Human Resources Management Country Profiles

PORTUGAL

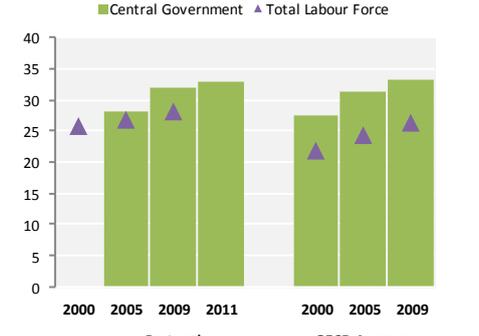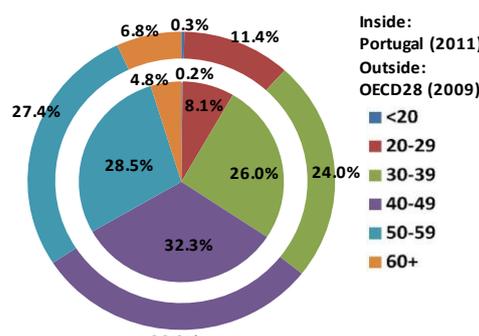| Background...	Restructuring...	Senior Management...	Challenges...
Legal Framework...	Organisation of HR...	Industrial Relations...	
Composition...	HR Management...	Reforms...	

Background

Total employment under the main General Employment Framework (GEF):[1]

2011:   613 852   employees

Total employment in the *general government sector* as a percentage of labour force (2010):[†]

11.0%

Central human resources management body:

Directorate for Administration and Public Employment

Government production costs (2010)[††]

0% ▬▬▬▬▬▬▬▬▬▬ 100%

■ Employee compensation
■ Goods & services used
■ Fixed capital consumption

Government centralisation (2008)[††]

0% ▬▬▬▬▬▬▬▬▬▬ 100%

■ Central   ■ Sub-central
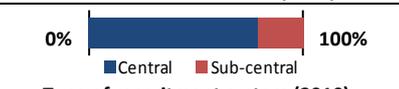
Type of recruitment system (2010)

Career based ■ ◆ Position based

■ Portugal   ◆ OECD33

Legal Framework

GEF covers all employees:	Yes
GEF includes fixed-term contracts:	Yes
Private law applicable in public sector:	No

Employment under the GEF in Portugal is governed by Law 12-A/2008 and includes statutory and contractual employment for lifetime tenure, open-term or fixed-term duration. Casual employment is used; however, it is infrequent and cannot exceed the contract duration. Employment is split into specialist and general careers, the latter comprising three groups: senior officials (single category); technician assistants (multi-category); and operational assistants (multi-category).

	Staff have the right:		Benefits, to which employees are entitled to, are:			Firing rules provide:	
	to unionise	to strike	Full funding of social security	Partial funding of social security	Some funding of pensions	Different guarantees about job protection / dismissal	Guarantees in favour of life-long employment
Public sector	Yes	Yes	No	Yes	No	Yes	No
Private sector	Yes	Yes	No	Yes	No	No	No

Composition of Employment

General government employment (2011)[1]

Total employment under GEF:	613 852 employees
Part-time employment:	No Data

Gender in central government (2011)[1]

Female participation in central government workforce:	56.6%
Share of top and middle positions who are women:	50.9%

[1] Data are for core ministries and agencies of central/federal governments, including doctors and nurses, professors and teachers, police, military and municipal service delivery organisations.

■ Central Government   ▲ Total Labour Force

Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)*

Inside: Portugal (2011)
Outside: OECD28 (2009)

■ <20   ■ 20-29   ■ 30-39   ■ 40-49   ■ 50-59   ■ 60+

Age structure of general government

Data are unavailable regarding the level of part-time employment in Portugal. The age structure in the public service is quite similar to that of the average OECD country, with a very mild weighting toward 30-49 year olds. There has been an increase in the proportion of public employees aged 50 or older since 2005, whilst that of the total labour force has grown less quickly. The representation of women in the Portuguese public service is among the highest in OECD countries. Women account for 56.6% of all public employees and 50.9% of management in 2011, compared to OECD averages of 49.5% and 34.7%, respectively, in 2009.

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Public Sector Restructuring

Portugal is one of 27 OECD countries who reported an anticipated decrease in public employment levels as a result of planned reforms. Portugal has undergone sustained restructuring of government agencies since 2005, which has seen considerable reductions in the number of staff in central government. Measures to cut operational costs also feature in the fiscal consolidation plan and include wage restraints (average 5% cut since 2011, plus elimination of Christmas and holiday bonus in 2012 corresponding to two monthly pay cuts), a recruitment freeze since 2011 (substituting the application of the 50% replacement rate) and personnel cuts of 2% per year until 2014.~ General government sector employment (excluding public corporations) as a percentage of the labour force, 11.0% in 2010, is below the OECD average of 15.1%, while the compensation of employees as a percentage of GDP, 12.2% in 2010, is close to the average of 11.3%.

Anticipated reforms' effect on employment level:	Decrease
Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:	

- Hiring freeze / non replacement of retiring staff
- Change in retirement age
- Reorganisation / restructuring
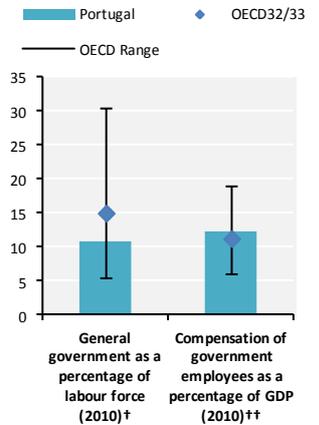
Organisation of HR Management

Decentralisation of HR Management

Central HRM unit:	Directorate for Administration and Public Employment
Role:	Coordination only
Location:	Ministry of Finance and Public Administration
Responsibilities:	• Provide leadership and guidance • Provide advice on legal framework
Personnel, budget and pay delegation:	• Management of pay systems, budget allocation, bonuses and the number and types of posts is delegated to ministries.
Classification, recruitment and dismissal delegation:	• Management of recruitment, contract duration, career management and dismissal is delegated to ministries.
Employment conditions delegation:	• Management of working conditions and the code of conduct is delegated to ministries.

Strategic HR Management

Existence of HRM accountability framework for managers:	Yes, and HRM is fully linked to strategic objectives.
HRM targets feed performance assessments:	Yes
Regular HRM assessment of ministries and departments:	No
Framework requires top & middle management to plan and report on:	• Compliance with HR rules & targets for employment and pay • Effectiveness of strategic workforce planning efforts • Workforce strategies to close competency gaps • General people management
Forward planning use:	Yes, with regular, systematic process.
Forward-planning horizon:	1 year
Key aspects explicitly considered in forward planning:	• Possibilities for relocating staff • Efficiency savings (for example, through e-government) • New issues in policy delivery
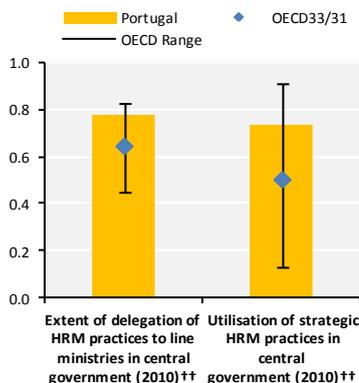
Portugal delegates significantly more HRM practices to line ministries than the average OECD country. The central HRM body is for coordination purposes only and has few responsibilities. All management of personnel, budget, pay, recruitment, dismissal and employment conditions are delegated to ministries. Despite this highly decentralised arrangement, delegation has led to broadly comparable employment conditions across all central government. In addition, Portugal makes significantly more use of strategic HRM practices than the average OECD country. The accountability framework is fully linked to strategic objectives and management is assessed on HRM targets. HRM is a major competency required in management positions; however, regular assessment of ministries' HRM capacity by a central body is not undertaken. Systematic forward planning considers a reasonable range of aspects over a 1 year horizon.

HR Management Practice

RECRUITMENT: Portugal uses a recruitment system that is relatively career based compared to most OECD countries. Entry into the public service is regulated through a knowledge-based examination and psychological assessment, with entry into various groups being delegated to the organisational level; however, complementary interviews are also used. Some posts are open to external recruitment but there has been a move towards less external recruitment for professionals, secretarial and technical staff. A quota of 5% is in place regarding the recruitment of disabled persons. At present a recruitment freeze applies.
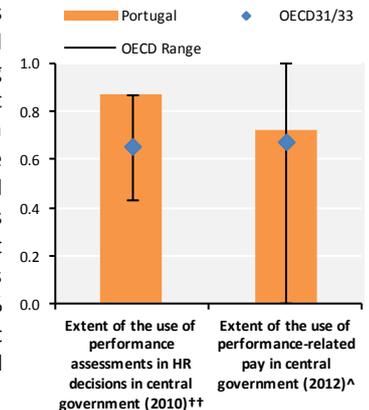

Type of recruitment system used in central government (2010)
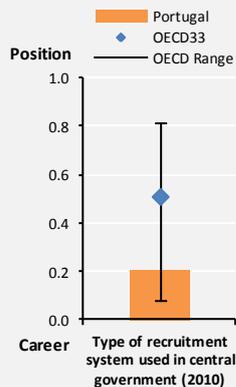
PERFORMANCE: Portugal uses more performance assessment in HR decisions than any other OECD country. Assessment is mandatory for almost all public employees, excluding casual employees. Public managers are also subject to performance assessment. Performance assessment is based on management by objectives, and results are measured regarding quantitative and qualitative goals. Improvement of individual competencies is also taken into consideration. Individual performance is a major factor for moving ahead in pay scale and it is also an important factor to be considered in the public open competition procedure. The extent of the use of performance-related pay (PRP) in Portugal is close to the average OECD country. PRP is used for most employees and excellent performance can be rewarded with a bonus equivalent to one month's salary. About 25% of public employees were rewarded by merit in 2008 and 2009. Since 2011, bonuses and pay scale progression have been frozen.

Extent of the use of performance assessments in HR decisions in central government (2010)††

Extent of the use of performance-related pay in central government (2012)^

PAY SETTING: Base salary and bonuses are negotiated through a centralised collective bargaining framework, with adjustments by department/sector. Remuneration is not indexed to other variables and is revised annually. Educational qualifications and job content are the most important determinants of base salary for all grades, with relevant experience also of importance. Seniority based pay is not in use.

Most important factors to determine base salary	Top Management	Middle Management	Professionals	Secretarial Level	Technical Support
Educational qualification	●	●	●	●	●
Job content	●	●	●	●	●
Ministry	○	○	○	○	○
Performance	○	○	●	●	●
Age	○	○	○	○	○
Seniority in the position	○	○	○	○	○
Relevant experience	◑	◑	◑	◑	◑

● Key importance   ◑ Somewhat important   ○ Not at all important

PROMOTIONS: Qualifications and performance appraisals are important determinants of promotion for all levels of staff; however, applicants for all positions must comply with eligibility criteria. To move between one professional career to another, staff must take a written examination as well as comply with minimum education levels. Professional development within the same career through the pay schedule depends on performance assessment. Transparent lists of openings are available to all employees and shortlists are made by the HR departments.

MOBILITY: Mobility concerns assignment of employees to other public or private entities due to public interest; internal mobility at the initiative of employees; mandatory transfer owing to organizational restructuring; and special mobility. Special mobility was created primarily to safeguard employees' rights during restructuring by extinction or merger of public bodies and in the case of employees who cannot be fired. There are three phases of special mobility: transitory, that lasts 60 days and ends by internal mobility; employee requalification, that lasts 10 months and ends by internal mobility; and if neither of the former a compensation situation applies, which has no deadline but employees have a 50% basic salary cut. Internal mobility has been increasing along with the publicity of available positions and establishment of pools of available staff. Employees on external posting retain the right to return to their post and bear no cost if they do not return.

TRAINING: Some professional groups/careers inside the public service require initial training upon entry, the length of which varies for each group. On average, employees receive 1-3 days of training per year.

WORK CONDITIONS: The average yearly working hours in Portugal, 1 622 hours in 2012, is well below the OECD average of 1 745 hours in 2010. This is driven by the lowest weekly working hours of all OECD countries, and is slightly offset by fewer public holidays. However, this figure is the statutory average and does not necessarily reflect effective annual working hours, which also include overtime paid and not paid as well as sick leave. Data are unavailable regarding absenteeism in civil service.

Number of regular working hours per week:	35
Average number of annual leave days per year:	22
Average number of bank (public) holidays per year:	7
Total number of hours worked per year:	1 622

Average working hours per year by central government employees (2010)
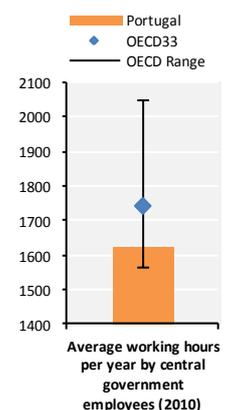
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Senior Management

Portugal uses separate practices for senior civil servants (SCS) to a somewhat greater extent than the average OECD country. SCS are considered a separate group and there is a centrally defined skills profile; however, no policies are in place to identify potential SCS early in their careers. More emphasis is placed on managing their careers and performance, they have a specified term contract (5 years renewable for up to 10 years) and they are entitled to representation expenses in addition to their salary. A good proportion of senior management positions are open to external recruitment. Top managers are appointed by the relevant member of government and many turn over with a change in government. As of 2012, top managers have been selected through an open competition procedure.

Use of separate HRM practices for senior civil servants in central government (2010)††
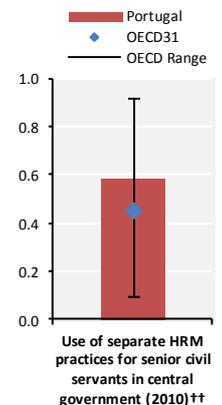
Industrial Relations

Negotiations regarding base salary, the employment framework, the right to strike/minimum service and the introduction of new management tools are centralised, with consultation of unions required by law. Bonuses and working conditions also require union consultation and are negotiated at central level or may be the result of collective bargaining. Union consultation is voluntary regarding the code of conduct, which is centrally negotiated, and unions do not receive public funding. Most public employees are granted the right to unionise and strike, except security and the armed forces or when striking is restricted by minimum service rules.

Reforms

- Portugal has seen considerable reform of its HRM practices since 2005. In 2009 an overhaul of the pay system came into effect, simplifying several different pay scales into one system and eliminating seniority based pay. A simplified legal framework also provided a reduction in the number of career types to only general and special careers. Furthermore, a new recruitment system was established that allows for flexibility in recruitment and salary determination.
- The human resource mobility system was also implemented, targeting a better use and distribution of human resources through a redefinition of structures and the introduction of a new mobility framework. Its objective is to redefine staffing requirements on the basis of new public services.

- Revision of the integrated system of performance assessment in the public administration entered into force at the end of 2007, providing one of the major assets in the public administration's modernisation strategy. The new measures include the performance assessment of services, top and middle level managers and employees. These measures intend to create an environment of competition and improved performance, as assessment results will have an impact on staff remuneration and career advancement, as well as on contract renewals.
- Workforce planning was introduced as an essential tool for anticipating and responding to new challenges and maintaining a structured and representative workforce of appropriate size.

Challenges

- A more efficient and accountable public sector that ensures a quality service delivery to citizens with lesser human and financial resources is essential in the current fiscal environment.
- Rehabilitation of the public sector image is also a challenge that needs to be confronted in order to attract talent and avoid the loss of organisational knowledge and expertise, particularly in the context of increased early retirements and the current recruitment freeze.

- Ameliorating the climate of insecurity and fear engendered by the spectrum of further wage cuts is another aspect which needs to be taken into consideration, as well as the need to improve workers' motivation to ensure individual and organisational productivity is not damaged.

Sources

Unless indicated otherwise, all data are sourced from OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, unpublished.
* Data for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011.*
† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics.* See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.
~ OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris.
º OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.
^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

Further Reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris.
OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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