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PORTUGUÊS
DE BOAS PRÁTICAS
LABORAIS

PORTUGUESE
OBSERVATORY
OF GOOD LABOR
PRACTICES

OPBPL Electronic Papers

OPBPL e-Working Papers (ISSN 2182-8393)

Av. das Forças Armadas, Edifício ISCTE, 1649-026 LISBOA, PORTUGAL

Objectives

The Electronic Papers published by the Portuguese Observatory for Good Labour Practices (OPBPL) main goals are to confer the accessibility and high-speed readability of essential information and good practices in regards to work organisation, collective bargaining, human resources management, labour relations, inclusion and sustainability, corporate social responsibility, and labour market statistics.

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Labour Relations Specificities (III): employment in Portugal

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Abstract

In the Portuguese legislation on work and the management of human resources in companies and organizations, the notion of employment appears in association with the signing of a contract whereby, in exchange for remuneration, a person is obliged to undertake their work for another or other persons and under their authority and direction.

These electronic papers present the main specificities of employment in Portugal, highlighting workers' growing levels of education accompanied by the rise in term contracts between 1990 and 2010.

1 | Employment

Employment results from the signing of a contract between two parties: an employee and an employer.

In the Portuguese legislation on work and the management of human resources in companies and organizations, the notion of employment appears in association with the signing of a contract: this contract obliges a person to undertake work for another or other persons under their authority and direction in exchange for remuneration (Labor Code).

Employment is associated with a commercial transaction between two parties:

- (1) On one hand, the employer who originates a productive activity. This may be seen in the broad sense and include profit generating objectives, job creation and contributing to the sustainability of the planet (Anielski, 2007), whilst paying attention to the ethics of organizing and generating work and to CSR: Corporate Social Responsibility (Cunha *et alli*, 2007).
- (2) On the other hand, the employee who must contribute with his/her work for which he/she will be paid a salary.

In addition to the payment of a salary for work undertaken, the notion of decent work has also gained growing importance in the 21st century.

According to the International Labor Organization (2001), decent work corresponds to:

- (1) a productive and safe job;
- (2) that ensures labor rights are respected;
- (3) pays a fair salary;
- (4) guarantees social protection; and
- (5) includes social dialogue, freedom to belong to a trade union, collective bargaining and participation.

The attention given to the quality of the employment has implications on human resources management and on the workers' relations with the companies. The

underlying principle is that there is a relationship between the efficiency wage and the costs of staff turnover: the fact that companies have an interest in “holding on” to their workers has become an important feature of employment (Almeida, 2005).

This can be accomplished in one of two ways:

(1) on one hand, the company can allow employees to leave by paying them less than the market wage, thus raising the cost of staff turnover while lowering the direct costs of work;

(2) on the other hand, the company can hold on to their employees by paying them more than the market wage, thus discouraging them from looking for work elsewhere; this reduces staff turnover but raises the direct costs of work.

The Portuguese Legislation (Labor Code) explicitly establishes the right to equal access to employment and work, and underlines the following:

(1) All workers have the right to equal opportunities and treatment in the access to employment, training and promotion at work and working conditions.

(2) No worker or applicant for a job may be given preferential treatment, favored, prejudiced, deprived of any right or exempted from any duty notably on the grounds of ancestry, age, gender, sexual orientation, marital status, family situation, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic origin, religion, political or ideological beliefs or trade union membership.

2 | Qualifying workers

With the new division of labor in contemporary societies, the rapid evolution of technology has relegated the greater experience of a “trade” and the learning of a “craft” to a secondary level. Accordingly, the wage efficiency theories from the mid 1980s extend dimensions hitherto considered to the work factor: previously measured purely on the basis of volume, human work is now characterized by its intensity and its quality.

Linked to classifications that make the work and the worker “usable”, the qualification scales and job classifications allow the relationship of subordination to be specified – externally - and give the workforce mobility (Almeida, 2005). From this

perspective, the movement of each worker in the so-called “space” of qualification is no longer regulated by the set of workers themselves, who formerly organized themselves in such a way as to control their own reciprocal succession and competition: the qualification of work aims at a set of skills for which the worker is given recognition and which are remunerated in line with the different jobs where they are found (Almeida, 2011).

Generally, these are associated to educational qualifications, in particular when entering into the labor market (table 1):

Table 1: Qualification in terms of the education level of the Portuguese workforce

Year	Workers who completed higher and secondary education as % of jobs	Workers with basic schooling up to 3 rd cycle as % of jobs
2000	20.8%	79.2%
2010	35.9%	64.1%

Sources: National Statistics Institute, Employment Survey (1990-2010); 4th quarter data; author’s calculations.

3 | Employment and flexibility

From the 1980s, flexibility started becoming widespread in companies and was seen as a way of managing the workforce based on the growing use of flexible forms of work, otherwise known as “atypical” (table 2).

On one hand, part time jobs, temporary work, term contracts and sub-contracting became more common; on the other, by comparison, the use of full time contracts with no fixed duration declined. Following this reasoning, flexibility can be easily understood as moving away from the standardized provisions in industrial relations, in relation to working hours, labor relations, social security, etc.

In this sense, flexibility is a reflection of the changes:

- (1) in business practices;
- (2) in the organization of work by means of flexible specialization; and
- (3) in society generally, through the pluralization of social classes, new life styles and the demand for new production systems in response to the ever-changing

tastes of consumers in the context of a society of services and of service (Almeida, 2005).

It was only later, in the 1990s, that the notion of flexibility became almost universal and turned into a strategic objective for human resources management. There are two explanations for this:

(1) emphasis is placed on reducing the unit costs of production both through removing workers who do not contribute directly to production, and reducing the costs of directly productive manpower; and

(2) flexibility now corresponds to the company's ability to match the size and mix of the inputs of work with the changes in the demand for outputs, so that the organization does not carry the costs of "surplus" labor (Almeida, 2005).

Table 2: Types of contract held by Portuguese workers

Year	Workers with open contract (permanent staff) as % of jobs	Workers with term contract (short term) as % of jobs	Other kinds of contract as % of jobs
1990	78%	16.2%	5.8%
2000	79.4%	14.4%	6.2%
2010	77.5%	18.8%	3.8%

Sources: National Statistics Institute, Employment Survey (1990-2010); 4th quarter data; author's calculations.

4 | References for further information

SITE: <http://opbpl.cies.iscte.pt>

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