How does CHILE compare?

Employment Outlook 2017

June 2017

The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

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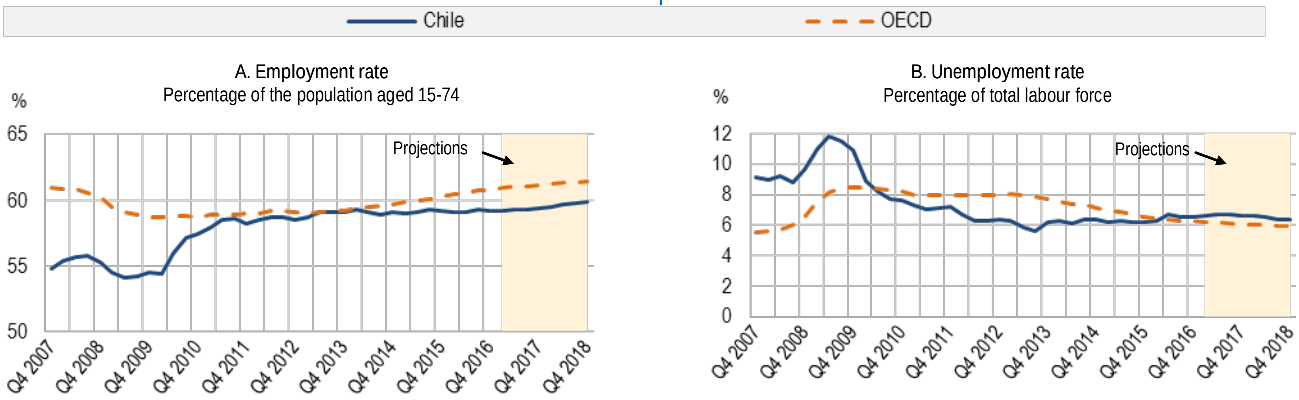
Labour market developments in Chile



Note: OECD weighted average. Series have been adjusted for the break between 2009 and 2010 using new-to-old splicing factors available for Q4 2009 for employment, unemployment and population series by five-year age groups and by gender.
Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in the first quarter of 2017, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- When the global financial crisis began in 2008, the unemployment rate in Chile was 3.5 percentage points above the OECD average while the employed share of the population ages 15-74 years was 6.1 percentage points below the OECD average. However, the Chilean labour market recovered rapidly from the crisis and now has employment and unemployment rates that are near the OECD average. The OECD projects that labour market conditions will be fairly stable in Chile the next 2 years, while they will slowly improve on average in the rest of the OECD.

- In the last 20 years, Chilean women have slowly but constantly increased their participation in the labour market. In 1996 the female employment rate was about 31% whereas by end 2016 it was about 45%.

- A significant share of the recent rise in employment in Chile has taken the form of, non-standard work. At 29.1% in 2015, the share of temporary contracts is the highest among OECD countries. The historically low share of part-time work rose from 4.7% in 2000 to 16.8% in 2015. Finally, the slight rise of the employment rate in the last 12 months is explained by a sharp increase of independent workers (year-to-year increases of 6.6% for self-employed without employees and 15.2% for employers), even as dependent employment fell by 0.4%.

Scoreboard of labour market performance for Chile

Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.
Earnings quality: Gross hourly earnings in USD adjusted for inequality. *Labour market insecurity*: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. *Very long hours of work:* Percentage of workers usually working 60 or more hours in their main job. *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 average per capita annual earnings of men and women divided by average per capita earnings of men. *Employment gap for disadvantaged groups*: Average difference in the employment rate for prime-age men 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) as a percentage of the employment rate for prime-age men.
Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See *OECD Employment Outlook 2017*, Table 1.2. for further details

NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF THE CHILEAN LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich 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 quality (pay, employment 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.

- The Chilean labour market generally scores relatively low on the majority of indicators, especially on those regarding job quality. However, Chile also shows areas of relative strength or improvement.
- Hourly earnings in Chile are the third lowest in the OECD, while the share of workers who usually work 60 hours or more weekly (8.6%) is well above the OECD average and is only exceeded in Greece, Korea and Turkey. On average, Chilean workers work 1988 hours per year, well above the average of 1776 across OECD countries.
- A high share (14.8%) of working-age Chileans live in poor households, i.e. with incomes adjusted for household size of less than 50% the median income. This is linked to low hourly wages.
- Two strengths are a low unemployment rate in Chile, and a very low long-term unemployment rate. Chile scores near the OECD average on the level of labour market insecurity and the integration of disadvantaged groups such as mothers with very young children, non-natives or persons with disabilities.
- With the important exception of increasing employment rates, no major progress or deterioration of labour market performance has been observed in Chile since 2006. Increasing immigration from other Latin-American countries and a strong crisis in the mining sector are contextual elements that should be considered when interpreting this 'no change' situation.

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