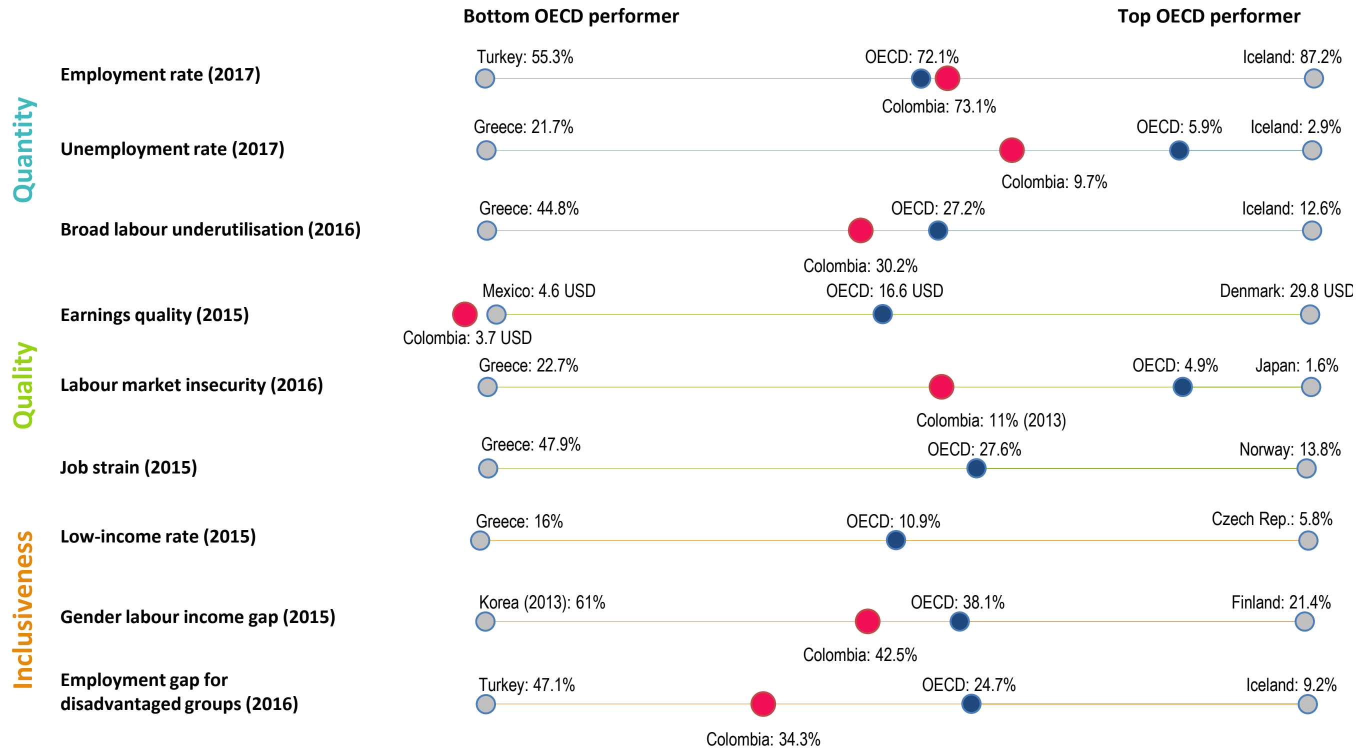
How does COLOMBIA compare?

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 Colombia



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour under-utilisation: 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.

- Colombia shows mixed scores on job quantity indicators. While employment rates are above the OECD average, unemployment and broad underemployment rates are high. Labour informality is pervasive, with more than half of workers not contributing to social security.

- Colombia faces large challenges in terms of job quality. Earnings quality is lower than in any OECD country, reflecting both substantially lower average earnings and substantially higher levels of earnings inequality. Labour market insecurity is twice the OECD average, because of the near-absence of unemployment and social assistance benefits to alleviate financial hardship during unemployment. Moreover, the high share of informal workers has low or no access to social security benefits. Given such low levels of social protection, many workers may need to accept very low quality jobs when better jobs are not available.

- Labour market inclusiveness is weak as a result of high though decreasing poverty. The gender labour income gap in Colombia is larger than in the average OECD country, mainly reflecting low employment rates for women. A higher share of women than men is employed in precarious jobs. The employment gaps for disadvantaged groups, such as mothers with children, youth, older workers, foreign-born, and persons with partial disabilities, are higher than most OECD countries (except Greece, Mexico and Turkey).

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

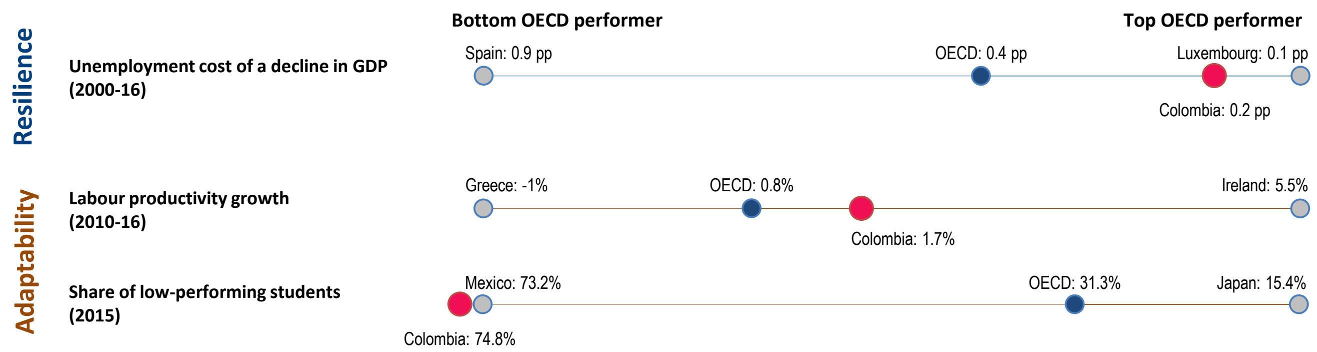
Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key pre-condition for high growth of output, employment and wages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

- The Colombian labour market has been relatively resilient to the growth deceleration triggered by the large oil price shock, but unemployment has recently edged up to 9.5%, among the highest unemployment rates in Latin America.

- Labour productivity growth is slightly above the OECD average, but has trended down, which mainly reflects barriers to doing business, burdensome regulation, infrastructure gaps and widespread informality. The level of productivity has stagnated and is low even when compared to Latin American peers.

- Even though substantial progress has been made in improving coverage in the Colombian education system, quality and equity remain key challenges. Student scores are the below those in OECD countries and are highly dependent on socio-economic background. Regional disparities in enrolment and school outcomes are large, with greater poverty rates in rural areas explaining most of the performance gap with urban areas.

Framework conditions for Colombia



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).