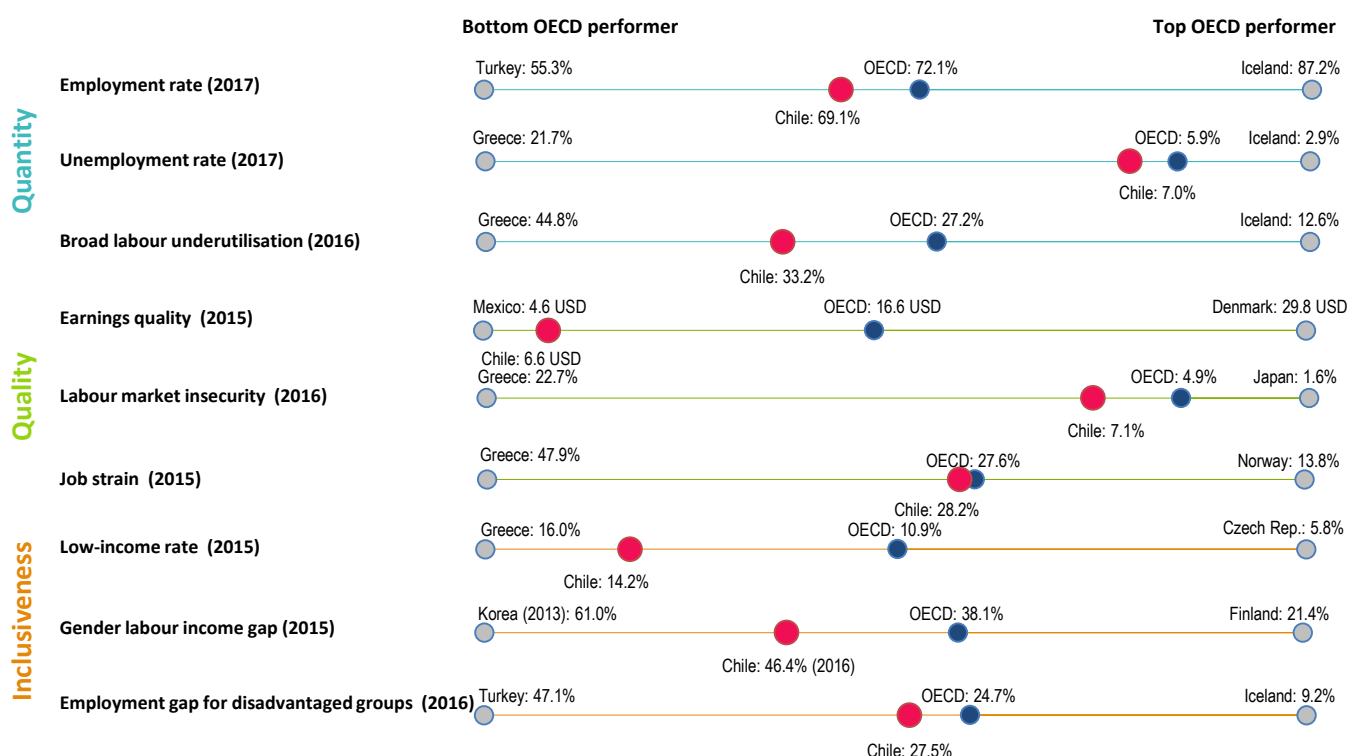


How does CHILE compare?

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 Chile



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.

- Chile performs just below the average OECD country in different dimensions of job quantity, but relatively well when compared to other emerging economies.
- Chile shows one of the lowest indicators of earnings quality among OECD countries, due to low average earnings and high levels of inequality. Despite large improvements over the last decade, the level of



earnings remains low, at a third of the OECD average. This partly reflects the low skills of workers and a high incidence of precarious jobs.

- Labour market insecurity is high relative to the OECD average. Unemployment risk is similar to other OECD countries. However, the level of unemployment insurance (coverage and replacement rates of public unemployment benefits) is much lower than the OECD average. Given such low levels of social protection, many workers may need to accept very low-quality jobs when better jobs are not available because they cannot afford to be unemployed for long.

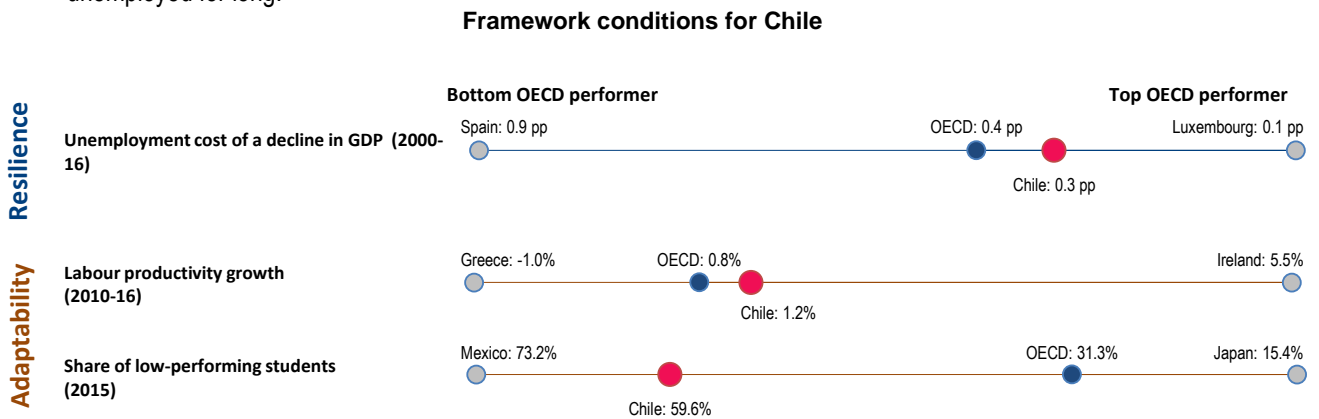
- Below-average performance on inclusiveness reflects the fact poverty remains high despite substantial decreases over recent years. Poverty is especially high for young people and those with children. The gender labour income gap is also relatively high compared to the OECD average, reflecting the relatively low employment rate of women and an increasing gender wage gap. The employment gap for disadvantaged groups, such as mothers with children, youth, older workers, non-natives, and persons with partial disabilities, is above 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.

- Chile 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 as many workers cannot afford to stay unemployed for long.

- Labour productivity growth is slightly above the OECD average but has slowed over the past decade. This reflects a broad-based decline in multi-factor productivity growth and declining investment, as in much of Latin America.
- Skill levels lag behind other OECD countries. The share of adults who score at the lowest levels of proficiency in literacy, numeracy and problem solving in technology-rich environments is considerably higher than the OECD average. In part, this reflects the high inequality in the education system.



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).