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THE CHARACTERISTICS AND REGIONAL DISTRIBUTION OF OLDER WORKERS IN PORTUGAL

AS CARACTERÍSTICAS E A DISTRIBUIÇÃO REGIONAL DOS TRABALHADORES MAIS VELHOS EM PORTUGAL*

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ABSTRACT/RESUMO

Population ageing is a common trend in most developed countries, with many important economic, social and political consequences. In Portugal, this trend has been particularly strong. One of the main issues associated with ageing is its effect on the composition of the workforce. The main purpose of this paper is to study the changes in the age structure of the Portuguese workforce between 1989 and 2009. First of all, the size and relative weight of older workers are quantified, both as a group (people aged over 54) and by age sub-groups (55-59; 60-64; 65 +) and gender. Next, particular attention is given to the regional and sectoral distribution of these workers. Finally, a comparative analysis is made between younger and older workers, taking into account their education levels, the size of the establishments where they work, their labour compensation and whether they have a part-time or a full-time employment regime. The main data used are the Quadros de Pessoal (Employment Records).

Keywords: Older Workers; Private Business Sector; Portuguese Regions

JEL Codes: R23; J14; J21.

O envelhecimento da população é uma tendência comum na maioria dos países desenvolvidos, que tem diversas e importantes consequências económicas, sociais e políticas. Em Portugal, esta tendência tem sido particularmente forte. Um dos principais problemas associados ao envelhecimento é o seu efeito sobre a composição da força de trabalho. O objectivo principal deste trabalho é estudar as mudanças na estrutura etária da força de trabalho entre 1989 e 2009. Em primeiro lugar, quantifica-se a dimensão e o peso relativo dos trabalhadores mais velhos. Em seguida, analisa-se a distribuição regional e sectorial destes trabalhadores. Finalmente, faz-se uma análise comparativa entre os trabalhadores mais jovens e os mais velhos, considerando a sua escolaridade, a dimensão dos estabelecimentos, as remunerações e o regime de trabalho. A base de dados usada são os “Quadros de Pessoal”.

Palavras-chave: Trabalhadores mais Velhos; Setor Privado; Regiões Portuguesas

Códigos JEL: R23, J14, J21.

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1. INTRODUCTION

Population ageing has many consequences, some of which affect both the workforce and the labour market. Although population ageing is a nationwide phenomenon, it does not affect all parts of Portugal equally. The consequent change in the age composition of the workforce has implications in terms of productivity, labour costs and the suitability of management strategies. It is important to acknowledge regional differences in order to adapt policies and the management of firms accordingly.

There are significant and persistent differences in the regional composition of the workforce in Portugal, relating to its size, age composition, education level, industry specialisation and remuneration. In this study, we analyse these differences, seeking to identify the most noticeable changes occurring between 1989, 1999 and 2009.

Although, according to Eurostat data, the Portuguese population has been growing in size each year (except during the period from 2010 to 2011), the rise has mainly been concentrated in certain regions, such as Lisbon or the Algarve. This is a consequence of the natural balance of the population, as well as of migration flows (Caleiro, 2005). Despite the paucity of studies relating to the ageing of the Portuguese population from a regional perspective, attention has been given to some aspects of regional disparity in Portugal: development indices (Mourão, 2004), productivity and per capita income (Soukiazis and Antunes, 2004), health care (Santana, 2000), cohesion (Freitas et al., 2005), ageing and job creation (Ramos et al., 2012). In our study, we will focus on the composition of the workforce.

Although defining an older worker in terms of a particular age is an arbitrary matter, we identify older workers as being people aged 55 and over, which is in keeping with the criterion used in other studies (e.g. Denton and Spencer, 2009, Marshall and Ferrao, 2007, Auer and Fortune, 2000).

Population ageing, together with the tendency for people to stop working later on in life, will give this group of workers a greater weight in the workforce. Differing age profiles across regions and across occupational sectors provide us with information about potential future workforce needs.

While pension reforms have been directed at increasing the labour supply of older workers, it is also necessary to consider the demand side, in order to promote an active ageing policy (European Commission, 2012, Gendron, 2011, Albuquerque and Lopes, 2010). The level of qualifications and skills that workers have is a characteristic that affects their retention in the labour market. Even if older workers do not want to retire, they are particularly at risk of unemployment. And older workers also have lower levels of education, on average. We analyse the evolution of the education level of older workers in Portugal, comparing it to that of younger workers.

Flexible work is a potential way of extending the working lives of older workers (Hollywood et al., 2008). In our study, we look at the rates of part-time employment among Portuguese workers.

We use the Quadros de Pessoal (Employment Records), a large database collected on an annual basis about Portuguese firms and their workers, provided by the Ministry of Solidarity and Social Security. These records cover people working in the private business sector (around 3.3 million workers, in 2009), excluding liberal professionals.

2. THE MAIN DIFFERENCES BETWEEN YOUNGER AND OLDER WORKERS

In this section, an analysis is made of the main differences between younger and older workers in Portugal, their evolution over time (1989, 1999 and 2009) and by gender, as well as by sector and various other dimensions: education level, part-time/full-time employment regimes, the size of the establishment where they work and their average labour compensation.

2.1. AGE STRUCTURE AND DYNAMICS OF OLDER AND YOUNGER MALE AND FEMALE WORKERS

The older workers (aged 55 or over) registered in the Quadros de Pessoal – 2009 (QdP) represent 10.57% of the total Portuguese workforce, or 330,538 workers out of a universe of 3,128,126 (see Table 1). This figure consists of 6.62% male workers and 3.95% female workers, and this gender bias is clearly more pronounced than it is among younger workers (48.9% male workers versus 40.57% female workers). As expected, the proportion of older workers diminishes significantly with age: 63.2% are in the sub-group of workers aged 55-59; 32.1% in the group of workers aged 60-64; and interestingly, although sometimes forgotten, 1.21% (or 32,586 workers) are aged above the legal retirement age of 65.

The ageing of the Portuguese workforce is a recent phenomenon in relative terms. Table 1 shows that the proportion of older workers fell slightly from 8.81% in 1989 to 8.22% in 1999. Over the whole decade, there was an overall increase of 19,976 workers and a growth rate of only 10.45%. On the other hand, there was a sizeable increase in the number of older workers between 1999 and 2009, both in absolute terms (119,937; +56.54%) and in relative terms (+2.35%) (see Table 2). This latter trend was mainly explained by the significant increase in older female workers (61,405 in absolute numbers, corresponding to a growth of 98.9% overall and a 1.53% growth in the relative weight of such workers among the Portuguese workforce as a whole). When analysed by sub-groups of older workers, it can be seen that there was also a slight increase in the first two sub-groups, and even an absolute fall in the number of workers in the oldest sub-group (-284 workers) between 1989 and 1999, as well as a significant increase in the number of workers in all sub-groups over the next decade.