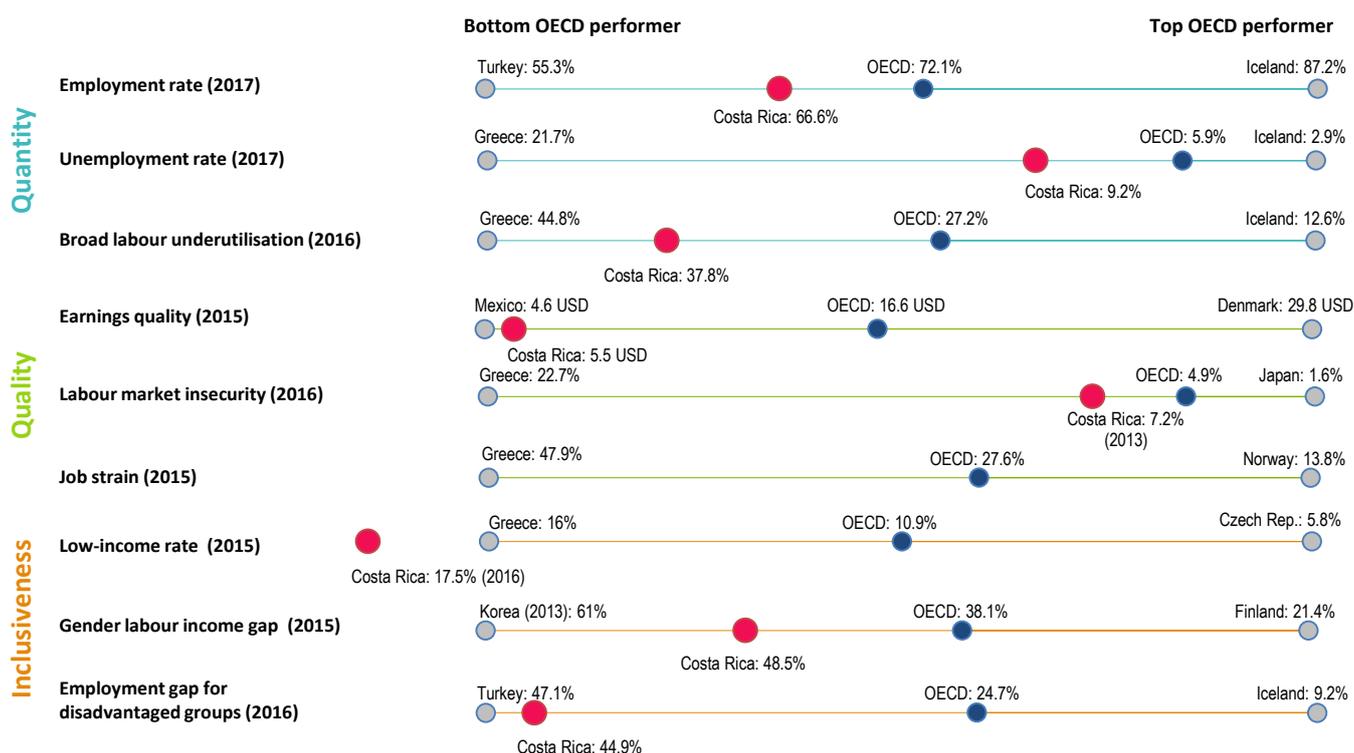


### How does COSTA RICA compare?

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 Costa Rica**



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.

- In Costa Rica, output growth has not translated into positive labour market outcomes. Costa Rica scores in the bottom half of OECD countries on all three indicators of job quantity. Unemployment has remained elevated since the global financial crisis reflecting structural mismatches as the economy moves towards higher-skilled activities.



- Labour market insecurity is above the OECD average. About 45% of workers hold informal jobs and therefore lack protection against the personal costs of job loss. Furthermore, unemployment insurance for formal workers is not fully developed. While figures on job strain are not available, Costa Ricans face long working hours.
- Poor labour market outcomes (low labour market participation, unemployment, informality and jobs that

pay less than the minimum wage) disproportionately impact the young, part-time workers, workers in rural areas and immigrants. About a quarter of youth are not in employment, education nor training. The gender labour income gap is high due to low employment rates among women, while the gender wage gap in Costa Rica is lower than in any OECD country. The majority of women in the first three income quintiles who are not in the labour force report that care responsibilities are the main barrier to working.

## FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

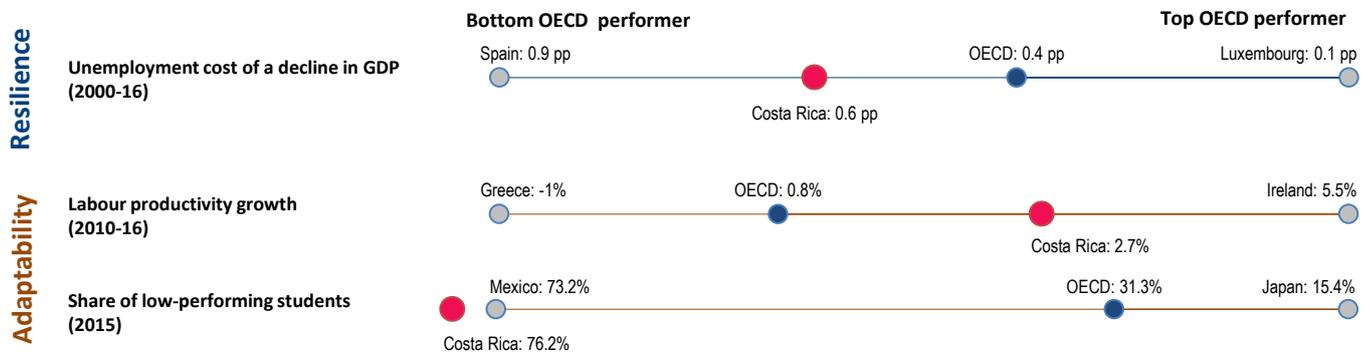
Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages 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.

reflecting large and persistent increases in unemployment following the global crisis of 2008-09.

- Costa Rica scores in the bottom half of the OECD countries in terms of labour market resilience,

- Labour productivity growth is high relative to OECD countries. However, labour productivity is still only around 30% of the upper-half of the OECD.
- About 30% of Costa Rican students have dropped out of school by the time they are 15 and one-third of those who remain in school lack core literacy and numeracy skills.

Framework conditions for Costa Rica



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).