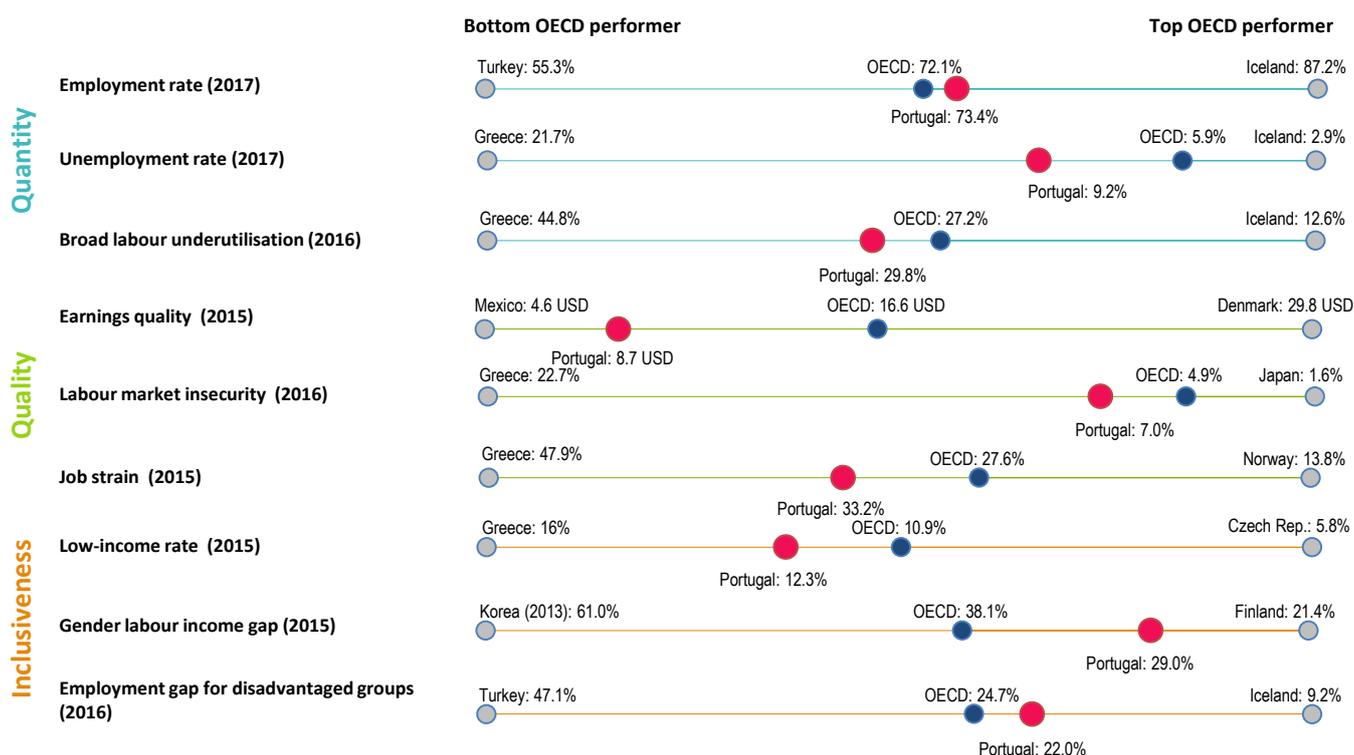


How does PORTUGAL compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Portugal



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or

all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The labour market situation in Portugal has improved noticeably over the past years. The unemployment rate has declined from 16½ per cent in 2013 to around 9% in 2017. However, partly as the legacy of the deep recession, Portugal scores below the average OECD country on indicators of job quantity such as the unemployment rate and labour underutilisation. The



unemployment rate remains elevated - especially among young and low skilled people – and the number of long-term unemployed also remains relatively high.

- Labour market insecurity is relatively high compared to OECD countries due to high risks related to unemployment – not just the risk of becoming unemployed but also of staying unemployed for a long

time. Furthermore, Portugal has a high incidence of temporary work.

- Indicators related to labour market inclusiveness are mixed. The overall poverty rate is around the OECD average. While the gap in labour income between males and females has been growing in recent years, it remains below the OECD average.

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

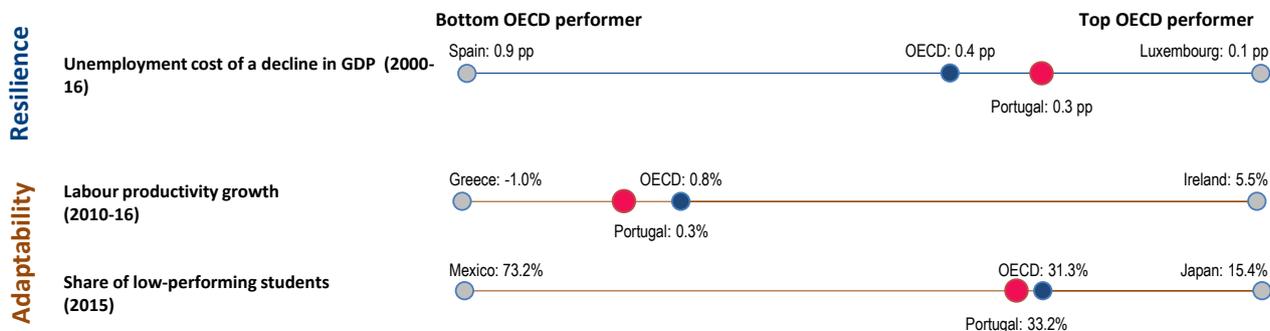
Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

- Portugal scores well relative to the OECD average in terms of employment resilience, reflecting the fact that the extent and the persistence of unemployment increases following economic downturns are typically limited.

- Portugal scores below other OECD countries in terms of labour productivity growth, which has been very weak over the past decade. This partly reflects relatively low business investment as well as regulatory barriers to competition in some services sectors including professional services and transport. Productivity growth in the business sector is also held back by the poor skills of workers.

- The share of low-performing students is just above the OECD average. There is a strong link between underperformance and low socio-economic status. Further ensuring that all students have access to good early learning opportunities will be key to severing this link.

Framework conditions for Portugal



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).