

## *Foreword*

Skills have the potential to transform lives and drive economies. Having a skilled workforce can contribute to better outcomes at the individual level as well as for firms and the country as a whole. Higher-skilled individuals are more likely to be employed and earn higher wages. Firms need high-level skills to innovate, grow and move up value chain. Countries benefit from a more skilled workforce through higher productivity and GDP growth.

However, having a pool of highly proficient workers does not guarantee these desirable outcomes. How employers use skills in the workplace is just as important as developing skills in the first place. In addition, when skills supply is not in line with skills demand, skill mismatch and skill shortages are likely to arise reducing the benefits that individuals, firms and countries can draw from skills acquisition.

In light of this challenge, the OECD has undertaken an ambitious programme of work to assess the degree of alignment between skill supply and skill demand and identify policies that can bring the two closer. This work builds on the extensive experience of the OECD in the area of skills, including the OECD Skill Strategy and its follow up national implementation strategies, the Survey of Adult Skills (PIAAC) and its rich analyses in the areas of skills mismatch, vocational education and training and work-based learning.

This study analyses the relationship between skills and labour market outcomes in Chile with a specific focus on disadvantaged groups: youth, women and the low-skilled. It examines the proficiency of the Chilean population in literacy, numeracy and problem-solving in a technological-rich environment and disentangles the relationship between proficiency and labour market outcomes in Chile. The study also devotes significant attention to the demand for skills, by describing the use of skills at work in Chile and identifying its key determinants, as well as assessing the extent of skills mismatch and its implications for individuals. Throughout the study, differences between sociodemographic groups are highlighted to investigate the roots of labour market disadvantage.

The work on this study was carried out by Glenda Quintini (Skills and Employability Division of the Directorate for Employment, Labour and Social Affairs), Paulina Granados and Javiera Ibacache (both working in the Skills and Employability Division at the time of drafting), under the leadership of Mark Keese (Head of the Skills and Employability Division).

This study was financed through a grant by the Chilean National Productivity Commission. However, the views expressed in this study should not be taken to reflect the official position of the Chilean Productivity Commission.



## *Table of contents*

<b>Acronyms and abbreviations.....</b>	<b>7</b>
<b>Executive summary .....</b>	<b>9</b>
Key findings.....	9
<b>Chapter 1. Skills proficiency and labour market outcomes in Chile .....</b>	<b>13</b>
Distribution of skills proficiency .....	14
Determinants of proficiency levels .....	16
Skills and labour market outcomes .....	25
Notes .....	33
References.....	34
<b>Chapter 2. Skills use at work, skills mismatch and why they matter in Chile.....</b>	<b>35</b>
Skills use at work and its determinants.....	36
Skills use at work, gender and age.....	40
Skills mismatch in Chile .....	41
Why mismatch matters .....	45
Notes .....	49
References.....	50
<b>Chapter 3. Labour market outcomes of youth, older workers and women in Chile.....</b>	<b>51</b>
Labour market outcomes by socio-demographic characteristics .....	52
Skills and wage gaps.....	53
Skills and probability of being NEET.....	56
Notes .....	58
References.....	59
<b>Chapter 4. Conclusions .....</b>	<b>61</b>

### Figures

Figure 1.1. Literacy proficiency among adults.....	15
Figure 1.2. Proficiency in problem solving in technology-rich environments among adults.....	16
Figure 1.3. Socio-demographic differences in literacy proficiency .....	17
Figure 1.4. Differences in literacy proficiency, by educational attainment.....	19
Figure 1.5. Problem-solving proficiency, by educational attainment.....	20
Figure 1.6. Relationship between skills proficiency and age .....	21
Figure 1.7. Age differences in literacy proficiency .....	22
Figure 1.8. Problem-solving proficiency among younger and older adults .....	23
Figure 1.9. Gender differences in literacy and numeracy proficiency .....	24
Figure 1.10. Problem-solving proficiency among women and men.....	24

Figure 1.11. Gender gap in literacy and numeracy, by age .....	25
Figure 1.12. Literacy and employment status.....	27
Figure 1.13. Effect of education, literacy and numeracy proficiency on the likelihood of being employed .....	29
Figure 1.14. Distribution of wages, by literacy and numeracy proficiency levels .....	30
Figure 1.15. Contribution of education, literacy and numeracy to the variation of hourly wages .....	31
Figure 1.16. Effect of education, literacy proficiency and reading use at work .....	32
Figure 2.1. Skills use at work .....	37
Figure 2.2. Chile: Skills use at work, by proficiency level .....	38
Figure 2.3. Explaining information-processing skills used at work .....	39
Figure 2.4. High Performance Work Practices (HPWP) .....	40
Figure 2.5. Skills use, gender and age .....	41
Figure 2.6. Qualification, literacy and field-of-study mismatch .....	43
Figure 2.7. Mismatch, age and gender .....	44
Figure 2.8. Overqualified workers who are mismatched by literacy or field of study .....	45
Figure 2.9. Labour Productivity and the use of reading skills at work.....	46
Figure 2.10. Effect of qualification, literacy and field-of-study mismatch on wages .....	48
Figure 3.1. Employment rates by age, gender and educational attainment, 2016 .....	52
Figure 3.2. Wage ratios between groups and the role of numeracy skills .....	54
Figure 3.3. Chile: Contribution of education, literacy and numeracy to the variation of hourly wages, by age group and gender.....	55
Figure 3.4. Chile: The relationship between the probability of being NEET, literacy proficiency (a) and educational attainment (b), by age group .....	57
Figure 4.1. Participation in job-related training, by skill level, 2016.....	62



**From:**  
**Getting Skills Right: Chile**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264293151-en>

**Please cite this chapter as:**

OECD (2018), "Foreword", in *Getting Skills Right: Chile*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264293151-1-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).