

Skills, productivity and employment growth

The case of Latin America

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The aim of this study is to illustrate the relationships between training and workers' skills, productivity and the growth of quality employment in Latin America societies by means of analysing existing information and case studies of four different countries. The national case studies we selected are Argentina and Chile, which have high indicators of participation in secondary education and productivity measured by GDP per worker; Brazil, which has lower rates of participation in education but a medium level of average productivity and big differences between the more developed regions and the rest of the country; and Peru, which has wide secondary education coverage but a lower product.

We will review the current social and economic situation in these countries and how this evolved in the 1990s, and focus on the differences and similarities between the countries as regards the size of their economies and populations, their unemployment rates, the distribution of urban employment by sectors, and the extent of the informal sector. Lastly, we will examine inequality and poverty, and the differences between countries in the light of the consequences of the economic reforms of the 1990s, the current structural heterogeneity in these areas and the challenges that worker training is facing.

The training situation is presented below. In this, a clear distinction is made between the growth in formal education coverage, which is the source of the general skills needed for insertion in today's labour market, and the development of vocational training, which provides more specific skills and labour competencies. We compare the levels of training of the work force in each country, the current situation in teaching, educational reforms and vocational training structures. We look at what the four selected countries have achieved in education and also their shortcomings, and the differences between them in a scenario in which they all fare poorly when their performance is evaluated on an international level. We examine the coordination between training, employment and productivity, the tensions between the training offer and the needs of the enterprises and population sectors that demand training and employment, current mechanisms to improve this coordination, and the difficulties involved in these areas.

Lastly we will examine the problems that emerge from the foregoing analysis, and the problems inherent in the policies that have been implemented. These difficulties can be summed up as follows:

- Educational coverage among populations living in poverty is inadequate and of poor quality, and this has negative consequences in terms of young people's labour competencies.
- There is little coordination between formal education, vocational training and the world of enterprises.
- The formal economy is huge, but training is geared mainly to the formal economy.
- Policy changes are made with insufficient evaluation of the programmes executed.

A review of the activities of institutions involved and programmes implemented raises serious questions about training systems in which the greatest investment is concentrated on better-educated workers who perform in the integrated or formal economy, while poor, unemployed young people and workers in the informal economy receive training that is more limited. We provide a rationale for setting up permanent funds that would make continuity of programmes possible, and also for serious evaluations of interventions and institutions, which would serve as a basis for correcting the orientation of training and responding to the problems outlined above. Lastly, we draw some conclusions about prospects for the future in this sphere in the individual countries studied.

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