

Identifying and closing skill gaps for productive development in Latin America and the Caribbean

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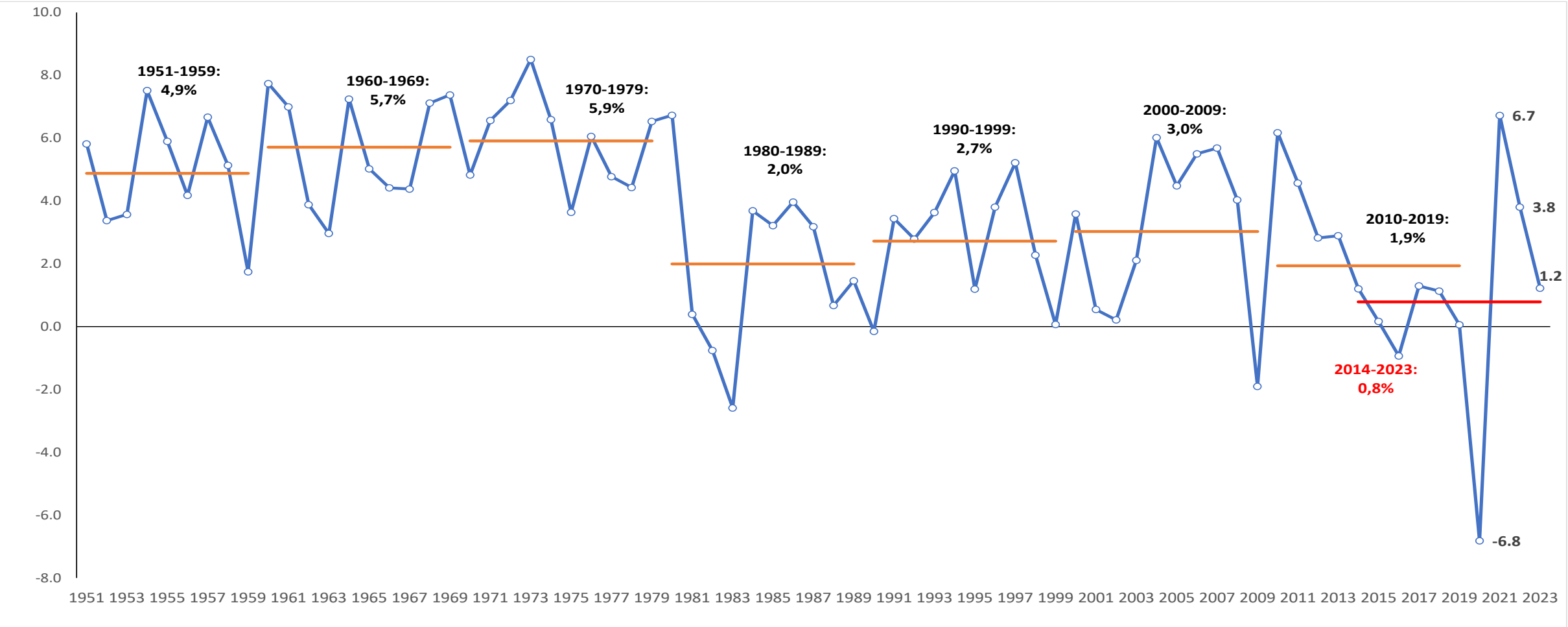


1. Need to scale up productive development efforts in LAC



LAC is completing a decade even more lost than the last decade

Latin America and the Caribbean: GDP growth rate, 1951-2023 (Percentages)

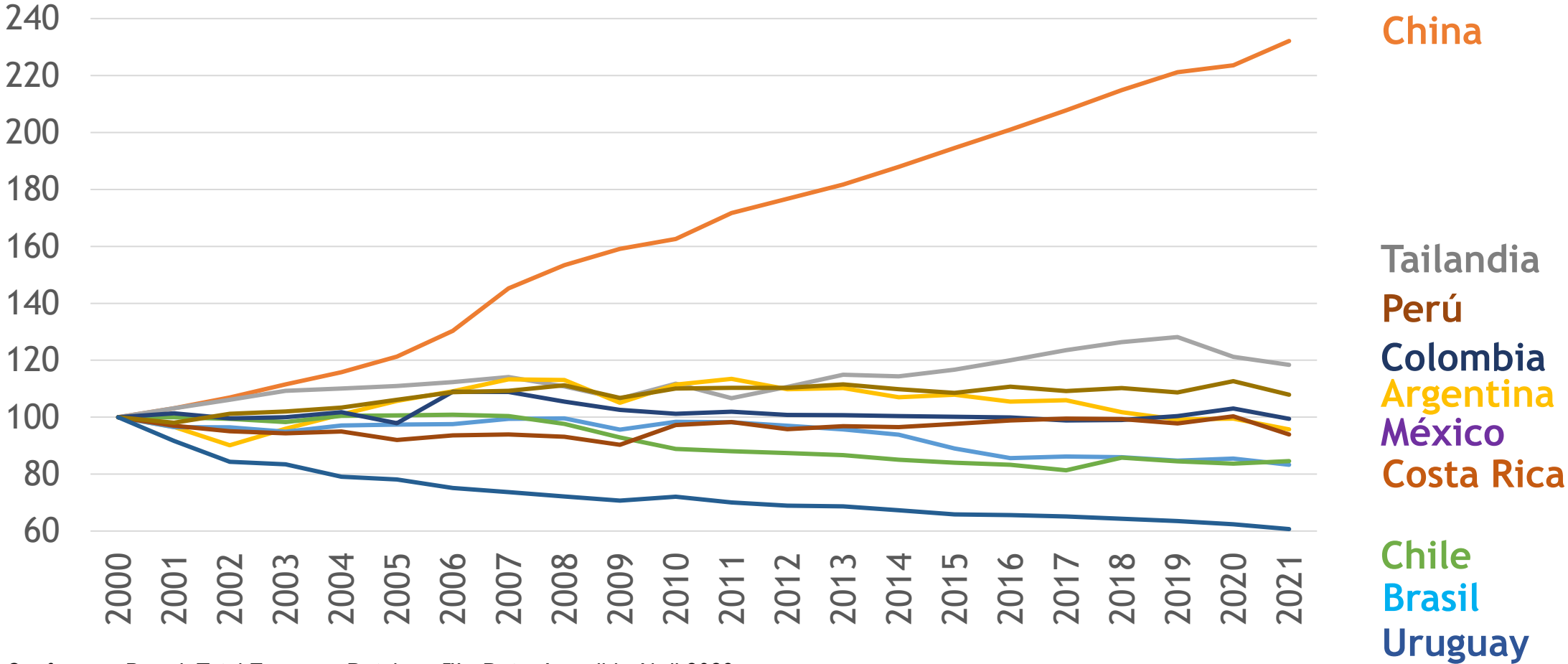


Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on official figures. For 2022 and 2023, correspond to ECLAC projections.



Much of the low growth can be explained by the stagnation of productivity in recent decades

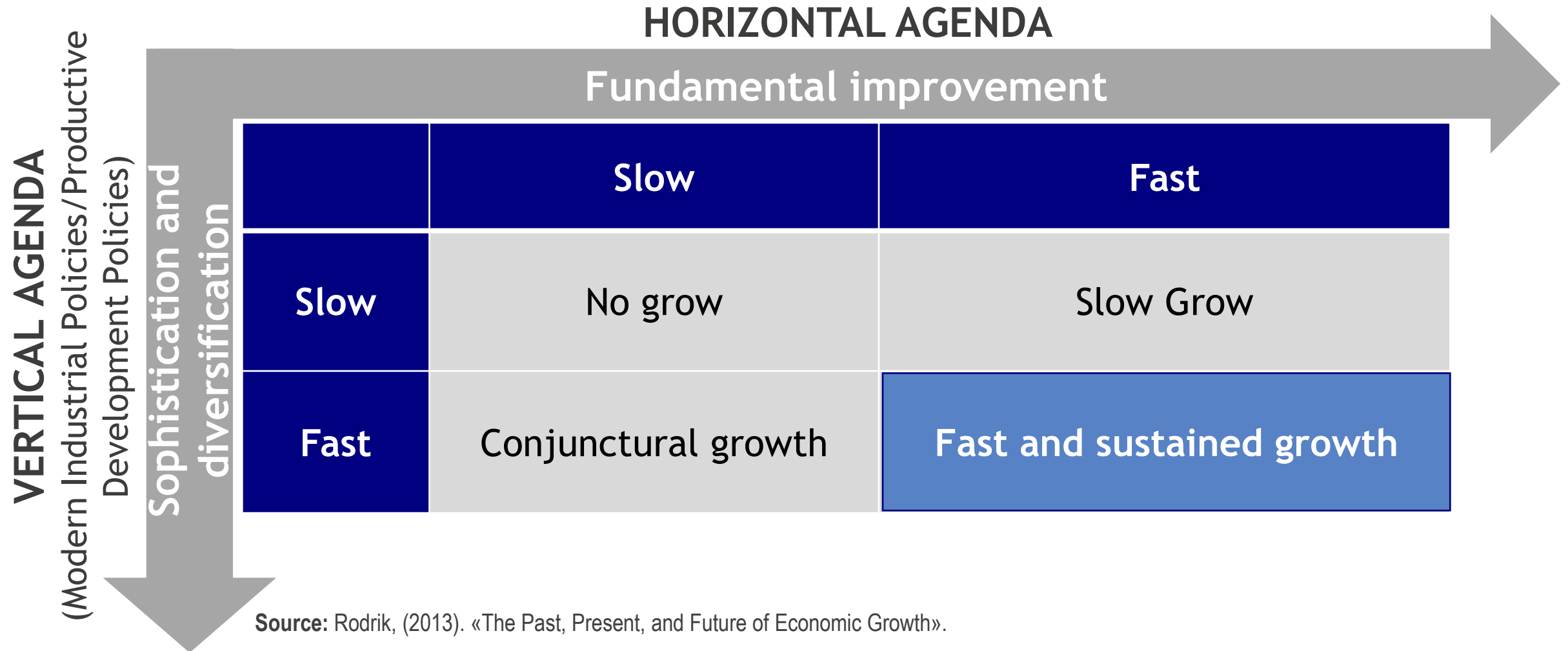
Cumulative total factor productivity growth, (index, year 2000 = 100)
2000-2021



Source: The Conference Board. Total Economy Database™ - Data. Accedido Abril 2023.



To make progress in productivity, it is necessary to combine deep horizontal and vertical agendas



The literature and empirical evidence suggest that in order to boost productivity we need to sophisticate and diversify our mode of production.

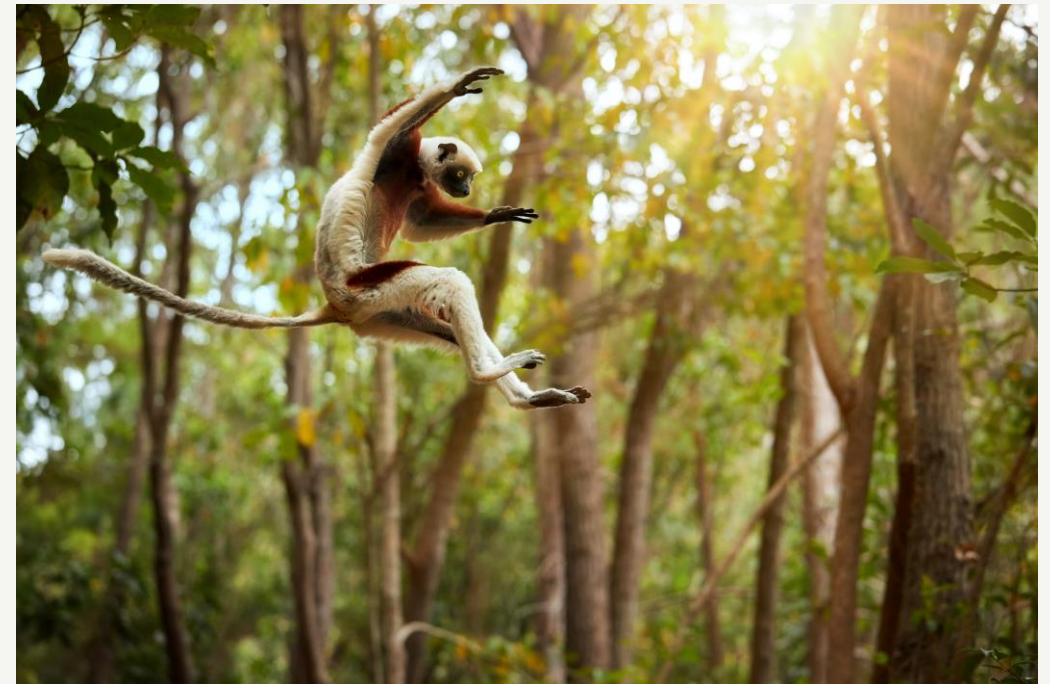
SOFISTICATION

Improve the productivity
of current economic
activities

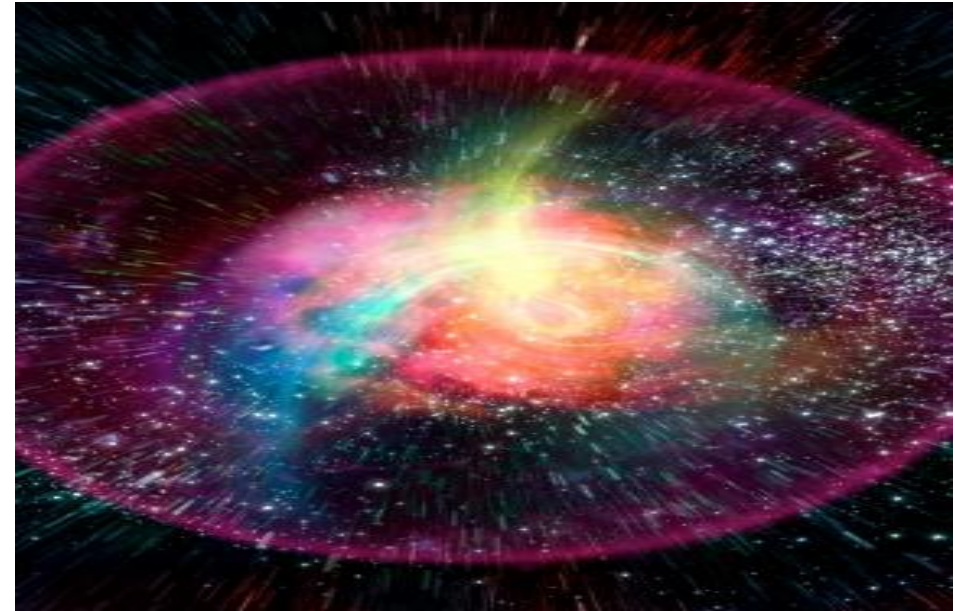


DIVERSIFICATION

"Leapfrogging" to new
economic activities with
higher productivity.



Unfortunately, these two processes of **sophistication and diversification (structural change)** are not spontaneous...



... in particular, because there are numerous distortions and bottlenecks that limit this process.



In other words...



... the **invisible hand** alone does not lead to "monkeys" climbing trees or jumping to new trees.

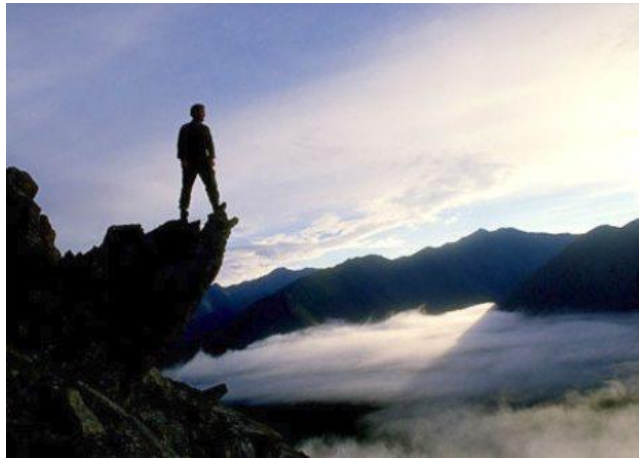
... this requires close work between the public, private and academic sectors at **the local level**.



In particular, there are 2 types of distortions that limit these processes, which apply in the case of human talent:

1

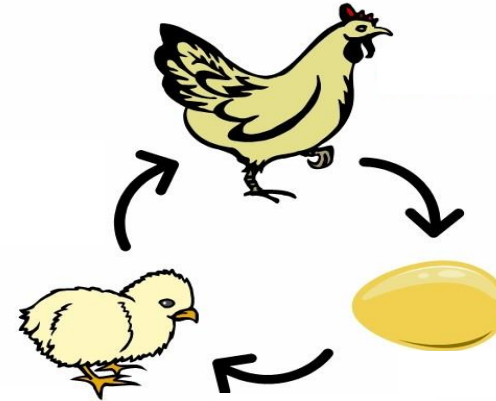
Appropriability problems



There are suboptimal levels of investment due to the fact that the return on private investments does not necessarily fall on the investor (i.e. the problem of pioneering, human capital formation, investment in STI, etc.).

2

Failure to coordinate



The "**chicken-egg**" problem implies the non-viability of a given sector if other investments or actions (i.e., existence of complementary sectors, relevant human capital, and specific infrastructure) are not undertaken simultaneously.



2. A new vision for productive development policies in LAC



Context for a new vision of PDPs

- 1— LAC countries have been making efforts on this front, but these have **been marginal, disjointed, discontinuous, centrally managed and, in general, with little impact.**
- 2— Therefore, we face the challenge of scaling up these efforts, of better articulating them, of giving them greater continuity, of working with a more active participation of the actors in the territories, and of seeking to increase their impact.
- 3— This is in addition **to a context in which industrial policies are back and developed countries are implementing them with huge resources.**
- 4— This will involve increasing efforts and **being very strategic** about **how** to implement them.
- 5— **ECLAC will be working to better guide** both national and subnational governments in this task.



A new way to understand the scope and articulation of productive development policies

A sustainable and inclusive productive development agenda inclusive productive development agenda aims at the sophistication, diversification and virtuous structural change of the productive structure as a vehicle to increase productivity and thus achieve higher levels of prosperity for our countries and their people.

Production structure (sectors, chains, clusters, MSMEs, companies, etc.)

Ciencia, tecnología e
innovación

Extensionismo
tecnológico

Transformación
digital

Emprendimiento

Identificación y cierre de
brechas de capital humano

Financiamiento del
ciclo de la empresa

Inversión - IED

Infraestructura específica y
otros bienes públicos

Agenda normativa y
regulatoria específica

Internacionalización

Productive development with a territorial approach

Governance for productive development



Some guidelines on how to do it

- 1— These efforts must be scaled up
- 2— Productive bets must be made: we are "condemned to prioritize".
- 3— Productivity is local and it is generated from the local level, with local actors.
- 4— Governance of productive development: a crucial issue
- 5— Cluster initiatives: a way to mix productive prioritization, territorial approach, experimentalist governance and strategic focus
- 6— Evaluate, evaluate, evaluate



3. Skill gaps in the context of productive development policies



We have a labour market in the region with great opportunities for improvement

Latin America and the Caribbean (20): Change in the number of employed, unemployment rate by sex, informality rate and change in average real wages, 2021 to 2022, projections for 2023 and 2024.

	2021	2022	2023**	2024**
Variation in the number of employees	7,0	5,4	1,9	1,1
Total unemployment rate	9,3	7	6,8	7,1
<i>Unemployment rate men</i>	7,7	5,8	5,7	5,9
<i>Female unemployment rate</i>	11,3	8,6	8,3	8,6
Informality rate of employed persons	47,9	48,1	48,0	48,1
Change in average real salary	1,6	-0,7	-0,4	

Employment growth is slowing down and, despite recent improvements, gender gaps and high levels of labour informality persist

Fuente: CEPAL sobre la base de cifras oficiales

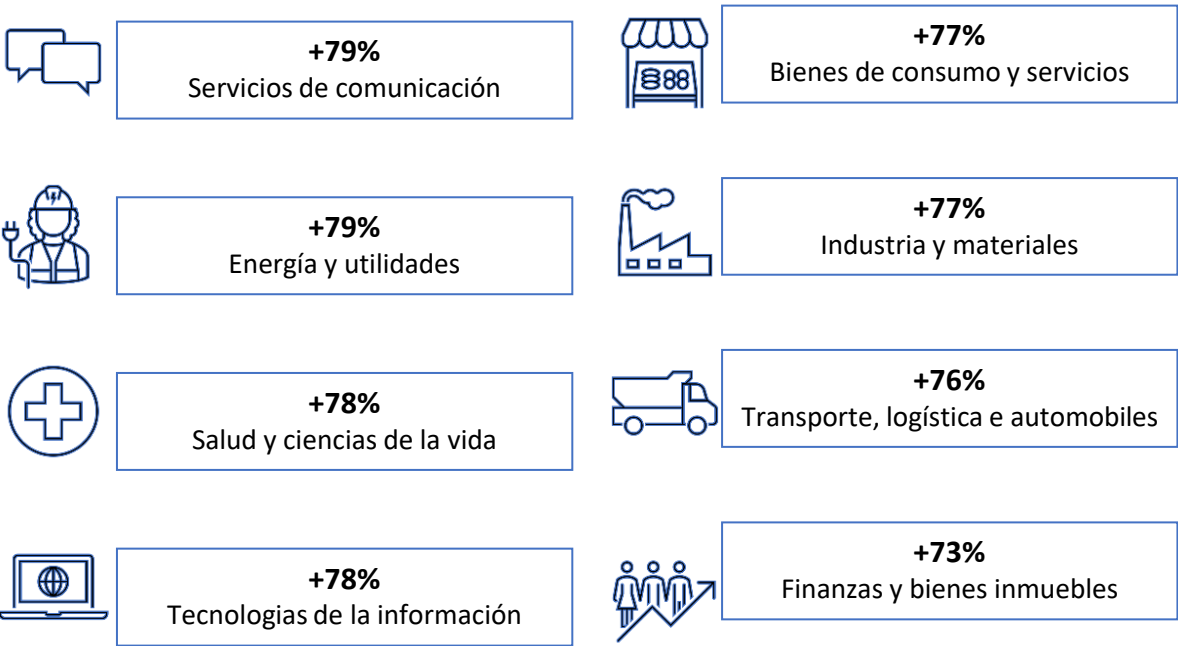
** Proyecciones

Países incluidos en la muestra: Argentina, Bahamas, Barbados, Belice, Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, Perú, Rep. Dominicana y Uruguay

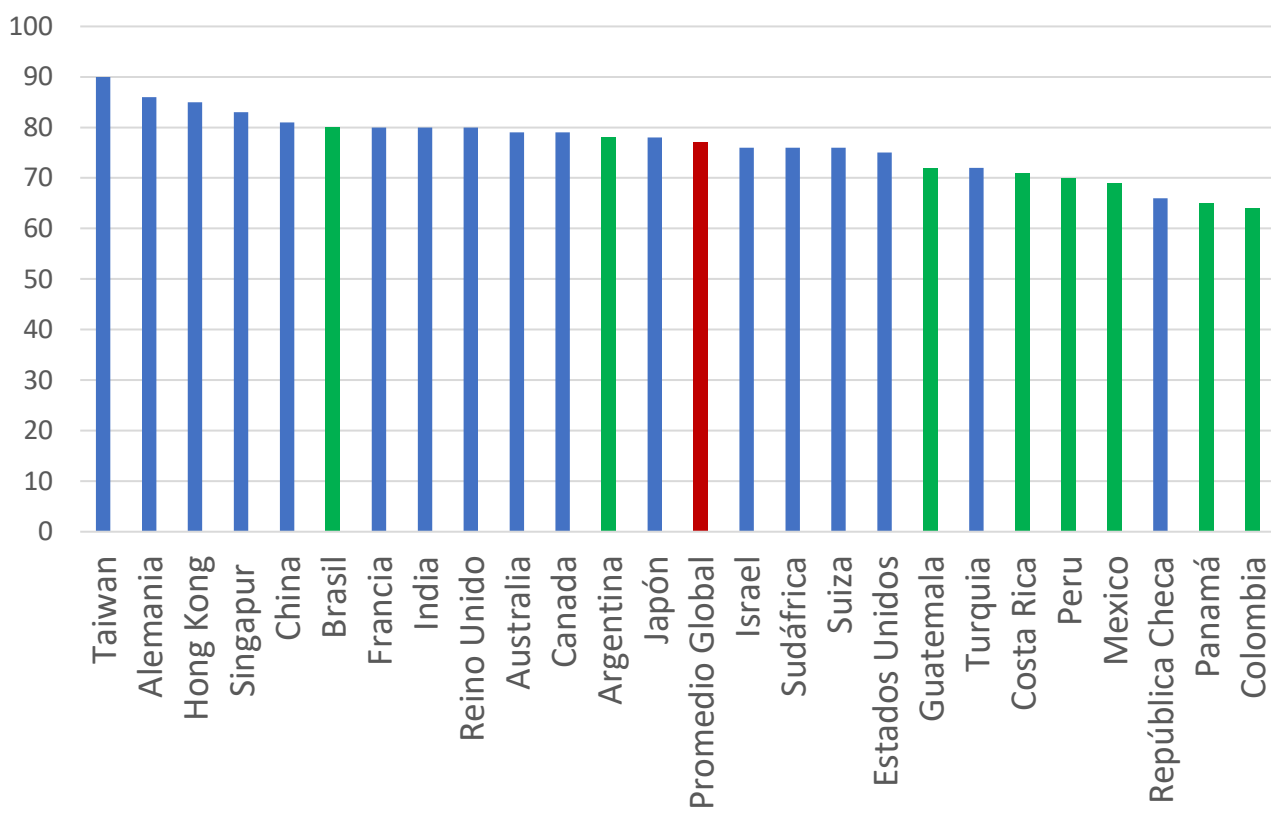


Despite persistent levels of unemployment and informality, employers still find it difficult to fill vacancies

Employers indicating difficulties in filling positions(Percentage/ selected sectors)



Employers indicating difficulties in filling positions(Percentage/ selected countries)

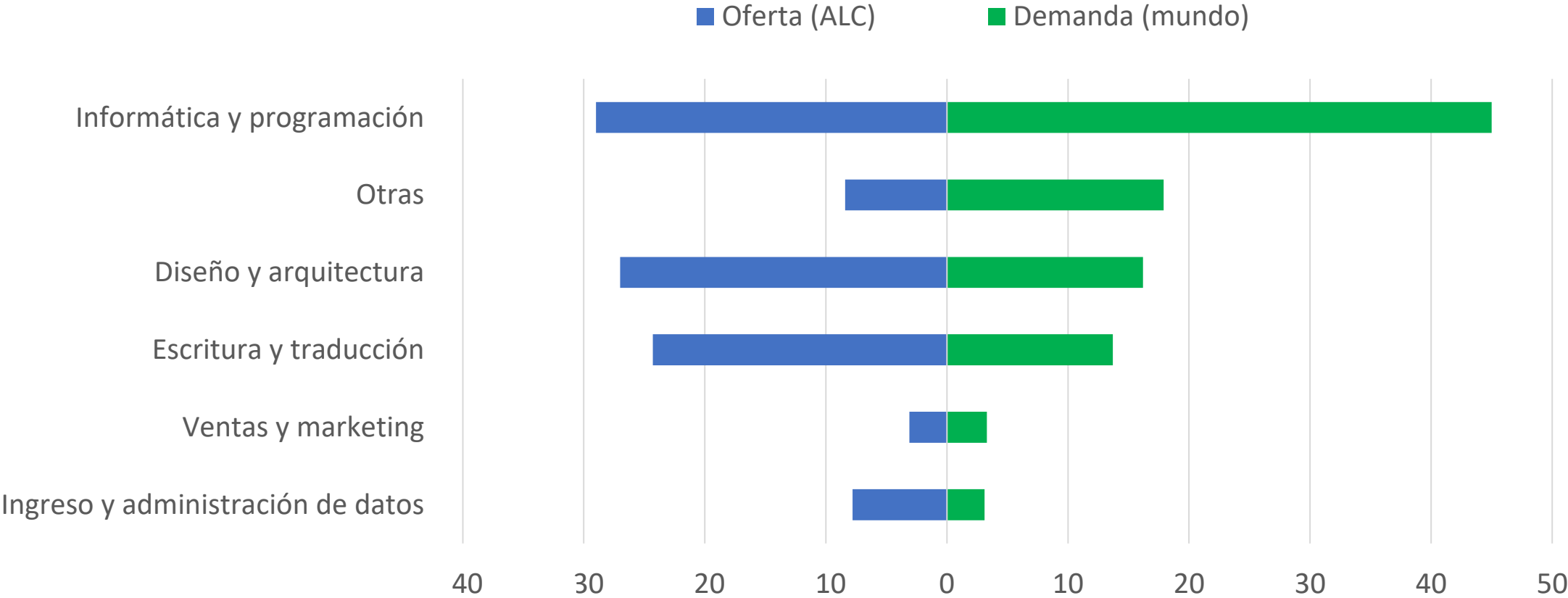


Fuente: Manpower, 2023. "Global Talent Shortage". Disponible en: <https://go.manpowergroup.com/talent-shortage>



There is evidence of skills gaps in the region.

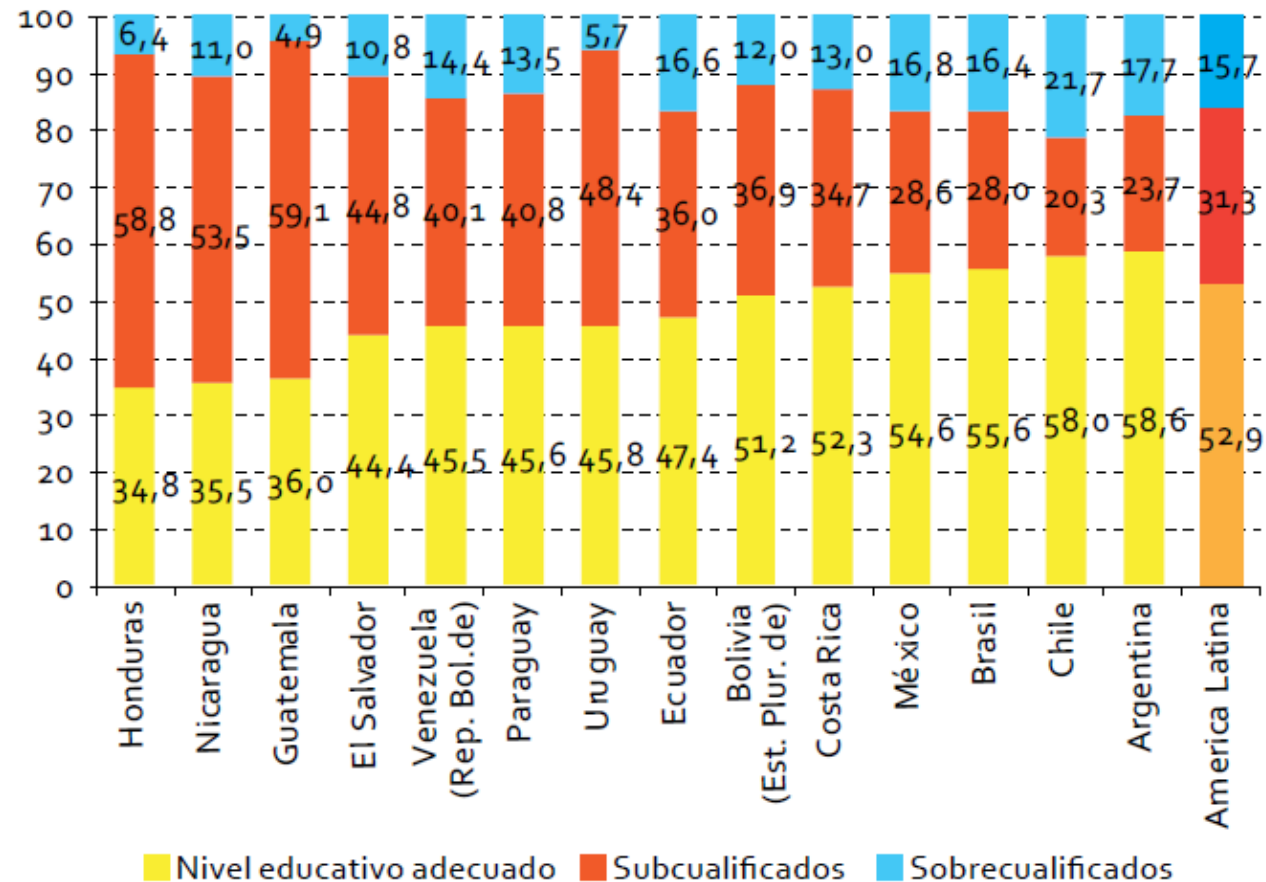
Demand for skills in the global labor market and their respective supply in Latin America and the Caribbean, percentage of occupational job categories, 2019



Fuente: OECD et al. (2020), Latin American Economic Outlook 2020: Digital Transformation for Building Back Better, OECD Publishing, Paris

There is evidence of skills gaps in the region.

América Latina (14 países): proporción de trabajadores con un nivel educativo adecuado, subcualificados o sobrecualificados, cerca de 2019
(En porcentajes)

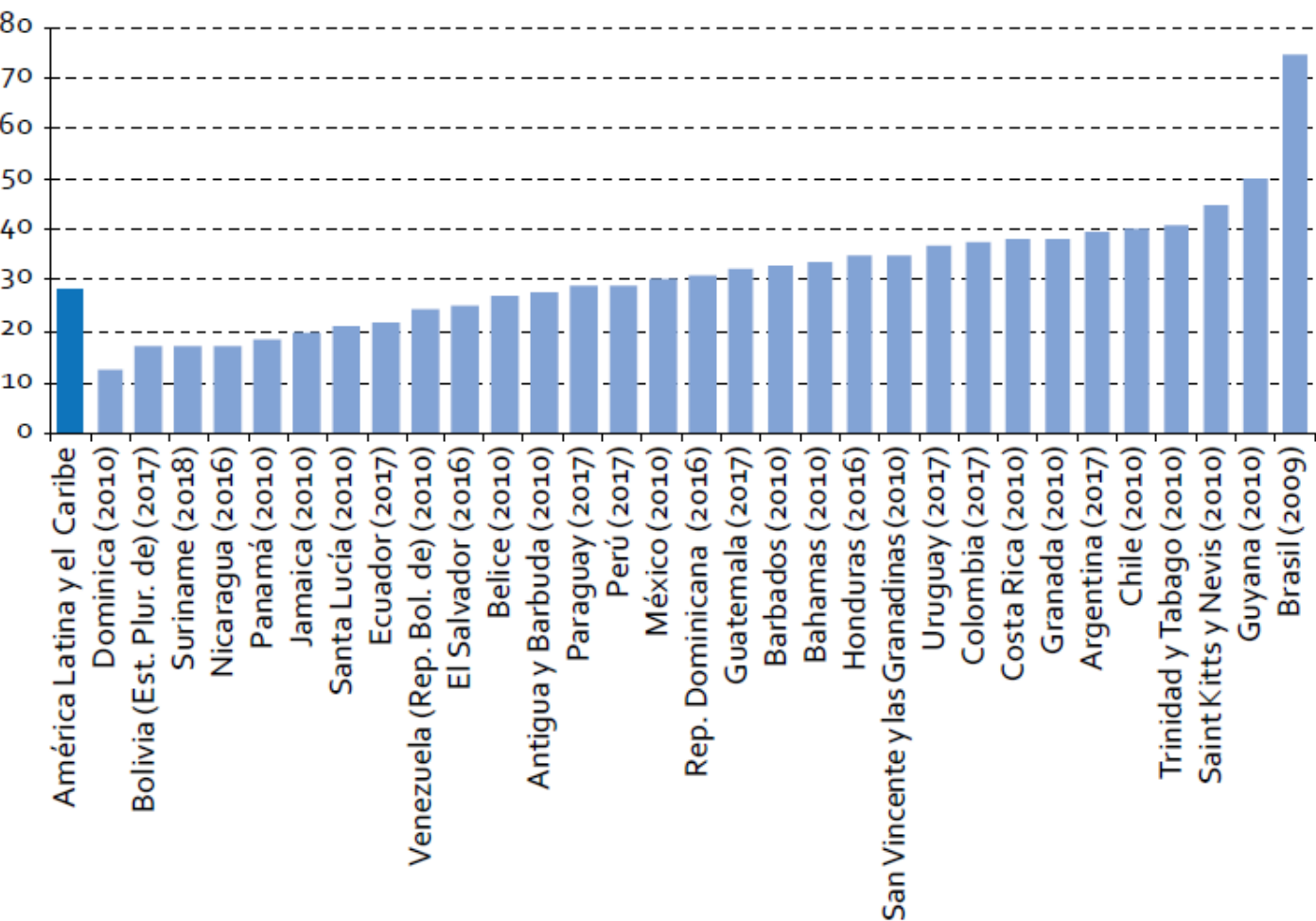


Fuente: Gontero y Novella (2021) "El futuro del trabajo y los desajustes de habilidades en América Latina" CEPAL



There is evidence of skills gaps in the region.

Empresas del sector manufacturero que identifican a la formación deficiente de los trabajadores como una limitación
(En porcentajes)



Survey of manufacturing companies in LAC: for 29%, poor training is a constraint to business development

Fuente: Banco Mundial, "Enterprise Surveys" <http://www.enterprisesurveys.org>, en Gontero y Novella (2021) "El futuro del trabajo y los desajustes de habilidades en América Latina" CEPAL



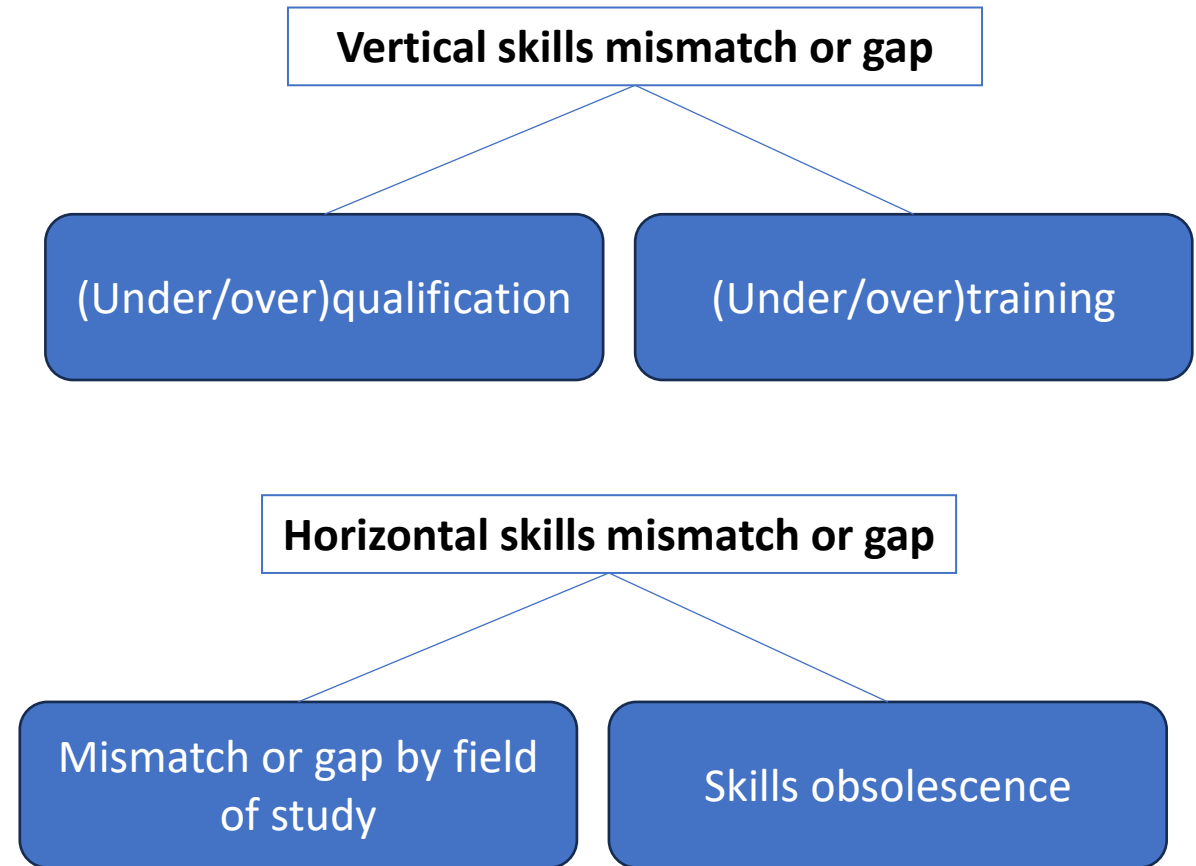
However, the causes and consequences of the skills mismatch are diverse and require different policy approaches.

Types of skills mismatch

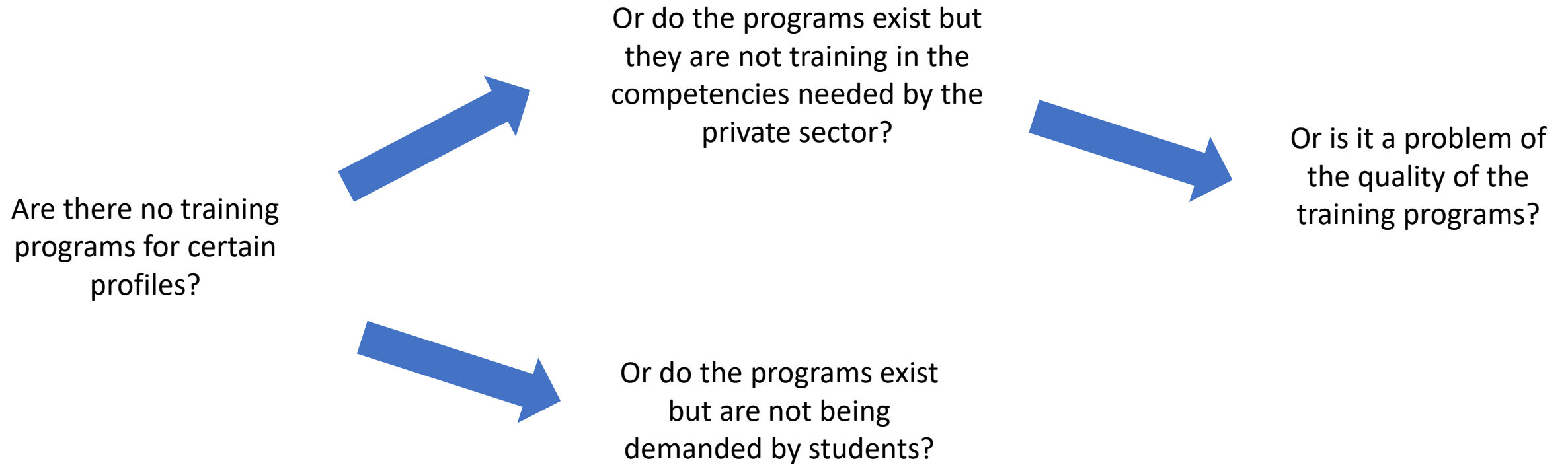
Brecha de habilidades (*skills gap*)

Escasez de habilidades (*skills shortage*)

Oversupply of skills

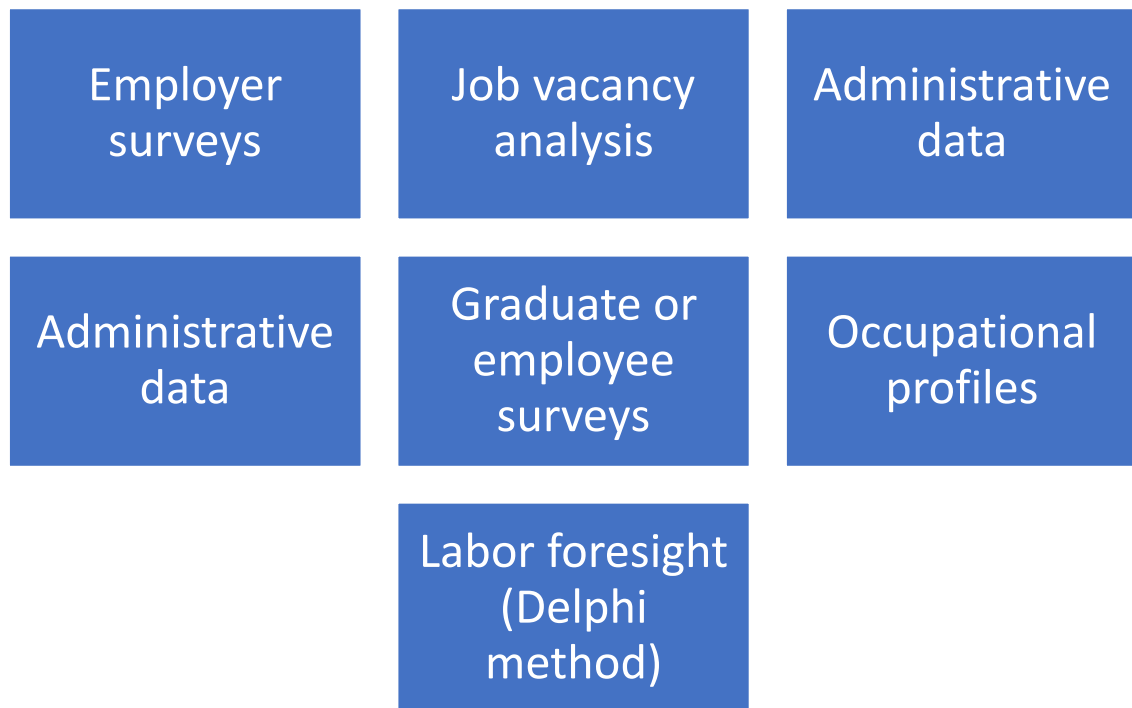


Not everything can be solved by creating new programs: it is necessary to adopt a diagnostic approach to the problem.



The challenge of measuring skills supply and demand

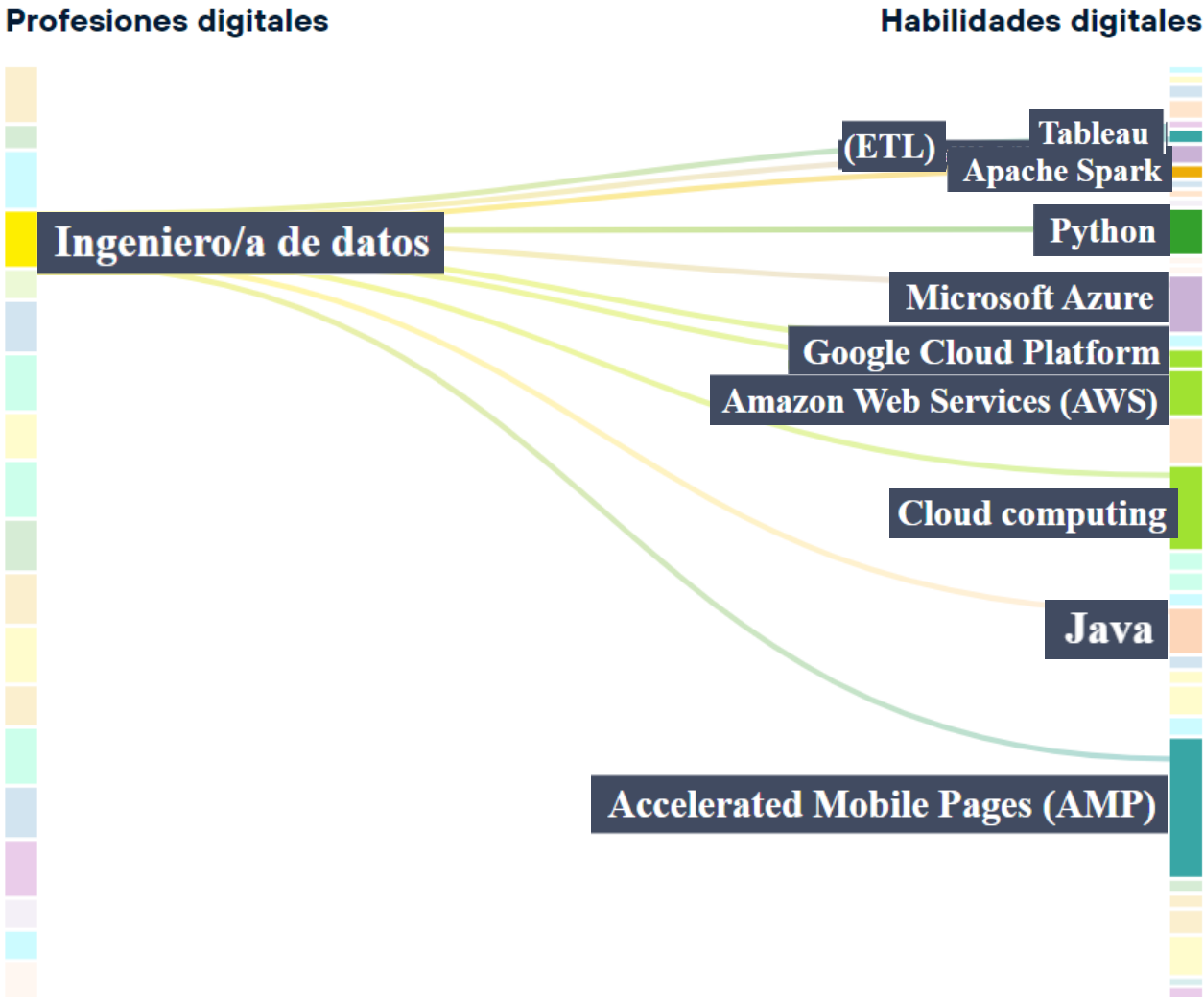
Some measuring tools



- There is no ideal instrument
- In general, the application of these analyses is costly, time-consuming and expensive.
- Although the identification and closing of gaps should be done for all sectors, these agendas require time and resources.
- It is therefore key to prioritize these efforts on the priorities defined by the countries and their territories under their PDPs..
- In addition, it will be key to seek more cost-efficient ways to carry them out.



Example: use of digital technologies to identify digital skills demands



■ Ingeniero/a de datos ▾

23

Veces que se solicitan las siguientes habilidades en oferta
Ingeniero/a de datos

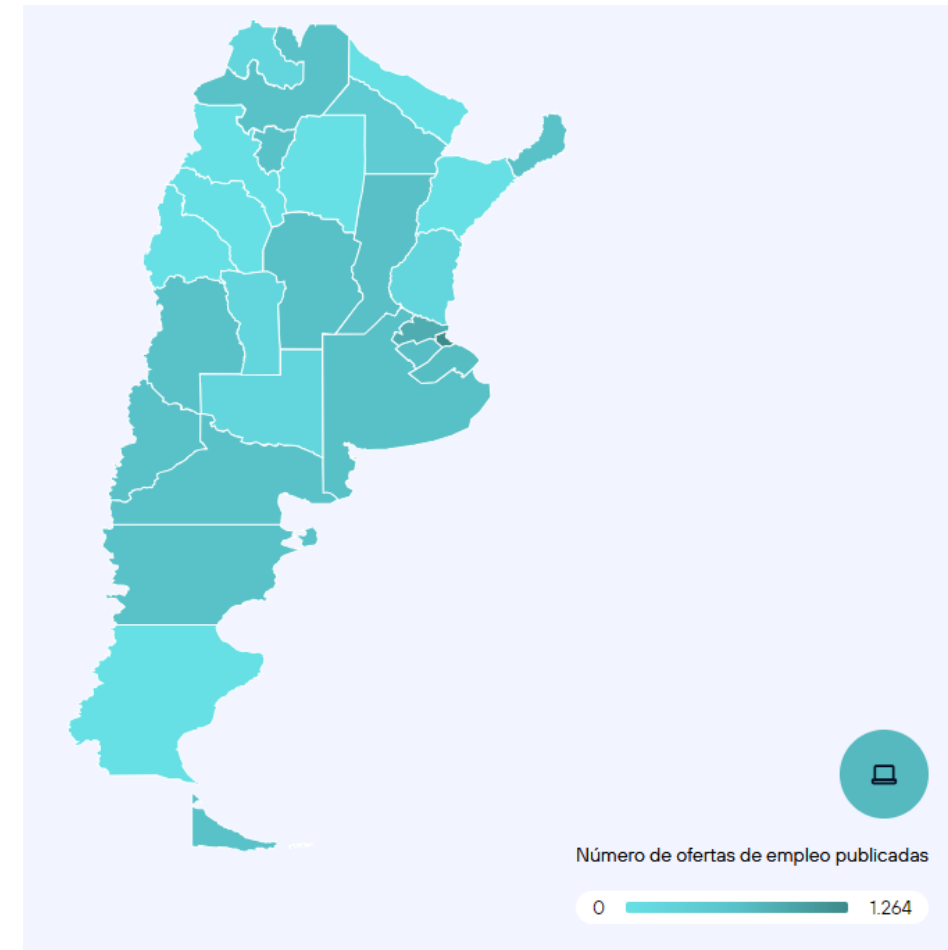
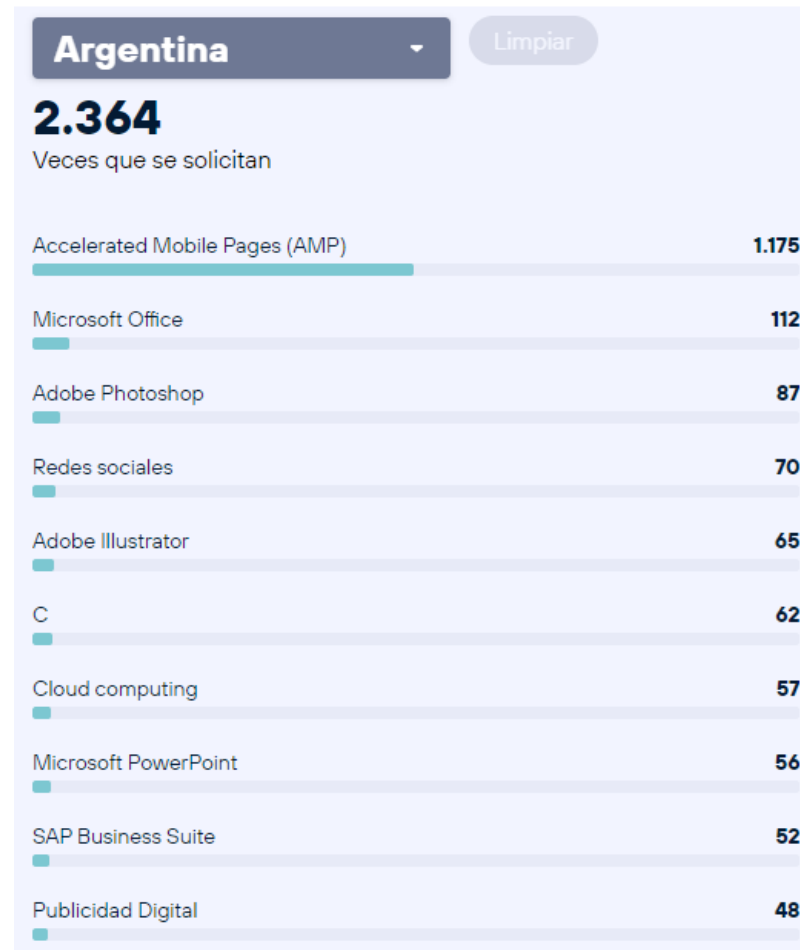
■ Tableau	1
■ Extract, Transform and Load (ETL)	6
■ Apache Spark	2
■ Python	4
■ Microsoft Azure	2
■ Google Cloud Platform	1
■ Amazon Web Services (AWS)	1
■ Cloud computing	1
■ Java	1
■ Accelerated Mobile Pages (AMP)	4



Example: use of digital technologies to identify digital skills demands



- Mapping of the most demanded digital skills in job offers for digital professions in each province (Argentina and Chile).



Fuente: Conecta Empleo Fundación Telefonica – Disponible en <https://conectaempleo-formacion.fundaciontelefonica.com/>



Use of digital technologies to identify digital skills demands

Advantages and disadvantages of the use of online job postings for skills needs analysis

Advantages	Disadvantages
(Almost) instantaneous	The information is unstructured and imperfect
Large volume of information	Non-representative issues
Time and profitability	Measurement errors (e.g., duplication or extension of vacancy life)
Detailed information on inter- and intra-unit skills and skills needs	Privacy concerns, ethical/legal considerations

Fuente: OIT, 2020. *The feasibility of using big data in anticipating and matching skills needs.*



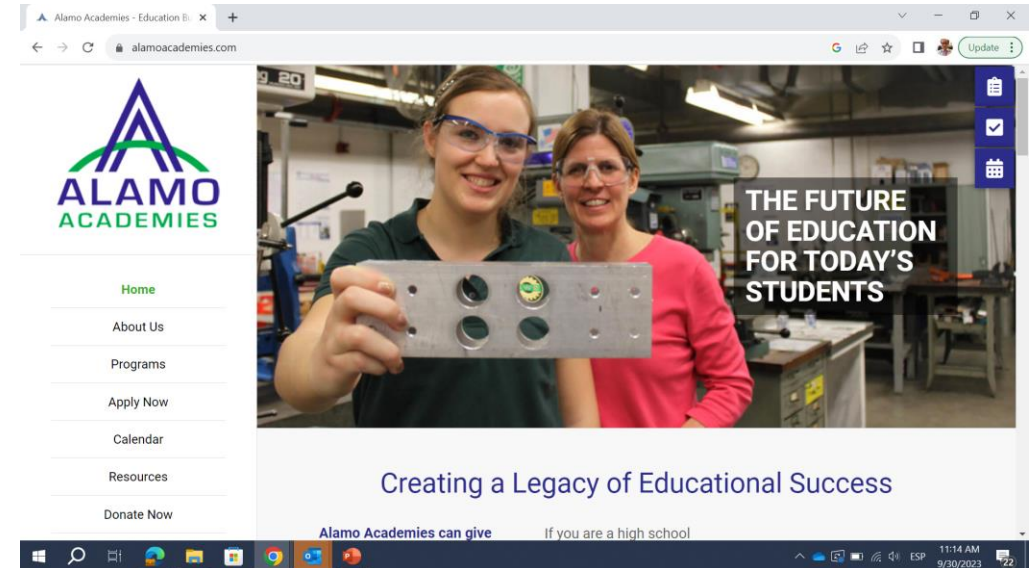
The identification and closing of skill gaps requires a coordinated effort between the public, private and academic sectors, supported by solid institutional arrangements.

Germany: Dual vocational training

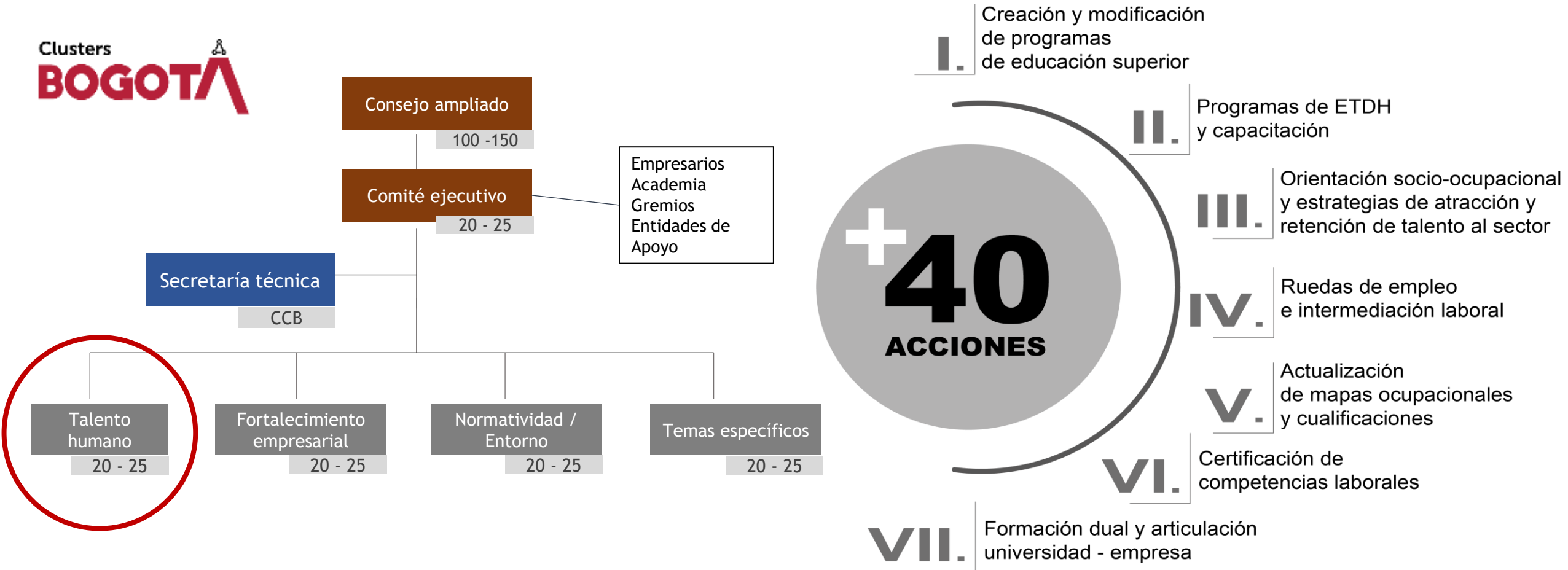


- Participants acquire, at the same time, practical skills in a company and theoretical knowledge in a vocational training institute..
- In LAC, experiences in countries such as Mexico, Ecuador, and Colombia

Texas



Cluster initiatives are a very powerful way to organize these agendas for identifying and closing skill gaps.



4. Some final thoughts

Some final thoughts

- To address the productivity challenges facing Latin America and the Caribbean, our region will need to scale up and improve its productive development efforts.
- Part of this will involve implementing in-depth agendas for identifying and closing skills gaps, linked to the productive priorities of the countries and their territories.
- To this end, more cost-efficient ways must be developed for identifying these gaps and working on forceful agendas for closing them, supported by solid multi-stakeholder institutional arrangements.
- At ECLAC we will be deepening this agenda, ready to work with other actors and to accompany national and subnational governments in the development of these efforts.





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Glifos nahuas, bajo relieve
en el caracol del edificio de la sede
de la CEPAL en Santiago.

