



Youth Labour Insertion in Portugal: an education perspective ***

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Abstract: The analysis of the labour insertion of young people aged between 15 and 24, with the basic compulsory schooling, based upon unpublished data on the Quadros de Pessoal of the Ministry for Labour and Social Security is the main goal of this paper. Its approach is based upon two framing analytical tips: the contextualized analysis of the indicators contract, seniority, duration of time of work and remuneration on the years of 1988, 1998 and 2007, bearing in mind the economical, demographical and labour market regulating macro-structural variables; a compared analysis where attention is drawn upon the young people who have the ISCED 0-2, comparing them to those who have a secondary (ISCED 3-4) or superior (ISCED 5-6) schooling. Multiple correspondence analysis to more current data, allowed for the identification of patterns regarding the professional insertion on young people anchored in a set of various indicators of the work relationship.

Key-words: professional insertion, schooling, multiple correspondence analysis, labour market.

Inserção profissional dos jovens portugueses: uma perspetiva educacional

Resumo: O objetivo principal deste artigo é a análise da inserção laboral dos jovens portugueses com idades entre os 15 e os 24 anos, com a escolaridade obrigatória, tendo por base os dados dos Quadros de Pessoal do Ministério do Trabalho e da Segurança Social. Seguiu-se uma estratégia analítica em ancorada em duas vertentes: por um lado é feita a contextualização da análise com base nos indicadores tipo de contrato, antiguidade, duração do tempo de trabalho e remuneração para os anos de 1988, 1998 e 2007, tendo em conta o contexto económico, demográfico e do mercado de trabalho; por outro lado, faz-se uma análise comparativa dos jovens menos escolarizados (ISCED 0-2) com aqueles que têm uma escolaridade ao nível do secundário (ISCED 3-4) ou superior (ISCED 5-6). A realização de uma Análise de Correspondências Múltiplas feita para o ano mais recente, com base num conjunto de indicadores relativos à relação laboral, permitiu identificar padrões distintos de inserção profissional dos jovens portugueses,

Palavras-Chave: inserção profissional, escolarização, análise de correspondências múltiplas, mercado de trabalho.

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1. Introduction

The role of education in the employability process has become a key indicator in labour market dynamics. These depend on both the country's economic situation, notably the ability to create and maintain employment, and education and labour policy options. This article reflects on the dynamics of youth labour market, focusing particularly on 15 to 24 year olds with ISCED 0-2¹ qualifications. The ISCED 0-2 qualification corresponds to the 9 years of compulsory education in force in Portugal until 2008. Legislation² passed in 2009 prolonged the latter to 12 years of schooling; this change was due to the need to bring Portugal closer to European standards and to improve the economic and business performance (Capucha *et al*, 2009).

The main aim of the analysis is to understand how far the educational levels of employed youth aged 15 – 24 years may explain different types of labour insertion. To this end, we compare the educational levels of youth, focusing on holders of ISCED 0-2. The characteristics of their labour insertion are compared with those of youth with higher educational levels (ISCED 3-4 and 5-6). This analysis is theoretically based on the societal approach (Maurice *et al* 1982, 1998, 2000) which perceives in its essence the functioning of the labour market as depending on the configuration of the labour relationship, on the characteristics of the education systems and on the productive structure³. Currently, this approach focuses on the changes resulting from the economic globalisation process as this subordinates the national actors to new regulation forms inducing processes of partial convergence. Thus, the purpose of studying the position young people with low levels of schooling occupy in the labour market through indicators related to the individual qualification resources (educational, professional, or economic) is typical of the societal approach. This approach sets out such indicators as symptoms of the management practices and work division of each national context which integrates exogenous pressures resulting from adjustments and changes reflected by the economic globalisation dynamics. The discussion of the Portuguese reality is relevant as its characteristics enable a broader understanding of the configuration of the European tendencies regarding this issue.

An understanding of the labour insertion of 15-24 year olds during the ten year periods starting in 1988, 1998 and 2007 involves an analysis of both the macroeconomic and socio-demographic trends of this period, and also of the central role of labour regulation. This diachronic analysis is essential as it assumes the occurrence of a “societal effect” that represents an effect of societal coherences through which the wage system of each country is built on the role of an irreducible entity regarding the economic and social reality framing it. The first section of the article briefly analyses these trends using economic and demographic indicators that shed light on the changes in the labour market

¹ *The International Standard Classification of Education (ISCED) consists of a typology of educational levels established by UNESCO in the 1970's. The ISCED 1997 currently in force identifies the following education levels: a) level 0 corresponding to pre-primary school education; b) level 1 primary school; c) level 2 lower secondary education; d) level 3 secondary education; e) level 4 post-secondary non-higher education; f) level 5 first stages of higher education (Baccalaureate, Bachelor's degree, Master's degree, PhD); g) level 6 advanced higher education (doctorate) (UNESCO, 2006). The ISCED correspond to the following educational levels in Portugal: ISCED 0-2 is equivalent to the 9th year of schooling, the ISCED 3-4 refers to full secondary education and the ISCED 5-6 or 5-7 corresponds to higher and post-graduate education (Alves, 2008).*

² *Law nr. 85/2009, published in the “Diário da República”, edition 1 - Nr 166 - 27th. August, 2009.*

³ *This approach is based on the theoretical aspects the classical work by Maurice et al. (1982) or Maurice, M., Sellier, F, and Silvestre, J.-J. (1982) more recently revisited both in the collective reflection of a group of authors in Maurice et al. (1998) or Maurice, M., Sorges, A., Sellier, F., Nohara, H., Verdier, E. (1998) and the edited work by Maurice et al. (2000) or Maurice, M., and Sorges, A. (eds.) (2000).*

of young people with lower educational levels. The most pertinent aspects of the relationship between labour legislation and the functioning of the labour market are also assessed. The third section presents a detailed descriptive analysis of the employment relationship of employed youths with low levels of schooling, based on (unpublished) data on the Quadros de Pessoal (Labour Census) of the Ministry of Labour and Social Solidarity in 1988, 1998 and 2007. The final years of each decade were chosen with the aim of combining both empirical pertinence and coherence: 1988 is considered illustrative of the impacts of Portugal's accession to the European Economic Community (EEC) which took place in 1986; 2007 was the most recent year for which information was available at the time of the study⁴; 1998 was chosen as it concludes the decade between the starting and finishing years of our analysis. Finally, a multiple correspondence analysis enabled us to identify patterns of youth labour insertion grounded on a diverse set of labour relationship indicators for the most recent year under analysis.

2. Constraints on youth insertion into the labour market

This part of the paper is focused on the main socioeconomic and socio-demographic tendencies considered essential to apprehend the transformations framing and contextualising the employment of young people with low education levels. According to the societal approach, these macro structuring components are particularly related to the characteristics of the education system and of the labour relations' system that include the so-called "societal effect" which is of fundamental importance in the configuration of the labour market and of the work force management practices. It is believed that the changes on the employment structure of the population of youths under analysis are correlated with the economic evolution and with the structural changes of the Portuguese society throughout the last decades.

The economic situation of a country or region not only influences job creation, stagnation or recession but also the quality of the employment relationship. An understanding of the dynamics of the Portuguese economy in 1988, 1998 and 2007 may shed light on the job situation of young people aged 15 – 24 years due to the marked differences at the end of each of the decades in question – 1980, 1990 and 2000, as illustrated by the growth rates of gross domestic product at constant prices (GDPpc) and employment presented in Figure 1.

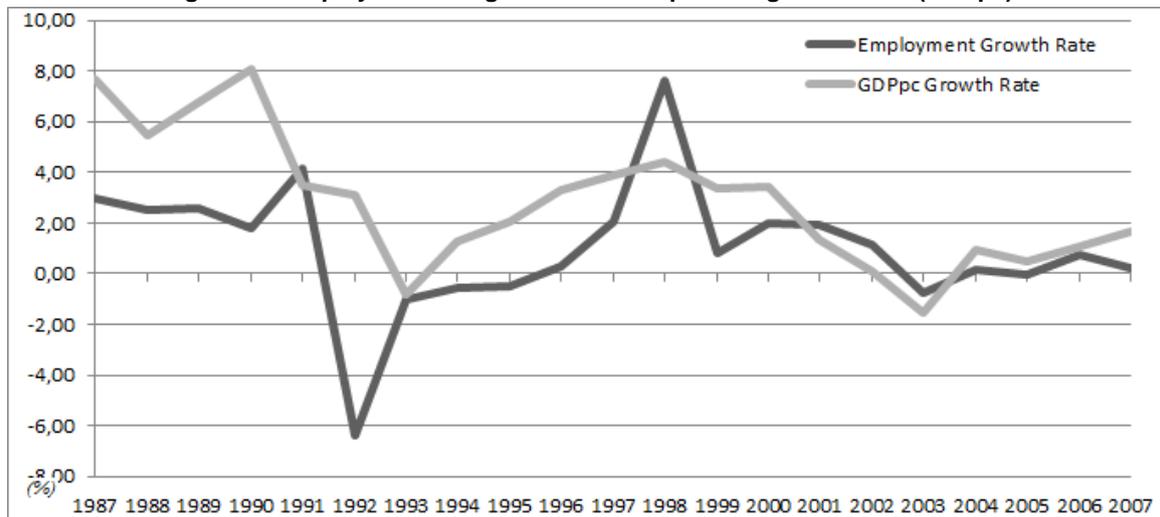
In fact, none of these decades saw consistent economic growth and the period was marked by instances of both expansion and recession. The recessive environment in the early 1980s contrasts with the period of clear expansion at the end of the decade. Lopes (1999) considers 1985 as a turning point leading to an average annual growth of 7% in GDPpc between 1987 and 1990. Even in 1988 when the growth rate fell below this weighted average, it stood at 5.5%.

The late 1980s was a period of great economic vitality and 1988 was no exception. The labour market also reflected this dynamism with growth rates always over 2% a year. Portugal's entry into the EEC made a significant contribution to the economic expansion between 1986 and 1992. A number of authors such as Mateus (1992, 2006), Lopes (1999, 2004) and Neto (2008), report that a diachronic analysis of the Portuguese economy's

⁴ The study ran between September 2009 and December 2010.

major trends must recognise the importance of this event both because of its positive effects (transfer of community funds, growth of exports, influx of foreign investment, etc.) and international exposure which led to greater liberalisation of the market, including the labour market, and the adoption of the single currency, among other factors.

Figure 1 – Employment and gross domestic product growth rates (GDPpc)



Note: a) Break in employment data series in 1998; b) Gross domestic product *per capita* (GDPpc) at constant prices (basis=2000).

Source: Eurostat, Labour Force Survey; Portuguese Statistics (INE), Contas Nacionais.

The evolution of the GDPpc growth rate shown in Figure 1 highlights this favourable situation. However, the growth rate in wealth generated was not consistent throughout the 1990s despite the consecutive years of economic growth. It is therefore recorded as a period of economic expansion, above all between 1994 and 1998 (Mateus, 1992).

The second highest growth rate of GDPpc was registered in 1998 when it was roughly 4.4% higher than the previous year. From 1998, the growth of wealth generated in Portugal started to decline so that the first decade of 2000 became known as a period of economic recession. The economic context in 2007 is therefore very different from that of the above-mentioned milestones, despite a rise of 1.6% in GDPpc in 2007 and of around 1% in 2006. In short, focusing on the years under analysis and in terms of their possible influence on the employment relationship of young people with low education levels, it can be concluded that 1988 and 1998 were years of substantial growth of GDPpc. The same cannot be said for 2007. Moreover, there was little growth in GDPpc between 1998 and 2007, contrary to what happened from 1988 to 1998. GDPpc rose from 7903.70 Euros [at constant prices (basis=2000)] in 1988 to 11,186.60 Euros in 1998, compared with 12,442.20 Euros in 2007.

The above data, albeit brief and partial, aims to demonstrate how economic dynamism impacts the labour market and also its direct or indirect repercussions on the fluctuations of youth employability.

The continuous ageing of the population in Portugal is another relevant constraint that should be taken into account in the analysis of youth labour insertion. Although the Portuguese population grew about 5.7% between 1988 and 2007, there were 374,680 fewer 15–24 year olds (around 22.8%) in 2007 than in 1988. This is important analytical

data as it has a direct influence on the employment volume and results in a reduction in the size of the active population and in the employed population aged 15–24 years.

There was a marked fall in the youth activity rate between 1988 and 2007. Whereas roughly 60.6% of youth aged 15-24 years were not working but could enter the labour market in 1988, this went down to 46.9% in 1998 and 41.9% in 2007. This trend coincides perfectly with the current conditions for entering active life. People begin their working lives later and later and the demographic effects of this are a delay in family starting and a decrease in the birth rates. The phenomenon is closely linked to two significant changes in the Portuguese educational system in the 1980s: the increase of compulsory schooling from 6 to 9 years and the consolidation of the democratisation of access to basic education in Portugal. Both changes are originated from aspects mentioned in the previous two paragraphs and result from the Base Law for the Education System published in 1986.

Even though this measure didn't have an immediate effect as it applied to students who would still begin their student trajectory in the 1987/1988 school year, it would have significant consequences during the decades of 1990 and 2000. One of the indicators that allow us to verify that impact is the actual schooling rate regarding the 3rd cycle of basic education (ISCED 2). In this case, this indicator shows the ratio between the number of students enrolled in the 3rd cycle of basic education who are the normal age to attend this school level, and the resident population for the same age group. The data shows that the actual schooling rate in the 1988/1989 school year was 49.5% rising to 83.5% in the 1998/1999 school year and to 86.2% in the 2007/2008 school year (Pordata, 2011).

The need for the insertion and training of students who in other circumstances would not be enrolled in school forced also the introduction of changes in the training offer and in the education system configuration itself. An analysis of the evolution of the students' number enrolled in the ISCED 0-2 and 3-4, according to the modality of education, over the last three decades in Portugal show that change. The general and scientific-humanities courses are still the preferred modality of education; however one cannot overlook the growth that vocational education system ensured in the Portuguese education system in the three decades analysed in this paper. In the 1988/1989 school year, the vocational training included only about 6, 9% of the students enrolled in the ISCED 0-2 and 3-4. In the 1998/1999 school year there were already about 24, 7% enrolled whereas in 2007/2008 the coverage rate of this modality of education rose to 35% (GEPE, 2009).

In short, the lengthening of compulsory schooling caused an important increase in the number of students which had a significant impact on the labour market insofar as the minimum age at which young people could start work changed, thus lowering their activity and employment rates. Similarly, we should not overlook the impact of demographic changes as the number of young people in the whole population fell significantly between 1988 and 2007. This reflects a clear increase in the non-renewal of the population notably from the late 1990s. The change in the economic dynamics is the backcloth to all these alterations, with lower economic growth and a greater contraction of the labour market in the later years.

The flexibilisation process in the labour market is also a relevant macro-structural trend due to its impact on labour relations in general and also its dependence on the economic and political cycles. A number of reports have been produced on the relationship between labour legislation and the functioning of the labour market. All seem to be unanimous on one point: the degree of inflexibility of the job protection legislation (JPL) influences employment, unemployment and employability in the labour market.

The Organisation for Economic Cooperation and Development (OECD) considers that labour flexibility should be understood as the organisations' ability to shape job security around economic trends. The European Union (EU) holds a similar view and highlights the organisations' capacity to adapt to market requirements (OECD, 2004). There seem to be two kinds of labour flexibility: external flexibility manifested in the organisations' power to hire and fire, and internal flexibility reflected in the way organisations' structure and use their work force (MTSS, 2006).

External flexibility is more evident and is directly linked with employability in general, and with the professional transition of youth in particular, as it shapes the organisations' ability to hire and fire according to the economic context. This allows them to adapt to unforeseen circumstances such as changes in the demand for products/services and in particular qualification requirements. Such flexibility is only possible where the legal framework is not too restrictive as a result of job protection provisions; this is not Portugal's case, as the reports of various national and international bodies have demonstrated (OECD, 2004).

The consolidation of the flexibilisation process of the Portuguese labour market began in 1989, with the approval of the regime for the termination of work contracts and fixed-term contracts, and the changes introduced in the legislation on working hours by the Economic and Social Agreement of 1990 (e.g. definition of a normal working week, possibility of dismissal due to inadaptability). More recently, flexibility has been extended with the 1996 Short Term Social Dialogue Agreement which introduced significant measures on the management of working hours, functional mobility and the revision of the legal framework for assistance when contracting young first time job seekers and the long term unemployed.

However, the most common and systematic observation in the labour policy recommendations of various international organisations, namely the EU, the International Monetary Fund and the OECD, is that Portugal has still not made the necessary reforms. Moreover, the reforms that have been made have only focused on peripheral aspects of the labour relationship rather than the structural aspects of the labour market's inflexibility. They consider that the protection regime in Portugal, as it is still defined, reinforces the disparity between people employed in the "protected area" of the market, which encompasses the so-called internal labour markets (permanent contracts, structured employment, essentially workers with more seniority), and the characteristics of the external labour market in the unprotected area (fixed term contracts or false self-employment) (MTSS, 2006).

In the current uncertain economic climate, the strong protection of employment reduces market dynamism and may inhibit the ability to make market adjustments and mobilise foreign investment and productive units; these relocate to other more attractive geographic areas where legal obligations vis-à-vis workers are more advantageous. According to government sources, less protection would be more beneficial as it would give rise to more and better jobs and enable businesses to adapt better to innovation (MTSS 2006). Thus, the above-mentioned international organisations advise Portugal to improve security in temporary employment, facilitate labour insertion mechanisms, especially for young people, and set in motion greater flexibility for permanent employment, namely by streamlining requalification and professional retraining.

3. The employment relationship of Portuguese youth in 1988, 1998 and 2007

The following table shows the distribution of our target universe of employed youth aged 15 – 24 years by educational levels and gender:

Table 1 – Population by education level and gender ^{a)}

		1988	1998	2007
ISCED 0-2	M	223,918	164,374	129,655
	F	153,710	124,512	82,348
	MF	377,628	288,886	212,003
ISCED 3-4	M	13,730	41,772	47,832
	F	16,480	51,564	55,957
	MF	30,210	93,336	103,789
ISCED 5-6	M	1,050	2,547	5,680
	F	1,141	3,644	12,310
	MF	2,191	6,191	17,990
Subtotal ^{b)}	M	238,698	208,693	183,167
	F	171,331	179,720	150,615
	MF	410,029	388,413	333,782
Total ^{b)}	M	247,134	217,308	184,581
	F	178,138	188,665	151,471
	MF	425,272	405,973	336,052

Note:

a) The data relate to the employed population aged 15 – 24 years.

b) The totals shown may not correspond to the sum of the parts due to omissions in the categorisation of individuals according to schooling. A line with the subtotal is therefore presented corresponding to the sum of the total workers by ISCED presented, which is different from the total number of workers.

Source: *Quadros de Pessoal (Labour Census), 1988, 1998 and 2007 (unpublished data).*

The table shows that there is a progressive decline of youth employed in productive organisations. The most significant drop occurred in the 2000 period when the figure went from 425,272 in 1988 to 405,973 in 1998, and 336,052 in 2007. Even though an increasing number of organisations were included in the survey that sourced the Quadros de Pessoal (Labour Census) database, the number of youth employed fell 89,220 in approximately twenty years. This reinforces the pattern taking place in the labour market in general, as demonstrated earlier. The above-mentioned causes remain: less economic vitality, lengthening of compulsory education and study cycles.

This drop results from the decrease in the number of individuals with ISCED 0-2 qualifications and the increase in those with other levels of schooling, reflecting the trend towards a higher educational level in this population. Holders of ISCED 0-2 went down by over 40%; on the other hand, those with ISCED 3-4 almost trebled and there were approximately eight times as many people with ISCED 5-6 in 2007 as in 1988. These trends are accompanied by a stronger female presence (for the highest ISCED) amongst employed youth. Although we cannot speak of feminisation as the increase is quite small, there is a strong female presence in higher educational levels, especially in the ISCED 5-6 (in 2007, 68.4% of the employed population aged 15–24 years with higher education were women).

The following indicators were selected to characterise the employment relationship of the young working population aged 15–24 years with ISCED 0-2 according to gender, as they are particularly related to this work force: type of contract, years of service, working hours and income.

Data on types of contracts underlined the fact that the young people with ISCED 0-2 schooling are more protected from precarious contractual bonds: 45.7% of men and 49.2% of women in the ISCED 0-2 hold a fixed term contract compared to 55.5% of men and 62.2% in the ISCED 5-6; additionally, 48.0% and 45.8% of women in the ISCED 0-2 hold an open-ended contract compared to 38.3% of men and 31.2% of women in the ISCED 5-6. This raises questions as to the importance of academic qualifications as well as the employment relationship associated to these people. Recent European studies, notably the study by Oliveira and Carvalho (2010), are inconclusive on the repercussions of schooling for the quality of the employment on the basis of contractual bonds. The Portuguese case has unique characteristics insofar as school diplomas provide no protection from precarious employment regardless of the qualification level: “On the contrary, along with England, Portugal protects individuals with low education levels from precarious employment more than any other country” (Oliveira and Carvalho, 2010: 93). It therefore becomes necessary to control for years of service in order to determine whether lower educational levels demonstrate more years of service in the labour market, which is an added factor of contractual stability.

Simultaneously, the proportion of employed 15–24 year olds with open-ended labour contracts is much lower than that of workers in general, which corroborates a trend towards precarious contracts among the young population (Guerreiro and Abrantes, 2004). This is not only indicative of a youth labour market with distinct particularities, but also underlines the above-mentioned considerations regarding the complex effects of schooling on the quality of employment assessed on the basis of open-ended contractual relations.

An analysis of the years of service indicator shows that while education increased, the years of service among workers aged 15–24 years decreased between 1988 and 2007. This trend results from the changes in Portuguese society since 1975, notably the introduction of 9 years’ compulsory education in 1986 and the rise in the number of students progressing to higher education. The Base Law for the Education System, approved in 1986, increased compulsory education by 3 school years. As a result, children could not leave school before the age of 14/15, or later in cases of low achievement, and therefore the number of youth available to work in the labour market diminished. The effect of the measure was obviously not immediate as it was applicable to those who were still at the beginning of their school trajectory⁵; however, it had significant consequences in the 1990s, especially at the end of the decade. The data on the demographic and labour market indicators (Table 1) clearly reflect this. The need to adjust the labour policies in terms of the minimum working age⁶ was a direct effect of the extension of compulsory

⁵ Article 63 of the law mentions that the provisions related to the length of compulsory education were to be applied to pupils who would enrol in the 1st year of basic education in the 1987/88 school year and in the subsequent school years.

⁶ Decree-Law nr. 396/91, of 16th October (meanwhile revoked by the Labour Code approved in 2003 [Law nr. 99/2003, of 27th. August] but without putting in question the principles underlying the minimum working age, complied with this assumption by adjusting the basic regulatory framework for minors working in Portugal, indicated in Chapter VII of the Legal Regime of the Individual Work Contract, approved by Decree Law nr. 49408, dated 24th November 1969. Article 122 considered 15 as the minimum normative age to enter the labour market. This changed to the age of 16 from 1st January of the year after the first students covered by

education. The trend in the years of service indicator can also be explained by the fact that in 1998 and 2007 a 15 year old could enter the labour market, whereas in 1988 he/she could already have been in the labour market for three years.

The analysis of working hours according to the ISCED and gender in 2007, (the only year for which information is available regarding this indicator), shows a much stronger prevalence of workers, especially males, with ISCED 0-2 qualifications in the “21-40” hour category in comparison to other ISCED qualifications. In this category, men represent 95,4% of all individuals with ISCED 3-4 qualifications compared to 89,2% with ISCED 3-4 and 88,7% with ISCED 5-6. The preponderance of females in the groups with fewer working hours, especially in the “15-20 hour” category, is also of note. Although there is little part-time work in the labour market, Rosa (2000) has already remarked on the national trend towards its feminisation, and the heterogeneous distribution of part-time female workers by age. For example, the figures tend to be higher in the 25-49 age group than the 15-24 age group (Casaca, 2005) thus highlighting the importance of the life cycle as young mothers tend to prefer part-time work (Perista and Lopes, 1999).

Finally, the analysis of the remuneration indicator reveals a positive relation between schooling and income, i.e., those with less education earn less, and those with more education earn more. Gender introduces important distinctions. Less educated women are associated with lower earnings; on the other hand, the better educated males predominate in the higher income bracket. These figures reflect women’s greater vulnerability in the labour market, especially those with lower qualifications (Walby, 1997). They also emphasise that the growth in the Portuguese economy, described in the first section of this article, as well as the effects of economic and social convergence resulting from entry in the EU and the adoption of the single currency contributed, amongst other things, to a significant proportion of work being paid over and above the national minimum wage (from 22.7% in 1988 to 78.2% in 2007), which signified a generalised improvement in living conditions generally (Lopes, 2004).

3.1. Labour insertion profiles

The Multiple Correspondence Analysis (MCA) enables us to describe a multidimensional space characterised by the interdependence of qualitative indicators with the support of graphic representations (Meulman, 1992; Gifi, 1996; Geer, 1993a; Geer, 1993b; Heiser and Meulman, 1994; Carvalho, 2008). The associations between the categories of the various indicators under analysis can be identified through this visualisation of the topological structure of the space, thus confirming whether or not there are distinct sub-configurations (that tend to form homogeneous groups), with specific profiles. The MCA seeks to project a series of points (representing the categories of the input variables) in a sub-space with the minimum number of dimensions (axes) possible, ideally via bi-dimensional graphics. The optimal scaling procedures in the MCA algorithm allow all the categories to be mapped along two bi-dimensional axes and the graphic visualisation of their associations.

The MCA therefore enables us to exploit simultaneously the associations between multiple indicators such as profession, qualifications, type of contract, size of the establishment, activity sector, working hours, income and qualifications. The analysis was

this new study cycle finished their 9-year compulsory education, as defined in Article 63 of the 1986 Base Law for Education System.

made only for 2007 as the aim was to identify the current labour insertion profiles in Portugal among youth aged 15-24 years, employed by a third party.

PASW Statistics 18 was used for all the analyses (2009, IBM SPSS Statistics).

To identify labour insertion profiles of young employed workers, an MCA⁷ was performed, which allowed the selection of two structural axes or dimensions.

Whereas the first dimension is structured mainly by the indicators related to the individual qualification resources (educational, professional, or economic), the second shows the relationship between these individual indicators and those referring to insertion into the company (activity sector, type of contract, and size of the establishment). The results of the MCA therefore reveal two quantitatively and substantively consistent dimensions.

The differentiation between workers introduced by dimension 1 clearly results from their different qualifications and professional resources (educational levels, qualification, and profession). Indeed, this dimension is highly structured by educational levels which are arranged hierarchically – from workers with a lower educational level (ISCED 0-2) to those with higher education (ISCED 5-6). It is noted that the positioning of qualifications and professions follows the same order; it goes from the less to the more demanding professions in terms of educational levels and professional qualifications, with earnings rising in a similar profile.

An association is confirmed between the lower educational levels (ISCED 0-2), less qualified or unqualified professions, low income (up to 700 Euros), and the activity in sectors such as agriculture, fishing, extractive or manufacturing industry, construction, wholesale or retail trade, car repair work, accommodation and catering. On the other hand, and also regarding the differentiation produced by this dimension, there is an association between the higher educational levels (ISCED 3-4 and ISCED 5-6), more qualified professions, higher income (over 700 Euros), and insertion in the other sectors of activity, such as health, social support, education, artistic, sports and recreational activities, financial and insurance activities, public administration, social security and defence, information activities, communication, consultancy, science and technology, administrative activities and support services, real estate, transport, and warehouse activities, among others.

In dimension 2, it is essentially the differentiation introduced by employment relationships that is in question. There is an association here between work contracts for temporary assignments, large establishments (with over 100 workers), work timetable of up to 20 hours and low income (403 Euros or less). Information, communication, consultancy, scientific and technical activities, administrative activities and support services are associated to this. On the other hand, the remaining sectors of activity⁸ are associated to more stable employment situations (temporary or permanent contract),

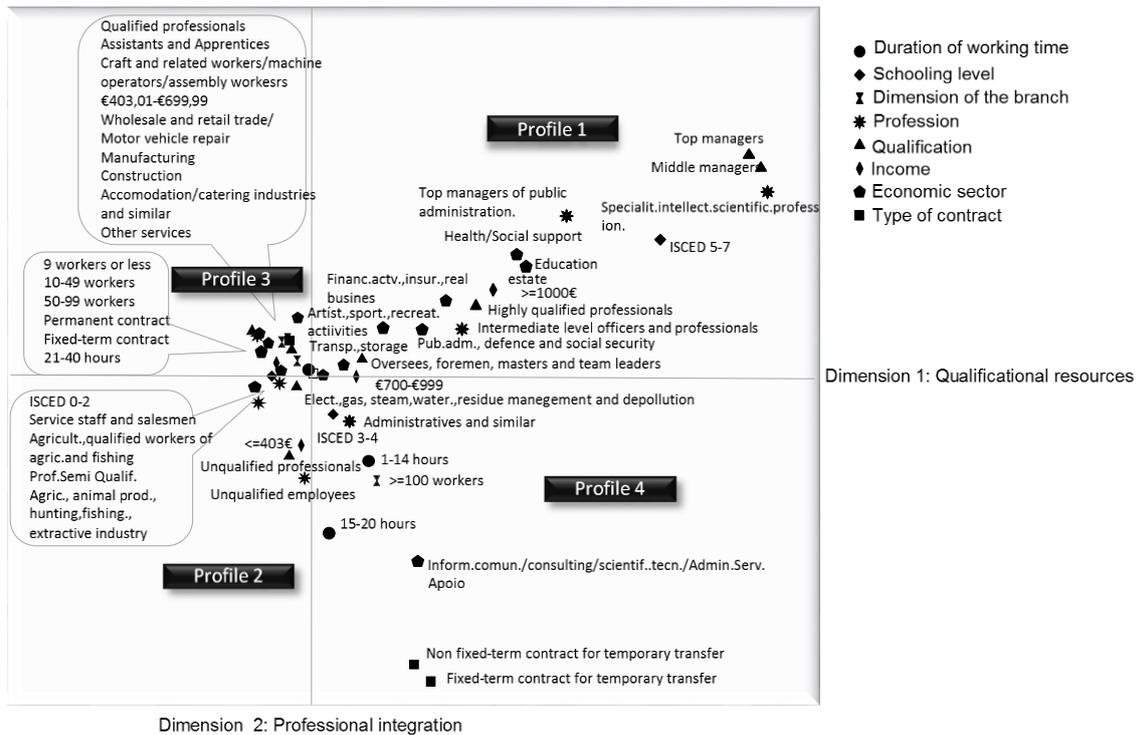
⁷MCA's were also performed for 1988 and 1998. However, it was impossible to clearly identify distinct profiles of labour insertion. In fact, very few distinctions could be made from the results, perhaps due to the lack of some indicators such as type of contract and working hours.

⁸Namely: manufacturing industries; electricity, gas, steam, hot and cold water and cold air, water collection, treatment and distribution, sanitation, waste management and removal or pollution; construction; wholesale and retail trade; car and motorcycle repair; transport and storage; accommodation, catering and similar activities; financial and insurance activities, and real estate activities; administrative activities and support services; defence and public administration; compulsory social security; human health and social support activities; artistic, performance, sports and recreational activities, and other service activities.

workers with a 21-40 hour schedule in establishments with under 100 workers and higher incomes (over 403 Euros).

The joint analysis of both dimensions sheds light on the specificity of the relationships between categories of the multiple indicators and identifies distinct configurations in terms of labour insertion profiles (Figure 2).

Figure 2 - Patterns of professional integration, 2007



Source: Quadros de Pessoal (Labor Census – Public sector excluded), 2007 (unpublished data).

The MCA plan shows four labour insertion profiles for young people with distinct characteristics that can generally be described as follows:

- Profile 1: Highly educated workers (ISCED 5-6) at the top of the professional hierarchy, with a relatively stable work contract situation and acceptable incomes, in small and average sized companies performing *soft* economy activities⁹;
- Profile 2: Low educational levels (ISCED 0-2) and unskilled workers, with a relatively stable work contract and earning the national minimum wage in force or less, connected to *hard* and *soft* economy activities, notably in the primary sector;
- Profile 3: Workers with low educational level (ISCED 0-2), skilled or beginners in a profession, with a relatively stable work contract and earning a little more than the national minimum wage, connected to *hard* and *soft* economy activities;

⁹ *Soft economy* classifies all activities in the services sector; *hard economy* is for all manufacturing activities in the primary and secondary sectors.

- Profile 4: Workers with an average educational level (ISCED 3-4), low qualifications or in a supervisory position, with an unstable work contract, part-time work, and average income, belonging to *soft* economy activities in larger companies.

Having identified the different profiles, the region and gender indicators were projected in the MCA plan. This allowed us to confirm whether there were any privileged connections between the defined profiles and certain regions and/or gender. Additionally, two conclusive findings:

- Although the gender of these young workers does not seem a very differentiating indicator, an association is found between the female category and the more highly qualified profiles: profiles 1 and 4;

- As for region, there is a clear association between Lisbon and profile 4. The remaining regions are homogeneously characterised by profiles 2 and 3, i.e. with lower qualifications and professional and economic resources.

Our analyses revealed an association between schooling and interactive employability (Alves, 2007). Indeed, we found that distinct educational levels were associated to different categories of employment relationship indicators, which are the reason for specific types of labour insertion.

We were able to see an association between employed youths with low educational levels (ISCED 0-2) and low qualifications, low income, socially devalued jobs at the bottom of the professional hierarchy, and *hard* economy activities (labour insertion profiles 2 and 3).

On the other hand, youths with higher educational levels (ISCED 5-6) are associated to higher qualifications (middle and senior management), higher incomes, and social groups at the top of the professional hierarchy, namely senior management in public administration and intellectual and scientific experts and professionals. These young workers with higher educational levels (Baccalaureate, Bachelor's degree, Master's degree, PhD) are found in *soft* economy activities in the so-called primary segment of the labour market, most probably in its type of professional labour market. Moreover, they are workers whose educational capital had been acknowledged at the time of the analysis, so they are capitalising on this by gaining working experience that provides them with instruments that facilitate both professional and organisational mobility. Some organisations see workers in labour insertion profile 1 as having strong potential so try to hold on to them by adopting appropriate manpower management models. It is noted that this labour profile is positively associated to young female workers; although tenuous, this may be a sign of the labour market's acknowledgement of a stronger presence of women in higher education since the mid 1980s in Portugal (Alves, 2008).

It is interesting to note the positive discrimination of women in labour insertion profile 4, although it is a slight trend. This seems to be a unique insertion profile in the recent Portuguese labour market context. The young workers in this profile, with ISCED 3-4 qualifications, stand out in two categories hitherto atypical in the labour market: temporary assignment contracts (for both fixed term and open-ended contracts), and part-time work (up to 14 hours, or 15 to 20 hours per week).

These young workers are in activities outsourced by organisations, namely, users of temporary work. Those assigned answer to the chain of command of the user company, even though their contractual relationship is with the company that assigned them as it is considered temporary.

Holders of qualifications equivalent to ISCED 3-4 probably result, at least in part, from retraining in the vocational education system following the measures introduced in the 1990s (table 1); their positions are ambiguous both in terms of the structure of the qualification levels and the national classification of professions. They are supervisors, foremen, and team leaders, and also semi-skilled workers; they do either administrative or similar work, or are unskilled workers. In other words, whereas some hold important positions in the organisational hierarchy, others are relegated to professional categories below their educational levels.

It can therefore be concluded that they are young people who belong to the secondary segment of the labour market, who are the target of labour management policies aimed at making the employment relationship more flexible, in particular when they do part-time jobs in large companies (100 or more workers). They are associated to activity sectors where project work or flat-rate work tend to be the norm, namely information and communication activities, consultancy, scientific, technical and similar activities, administrative and support services. Nevertheless, many of them may be temporary workers experiencing the instability of the external labour market resulting from companies' strategies to adapt to the variations in the economic cycles.

Lisbon region is strongly associated to the above mentioned labour insertion profile. This strengthens the argument that the Portuguese labour market has an innovative profile (which does not mean an improvement in the employment relationship), insofar as Lisbon stands out in many indicators (GDPpc higher than the community average; more outsourcing; unemployment rate above the national average) as a region where new dynamics are emerging in response to the international rationale of economic globalisation. Lisbon is the centre of decision-making and power in politics, finance, research and development, and science and technology. This may make it more compatible with the labour profile described, as it brings dynamics, turnover, and a more ephemeral and fast moving dimension to economic activities, as well as a general trend towards the flexibilisation of human resources management.

It is also concluded that although public policies and families have invested in vocational education, this labour force is not acknowledged in a market that results from a *peripheral economy* with a predominance of micro, small and medium sized companies where innovation and investment is poor (Bluestone apud Biáles, 1995). There were high hopes in the 1980s and 90s in Portugal that the education system and the creation of new labour profiles would be the driving force behind the modernisation of the productive system, but they proved unfounded (Rodrigues, 1991).

One last consideration regarding gender: the association between women and the more qualified profiles and the lack of sexual segregation indicators contrasts with the general trends in the labour market (Casaca, 2005; Ferreira, 1999). This is due to a generational effect, i.e. the study's target population is youth at the start of their professional lives, who have been in the labour market for only short periods that are not differentiated from each other. Indeed, we were able to confirm that seniority is not a discriminating variable of the population under analysis as they are generally starting their career and have professional trajectories of four years or less (93.3%). Although this could be said to demonstrate a lack of differentiating factors at the outset, we know that there is a tendency for these to build up as people proceed through their professional lives. This is precisely what theories of the life cycle of human capital show; they highlight investment in education at an early age with the aim of reaping the rewards as the life cycle advances

from one phase to the next (Ben-Porath, 1967; Weiss, 1986) because it will lead to better jobs and higher salaries. As the population under analysis is at the start of their working life cycle, not only is it still too early to obtain great dividends from the investment made in human capital but they have probably not yet made all of this investment.

Finally, according to Vaneecloo (1982), labour insertion profiles 2 and 3 consist of two sub-markets within the secondary labour market and are transversal to every economic activity. These are young workers with little schooling and few qualifications but who have a relatively stable position in the labour market with fixed term or open-end work contracts; they therefore represent one of the typical characteristics of protected domestic labour markets. However and in contrast, they have the lowest incomes and belong to professional groups at the bottom of the professional hierarchy without any prestige or social valorisation; this brings them closer to the labour market's secondary segment. Income is the main differentiating factor between these two secondary sub-segments i.e. insertion profile 2 have lower incomes as it is formed by the primary sector activities; and insertion profile 3 where industrial and tertiary activities predominate have higher incomes.

4. Conclusion

The analysis of the labour insertion of young workers aged 15-24 in 1988, 1998 and 2007, aimed to identify and explain its key contexts, variables and influential factors. The macroeconomic and demographic trends in these years, the dynamics at the start of this period, as well as the alterations in the labour and education policies influenced the evolution of the labour relationship of less educated (ISCED 0-2) youth aged 15-24 years. Whereas the late 1980s and 1990s were a time of economic expansion, this was followed by a decade of economic recession in which there was little growth in GDPpc. The extension of compulsory schooling to 9 years in 1986 and the introduction of labour policies establishing and fixing 15 as the minimum working age over the following decade contributed to a new kind of school and work relationship for young people; this proved to be decisive to the labour insertion of youths aged 15-24 years between 1988 and 2007.

Our findings revealed that schooling is a differentiating factor in the labour relationship, though the correlation is not always positive. With regard the contractual bond indicator, it was found that young people with less schooling, i.e. ISCED 0-1 qualifications, are more protected from precarious employment than those with higher ISCED qualifications. Thus we can question the effects of education on the type of employment (scaled on the basis of the open-ended contractual bond), above all when Portuguese legislation¹⁰ has recently extended compulsory education to the age of 18.

Turning to years of service and following the above-mentioned education and labour policies, it should be stressed that the years of service in organisations decreased as the educational levels of youth aged 15-24 years increased, i.e. young people with less schooling remain in companies longer.

The working hours show that this population is predominantly in full-time employment; just as with the overall work force, part-time work is more typical among women and is not so frequent in the age group under analysis perhaps because nowadays motherhood generally comes later in the life cycle. Finally, the income variable reveals the most evident positive relationship with education levels. When separated by gender,

¹⁰ Law nr. 85/2009, published in the *Diário da República*, 1st series - Nr. 166 – 27th. August, 2009

important differentiations are found demonstrating women's greater vulnerability to low incomes.

A Multiple Correspondence Analysis provided the answer to our central research question which sought to determine how far schooling can be an explanatory variable for different types of labour insertion. Distinct educational levels are associated with different categories of labour relationships; this allowed us to identify distinct types of labour insertion of young Portuguese workers, generically confirming a positive relationship with education levels. However, some variations reflect a youth labour market with specific and distinct characteristics from the labour market in general evidenced by the appearance of new and particular profiles. We believe that these profiles would not be found, or would occur less in an older population; this is an avenue for future study. We return to the four profiles of labour insertion identified.

Labour insertion profile 1 encompasses the set of workers with a high education capital (ISCED 5-6), at the top of the professional hierarchy, with a relatively stable labour relationship and acceptable incomes, in *soft* economic activities, in small and medium-sized enterprises. Moreover, although still rather tenuous, we stress that this labour profile is positively related to young female workers, indicating the labour market's recognition of the greater number of women in higher education (Alves, 2008).

In labour insertion profiles 2 and 3, we find an association between young employees with low educational levels (ISCED 0-2) and lower qualifications, low incomes, in jobs at the bottom of the professional hierarchy which are not socially valued, and the *hard* economic activities. Despite their lack of schooling and few qualifications, these young workers have greater stability in the labour market, with fixed term or open contracts, thus with one of the typical characteristics of protected domestic labour markets (Vaneecloo, 1982). Remuneration is the predominant difference between the two secondary sub-segments in question; whereas insertion profile 2 involves primary sector activities and therefore lower incomes, profile 3 relates mainly to industrial and tertiary activities where incomes are higher.

Labour insertion profile 4 is a very specific profile in the recent context of the Portuguese labour market. The young workers in this profile hold a ISCED 3-4 diploma, stand out for belonging to two hitherto atypical categories of the labour market: temporary contracts and part-time work (up to 14 hours or between 15 and 20 hours per week). Thus, despite the investment in vocational training, this work profile does not find due recognition in a *peripheral economy* where micro and small businesses predominate, with little capacity to innovate (Bluestone *apud* Biáles, 1995) and attract youth, notably in the industrial area (Parente, 2008).

The above patterns are indicative of a relationship between school qualifications and labour insertion and clearly demonstrate that there are heterogeneities not only within the youth labour market in Portugal but also in the labour market as a whole.

From our perspective, the data related to the employment relationship of the young working population aged 15–24 years in 1988, 1998 and 2007 justifies further analysis in the next years. This is particularly explained by the recent context of strong economic fluctuations and by the fact that Portugal has just extended compulsory education to 12 years of schooling. Thus one can discuss the impact in 2012 of the most recent changes in the 2009 labour legislation regarding the employment relationships of youths, mainly by the flexibilisation of the contractual relationship based on the creation of new juridical entities, namely intensive short term contract and intermittent work.

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