.7% of the unemployed in Mainland Portugal looking for a new job in 2019 came from *Wholesale and retail trade, repair of motor vehicles and motorcycles*, 15.5% from *Manufacturing*, 12.2% from *Accommodation and food service activities*, 7% from *Construction*, and 7% from *Human health and social care activities*. In 2018-2019 there was a slight rise in unemployment in *Agriculture, farming of animals, hunting, and forestry*, *Accommodation and food service activities*, *Human health and social care activities*, and *Education*.
- 30.** In Mainland Portugal in 2019, c. 157.9 thousand unemployed persons (49.3% of the total) had been unemployed for 12 or more months – i.e. were long-term unemployed (LTUs). Of these, 66.6% had been unemployed for over 2 years – i.e. were very long-term unemployed (VLTUs). Compared to 2018, the number of LTUs fell substantially more than that of persons who had been unemployed for up to 12 months, while the number of VLTUs decreased by almost twice as much again.
- 31.** In 2011, LTUs represented 52.9% of all unemployed. This proportion continued to grow, reaching 65.4% in 2014, but the number of LTUs has also fallen faster since then. In absolute numbers the VLTU subcategory is the one that grew most up until 2014, and also the one that has fallen the least since; it represented around 33% of all unemployed persons in 2019.
- 32.** According to statistical data provided by the Institute for Informatics and Statistics of Social Security of the Ministry of Labour, Solidarity and Social Security (MTSSS-II), there were about 161.5 thousand beneficiaries currently receiving unemployment benefits in 2019. Of these, 367 individuals were receiving an allowance for termination of an activity – i.e. they were independent workers. The number of beneficiaries actually receiving benefits was practically unchanged YoY (-0.1%), which represents a decrease of 231 beneficiaries in absolute terms.
- 33.** Over the course of 2019, unemployment benefits were awarded in relation to around 161.5 thousand beneficiaries: c. 136.6 thousand concerned the standard unemployment benefit, and

23.8 thousand the social unemployment benefit. Benefits for termination of an activity or of an entrepreneurial activity were awarded in relation to 367 and 114 beneficiaries respectively. The benefit for termination of the professional activity of members of corporate governing bodies was awarded to 667 persons.

2.4. Labour flows between employment, unemployment and inactivity

- 34.** The employed population experienced a positive variation of 24.5 thousand persons in 2019, primarily due to the entry of individuals whose status had previously been unemployed. The inactive population, on the other hand, decreased by 27.9 thousand persons, due above all to the number of people who transitioned from inactivity to unemployment, which in turn resulted in a positive variation in the number of unemployed persons, as measured in accordance with annual flows.
- 35.** According to information from the Directorate-General for Administration and Public Employment's (DGAEP), around 105.7 thousand workers had joined the various Public Administrations in Mainland Portugal by December 2019. Of these, about 58.5 thousand – roughly half – were new hirings.³ On the other hand, 91.7 thousand workers left the Public Administrations, about 58% of them definitively.⁴ There was thus an overall increase of around 14 thousand workers in the Public Administrations by the end of the year, 8.6 thousand of whom were the net number of workers in mobility and other situations,⁵ and the remaining 5.4 thousand the net balance of new hirings and definitive departures.
- 36.** Over the course of 2019, 154 employers experienced a lay-off situation. This 2.7% increase in relation to 2018 slightly reversed the falling trend that had begun in 2014. The YoY rise in the number of persons receiving lay-off benefits was greater, with a positive variation of 12.6% and a total of about 3.9 thousand recipients.
- 37.** Analysis of the statistics provided by the Directorate-General for Employment and Labour Relations (DGERT) shows that the latter was notified of 345 collective dismissals in 2019, encompassing a total of around 3.6 thousand workers. This represented a YoY increase of 7.8%

³ Includes the workers of entities that were reclassified into this subsector.

⁴ The motives for the definitive departures include retirement, expiry or cessation of contract, termination of the labour relationship for reasons attributable to either the worker or the employer, and death.

⁵ Includes internal recruitment, mobility, secondment, return from unpaid leave or from a trial period, service commission (beginning or return), and other situations.

(+25) in the number of collective dismissals so notified. However, the total number of workers affected (3.6 thousand) was unchanged and is one of the lowest values in the last ten years.

3. Business Structure and Workers in Enterprises

- 38.** 282.2 thousand enterprises responded to the *Personnel Survey (Quadros de Pessoal, QP)* in 2018 – around 3 thousand more than in 2017. These enterprises employed 3,064.3 thousand workers (+109 thousand YoY). After consecutive falls from 2009 to 2013, the number of enterprises has been regularly increasing since 2014. The *Personnel Survey* recorded 54 thousand fewer enterprises in 2018 than in 2009. However, the number of individuals working for them was substantially greater than in 2009 (c. +300 thousand).
- 39.** According to data from Statistics Portugal’s *Integrated Business Accounts System (Sistema de Contas Integradas das Empresas, SCIE)*, in 2018 the enterprises in the high and medium-high technology sectors⁶ numbered around 23.6 thousand (+5.2% YoY) and represented 1.9% of a national total of 1,221.9 thousand enterprises.⁷ There were about 3 thousand more enterprises in this category than there had been in 2009.
- 40.** According to information provided by the Ministry of Labour, Solidarity and Social Security’s Office for Strategy and Planning (GEP-MTSSS), there were around 209.4 thousand occupational accidents in Portugal in 2017, including 140 fatal ones (+1,823, and +2 YoY respectively). On the other hand, looking at the overall variation in the number of work-related accidents over the last decade, we find that the total number reported fell by 12.8% (-30.6 thousand accidents), and that the number of fatal accidents also decreased (-39.4%, -91 deaths).
- 41.** With regard to sickness-related absences from work, according to information provided by the Ministry of Labour, Solidarity and Social Security’s Social Security Institute (ISS-MTSSS), by the end of 2019 859.4 thousand⁸ periods of sick leave had been terminated in Mainland Portugal (+3.9% YoY). The great majority of cases that were terminated lasted for less than 12 days.

⁶ The high and medium-high technology sectors include both high and medium-high technology manufacturing and services that involve intensive use of high-technology knowledge (CAE Rev.3: divisions 21 to 26 and group 303; divisions 20, 27, 28 and 29 and groups 254, 302, 304, 309 and 325; and divisions 59, 60, 61, 62, 63 and 72). (See Annexe.)

⁷ These data include sole proprietorships that do not complete the *Single Report (Relatório Único)*, or are not included in the *Personnel Survey*.

⁸ In order to comply with the rules governing statistical confidentiality, this total does not include the very low figures for the termination of periods of sick leave taken by women aged 20-24 or men under the age of 20.

4. Pay and Earnings

- 42.** According to data from the *Personnel Survey*, the average monthly earnings of full-time employees (TCOs) in Mainland Portugal in October 2018 were 1,170.25 € (+3.3% compared to October 2017), which is the largest annual increase recorded since 2010. Median monthly earnings were 854.8 € (+3.9% YoY).
- 43.** Average male monthly earnings were 1,273.99 €, while the female equivalent totalled 1,046.59 €. Both increased in relation to 2017, but the fact that female earnings rose more than male earnings means the difference between average pay per gender decreased slightly. Average female monthly earnings in 2018 represented around 82% of the male value.
- 44.** The monthly base pay of full-time TCOs who worked full-time was 970.42 € (c. 83% of average monthly earnings) and rose by 2.9% in relation to 2017.
- 45.** As in previous years, in October 2018 the average monthly earnings of full-time TCOs was highest in the Lisbon region (1,440.1 €), followed by the Northern and Alentejo regions (very close to one another, at 1,056.6 € and 1,051.1 € respectively). The figure for the Central region was 1,032.8 €, while the Algarve continued to be the region where average monthly earnings were lowest (991.1 €). Compared to the same month in the previous year, average monthly earnings fell in the Algarve (-0.4%), increasing elsewhere by between 0.1% in the Lisbon region and 0.8% in the Northern region.
- 46.** Analysis of the pay structure applicable to TCOs who worked full-time in 2018 (monthly base pay plus regular supplementary amounts) reveals that more than half of them were concentrated in the 600.00-999.99 € pay bracket. These were followed by the 1,000.00-2,499.9 € bracket, which encompassed 30.3% of such workers. The bracket equal to the National Minimum Wage (SMN) included 5.4% of all TCOs, while 5.2% were in the 2,500.00-4,999.99 € bracket. The bracket in between the SMN (which increased to 580.00 € in 2018) and 600.00 € held just 1% of all TCOs.
- 47.** Compared to 2017, there was a slight decrease in numbers in the brackets up to 599.9 €, and a slight increase in the percentage of workers in the various brackets of 600.00 € and above, with the highest rise in the 1,000.00-2,499.9 € bracket.
- 48.** Looking at the data for October 2018 from the *Survey of earnings and length of working hours*, 22.1% of full-time TCOs were covered by the Guaranteed Monthly Minimum Wage (RMMG),

including 17.9% of all men and 26.8% of all women. The overall percentage rose by 0.5% in relation to 2017.

49. In 2018, with regard to the types of contract that encompassed the most TCOs, the average monthly pay of TCOs who worked full-time under open-ended contracts in Mainland Portugal was 1,064.3 €; for those with fixed-term contracts, the figure was 768.9 € (i.e. c. 72% of the average base pay of workers with open-ended contracts); and that for workers with uncertain term contracts, 794.2 €.

50. According to Statistics Portugal data for the whole of the country, in 2019 the Labour Cost Index (LCI, Portuguese ICT) rose by 2.7% YoY. In relation to the majority of the EU28 countries, Portugal continues to be one of those where the cost of labour is lowest and is clearly below the European average value. On the other hand, Portugal is one of the countries where the LCI has risen most since 2014.

51. According to data from the Directorate-General for Administration and Public Employment's (DGAEP), in 2019⁹ the average monthly earnings of full-time TCOs in the various Public Administrations in Mainland Portugal was 1,763.2 € (+2.4% YoY). The average monthly base pay was 1,598.2 €, which represents 85.5% of average monthly earnings and a rise of 2.2% in relation to the previous year.

52. In state-owned enterprises and other public-sector entities, the average monthly earnings in Mainland Portugal in 2019 were 2,419.3 € in the entities belonging to the Central Administration (+6.2% in relation to 2018), and 1,210.7 € in Local Administration entities (+3.2% YoY). Average monthly base pay was 1,576 € in the enterprises and other entities belonging to the Central Administration (+5.6% YoY), while in the entities belonging to the Local Administration it was 946.8 € (+4.3%).

5. Vocational Training and Active Employment Measures

53. According to data from the Integrated Information and Management System for Educational and Training (*Sistema Integrado de Informação e Gestão da Oferta Educativa e Formativa*, SIGO), 232 thousand individuals enrolled on education and training courses in 2019. 83.7% of them attended

⁹ The point of reference for the data presented in this chapter is the month of October.

courses aimed at young persons up to the age of 24,¹⁰ while the remaining courses were intended for adults. Comparing 2019 to 2018, the number of enrollees on dual-certification courses decreased by 7.3% YoY, with a larger fall in the case of those enrolling on adult training courses. As in previous years, around 87% of the young persons in question attended vocational courses, while 10.6% attended youth education and training courses. 60% of all trainees were men. 60% of the persons enrolled on adult **education and training** courses were women; the most heavily represented age brackets were 35-44 (25.6%) and 50+ (23.4%) years; while in terms of course level, more than half attended Level 4, and 31.7% Level 2 courses.

54. In 2019, the training actions promoted by the Institute for Employment and Vocational Training (IEFP) encompassed 306 thousand persons. 87.6% (290.5 thousand) of them attended **Adult Qualification** (QA) actions, 8.5% (28 thousand) **Youth Qualification** (QJ) actions, and 1.7 thousand (0.5%) **Trainer Training** (FF) actions. Men formed the majority of those covered by **Youth Qualification** actions, while women represented the majority on the **Adult Qualification** and **Trainer Training** actions.

55. In 2019, Adult Qualification was broken down as follows: 34.2% of trainees (99.4 thousand persons) attended “Modular Training” (*Formação Modular*) actions, 27.2% (79.1 thousand persons) the “Active Life” (*Vida Activa*) measure, and 15.5% (45 thousand persons) “Adult Education and Training Courses” (*Cursos de Educação e Formação de Adultos*). Almost half those covered by these actions were aged 25-44, while the trainees aged 50 or more represented 32% of the total. 34.5% of all trainees had completed secondary education, while another 26.6% had completed the lower secondary education.

56. In 2019, the employment support measures promoted by the Institute for Employment and Vocational Training (IEFP) covered 81.1 thousand persons. 44.4% of them (36 thousand) took “Occupational Insertion” (*Inserção Profissional*) internships, 36.1% (29.3 thousand) entered into “Employment-Insertion Contracts” (*Contratos Emprego-Inserção*), and 15.3% (12.4 thousand) received “Hiring Support” (*Apoios à Contratação*). 61.7% of all those covered were women; 30.6% were aged 24 or less, while 28% were aged 25-34; 39% had completed tertiary education, and around another 29% had completed secondary education.

¹⁰ The data provided for the present report by SIGO do not include information on Learning Courses, which is analysed in section 5.2.

- 57.** In 2019, 56.8% (10.9 thousand) of the individuals who had been on internships were employed, 93% of them at the entity where they had been an intern. 17.5% (3.3 thousand) of the individuals who had completed “Employment-Insertion Contracts” were employed, with the majority of them having found jobs by their own means.
- 58.** Data for Mainland Portugal from the *Annual Report on Life-long Learning (Relatório anual de formação continua)* show that in 2018, 42.3 thousand enterprises promoted training actions for their workers, representing 16.3% of all the enterprises that completed the Single Report (*Relatório Único*). These training actions covered around 1,052.6 thousand workers (34.7% of all the staff of the aforementioned enterprises).
- 59.** Both the number of enterprises that promoted continuous training actions and the number of workers involved fell in relation to 2017. This was the first decrease in the percentage of enterprises that promote training since 2010; the percentage of workers involved had already been lower in 2010, 2015 and 2016.
- 60.** In 2018, the numbers of men and women who attended continuous training actions within their enterprises were very balanced. In terms of the percentage of workers in a given age bracket who attended such actions, the highest value was for those aged 35-44 (39.2%), followed by those aged 18-34 (38.3%), and then the 45-64-year-old bracket (34%). The percentage of workers covered by training actions promoted by their enterprises was generally higher, the higher their level of qualifications, ranging from 25.2% (TCOs with less than the lower secondary education) to 57.5% (TCOs with master’s-level qualifications).