The purpose of this paper is to analyse the determinants of employability in Portugal. Calculations were made using official data for 1991, 1994 and 1997 on education, skills and tenure, and on 1990, 1991, 1996 and 1997 regarding training. High skills, high levels of education and high levels of tenure seem to generate employability in Portugal. However, it was also found that Portugal that low skills, low education and low levels of tenure, also generate employability, indicating that Portugal has a very dual labour market. Furthermore, in what concerns training the public sector and the private sector seem to be complementary: when the investments are publicly financed they generates more employability, while privately funded investments tend to be a way of substituting untrained workers by trained ones. The evidence gathered in the paper is a basis to defend the public support to education, to training, and to the promotion of high skilled investments.

Keynotes: Portugal, Employability, Training, Skills, European Union.
employability is a very important characteristic to define the life path of the ordinary Portuguese citizen. In addition, public policies are short of money, due to recession, fiscal evasion, EU limits to the public deficits, the sustainability of the social security system, etc. Therefore, it is fundamental to access those public policies, in relation to employability.

Well known theories exist to explain employability levels and to access its consequences. From the practical use of those theories policy guidelines may be derived. In social and human resources economics, many times the studies are not made because no data are available. Quite interestingly however, that one is not the case regarding the topic of this paper. Since 1988, the Portuguese Ministry of Labour publishes annually data on the employment, skills and academic qualifications of the national labour force. Also, with some regularity, generically every two years, data are published on the training investments made by firms. Those data should help the Portuguese Government defining the employment policy.

Putting all what was said together, a generic question of departure arises: what are, according to the data collected by the Ministry of Labour the determinants of employment, and the relations between employability, training, skills and education in Portugal?

From that question, a number of specific questions follow, which themselves consist in the objectives of the present study:

1) is there any evidence of a relation between employability, skills, training, education, and skills in Portugal?
2) has that relation, if it exists, changed over time (specifically, if it was reinforced) given that in the period that is to be analysed, massive investments were made in Portugal on education and training?
3) how to evaluate the investments that were made, given it would seem odd that the relation between skills, training and education had not been improved?
4) what policy guidelines may be derived from the relations that were found?
5) what is the judgement about the Portuguese situation, having in mind in the existing theories between education, skills, training and employability?
6) how do those findings compare with the conventional wisdom and the findings of other microeconomic studies already done on the subject?
7) what judgement may be done about the quality of the data that have been collected by the Portuguese Government on the subject of this paper?

The paper is focused in the period 1988-2001, for which the mentioned official data exist in abundance. However, the analysis may reflect past situations and could well foresee future developments in the Portuguese economy and society.

The paper is composed by the following 5 sections: Concepts and Theories; Empirical study; Conclusions; Policy recommendations; Suggestions for further research. The most important section of the paper is section about the Empirical study. This section will be divided in six important subsections: Previous studies; Aim; Data; Methods; Results; Discussion.

**Concepts and Theories.**

This section presents a summary of the main relevant concepts and theories on employability, its causes and its consequences. Its intention is to provide a theoretical basis to the analysis that is going to be presented in the next section.
Basic definitions

The main concepts that are going to be used in this paper are studied in the scientific fields of human resources economics, human resources management or in sociology of labour.

From those studies it is possible to define the following concepts:

1) **employability** represents the characteristics a person has that enables her to get or to be maintained in a job;

2) **competences**, are activities that a person knows how to do well;

3) **skills** are social expectations that someone knows how to do a job; those expectations are mainly based in formally or informally obtained diplomas; in principle skills should correspond to certified competences;

4) **education** is the act of learning; in this paper education will be considered to represent the formal studies attended by the frequency of the scholar system;

5) **to train** is to practice towards a goal; formal training is made in classrooms; informal training is made by the individual and some tutor (boss, colleague, friend); self training is made by the individual, in its free time; on job training is made in companies and organizations. In this paper training will considered as all the learning activities made by companies and organizations outside the educational system;

6) **to learn** is to gain knowledge; knowledge is information with meaning; information is organized data.

7) **since the last decade of the 20th century the world, or at least the developed world entered a Knowledge Era, in which knowledge is the main economic asset.**

Relevant theories

Some established facts are known on employability, but some open questions are still debated on the subject.

*Established Facts about the Determinants of Employability.* According to the commonly accepted theories, employability is a positive function of skills, education and training. This happens because skills, education and training, should, by and large, make the worker and the labour force more valuable, and thus, more employable.

These theoretical ideas have been confirmed by evidence:

1) the statistics available worldwide on unemployment rates show that highly educated people are affected by lower unemployment rates than people with little education (International Labour Organization, 2005, indicator 11);

2) studies made on labour market active policies have shown that the presence in training programs increases the probability of employment significantly (Heckman, Lalonde, and Smith, 1999, 2071-5).

Other known determinants of employability considered are gender (favouring males), the age (favouring middle age people), tenure (favouring experienced workers), motivation (being higher in individuals that invest by their own account), sectors (favouring those in expansion), regions (favouring those in which the economy is stronger) the type of firm (favouring large firms), and usual HRM practices (favouring organizations with established HR programs).

Those ideas have been also confirmed by national statistics worldwide, and by economic studies on regions and specific groups of people.
**Questions, Controversies and Problems.** The picture that was depicted in the last section only represents the global and mainstream situation.

There are several questions that give complexity and realism to the question of employability, even if, and quite unfortunately, they make the theories less valid and less general. Here are seven of those questions:

1) one crucial question about employability is about the role of specifically not directed policy measures on employability itself; those measures affect the macroeconomic equilibrium; if the macroeconomic environment is depressing, the employability level may be low, and the efficacy of policies also low;

2) another question is to analyse whether globalization means the degradation of the level of employability of skilled, trained and educated workers, and the lessening of the impact of public policies, by transforming the high skill economies in economies that have a tendency to survive with low skills;

3) in addition, not all the skills, education or training are considered as providing the same level of employability, the success being linked with the relation of those skills, education and training with the economic cycle itself;

4) some other controversies relate to the discriminative factors that an individual, organization, region or country may possess and that may contribute to the degradation of its economic and social situation. Are those factors true or is there myopia from the employment provider ? What must be done to change that situation, a public policy, or a private investment, and what kind of policy or investment ?

5) in relation to those discriminative factors, arises the decisive question of what public policies are the best to increase employability. The level of those policies may be augmented if employability is considered to have a high and positive external effect, and that may well be the case, because being employed has a big intangible positive effects in society;

6) another very important point of the debate is related with the balance between the demand forces and the supply forces in the labour market. It may be argued that in some societies or markets some individuals may be unemployed because they are too qualified. In these cases a “bad job trap” would exist because the economy would not have the companies or organizations that could use the competences of those very qualified individuals. It is said that situation occurs frequently in developing countries. As a consequence, a brain drain happens from those countries to the developed world. In recent years, situations of that type have been happening for example, as illustrated by the migrations that have been occurring, from India to the USA, and from the Eastern Countries to Southern and Central Europe;

7) finally, there is no clear cut indication that age or sex may be always bad for employability: older workers tend to have be experienced, women are better in some jobs than men (like modelling or social work): the question is extremely delicate, and the answer has to be of the same level.

**Empirical study**

**Previous studies**
The main data available on the employability of the Portuguese population are originated from one main source, namely, the Inquiry on the Employment, made by the National Institute of Statistics, made every three months by the National Institute of
Statistics (see National Institute of Statistics, 2005). Those statistics confirm the rule that the unemployment level of the population with less skills, is considerably higher than unemployment level of the population with high skills. In the last available data, related to the fourth quarter of 2005, the unemployment rate of persons with less than nine years of schooling was of 7.9%, and the unemployment rate of persons with university studies was of 7.2%. (National Institute of Statistics, 2005). It is interesting to verify that the unemployment rates by levels of education, never differed very much in Portugal: in the last quarter of 2000 the figures were of 4% for the lower class and of 4% also for the persons with more than 9 years of education (National Institute of Statistics, 2000).

**Aim**
No study exists that tries to apply the bulk of the Human Resources economics and sociology to the case of Portuguese employability in a large period of time, using the official data. The economic reasons make this approach interesting and important were already shown above (see Introduction).

Therefore, considering the historical facts and the preoccupations described in the Introduction, and the theoretical ideas expressed afterwards, it seems to be very important to see if, in practice, in Portugal the employability is related with the levels of skills, education and training. If that goal was achieved, it would be possible to direct better the Portuguese investments in those “critical” areas and to assess these investments more accurately.

**Data**
Since 1988 the Portuguese Ministry of Employment publishes the annual “Labour Force Charts” (LFC). The last published data relate to 2000. The LFC contains data on the employment level by sub-sector of economic activity as classified by the Classification of National Activities (CNA). The LFC also contains data on the skill and education levels, on tenure, for the same sub-sectors of economic activity.


**Model**

*Employability versus the Composition of the Labour Force in each Sub-sector.* In the first type analysis the equation that was estimated had the following simplified formula:

Employability  = a + b QUA + c SCH + d TEN + ei

(1).

The dependent variable represented the share of employment of a given sector in the employed labour force.

The qualifications subset (QUA) consisted of 8 variables: Apprentices, Non Qualified Workers, Semi Qualified Workers, Qualified Workers, Highly Qualified Workers, Foremen and Teams Managers, Intermediate Staff, Managers.

The schooling set (SCH) consisted of 7 variables: less than 4 years, 4 years, 5-6 years, 7-9 years, Secondary school, Bachelors, University.

The Tenure subset (TEN) consisted of 6 variables: Less than 1 year of experience, 1 to 4 years, 5 to 9, 10 to 14, 15 to 19, 20 and more.

For each subset of independent variables, each category was represented by its percentage rate in each sub sector.
A positive sign associated with the regression coefficient meant that the relevant category of skills, education or tenure had a positive impact in the employability, because it meant that sectors with higher employment had a higher educated, more skilled and more stable labour force. A negative sign meant that the detected impact was negative. The magnitude of the coefficient reflected the magnitude of the impact that had been discovered.

The pattern of signs and magnitudes should describe the way Portuguese skills, education and tenure levels influenced the employability of the Portuguese labour force. The estimation method used was Ordinary Least Squares.

Cross sections estimations were made, to test if the current level of employability was determined by the current level of educational attainment, skills and tenure.

Lagged estimations were performed to see if the current HR levels had an impact in the future employability pattern. Thus, lagged results could be compared with current ones.

**Employability versus the Distribution of HR Characteristics by Sub-sector.** In this second case, equation 1 was used, but with a small difference. For each variable (dependent or independent), each sub-sector was represented by the share of the sub-sector in the labour force. The objective of the analysis was to show if the presence of a higher level of an independent variable (representing skills, educations and tenure) in a sector was related with the higher level of employment in the same sector.

Cross section and lagged estimations were made, as the previous case, for the same reasons.

**Training.** The equation used was:
\[
\text{Employability} = e + f \text{TRA} + u_i \quad (2)
\]

The independent variable represented the number of workers of a given sector in the labour force.

The training set consisted of nine variables: share of trainees in the labour force, public share in funding, private share in funding, investment per worker (total, private and public) and investment per trainee (total, private and public).

A positive sign associated with the regression meant that the relevant variable had a positive impact on the employability; a negative sign meant the opposite. The magnitude of the coefficient reflected the magnitude of the detected impact.

The set of signs and magnitudes that unfolded should describe the way Portuguese training investments influence the Portuguese employability.

Lagged estimations were performed to see if the current training levels had an impact in the employability pattern. And, in consequence, lagged results could be compared with current ones.

The estimation method used was Ordinary Least Squares.

**Results**

**Employability versus the Composition of the Labour Force in each Sub-sector.** Two basic cross sections analysis were performed, related to 1989, and 1997.

Some lagged estimations were also performed trying to detect:

1) the relation of the 1989 HR levels with the 1990 and 1992 employability levels;
2) the impact of the 1989 HR levels in the evolution between 1989 and 1990, and between 1990 and 1992;
3) the relation of the 1997 HR levels with the 1998 and 2000 employability levels;

The main results obtained are described in the following two tables:

**Table 1: Employability versus labour force in each sub-sector (1989)**

<table>
<thead>
<tr>
<th>Base 1989</th>
<th>Dependent variable</th>
<th>PERC89</th>
<th>PERC90</th>
<th>PERC92</th>
<th>L90/L89</th>
<th>L90/L89</th>
<th>PERC92-PERC89</th>
</tr>
</thead>
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<td>N</td>
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<td>30</td>
<td>30</td>
<td>30</td>
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<tr>
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<td>48</td>
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<tr>
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<td></td>
<td>-.009</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Bold, substrict normal, means significance at 1%, 5% and 10%.

In 1989, some levels of schooling had an immediate positive impact (nine years and bachelors). Many years of tenure (15 to 19) seemed to be the most important determinant of employability, and with a positive sign associated. The levels of significance of the relations were generically very low, with the exception of one relation between tenure and the growth of employment by sector. But in that case the coefficients were very close to zero. So, in the whole, few indications of determinants of employability were obtained.

**Table 2: Employability versus labour force in each sub-sector (1997)**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>R2</td>
<td>8</td>
<td>10</td>
<td>37</td>
<td>28</td>
<td>13</td>
<td>33</td>
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</tr>
<tr>
<td>UNI</td>
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<td>.043</td>
<td>.415</td>
<td>.549</td>
<td>.045</td>
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<tr>
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<td></td>
<td></td>
<td>-.043</td>
<td>.415</td>
<td>.549</td>
<td>.045</td>
</tr>
<tr>
<td>NSCH</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.043</td>
<td>.415</td>
<td>.549</td>
<td>.045</td>
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<tr>
<td>LPRIM</td>
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<td></td>
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<td>.415</td>
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<td>-.043</td>
<td>.415</td>
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<td>.415</td>
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<td></td>
<td></td>
<td>-.043</td>
<td>.415</td>
<td>.549</td>
<td>.045</td>
</tr>
<tr>
<td>HQW</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.043</td>
<td>.415</td>
<td>.549</td>
<td>.045</td>
</tr>
</tbody>
</table>

Legend: Independent Variables: UNI – University BAC – Bachelors LPRIM – Less than 4 years schooling ANT – Number of years of tenure HQW – High qualified workers. Dependent Variables: L – Employment Level PERC – Percentage
Note: Bold, substrict normal, means significance at 1%, 5% and 10%.

In 1989, some levels of schooling had an immediate positive impact (nine years and bachelors). Many years of tenure (15 to 19) seemed to be the most important determinant of employability, and with a positive sign associated. The levels of significance of the relations were generically very low, with the exception of one relation between tenure and the growth of employment by sector. But in that case the coefficients were very close to zero. So, in the whole, few indications of determinants of employability were obtained.

In 1997, more results were obtained. Above all, very low levels of tenure became a factor of employability. Less than one year of tenure seemed to be a factor of
employability, probably a sign of the booming economic situation the country was in, and of the type of labour relations in place, based in contracts of very short term. In the educative subset, there was small indication that a degree of bachelor was a positive factor; and all the other signs detected were negative, and linked with very different degrees like university, compulsory schooling and less than 4 years.

Finally, it is interesting to note that between 1989 and 1997, more relations became significant.

**Employability versus the Distribution of HR Characteristics by Sub-sector.** In this case, two basic cross sections analysis were performed, related to 1994, and 1997. Some lagged estimations were also performed trying to detect:

1) the impact of 1994 HR levels in the 1995 and 1997 employability levels;
2) the impact of the 1994 HR levels in the evolution between 1995 and 1997, and between 1990 and 1992;
3) the impact of 1997 HR levels in the 1998 and 2000 employability levels;

The year of 1994 was used because it was the first year for which all the required data to do the estimation were available. To study the evolution between 1994, 1995, and 1997 the number of cases had to be reduced because in 1995 the statistical series changed.

The main results obtained are described in the following two tables.

**Table 3: Employability versus HR distribution between sub-sectors (1994)**

<table>
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<tr>
<th>Base 1994</th>
<th>Dependent variable</th>
<th>PERC94</th>
<th>PERC95</th>
<th>PERC97</th>
<th>PERC95-PERC94</th>
<th>PERC97-PERC94</th>
<th>L95/L94</th>
<th>L97/L94</th>
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<th>PERC95</th>
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<tbody>
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</tr>
<tr>
<td>R2</td>
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<table>
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<th>PERC95</th>
<th>PERC97</th>
<th>PERC95-PERC94</th>
<th>PERC97-PERC94</th>
<th>L95/L94</th>
<th>L97/L94</th>
<th>PERC94</th>
<th>PERC95</th>
<th>PERC97</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>


Note: **Bold**, *substrict* normal, means significance at 1%, 5% and 10%.
It is interesting to notice that many relations were found to exist, and that among those, some were extremely significant. Namely there is a good case to consider that in 1994, the secondary studies and the bachelors had positive effect on employability, but not the nine years of schooling nor the university degrees. Low levels of tenure (1 to 4 years) and huge seniority (less than 20) also looked to have good prospects in the labour market. On the qualifications subset, it was noticeable that superior staff was in a good position contrary to the intermediate staff. Finally, some sporadic but strong positive relations were found with the lower levels of skills and of education.

In 1997, the secondary studies owners and the bachelors continued to have good employment prospects. But, quite intriguingly, some positive and very significant coefficients were obtained for both the university degrees and the primary school. Given that the Preparatory School and the Compulsory School had not good figures, it seems that a double movement was happening in Portugal at that time: high qualifications (12 and more years old) were gaining employability, but also very low ones (4 years).

Low levels of tenure (less than 5 years) continued to be found to be a very important factor of employability, and more signs were also found that seniority was still a very important and positive determinant. Only the middle classes of tenure had no positive signs associated, indicating that organizations preferred confirmed experience or “fresh blood”. Finally, the three classes that showed better signs of employability were, in one hand, Qualified Workers (some very significant high signs) and, in the other hand, Semi Qualified and Non Qualified Workers (many small signs, very significant). This fact pointed again to a dualism in the Portuguese labour market.
Training. Data on investments made in four years (1990, 1991, 1996, and 1997) were used. For each year, calculations were made using two subsets of data:
1) global data by sector of economic activity;
2) partial data by sector and by 4 classes of dimension, namely 10-49, 50-99, 100-500, more than 500 workers.

Those years were chosen by two reasons: to assure some comparability with the analysis made before, and because it was interesting to test if there were differences in years that followed each other.

For each year, and for each subset, the following estimations were made:
1) the relation of the training investments with the level of employment of the current year, of the year following the investment, and of the third year after the investment;
2) the impact of the training investment with the evolution of the employment at one year and at three years of distance.

The main results obtained are described in the following four tables:

Table 5: Training and Employability (1990)

<table>
<thead>
<tr>
<th>Base 1990</th>
<th>Dependent variable</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L90</td>
<td>L91</td>
</tr>
<tr>
<td>N</td>
<td>53</td>
<td>53</td>
</tr>
<tr>
<td>R2</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Independent Variable

| PRIV      | -467               |
| PUB       | 452                |
| T/L       | -40/7              |

Legend: PRIV – percentage of private funding PUB public percentage of funding T/L share trainees in labour force
Note: Bold, substrict normal, means significance at 1%, 5% and 10%.

Table 6: Training and Employability (1991)

<table>
<thead>
<tr>
<th>Base 1991</th>
<th>Dependent variable</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L92-L91</td>
<td>L94-L91</td>
</tr>
<tr>
<td>N</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>R2</td>
<td>14</td>
<td>11</td>
</tr>
</tbody>
</table>

Independent Variable

| PRIV      | -56                | -133   | -0.003  | -0.003  |
| PUB       | 4585               | 13554  | 0.039   | 0.26    |

Legend: PRIV – percentage of private funding PUB public percentage of funding T/L share trainees in labour force
Note: Bold, substrict normal, means significance at 1%, 5% and 10%.

Table 7: Training and Employability (1996)

<table>
<thead>
<tr>
<th>Base 1996</th>
<th>Dependent variable</th>
<th></th>
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</thead>
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<td></td>
<td>L96</td>
<td>L97</td>
</tr>
<tr>
<td>N</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>R2</td>
<td>19</td>
<td>14</td>
</tr>
</tbody>
</table>

Independent Variable

| AVCT      | -34                |
| PRIVT     | 76.8               | 101   | 97.8 |
| T/L       | 0.002              |
| PUB       | 0.004              |

Legend: AVCT – Average Cost per Trainee PIT Private investment per trainee PUB: Percentage of public funding T/L: share trainees in labour force
Note: Bold, substrict normal, means significance at 1%, 5% and 10%.
Table 8: Training and Employability (1997)

<table>
<thead>
<tr>
<th>Base 1997</th>
<th>Dependent variable</th>
<th>L98/ L97</th>
<th>L00/L97</th>
<th>L98/L97</th>
<th>L98</th>
<th>L00</th>
<th>L98/L97</th>
</tr>
</thead>
<tbody>
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<td>113</td>
<td>113</td>
<td>113</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>R2</td>
<td>19</td>
<td>26</td>
<td>5</td>
<td>19</td>
<td>20</td>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>

Legend: T/L: share trainees in labour force PUBIT: Public investment per trainee PRIVIT: Private investment per trainee

Note: Bold, substrict normal, means significance at 1%, 5% and 10%.

Very few significant relations were obtained, but anyway, putting them together it is possible to conclude that they form a logic pattern of employability:

1) the private share of funding is negatively associated with employability, and the public share of training is positively associated; this means private businesses invest to save personnel, and with profitable goals; this also means that the public investments (namely the European Social Fund) are a way of subsidizing the direct cost of admitting new employees in the organizations;

2) the share of trainees in the labour force has mainly positive signs associated; this might be explained by the fact that the existence of trainees is a way of increasing the labour force, by admitting new workers, and by generating profits. However, as training may also result in diminishing the numbers of workers, some negative signs also appeared; therefore the relation between the share of trainees in the labour force and the employability is not univocal;

3) the average cost per trainee has a negative influence in employability; one very plausible explanation is that higher cost should be compensated by reductions in the labour costs;

4) the private investment per trainee seems to have a positive influence in the employability of a given year, meaning that companies invest more when their sector is bigger; competition may explain this fact; however, the lagged relation is negative meaning that big investments per trainee tend to be compensated by reductions of personnel, as a way of compensating the incurred costs;

5) finally the public investment per trainee seems to have a positive effect in the lagged employability, meaning that because costs are low, employments are generated afterwards.

Discussion
The seven questions that were made in the introduction can be addressed now. It is possible also to try to extract some social consequences of the study.

Relation between Employability, Skills, Education, Tenure and Training. Very few indicators of that relation were detected. High levels of education, high levels of skills seemed to be a positive factor to gain employability, but also low levels of education and low levels of skills. A similar situation was detected regarding tenure, indicating that experience is rewarded, but that new workers were highly desired when the economy was expanding. Regarding training, public expenses seem to be beneficial; on the contrary private investments seem to be made to save labour; also employability decreases with the increase of the cost per trainee, and seems to increase (generically) with the share of trainees in the labour force, although this relation is not straightforward.
Evolution over time In the nineties, massive investments were made in Portugal on education and training. The results show that some relations (concerning education, skills, and tenure) become to be increasingly stronger and evident. This is a good sign, and a good point in favour of the investments. However, in what concerns training, that positive evolution was not apparent; but in this last case, may be that fact is not so problematic, because the relations that were found were all economically logic. Finally, it is not a good sign, that the evolution of the education, skills and tenure sets detected meant that the dual economy was getting stronger.

Investments Evaluation. Three basic conclusions may be derived from the study regarding this topic:
1) the positive indicators found for the higher levels of education, tenure and skills, are quite encouraging, as an evidence of returns of investments made in Human Resources;
2) the global set of indicators obtained on training, is evidence of a clear strategy of reducing labour costs when the investment is private, and augmenting the level of employment when the investment is public;
3) it is not clear cut if a higher share of trainees in the labour force, has, or has not, positive influence in employability. This is explained by the companies’ strategy, which may end up augmenting the labour force with new trainees or diminishing it substituting untrained workers by trained ones.

Theoretical Consistency. The findings of the study indicate the existence in Portugal of a dual labour market. It is also quite clear that also that the private and the public sector are complementary in the training market.

Comparability. Those findings are characteristic of a country which is in the middle of a development process. In the 21st century, and in the Knowledge Economy and services economy, it is expectable that skills, education, training and tenure originate employability. However, that is not completely the case in Portugal. The country has two faces, one where HR is supported, the other were it is exploited.

Quality of the data. The data published by the Ministry of Employment are a good statistical photo of the employment situation of the country. However, in order to detect employability determinants, a much detailed set of data is needed. To obtain those data is one of the possibilities that exist in order to improve the findings of this paper (see Suggestions for further research).

Policy guidelines. This question will be addressed in a separate section.

Social Consequences. These conclusions aid to refute the thesis according to which the investment in HR in Portugal is useless, and that HR are not at the core of the Portuguese development. However the fact that there is marked evidence of a dual economy, gives some reason to the analyses that consider that HR is not all.

Regarding training, it is interesting to note that this study points to the establishment of a mixed form of optimal provision, because the public investments seem to improve the employability, and the private investments to be more profitable. This finding indicates that the policy mix of the Welfare State regarding training in Portugal should not be completely liberal, but also not completely leftist. This idea may have important policy consequences.
Conclusions

Some evidence was also gathered indicating that in what concerns training the public sector and the private sector are complementary, and that the when the investments are publicly financed they generates more employability, while privately funded investments tend to be a way of substituting untrained workers by trained ones. Because of that double possibility of acting the evidence that was found regarding the share of trainees in the labour force was mixed.

Some evidence was gathered indicating that high skills, high levels of education and high levels of tenure generate employability in Portugal. However, as a whole, it was found that Portugal has a very dual labour market, and that low skills, low education and low levels of tenure, also generate employability.

Recommendations for public policies

The findings of this paper would suggest two main policy guidelines:

1) in one hand, the Portuguese authorities should try to help the establishment in the country of companies that might extract returns from the skilled, educated and experienced workers that exist. That actions would improve the employability of the HR possessors;

2) in the other hand the Portuguese authorities should continue to support the investments in education and in training. That support would generate a form of Welfare State in which the public presence is considerable, far away from the liberal guidelines and ideas that tend to marginalize the public actions in the social domain.

Suggestions for further research

This is the beginning of a research project on the employability in Portugal. The next steps of the project will be the following:

1) extend the analysis made in this paper to more years; data are available and were not treated here because of time restrictions;

2) deepen the analysis asking the National Institute of Statistics for more detailed data on sub-sectors; the actual grid uses a two digits classification that may be enlarged to four digits;

3) try to use an Employability Index (Grip, Loo, Sanders, 2004) to study the Portuguese sub-sectors;

4) try to find the consequences of employability;

5) try to extend the analysis to other European countries and to make some comparative studies.

References


