

**EMPLOYMENT AND  
TRAINING REPORT 2016**

**EXECUTIVE SUMMARY**

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MINISTÉRIO DO TRABALHO, SOLIDARIEDADE E SEGURANÇA SOCIAL

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## EMPLOYMENT AND TRAINING REPORT 2015

### EXECUTIVE SUMMARY

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#### *Macroeconomic framework*

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1. The national and international economic situation, in 2016, is part of a path of sustained recovery that will continue in time. Rising GDP growth rates make it possible to address the range of macroeconomic policy issues and objectives.

Employment growth and the decrease in the unemployment rate associated with the recovery of households' disposable income are very positive consequences of the improved economic climate.

The national accounts balance is in line with the targets compatible with the single currency requirements. Its compatibility with the sustainability of the public debt will, however, require a significant effort regarding the size of the primary balances.

The external accounts and, in particular, the Current Account balance, have been moving towards positive values due to the growth of exports and the price of energy and raw materials. Given the contingency that affects these determinants, a strategy based on investment and export of tradable goods and revitalisation of internal and external factors of competitiveness of our economy remains a priority, not excluding the inflation rates differentials issue.

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#### *Active and inactive population and activity rate*

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2. According to the Labour Force Survey, there were 9,807 thousand individuals living in the mainland<sup>2</sup> in 2016, a decrease of only 0.25% compared to 2015 or, in other words, about half of the annual decreases seen since 2011.

According to the statistical information provided by the Emigration Observatory in the 2015 report, there has been a sharp rise in Portuguese emigrants over the last few years, particularly during the last five years.

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<sup>2</sup> The report doesn't include data from the Açores and madeira islands.

3. In 2016, the activity rate (population aged 15 and over) was 58.4%, only slightly lower than in 2015.
4. In the period under review, the inactive population has always increased. In 2016, the analysis of the "available not seeking employment"<sup>3</sup> figures shows that these were about 6.1% of the total number of inactive people, i.e. 215.8 thousand people.

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## **Employment**

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5. In 2016, the employed population in the mainland totalled 4,383,500 people, an increase of 1.2% (more than 53.9 thousand people) compared to 2015.<sup>4</sup>
6. The employment rate was 52%. The male employment rate was about 10 p.p. higher than the female rate. Between 2007 and 2013 the employment rate has always decreased, and from then on it increased to a value very close to that of 2011.
7. Between 2015 and 2016, the age group with the highest percentage of employment growth was that of individuals between the ages of 55 and 64, followed by the 15-24 age group. The 25-34 age group registered a decrease.
8. As with the activity rate, the employment rate was higher with a higher level of education.
9. In 2016, employees (TCO) accounted for 82.1% of the total, increasing compared to 2015, and self-employed workers (TCP) accounted for 17.2%, having decreased. About 76.6% of self-employed workers (TCP) worked alone.
10. According to the Labour Force Survey of the National Institute of Statistics (INE), in 2016, 88.2% of the employed population worked full-time. Comparing to the previous year, this category of employees grew by 1.8% while the part-time employed population decreased by 3%.
11. By 2016, 41.2% of part-time workers were available to work longer hours, i.e. they were underemployed. Between 2015 and 2016, their numbers declined.

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<sup>3</sup> Those who have not sought employment in the last 3 weeks prior to the survey are not counted as unemployed but as inactive.

<sup>4</sup> After having decreased by 218.7 thousand between 2008 and 2010, and in about 294.4 thousand individuals between 2011 and 2013, employment has increased in the last three years by about 162.1 thousand people.

**12.** According to INE data, in 2016, 3,600,900 workers were employees. Of these, 77.7% had open-ended contracts, 18.6% fixed-term contracts and 3.7% other contracts. Between 2015 and 2016, 47,800 people entered into open-ended contracts, 13.3 thousand entered into fixed-term contracts and 10.4 thousand workers entered into other types of contracts.

**13.** In 2016, Service activities represented 68.2% of employment, *Manufacturing, Construction, Electricity, gas, steam and air conditioning supply* and *Water supply, sewerage, waste management and remediation activities*, 25.1% and *Agriculture, forestry and fishing*, 6.7%. Since 2008, the weight of the Service activities has always increased.

The number of jobs in *Agriculture, forestry and fishing* has always declined since 2008. In the sectors of *Manufacturing* and *Construction*, employment also declined sharply until 2013 (in *Construction* until 2014) but has since grown significantly, particularly in *Manufacturing*.

With regard to the most representative activities, *Human health and social work activities* stands out, in which employment has always increased since the beginning of the series.

**14.** The weight of the different professional groups has changed significantly since 2007. Thus, *Professionals* have grown consistently and significantly throughout the series as well as *Technicians and Associate Professionals*. On the other hand, there were groups that always declined: *Skilled Agricultural, Forestry and Fishery Workers; Craft and Related Trades Workers; Elementary Occupations* and *Clerical Support Workers*.

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### ***Employment in Public Administration***

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**15.** According to data from the General Directorate of Administration and Public Employment (DGAEP), the employed population in public administration in the mainland totalled 613.4 thousand people in December 2016, more 4.7 thousand people than in the previous year, accounting for 14% of total employment. Women represent more than 58.5% of the total throughout the series. Furthermore, companies and other public entities (except Public Administration) registered 52,800 people, most of whom were men.

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## *Unemployment*

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- 16.** According to the INE's Labour Force Survey, in 2016, 542.7 thousand people were unemployed in the mainland, 68.8 thousand less than in the previous year. Men represented about 50.4% of total unemployed.
- 17.** In 2016, the unemployment rate was 11%, having increased from 8.1% to 16.1% between 2007 and 2013 and declining thereafter. The female unemployment rate has remained above the male unemployment rate throughout the series but the gap has been narrowing in recent years.
- 18.** Of the 542.7 thousand people who were unemployed in 2016, in the mainland, 51.4% had up to lower secondary education (ISCED 0-2), 29% upper secondary education (ISCED 3-4) and 19.6% tertiary education (ISCED 5-8). Comparing to 2015, unemployment has declined in all levels of education.
- 19.** By 2016, 11.4% of the unemployed population, i.e. about 61.6 thousand people, were seeking for the first job. Between 2015 and 2016, the number of unemployed individuals seeking for a first job decreased significantly.
- 20.** In 2016, unemployed people looking for new jobs that came from the *Service activities*, accounted for 61.8% of total unemployed; the unemployed people from *Manufacturing, Construction, Electricity, gas, steam and air conditioning supply and Water supply, sewerage, waste management and remediation activities* accounted for 29.2% and the unemployed individuals from *Agriculture, forestry and fishing* for 1.6%.
- 21.** In 2016, the occupational groups with the highest number of unemployed looking for a new job were *Services and Sales Workers, Elementary Workers* and *Crafts and Related Trades Workers*. Comparing to 2015, unemployment declined in all occupational groups.
- 22.** Of the 542.7 thousand individuals who were unemployed in 2016, about 335.1 thousand (61.8% of the total) were unemployed for 1 year or more (long term-unemployed).

In 2007, long-term unemployed (DLD) accounted for 49.4% of total unemployed, in 2010, 54.6% and in 2014, 65.4%. Between 2014 and 2016, their number decreased significantly compared to unemployed for less than 1 year.



Of the 335,100 individuals who had been unemployed for more than 1 year, in 2016, around 245,800, were unemployed for more than 2 years, that is, they were very long-term unemployed (DMLD).

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### ***Registered unemployment***

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**23.** At the end of December 2016, according to statistical data from the Institute for Employment and Professional Training (IEFP), about 452,600 unemployed individuals were registered at the Public Employment Services of the mainland, which represented a decrease of approximately 69 thousand individuals compared to the end of the previous year.

**24.** According to data provided by IEFP, job vacancies received at Public Employment Services decreased in the course of 2016, thus reversing the trend noticed since 2012. The number of offers decreased by 21.4%.

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### ***Compatibility of labour market flows***

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**25.** The analysis of the annual variations of the active, employed and unemployed population shows that, between 2011 and 2016, the decrease of the employed population until 2013 and the reduction of the unemployed population, from 2013 onwards, originated a reduction in the active population that did not result in an increase in the inactive population but in a decrease in the resident population. This decrease is only found in the age groups between 15 and 34 years and the population with up to lower secondary education (ISCED 0-2).

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### ***Subsidised Unemployment***

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**26.** According to data provided by the Information Technology Institute of the Ministry of Labour, Solidarity and Social Security (MTSSS), in December 2016 there were about 222,500 people entitled to unemployment benefits. Of these, 602 individuals were self-employed. The number of people entitled to benefits decreased compared to the same period of the previous year (-14.8%).

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### ***Business structure and employment in companies***

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**27.** In 2015, approximately 273 thousand companies responded to the Payrolls survey, 2.9 thousand more than in 2014.

Between 2014 and 2015, the largest increase in the number of companies was registered in *Accommodation and food service activities*, followed by *Agriculture, forestry and fishing*, *Human health and social work activities*. On the other hand, the number of companies decreased in *Construction* and *Transport and Storage*.

**28.** According to the Payrolls data, in 2015, employees working in companies increased in about 80,400 people.

**29.** The analysis of the number of workers employed by company size in 2015, showed that companies with 100 and more employees, employed around 39.9% of the total workforce. The weight of the group of companies with up to 9 employees was 25.2%.

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### **Remuneration**

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**30.** In 2015, the average monthly wage was €1,096.66, up 0.3% from 2014, after a slight decrease in the previous two years. The average monthly female wage was about 80% of the average monthly male wage. However, the average monthly female wage has always increased since 2010.

**31.** If we look at the pay scale of employees (TCO) who worked full-time in 2015, with regard to monthly base salary plus regular benefits, we find that the pay scale with the highest percentage of workers was still in the "€600 to €999.99" pay scale (46.5% of these TCO), followed by the "€1,000 to €2,499.9" pay scale (27%). Regarding 2014, the increase of the "National Minimum Wage (SMN) to €599.99" and the "€1,000 to €2,999.9" pay scale should be mentioned.

**32.** According to data from the General Directorate of Administration and Public Employment (DGAEP), in 2016, in the mainland, the average monthly wage of full-time employees in Public Administration was €1,670.80.

For entities of the public sector held by the Central Administration, the average monthly wage in 2016 was €2,301.09, about 38% higher than the average monthly wage in Public Administration. On the other hand, in entities of the public sector held by local government, the average monthly wage in 2016 was only €1,052.80.

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### *Labour cost index*

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- 33.** According to data provided by the National Statistical Institute (INE) for Portugal in 2016, the Labour Cost Index registered an increase of 3.3% comparing to the previous year. The labour cost index has increased in most economic activities.
- 34.** Considering the information collected by Eurostat in 2016 and in comparison to the other 28 EU countries, Portugal is one of the countries where the labour cost was lower. Only Cyprus, Greece, Croatia, Italy and Ireland presented lower labour cost rates.

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### *Education and vocational training*

#### *Certified education and vocational training courses*

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- 35.** According to SIGO<sup>5</sup> data, there were about 220 thousand individuals enrolled in certified education and vocational training courses in 2016. Of these, about 74.7% attended courses aimed at young people up to 24 years of age. Most of these were enrolled in youth vocational training courses (87.7%). Youth vocational training courses covered about 5.9% of individuals and education and vocational training courses at upper secondary education level (ISCED 3) included 4.2%.

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### *Active labour market programs promoted by IEFP*

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- 36.** Until November 2016, active labour market programs promoted by the Institute for Employment and Professional Training (IEFP) had reached 169,300 people, nearly half of those reached in 2015. The **Adult education and training** programs were the most penalised by this decrease, and their weight decreased in relation to the total number reached (84.6%). The number of persons reached decreased for all active labour market programs.

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<sup>5</sup> SIGO, which is coordinated by the General Directorate of Statistic of Education and Science of the Ministry of Education (DGEEC), is the Management Information System of the Educational and Training Offer and includes the network of training entities of the national qualifications system and the Centres "Qualifica", as well as all the certified training actions, including the ones not included in the National Qualifications Catalogue, namely training actions developed by the companies according to the dispositions of the Labour Code.

With regard to **Youth vocational training**, the ‘Apprenticeship’ program comprised 96% of the total number covered. Regarding **Adult education and training**, the ‘Vida Ativa’<sup>6</sup> program accounted for 43.5% of the total covered.

In November 2016, 98% of those covered by the Youth vocational training programs and 82.4% of those covered by the **Adult education and training** were unemployed.

**37.** In November 2016, the active labour market programs promoted by the IEFP included 110,300 people, of which 44.5% attended internships under the ‘Inserção profissional’ program <sup>7</sup>, 41.4% had ‘Contratos de Emprego-inserção’<sup>8</sup> and 12.7% had benefited from hiring support. Over the last year, the number of people who have completed active labour market programs decreased considerably in all programs.

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### *Continuous training in companies*

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**38.** In 2015, 45.3 thousand companies promoted training courses for their workers, which corresponds to about 18.3% of the companies that submitted the ‘Relatório Único’ <sup>9</sup>. This meant a decrease of around 250 companies compared to 2014<sup>10</sup>. These training programs included approximately 881 thousand workers, which corresponded to 32.8% of the employees in companies.

The percentage of workers covered by these programs increased according to the size of the companies.

The continuous training programs promoted by companies had an average of 28.7 hours in 2015. The average cost of continuing training in companies in 2015 was €393.30.

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<sup>6</sup> Modular training programs that enable the accumulation of credits for unemployed people who do not have the lower secondary level of education or a qualification adjusted to the job market. Duration: between 25 and 300 hours + practical training in the workplace (3-6 months). Certification (of complete paths), level 2 NQF and level 4 NQF

<sup>7</sup> The ‘Inserção Profissional’ program refers to professional internships of different types and designations: ‘INOV’ ‘Impulso Jovem’, ‘Estágios Emprego’; ‘Emprego – Jovem Ativo’; ‘Reativar’.

<sup>8</sup> Program aimed at unemployed people receiving unemployment benefits or social benefits of unemployment and social insertion income to develop socially useful work for a period of up to 12 months in public or private non-profit organisations.

<sup>9</sup> ‘Relatório Único’ is a single report to be submitted to tax authorities on an annual basis by all companies in Portugal, including all the company’s corporate business details

<sup>10</sup> However, the number of companies that included the Payrolls increased (+2.9 thousand) between 2014 and 2015, as well as the number of employees (+80.4 thousand).