



JOBS



Regional Jobs Update: *Insights from Labor Force Surveys* Latin America and the Caribbean

May 2025¹

Poverty and Equity Global Practice

Key FINDINGS

- **Jobs drive poverty reduction** in Latin America and the Caribbean (LAC), accounting for two-thirds of the decline during the last period of rapid progress (2009-14).
- **Over the past decade LAC generated about 27 million *net* new jobs**—with a jobs growth rate on par with those of other world regions.
- **Most of the job creation was observed in larger firms** (with more than 5 employees), **urban centers, the commerce and hospitality sectors, and among skilled workers.**
- **Youth unemployment fell by more than 5 percentage points since 2016, primarily driven by growth in salaried jobs in the private sector.**
- **Despite an increase in wage employment, the new jobs were disproportionately informal arrangements without pension or other labor benefits.**
- **Declining earnings returns to education contributed to modest labor earnings growth at 0.7 percent annually since 2016**
- **Also from 2016 on, the region experienced limited productivity growth and structural transformation**, indicating stagnant labor demand.
- **The labor market is expected to become less dynamic in 2025** based on recently downgraded economic growth projections

¹ This brief summarizes the main trends related to labor markets in Latin America and the Caribbean (LAC) in the period 2016–24, using harmonized labor surveys from the Labor Database for Latin American and the Caribbean (LABLAC) created by the World Bank and the Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS; Center for Distributive, Labor and Social Studies). It also compares LAC against other regions using data from the Global Labor Database (GLD) and the International Labour Organization (ILO). This brief was produced by the Poverty and Equity Global Practice in the Latin America and Caribbean Region of the World Bank. The core team included Karen Barreto Herrera, Luis Eduardo Castellanos Rodríguez, Catalina García García, Diana Sanchez Castro, and Camila Monzon, under the leadership of Hernan Winkler and the guidance of Carlos Rodriguez Castelan. The team thanks the LinkedIn Economic Graph Research Institute for sharing the latest LinkedIn data refresh and feedback, and Bill Maloney, William Wiseman, Josefina Posadas, Yuri Yamashita and the staff from the LAC Poverty team for valuable comments. Contact: lac_stats@worldbank.org.



1. Trends and projections



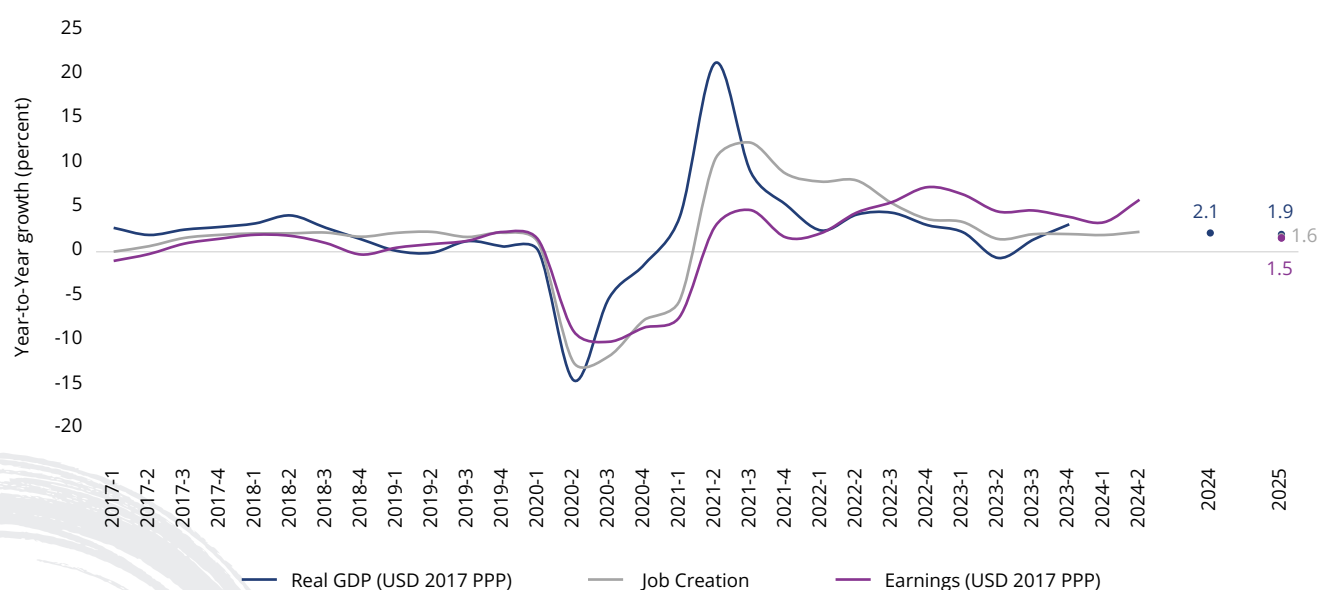
Jobs constitute the primary mechanism for poverty reduction globally (Inchauste et al. 2014). In Latin America and the Caribbean (LAC), the 2009–14 period—the last episode of rapid poverty reduction in the region—saw employment creation and earnings growth accounting for approximately two-thirds of poverty reduction. More recently, labor market performance was instrumental in reducing poverty rates to prepandemic levels (World Bank 2024). These results reflect the importance of labor income, as it comprises 57–68 percent of total household revenue across all income segments.²

The performance of labor markets in the region has followed distinct patterns in recent years. Since 2016, the labor market performance of LAC has mirrored the region's business cycle (figure 1). After the postpandemic surge, employment growth has stabilized at historical rates of approximately 2 percent year-over-year on

a quarterly basis since Q3 2023. Labor earnings have consistently outperformed GDP growth since mid-2022. Yet this impressive earnings growth tells a different recovery story than does employment. While jobs bounced back in 2021, earnings did not experience the same sharp rebound, only climbing back to prepandemic levels gradually.

Looking ahead to 2025, GDP growth is projected to decline from 2.2 to 2.1 percent (from 2.1 to 1.9 percent among countries with labor data), and LAC remains poised to be the world's slowest-growing region (World Bank 2025b). Based on current projections, job creation is expected to decline slightly to 1.6 percent year-to-year (down from about 2 percent in 2024), and labor earnings growth is expected to decelerate to 1.5 percent (down from an average of about 4 percent in early 2024).

Figure 1 GDP, Job Creation, and Labor Earnings (Year-to-Year Growth) in Latin America and Caribbean, 2017–24 (Q2)



Sources: An elaboration based on IMF data (historical quarterly GDP in USD 2017 PPP), the World Bank Spring 2025 [Macro and Poverty Outlook](#) (for GDP estimates and projections for 2024 and 2025), and on LABLAC (for the numbers of jobs and average earnings per worker [USD 2017 PPP]).

Note: For the period of study, comparable survey years for LAC were used (see table A5). Earnings growth and job creation are based on the average total labor income per worker and total number of people employed, respectively. LAC earnings are the weighted average (using total employment) of country-level figures. GDP real growth covers the same countries included in the labor data. The 2025 projections for earnings growth and job creation are based on a linear model using country-quarter-level GDP growth and quarter fixed-effects as independent variables.

Box 1. High-Frequency Employment Trends Using Data from LinkedIn

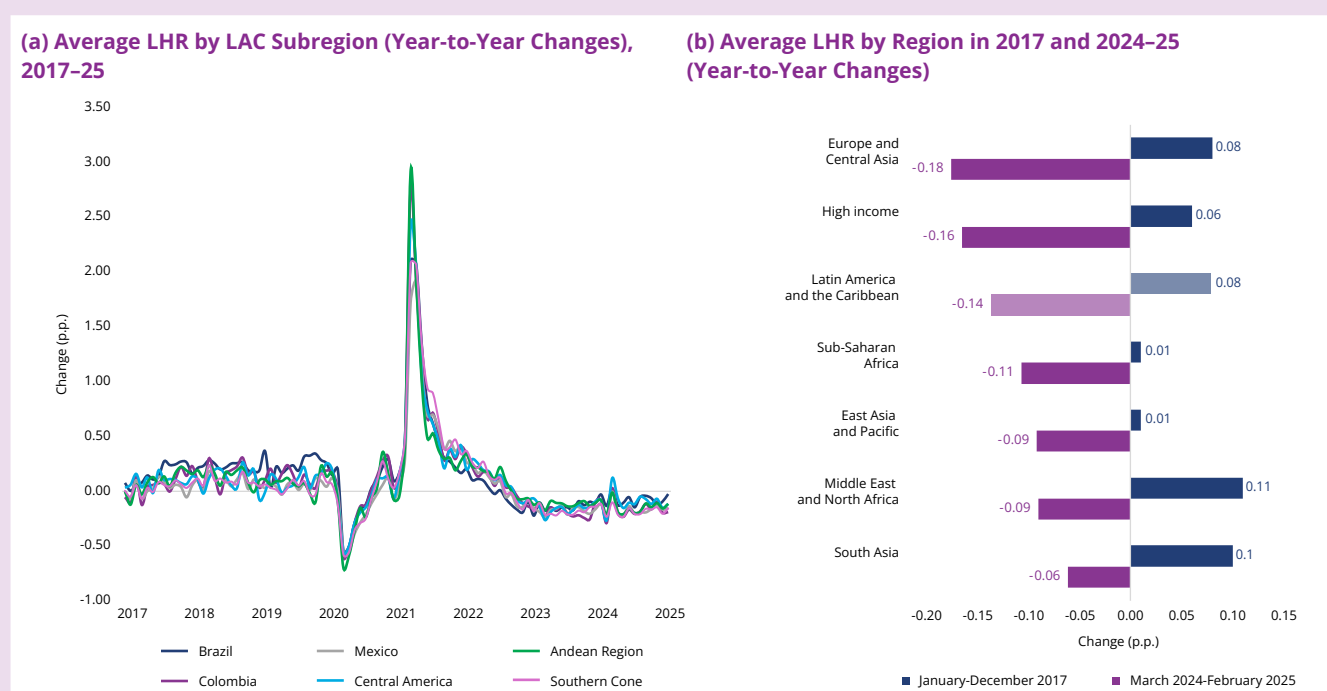
LAC's LinkedIn Hiring Rate (LHR) mirrors the job creation patterns captured by labor force surveys (LFS): a crash during the pandemic, a surge in 2021, then a post-2023 plateau (figure B1a).³ But unlike the narrative told by the LFS figures, LAC's 2024–25 LHR remained stuck below 2017 levels as of February 2025, signaling an incomplete recovery.

LAC is not the only region facing this challenge—in February 2025 all global regions showed hiring growth rates below 2017 benchmarks (figure B1b). At that point LAC was outperforming Europe and Central Asia (ECA) and high-income countries, but was trailing East Asia and the Pacific (EAP), Middle East and North Africa (MNA), and

Sub-Saharan Africa (SAR). This contradicts LFS data where LAC, ECA and high-income economies saw employment gains outpacing those of other regions (except SAR). The discrepancy suggests that while LAC created more jobs overall, it struggled in the higher-skilled, tech-forward sectors captured by LinkedIn data.

LAC's worst-performing sectors in terms of LHR in early 2025 (with respect to the same months of 2024) were consumer services, education, administrative support, and manufacturing. In contrast, wholesale, transportation and logistics boasted the strongest hiring rates, exceeding 2024 averages.⁴

Figure B1. LHRs in LAC and Other Regions, 2017–25 (February) (Year-to-Year Changes)



Source: Elaborations based on data from [LinkedIn Economic Graph](#).

Note: The LHR is the number of LinkedIn members who added a new employer to their profile in the same month the new job began, divided by the total number of LinkedIn members in that country. The LHR is a monthly year-to-year change. Regional Aggregate: Country group values are arithmetic means of country-level and month-level LHR. Country groupings exclude high-income countries (except for LAC and high-income). Regional and income country classifications follow the [World Bank](#).

3 LinkedIn data offers complementary insights to traditional Labor Force Surveys (LFSs) for labor market analyses. While LFSs provide statistically rigorous, nationally representative samples with consistent methodologies over time, they typically become available with lags and often lack granularity on professional skill demands and emerging occupations. In contrast, LinkedIn's data delivers real-time visibility into hiring patterns, helping detect early trends before they materialize in official statistics. However, the data have important limitations – they are a non-random sample with overrepresentation of higher-skilled professionals and highly digitalized industries, and they have uneven coverage across countries. Nevertheless, when used together, these data sources provide a more comprehensive picture.

4 In the LinkedIn data, these are typically higher-skilled positions even if some these sectors are not considered high-skilled.

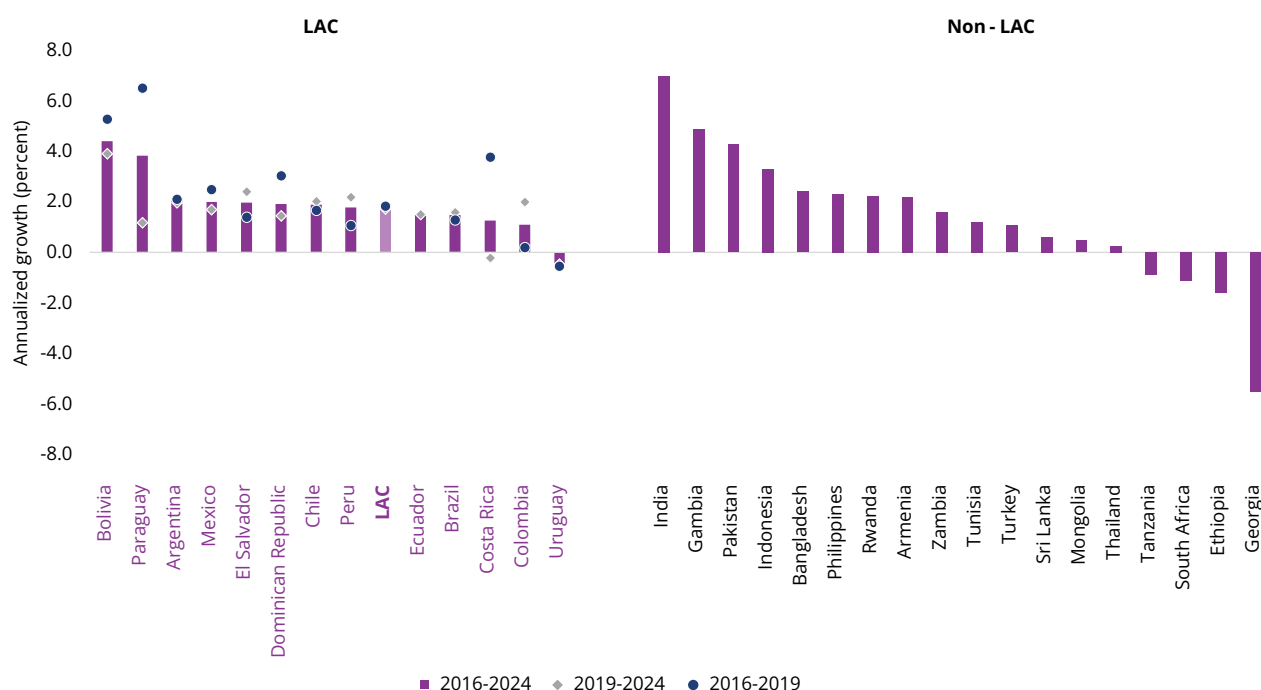


The pace of job creation varied greatly within the LAC region. Between 2016 and 2024, Bolivia led the region with job creation with a rate of 4.4 percent annually— partly powered by its fast-growing working age population (figure 2). Paraguay and Argentina also performed above the regional average with rates of 3.8 and 2 percent, respectively. In contrast, Colombia and Costa Rica demonstrated considerably slower job growth with annual rates of 1.1 and 1.2 percent, respectively.

Uruguay recorded net job losses during this period, to some extent reflecting its declining population.

Despite having the lowest economic growth among global regions since 2015, LAC has maintained employment growth comparable to countries in other regions. This disconnect suggests that LAC is creating jobs without improving productivity, which may explain the region's persistently low job quality indicators (discussed in later sections).

Figure 2 Job Creation, LAC vs. Peer Countries, 2016 vs. 2024 (annualized growth rate, percent)



Source: An elaboration based on data from LABLAC for LAC countries and on the Global Labor Database (GLD) for non-LAC countries.

Note: The variation in time frames reflects the need to use comparable survey years for LAC (see tables A5 and A6). Annualized changes are from the first to the last period. The LAC average is the aggregated job creation rate for countries with comparable surveys in 2016 and 2024.

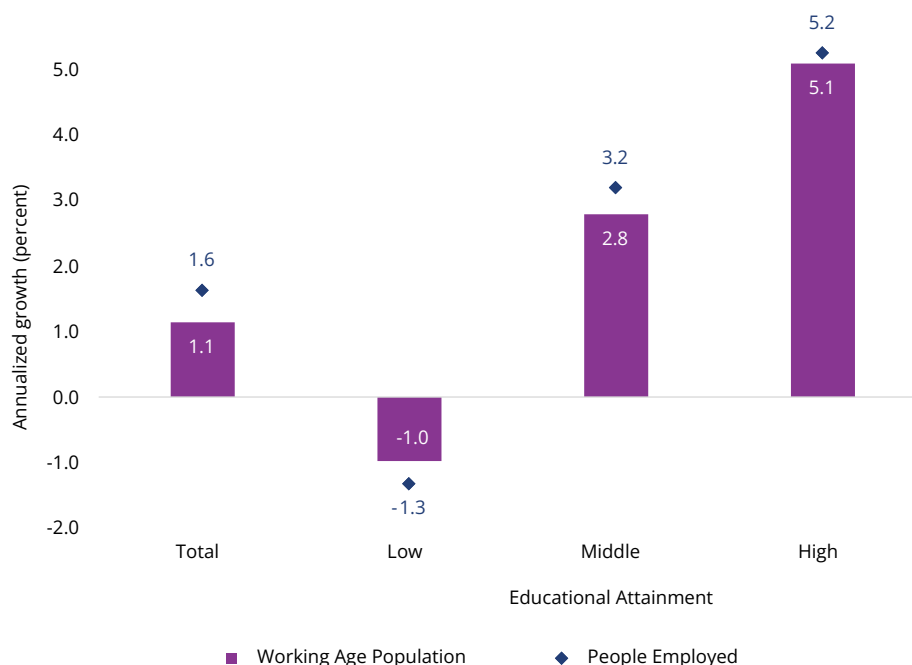
The LAC region has observed a process of human capital accumulation over recent decades that has been linked to its labor force's taking on a more educated profile. Between 2016 and 2024, the population ages 15 and over with at least tertiary education grew at a remarkable annual rate of 5.1 percent (figure 3). In contrast, those with just a high school diploma increased at a lower rate of 2.8 percent annually, while the population without completed high school education declined.

This educational transformation of the labor force was mirrored in regional employment patterns. Job growth was consistently stronger among more-educated segments of the workforce. Employment expansion slightly outpaced working-age population growth for those with higher-education credentials, resulting in improved employment rates for these

groups. Conversely, individuals without a high school diploma experienced job declines at a rate of 1.3 percent annually, which exceeded their working-age population decline by 0.3 percentage points (p.p.). This disparity has resulted in decreased employment rates for this demographic group. With some nuances, these patterns are observed in every country in the region (table A1).⁵

Despite these achievements, LAC's education systems are not necessarily delivering job-ready skills. Three out of four 15-year-olds fail basic math proficiency and over half cannot read adequately.⁶ Most countries showed no improvement in these critical metrics (Saavedra and Regalia 2023). In addition, 22.8 percent of firms in LAC identify an inadequately educated workforce as a major or very severe constraint, above the global average of 19 percent.⁷

Figure 3 Working-Age Population and Total Employment in LAC by Education Level, 2016–24 Annualized Growth (percent)



Source: An elaboration based on data from LABLAC for LAC countries with comparable data in 2016 and 2024 (see table A5).

Note: For the period of study, comparable survey years for LAC were used (see table A5). Annualized changes from the first to the last period. The LAC average is the aggregated job creation rate for countries with comparable surveys in 2016 and 2024. Following the ILO definition, low-skilled workers are defined as those who have not completed secondary education, middle-skilled workers are those with complete secondary but not tertiary education, and high-skilled workers are those who have completed tertiary education.

⁵ However, high-skilled employment growth was lower than middle-skilled average growth in Paraguay and the Dominican Republic, and middle-skilled employment growth was lower than low-skilled employment growth in Peru and El Salvador.

⁶ As a reference, less than 30 percent of Vietnamese students are below basic proficiency levels in math and reading (OECD 2023).

⁷ See [World Bank Enterprise Surveys](#)



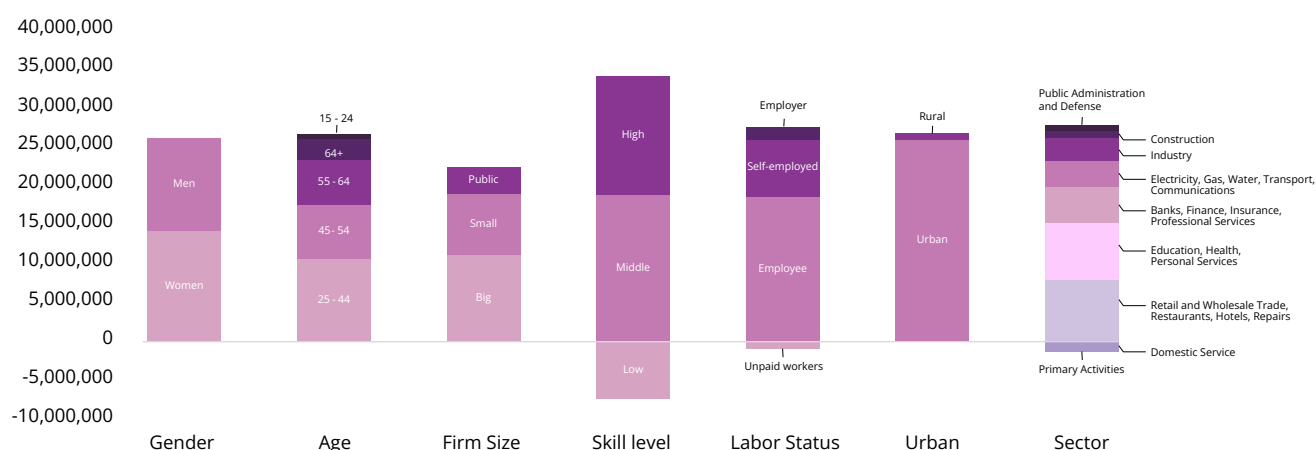
Between 2016 and 2024, LAC generated about 27 million *net* new jobs.⁸ The employment landscape transformed across labor market segments (figure 4). Retail and hospitality surged (+7.9 million jobs), while education, health and personal services expanded robustly (+7.3 million), together accounting for over half of all new positions. Meanwhile, the primary sector contracted, shedding more than 1.2 million jobs, while manufacturing added 2.9 million positions. When job creation is disaggregated by company size, larger firms (more than 5 employees) led job creation with 11.1 million new net positions, while small enterprises contributed 7.9 million. The public sector expanded by 3.4 million jobs.⁹

The growth in new salaried positions was more than double the increase in jobs in self-employment, 18.6

million versus 7.4 million. The region added 1.6 million new employers/entrepreneurs, while unpaid work declined by 900,000 jobs.

Women secured 54 percent of the new positions, corresponding to 14.5 million jobs. Urban centers dominated job growth with 25.9 million new positions, while rural areas added just 800,000 jobs. Prime-age workers (25–44) secured over one-third of the new positions (10.7 million), while youth employment grew marginally (+648,000 jobs). Workers ages 64 and older claimed 2.7 million new positions. Educational attainment significantly influenced employment gains: high school graduates filled 18.8 million new positions, while those with postsecondary education secured 15.2 million jobs.

Figure 4 Numbers of Net New Jobs Created in LAC by Category, 2016–24



Source: An elaboration based on data from LABLAC for Argentina, Bolivia, Brazil, Chile, Costa Rica, the Dominican Republic, Mexico, Peru, and El Salvador.

Note: The figure presents the absolute changes in the numbers of employed people between 2024 and 2016. While all the bars should in theory have the same height, some are shorter due to missing values in the categorical classification (most notably firm type and size).

⁸ Using the sample of countries with comparable data (Argentina, Bolivia, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Mexico and Peru). According to ILO Modelled Estimates for the *whole* LAC region, 28.3 million jobs were created.

⁹ The public sector concentrates between 4 percent (Colombia) and 17 percent (Argentina) of total employment in LAC.



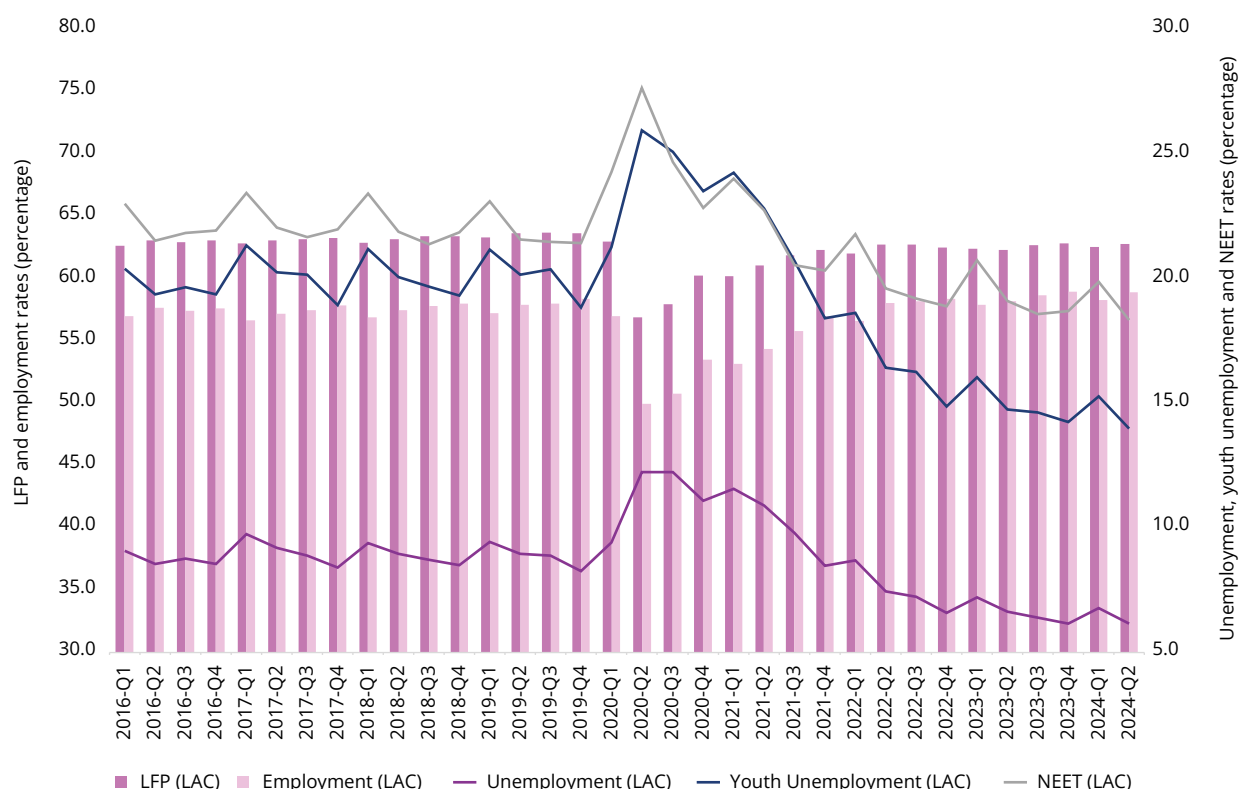
2. Labor Market Structure



LAC's employment landscape during the period of study showed mixed gains from 2016 on. The working-age employment rate climbed 1.3 p.p. to 58.9 percent in 2024, while unemployment dropped from 8.5 to 6.2 percent (figure 5). Some of the unemployment decline stemmed from a slight drop in labor force participation (LFP) (-0.3 p.p.). Despite the improvement in employment and unemployment rates with respect to prepandemic levels, LFP still lagged 0.9 p.p. below its prepandemic benchmark as of 2024.

Youth unemployment fell over 5.4 p.p. from 2016 on, yet remained high at 14 percent in 2024—more than double the overall unemployment rate. More concerning is LAC's Not in Employment, Education, or Training (NEET) challenge: nearly one in five young people were in this category, effectively not building skills through either work or schooling. While slightly below the global average of 20.4 percent, this rate significantly exceeded the average of both high-income countries (10.4 percent) and upper-middle-income countries (16.6 percent) (ILO 2024).

Figure 5 Employment, LFP, and Unemployment Rates in the LAC Region, 2016–24 (percentage)



Source: An elaboration based on data from LABLAC for LAC countries with comparable data across every quarter of the sample (see table A5). Peru, Chile, and Bolivia were excluded from the NEET due to insufficient data for indicator construction.

Note: LAC aggregates are the weighted averages of country-level outcomes.



Employment rates strengthened or held steady across most socioeconomic segments during the 2016–24 period (figure 6). Women emerged as clear winners, outpacing men in job growth and achieving a substantial 2.3 p.p. employment rate increase. Their employment surge was not limited to specific areas of the labor market—across most countries, women's employment numbers grew throughout a range of economic sectors, frequently surpassing men's gains (tables A3 and A4).

Youth employment rates rose despite minimal or negative job creation rates (below 0.4 percent), primarily due to demographic contraction within this cohort. Seniors (65+) faced an employment rate decline despite robust annual job expansion of about 6 percent or more, significant growth that nevertheless failed to match the rapid expansion of the region's older population. Most concerning is the situation of workers with low levels of educational attainment, who suffered a 2.7 p.p. employment rate drop, driven by actual job decline within this vulnerable segment.

Figure 6 Employment Rates and Job Growth in LAC by Gender, Age, and Skill Level, 2016–24



Source: An elaboration based on data from LABLAC for LAC countries with comparable data in 2016 and 2024 (see table A5).

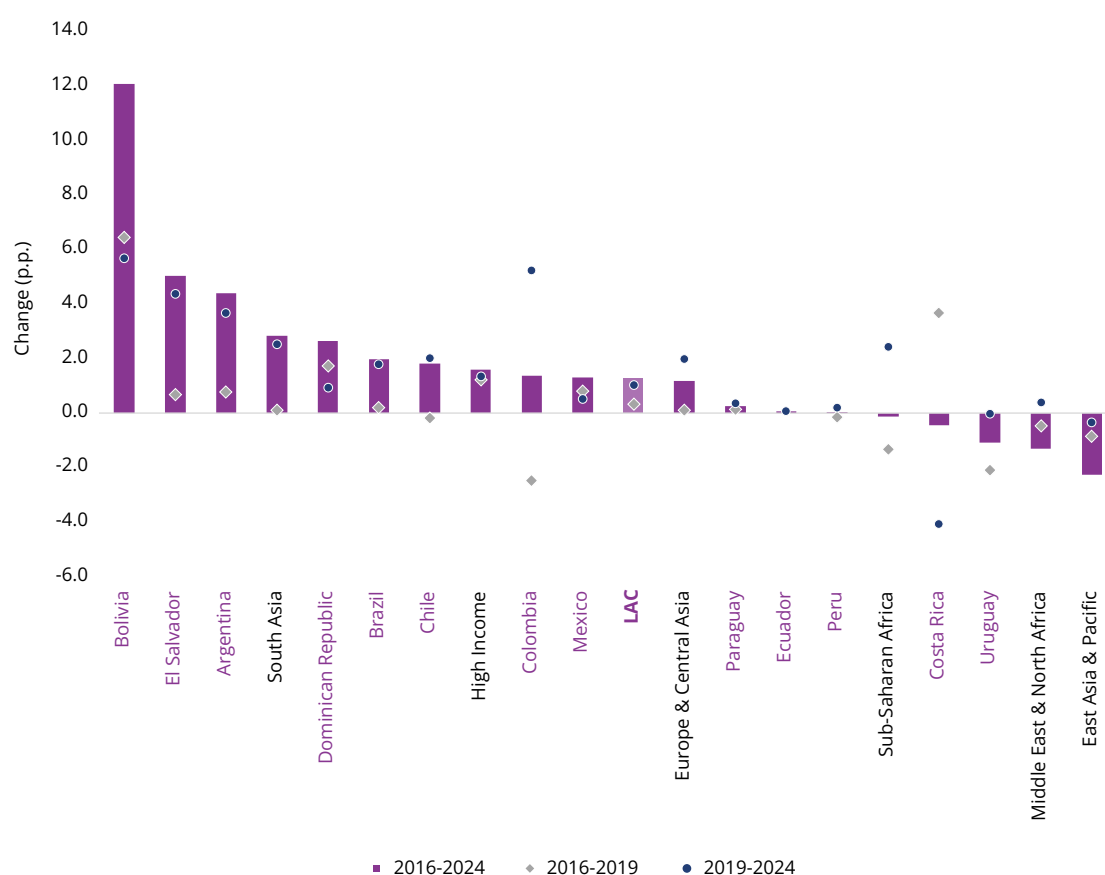
Note: LAC aggregates are the weighted averages of country-level outcomes.



Between 2016 and 2024, the increase in the employment-to-population ratio in LAC matched that of ECA and was higher than that of all other world regions except South Asia and high-income countries. Bolivia led with a 12.1 p.p. surge, while Argentina followed with a 4.4 p.p. jump. However, neither country was able to translate these gains into an improvement in job quality as described in the

next sections, whereas El Salvador and the Dominican Republic did, adding jobs with better conditions. On the downside, two LAC countries saw employment rates fall, with Costa Rica and Uruguay experiencing declines of 0.5 and 1.1 p.p., respectively. In all LAC countries except Costa Rica, employment rates returned to or surpassed prepandemic levels.

Figure 7 Employment Rate Changes in LAC Countries and LAC vs. Other Regions, 2016 vs. 2024 (p.p.)



Source: An elaboration based on data from LABLAC (for LAC countries) and on ILOSTAT (statistical database of the International Labour Organization) modeled estimates (for regions and high-income countries except for LAC).

Note: Geographic regions (except LAC) exclude high-income countries. The years used were those closest to the ones in the legend and those that were comparable (see table A5). LAC aggregate is weighted averages of country-level outcomes.



Labor informality remains a significant challenge for the LAC region. Using a productivity-based approach,¹⁰ with informality defined as being salaried in microfirms, unskilled self-employed, or an unpaid family worker, LAC achieved improvements between 2016 and 2024, with informality rates declining 2.3 p.p. to 42.1 percent of workers (figure 8).

The regional figures, however, mask country-level disparities, with Chile and Costa Rica having relatively low informality rates (27 and 34 percent, respectively) while Peru and Bolivia show rates exceeding 60 percent. The most notable reductions occurred in Costa Rica (-4.6 p.p.), Chile (-3.3 p.p.), and Colombia (-4.2 p.p.). In Bolivia and Peru, not only were the informality rates the highest in the region in 2024, but the rates had increased compared to 2016.

In contrast, if the social protection definition of informality¹¹ is used, informality of wage employees increased 0.6 p.p. in LAC over the period of study, reaching 30.5 percent in 2024. This was driven by rises in seven LAC countries, including Argentina (3 p.p.), Bolivia (7.1 p.p.), and Peru (6.9 p.p.) (the countries with the biggest jumps).

These divergent measurements reveal the challenging reality that while salaried employment

grew across most countries (especially Paraguay, Bolivia, and Ecuador), most of these positions lacked formal benefits. The productivity-based improvement stems primarily from declining shares of unskilled self-employment and unpaid family work, counterbalanced by increases in skilled self-employment and, to a lesser extent, employment in larger firms. Simultaneously, salaried work without pension benefits has increased—confirming that formalization remains incomplete despite structural shifts in employment composition.

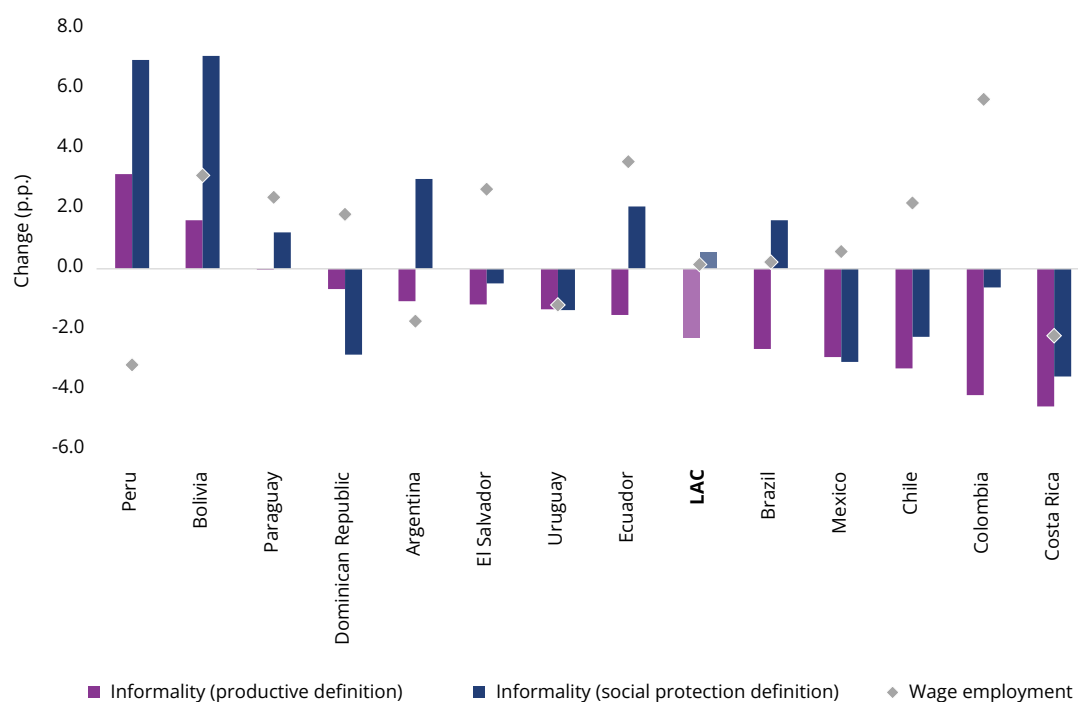
Beyond salaried employment, regional job-quality metrics show that more jobs were created, but without an increase in the proportion of better-quality employment. Underemployment, defined as employed persons' working fewer hours than desired who are seeking and available for additional work, remained high at 5 percent in most countries in 2024, exceeding the averages of both upper-middle-income (4.9 percent) and high-income economies (3.2 percent).¹² The more comprehensive Job Quality Index (JQI), which combines four dimensions that characterize a good job (Brummund et al 2018.), confirms this troubling trend, with half of the region's countries for which data are available experiencing declining employment quality (Barreto Herrera et al. 2024) (figure A1).¹³

¹⁰ The productivity-based definition considers as informal those workers who have salaried jobs in small firms (with fewer than five employees), are self-employed without education beyond high school, or are unpaid family workers.

¹¹ The social protection definition considers as informal those workers without an old-age pension or health insurance.

¹² These rates are the aggregated time-related underemployment rates by sex and age according to ILO modeled estimates (November 2022 – Annual). Underemployed individuals must meet three criteria during the reference period: they must actively desire additional work hours, they must be readily available to undertake these hours within a specified time frame when opportunities arise, and their actual working hours across all employment must fall below a nationally determined threshold. This classification applies to all employed persons meeting these requirements.

¹³ The JQI considers four characteristics of jobs: decent earnings, benefits, stability and satisfaction.

**Figure 8** Changes in Informality and Salaried Employment Rates in LAC Countries, 2016 vs. 2024 (p.p.)

Source: An elaboration based on data from LABLAC for countries with comparable data in 2016 and 2024 (see table A5).

Note: Productivity-based informality is the employment share of unpaid family workers, unskilled self-employment, and salaried workers in small firms; wage employment is the share of salaried employees in total employment; and social protection-based informality captures salaried employees without employer-provided pension or health insurance benefits, as share of salaried employment. LAC aggregate is the weighted averages of country-level outcomes.



3. Labor Incomes



In the 2016–19 prepandemic period, labor market incomes exhibited limited gains with an annualized growth of 0.3 percent (figure 9). Income growth varied by educational attainment. While individuals with a high level of education experienced an average annual decline, those with low education levels saw an increase. Despite these shifts, schooling wage premiums remained significant, as workers with education beyond high school earned 2.9 times more than those without high school diplomas.

The post pandemic recovery was accompanied by labor income gains. In 2024, earnings rose by at least 3 percent across most socioeconomic groups. Workers with low educational attainment, however, experienced lower growth—just 0.8 percent. Despite women's significant labor market progress, their earnings growth trailed men's by 0.6 p.p. in 2024. More concerning, gender earnings disparities remained stagnant from 2016 on, with women earning on average about 22 percent less than men.¹⁴

Figure 9 Earnings Levels and Growth by Socioeconomic Group in LAC, 2016–24



Source: An elaboration based on data from LABLAC for LAC countries with comparable data in 2016 and 2024 (see table A5).

Note: LAC aggregates are the weighted averages of country-level outcomes.

¹⁴ This is the unconditional gender gap.

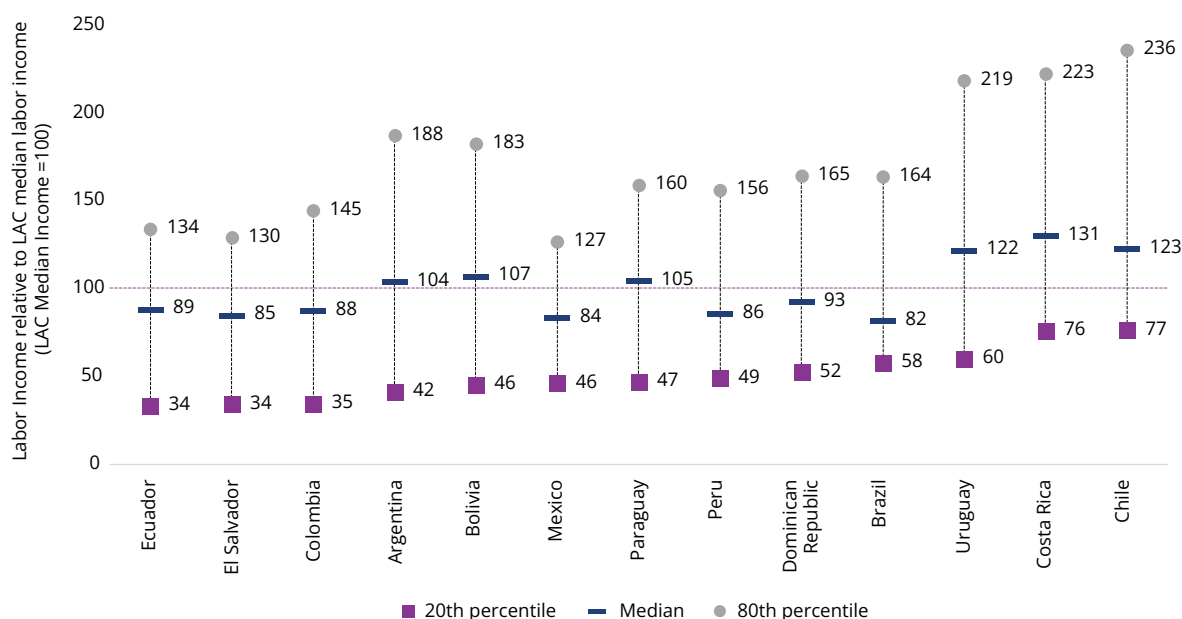


Earnings gaps persisted across LAC, shaping the regional labor income distribution. Uruguay, Costa Rica, and Chile led with median earnings 22 to 31 percent above the unweighted regional median (figure 10). Brazil and Mexico trailed in relation to this benchmark, with median earnings that were 18 and 16 percent, respectively, below it.

The disparities were more dramatic in the lower income tiers. Workers in the 20th percentile in Ecuador and El Salvador earned about one-third of the regional median, whereas top-tier workers (80th percentile) matched the median earnings in Costa Rica.

Looking beyond averages reveals critical economic realities. The LAC region is among the most unequal regions in the world (Haddad et al. 2024), **with labor market disparities as the primary driver** (Lustig et al. 2013). Three major regional economies—Argentina, Brazil, and Colombia—were marked by wage inequality levels in 2024 substantially exceeding those of peers worldwide, leading to their classification as “highly unequal” with Gini coefficients exceeding 40 points (figure A3).

Figure 10 Labor income by country relative to LAC median income, 2024 (LAC median income=100)



Source: An elaboration based on data from LABLAC for countries with comparable data in 2024 (see table A5).

Note: Each marker shows the labor income per worker at the 20th, 50th, and 80th percentiles within each country as a ratio of the median labor income per worker for LAC (computed as the simple average of country-level median incomes). Original monetary values are in USD 2017 PPP. Dashed line represents the LAC median value. Sample includes workers ages 15+.



Between 2016 and 2024, the wage and earnings growth in LAC region outpaced productivity—yet remained modest. While wages grew annually at 0.6 percent and total labor earnings at 0.7 percent, GDP per employed person stagnated (figure 11b).

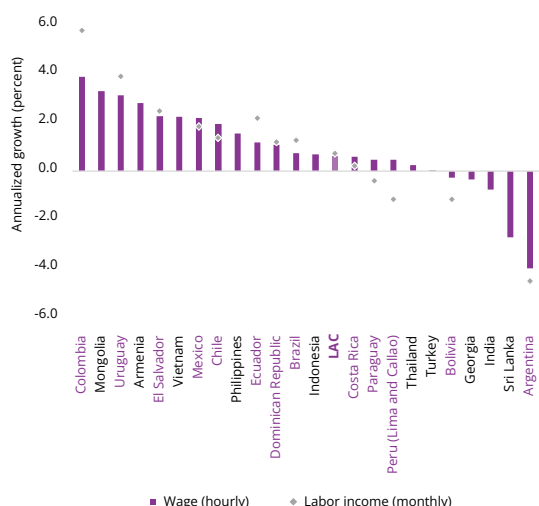
Most countries followed the expected pattern of higher earnings paired with higher productivity. Mexico emerges as an exception, achieving high wage and earnings growth despite declining productivity. Rising minimum wages during this period may partly explain this contradiction (World Bank 2025a). Costa Rica presents the opposite scenario—stagnant earnings and

low wage growth despite realizing the region's strongest productivity improvements.

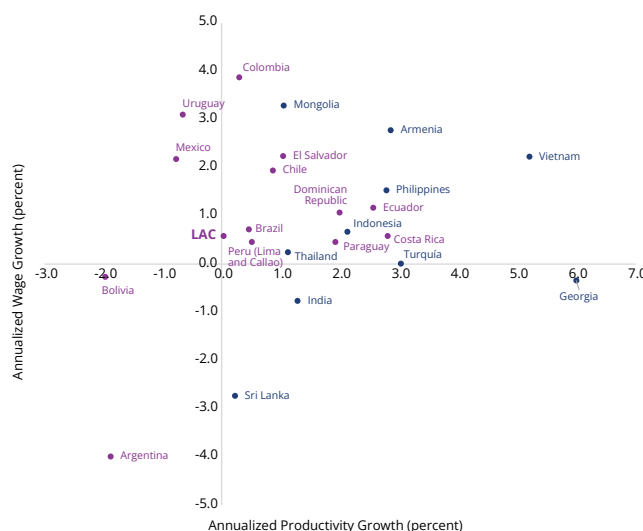
The wage growth in LAC broadly aligned with global comparators in similar economic positions. The notable distinction was that most of the comparable economies made higher productivity gains than did their LAC counterparts, suggesting a potentially stronger labor demand throughout their economies. At the same time, rising minimum wages in some of the largest LAC economies during this period, may help explain the gap between earnings and productivity growth (Engbom and Moser 2022; World Bank 2025a).

Figure 11 Wage, Earnings and Productivity Growth, 2016–24 (USD 2017 PPP)

(a) Average Wage and Labor Income Growth



(b) Wage Growth vs. Productivity Growth



Sources: Elaborations based on data from LABLAC (for LAC earnings and wages), ILOSTAT (series: Average monthly earnings of employees by sex) for non-LAC countries, and WDI (GDP per person employed, USD 2021 PPP). In terms of time coverage, the years closest to the ones in the legend and that are comparable were used (see Tables A5 and A6).

Note: The LAC aggregate is the weighted average of country-level outcomes. Workers are all those 15 years and older. Earnings include all labor income sources, while wages are the salaries of employees (excludes self-employment and employers). Productivity growth is defined as the annualized GDP per worker growth.



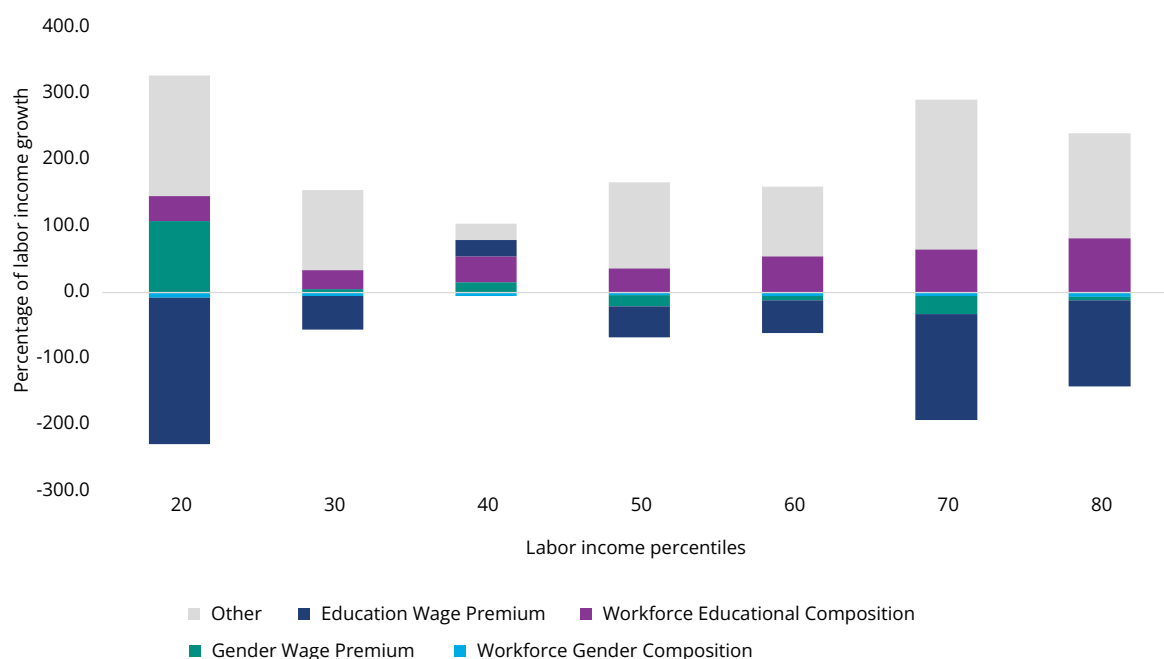
Between 2016 and 2024, educational upgrading and increased female LFP emerged as the two principal labor supply transformations. Yet, these changes did not function as the primary drivers of income growth among countries experiencing labor income improvements during this period, which suggests other factors may have played more influential roles in determining wage and earnings trajectories across the region.

The five LAC countries that experienced earnings growth higher than the regional average between 2016 and 2024 showed a significant correlation between educational attainment and incomes, albeit with marked distributional variations (figure 12 shows the decomposition of labor income growth). For populations below the 50th percentile, changes in educational composition accounted for 40 p.p. or less of observed income changes. In contrast, above the 80th percentile educational shifts explained more than 80 p.p. of income variation. **Concurrently, declining returns to educational attainment exerted downward pressure on income growth** (with the exception of the 40th percentile, driven by Brazil). These educational effects

effectively neutralized each other when analyzing median income growth. Furthermore, the combined impact of changes in educational attainment and their earnings returns produced a net negative influence on income growth across most percentile ranges.

The increased representation of women in paid positions generally corresponded with modest downward pressure on income growth, driven by persistent gender-based income differentials. The gender earnings premium displayed divergent patterns across income segments. At lower percentiles, narrowing gender disparities corresponded with increased income growth, while at higher percentiles, expanding gender earnings gaps aligned with reduced growth.

If neither education nor gender drove labor income growth during this period, what factors were responsible? Unmeasurable factors (such as effort, luck, ability, etc.) were the predominant force. When combined with secondary factors (age, occupation, sector, urban location), this broad component accounts for an overwhelming share of the change observed in median income.

**Figure 12** Decomposition of Labor Income Changes in LAC Countries with High Earnings Growth, 2016–24

Source: An elaboration based on data from LABLAC for countries with comparable data in 2016 and 2024 (see table A5).

Note: The figure presents the results of Oaxaca-Blinder decompositions using recentered influence functions (Rios-Avila 2020) that analyze labor income distribution changes across percentiles in Brazil, Chile, El Salvador, the Dominican Republic, and Mexico. It shows the share of growth accounted by each component. The sum of all components is equal to 100 p.p. The analysis uses log labor income and worker characteristics (gender, education, age, sector, job type, location) to distinguish between changes in characteristics (endowments) and associated wage premiums (returns). “Other” includes factors such as age, sector, job type, location, and constant term effects. Using cross-sectional rather than longitudinal data means the results capture both workers who changed percentiles and those who did not. Sample included workers 15+ years old.



4. Sectoral Reallocations



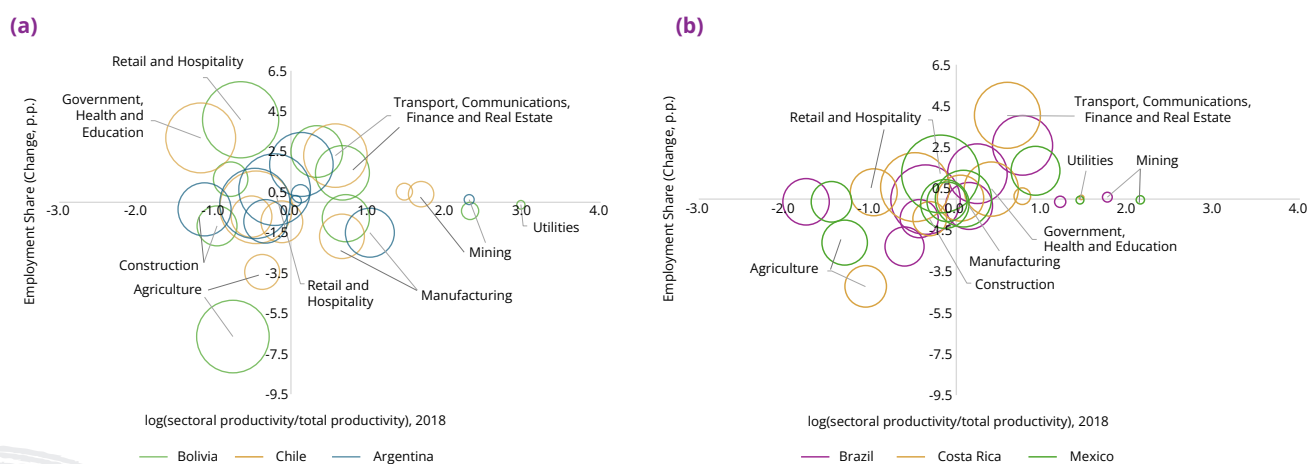
Structural transformation—shifting labor from low- to high-productivity sectors—has been a slow process in LAC and has not materialized uniformly across the region. The reallocation of workers toward more-productive activities remains inconsistent, with several countries in the region still struggling to achieve meaningful sector transitions.

During the last decade, employment moved toward higher-productivity sectors such as transportation, communications, finance, and real estate in Brazil, Costa Rica, and Mexico (figure 13b). This corresponded with a decline in the shares of agriculture and construction employment. In general, these shifts were accompanied with some improvements in terms of formalization, earnings, and overall job quality (figure A2). However, these were not broad-based. Salaried employment fell and average earnings were rather

stagnant in Costa Rica, while legal-based informality increased in Brazil.

Other countries in LAC did not show a similar transformation over the same period. Argentina, Bolivia, and Chile experienced an increase in the employment shares of several low-productivity sectors and a decline in the employment share of high-productivity sectors. While Bolivia's low-productivity primary sector declined in terms of its employment share, workers moved predominantly to low-productivity and informal sectors such as retail and hospitality. In Argentina, the manufacturing sector experienced a decline in employment shares despite being a sector characterized by relatively high productivity. In Chile, the public, health, and education sectors in the period of study were marked by relatively low levels of productivity and accounted for a significant proportion of employment, which increased from 2016 on.

Figure 13 Changes in Employment vs. Relative Productivity by Sector, 2016–24



Source: An elaboration based on data from LABLAC for countries with comparable data in 2016 and 2024 (see table A5). Labor productivity by sector comes from the Economic Transformation Database (Kruse et al. 2022).

Note: The vertical axis presents the change in the share of total employment for a particular sector within a country and the horizontal axis the log relative productivity for 2018. The size of each bubble represents the size of the sector in total employment. Values for Costa Rica correspond to the period 2017–23 instead of 2016–23.



5. Navigating Tomorrow: Labor Market Challenges and Opportunities



Job creation and earnings growth in LAC through 2025 are projected to decline. The region is expected to remain in its cycle of not creating enough quality jobs to accelerate its progress toward poverty eradication (Barreto Herrera et al. 2024).

Beyond the well-known structural challenges as high informality and high labor earnings inequality, new threats loom large. First, GenAI's rapid spread puts 2 to 5 percent of LAC jobs at a high risk of automation. Meanwhile, digital infrastructure gaps block productivity gains for up to 17 million positions that could benefit from AI (Gmyrek, Winkler, and Garganta 2024). Second, a significant share of the labor force participates in sectors vulnerable to the transition toward a more sustainable economy and/or lacks skills required for emerging

industries focused on sustainable growth—with these workers disproportionately clustered among the poorest populations (Winkler et al. 2024). Finally, heightened global uncertainty poses challenges for jobs most exposed to the external sector.

Moving forward, policies to create more and better jobs should consider both the demand and supply side of the labor market. Demand-side policies include easing bottlenecks in strategic sectors such as agribusiness and tourism, as well as cross-cutting policies such as promoting a friendlier business environment. On the supply side, interventions that have proved effective are improving the quality of education and promoting lifelong learning.



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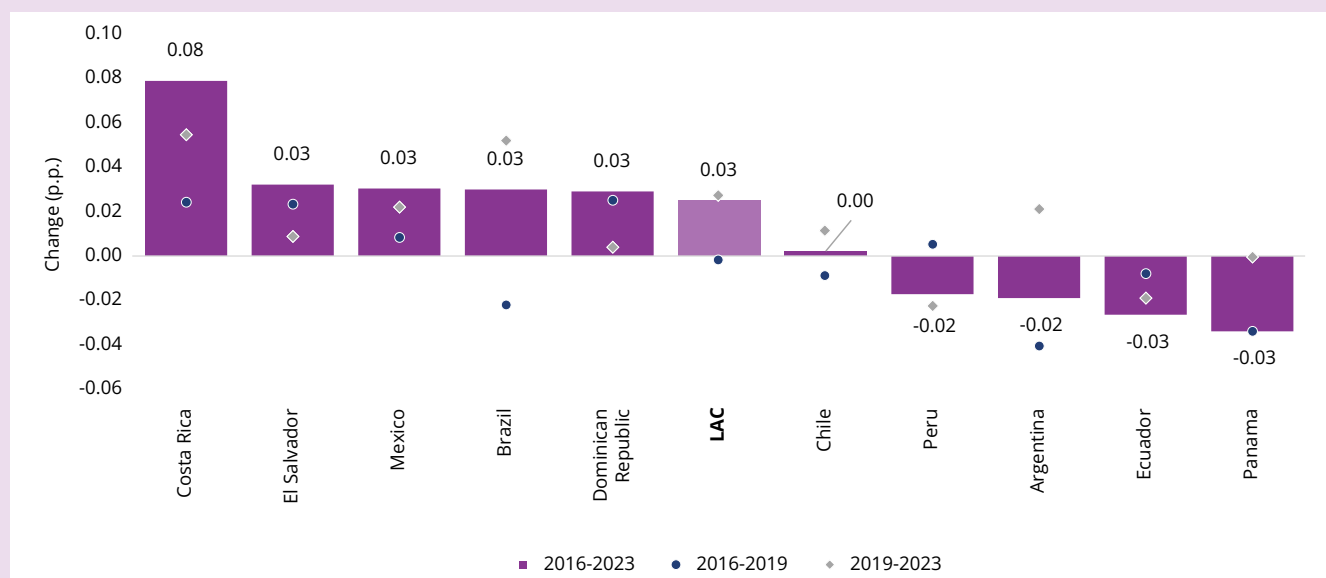
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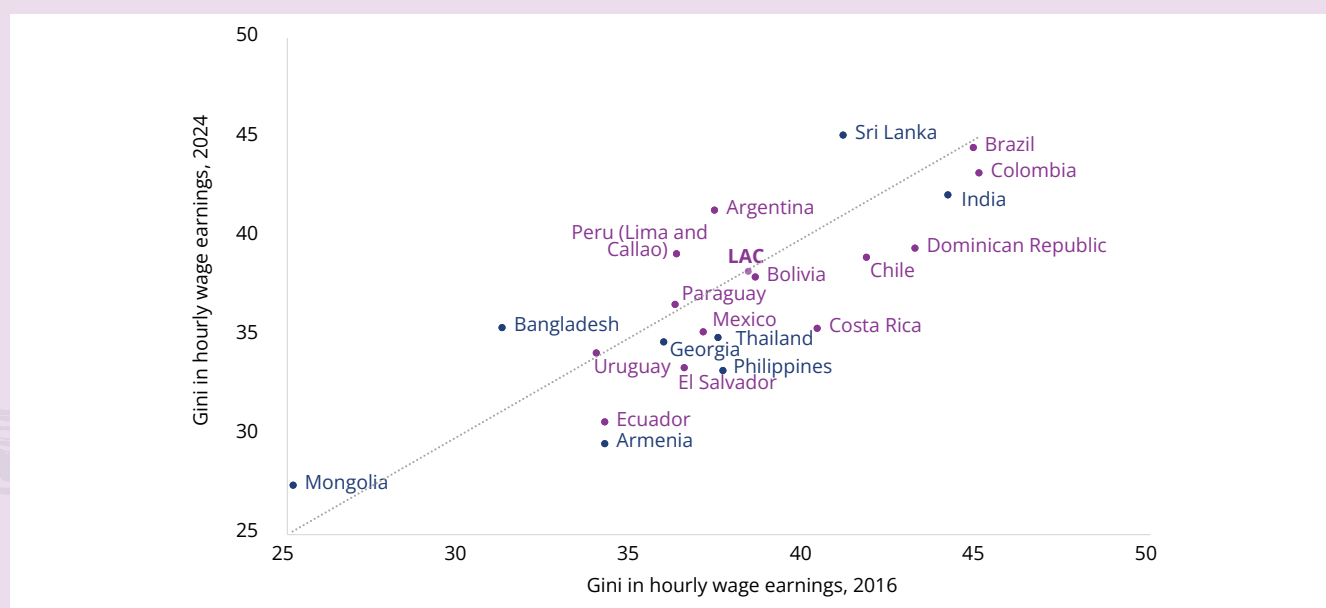
Data Appendix

Figure A1 Changes in the Job Quality Index for Selected LAC Countries, 2016 vs. 2023 (p.p.)



Note: The Job Quality Index (JQI) is a multidimensional index that combines four job characteristics: decent earnings, benefits, job security, and satisfaction. The JQI uses a scale of 0 to 1, with a higher number indicating the jobs in a country are of a higher quality. For more details, see Barreto Herrera et al. (2024), see [LAC Equity Lab: Labor Markets - Job Quality Index \(JQI\)](#)

Figure A2 Wage Inequality (Gini Coefficient), 2024 vs. 2016



Sources: An elaboration based on data from LABLAC (for wages in LAC countries) and on data from the GLD (for non-LAC countries). In terms of time coverage, the years closest to the ones in the legend and that are comparable are used (see tables A5 and A6).

Note: The LAC aggregate is the simple average of country-level levels. The sample includes workers ages 15+. Wages are the salaries of employees (excludes self-employment and employers).

**Table A1** Employment Growth (Annualized) by Country, Sector, Gender, and Skill Level, 2016–24 (percent)

	Argentina	Bolivia	Brazil	Chile	Colombia	Costa Rica	Dominican Republic	Ecuador	Mexico	Paraguay	Peru	El Salvador	Uruguay
Sectors													
Primary Activities	6.2	1.2	-1.5	-2.4	1.1	-3.8	-1.9	0.1	-0.3		2.7	-1.2	-3.0
Public Administration and Defense	1.2	0.1	0.2	2.8	11.9	3.3	5.8	0.6	0.3		4.6	6.1	-3.1
Banks, Finance, Insurance, Professional Services	3.8	7.7	3.3	4.8	15.2	5.0	4.3	6.0	3.4		0.5	4.5	0.7
Retail and Wholesale, Restaurants, Hotels, Repairs	2.4	6.6	1.4	1.4	1.3	2.0	2.5	-0.1	2.5		2.0	1.3	3.9
Construction	0.7	2.5	-0.1	0.1	0.9	-0.5	3.5	1.6	1.8		1.2	6.7	0.8
Education, Health, Personal Services	2.9	5.5	3.4	5.0	7.4	2.4	2.5	3.4	2.7		2.1	0.0	-2.4
Electricity, Gas, Water, Transportation, Communications	2.8	4.6	3.2	3.5	5.8	3.7	-0.5	4.9	3.4		1.7	6.2	-3.1
Manufacturing	0.4	7.5	1.1	-0.2	0.4	1.6	0.8	2.3	2.0		0.8	0.4	-2.8
Domestic Services	-0.1	7.0	-0.6	-6.7	9.9	0.1	-0.8	7.6	0.4		4.0	5.6	-2.7
Gender													
Female	2.7	5.7	1.7	2.4	6.7	3.0	2.7	1.4	2.8	1.2	2.3	2.6	-1.0
Male	1.5	3.3	1.3	1.2	2.8	0.8	1.4	1.5	1.4	1.0	1.3	1.5	0.0
Skill level													
Low	-0.5	1.9	-2.3	-5.0	-1.0	-1.8	-0.5	0.3	-0.1	-0.8	1.6	1.5	-2.7
Middle	3.2	7.0	3.2	2.1	3.5	5.4	5.0	2.2	4.1	3.7	1.2	1.4	0.5
High	3.6	7.7	5.4	10.3	13.1	5.1	3.5	3.7	5.6	1.1	2.7	8.2	6.1

Source: An elaboration based on data from LABLAC. For time coverage, see table A5.

Table A2 Earnings Growth (Annualized) by Country, Sector, Gender, and Skill Level, 2016–24 (percent)

	Argentina	Bolivia	Brazil	Chile	Colombia	Costa Rica	Dominican Republic	Ecuador	Mexico	Paraguay	Peru	El Salvador	Uruguay
Sectors													
Primary Activities	-5.1	-1.7	3.1	4.0	8.4	0.2	2.1	1.5	2.3		3.4	3.2	2.5
Public Administration and Defense	-4.7	0.9	0.7	0.8	0.6	-0.8	1.8	-1.0	0.5		-0.4	1.0	6.4
Banks, Finance, Insurance, Professional Services	-3.5	-2.6	0.7	-0.5	3.3	-0.2	0.6	0.1	2.1		-1.6	3.6	6.9
Retail and Wholesale, Restaurants, Hotels, Repairs	-5.1	-1.8	1.1	1.0	6.8	-1.4	0.1	1.8	1.8		-1.3	1.9	4.4
Construction	-4.5	-0.9	-0.2	0.7	5.6	1.9	2.1	5.3	2.1		-1.9	5.1	-3.4
Education, Health, Personal Services	-4.6	0.3	1.2	0.2	2.7	-1.2	-0.4	1.0	0.8		0.0	1.8	2.1
Electricity, Gas, Water, Transportation, Communications	-4.5	-1.8	1.3	2.4	8.0	2.6	-0.4	3.4	1.8		-1.9	1.6	8.8
Manufacturing	-6.0	-1.5	0.4	0.0	1.9	-0.4	4.7	4.9	2.1		-1.8	2.3	5.2
Domestic Services	-5.5	-0.1	0.2	0.6	-2.0	0.1	1.7	1.3	1.4		-0.8	0.5	6.1
Gender													
Female	-4.6	-1.5	1.4	2.5	3.1	-0.2	0.6	1.8	1.7	1.4	-1.1	1.6	3.7
Male	-4.4	-0.7	1.2	0.9	7.6	0.5	1.6	2.3	1.9	3.7	-1.0	3.1	3.9
Skill level													
Low	-5.7	-1.9	0.8	0.9	0.6	-0.1	1.2	3.2	2.1	8.5	-2.4	3.4	1.1
Middle	-4.9	-2.0	0.1	-0.8	2.5	-1.6	1.1	1.4	0.9	-0.6	-1.5	1.5	4.2
High	-4.5	0.3	-0.7	-1.8	3.4	-1.1	-0.1	0.0	-0.7	0.3	-1.1	-1.3	2.9

Source: An elaboration based on data from LABLAC. For time coverage, see table A5.



Table A3 Job Creation Rate (Annualized) for Men by Country, Sector, and Skill Level, 2016–24 (percent)

	Argentina	Bolivia	Brazil	Chile	Colombia	Costa Rica	Dominican Republic	Ecuador	Mexico	Paraguay	Peru	El Salvador	Uruguay
Sectors													
Primary Activities	5.7	-0.1	-1.1	-2.4	-0.2	-3.9	-2.0	-0.1	-0.8		6.0	-2.2	-3.0
Public Administration and Defense	0.5	-0.6	0.2	2.0	12.9	2.9	5.8	1.1	-0.6		4.8	4.8	-5.2
Banks, Finance, Insurance, Professional Services	3.7	6.7	2.8	4.3	13.4	3.6	4.4	4.2	2.4		0.4	6.0	1.0
Retail and Wholesale, Restaurants, Hotels, Repairs	1.3	7.0	1.4	1.5	0.6	1.3	2.0	0.9	2.1		1.1	0.4	1.7
Construction	0.6	2.4	-0.2	-0.2	-0.7	-0.6	3.4	1.7	1.6		1.1	6.6	1.7
Education, Health, Personal Services	3.0	5.4	3.9	4.9	5.3	2.4	-0.4	3.3	2.5		1.8	-1.0	2.3
Electricity, Gas, Water, Transportation, Communications	2.0	4.9	2.9	2.7	5.7	3.4	-0.1	5.9	3.0		1.4	6.0	-4.5
Manufacturing	-0.2	5.4	1.2	-0.4	0.9	0.2	0.9	1.6	1.3		0.1	0.2	-2.4
Domestic Services	-2.6	9.4	-0.1	-13.8	4.2	-7.3	0.4	4.6	-0.3		2.0	4.0	16.1
Skill level													
Low	-0.8	0.7	-2.1	-4.6	-1.8	-2.1	-0.5	-0.3	-0.4	-0.2	0.3	1.1	-3.3
Middle	2.9	5.7	3.6	1.7	2.1	5.0	4.8	3.2	3.9	3.0	0.6	1.5	3.9
High	3.3	8.0	5.2	9.7	13.2	3.9	2.7	4.0	4.9	0.5	2.9	6.3	11.4

Source: An elaboration based on data from LABLAC. With regard to coverage, see table A5.

Table A4 Job Creation Rate (Annualized) for Women by Country, Sector, and Skill Level, 2016–24 (percent)

	Argentina	Bolivia	Brazil	Chile	Colombia	Costa Rica	Dominican Republic	Ecuador	Mexico	Paraguay	Peru	El Salvador	Uruguay
Sectors													
Primary Activities	10.0	3.0	-3.0	-2.4	7.6	-3.2	-0.3	0.5	3.2		-3.9	6.5	-3.0
Public Administration and Defense	2.1	1.7	0.2	3.9	10.6	4.0	5.8	-0.1	1.8		4.3	9.3	-0.6
Banks, Finance, Insurance, Professional Services	4.0	8.9	3.9	5.6	16.8	7.5	4.2	8.4	4.8		0.7	2.1	0.3
Retail and Wholesale, Restaurants, Hotels, Repairs	3.9	6.4	1.5	1.3	2.0	2.8	3.2	-1.0	2.9		2.6	1.9	6.5
Construction	4.0	4.8	3.4	4.3	28.7	2.7	8.1	-0.7	5.7		2.2	8.4	-13.3
Education, Health, Personal Services	2.7	5.6	3.2	5.1	8.7	2.4	3.7	3.4	2.8		2.2	0.7	-4.5
Electricity, Gas, Water, Transportation, Communications	6.9	1.2	4.4	6.9	6.8	5.6	-3.0	-2.6	7.0		3.6	7.5	3.3
Manufacturing	1.8	10.1	0.9	0.1	-0.4	4.8	0.7	3.6	3.1		1.9	0.5	-3.6
Domestic Services	0.0	6.9	-0.6	-5.6	10.3	1.0	-0.9	7.8	0.5		4.1	5.7	-4.5
Skill level													
Low	0.0	3.3	-2.7	-5.5	0.7	-1.1	-0.4	1.2	0.6	-1.7	2.9	2.0	-1.9
Middle	3.6	9.0	2.7	2.6	5.6	6.0	5.3	0.8	4.3	4.7	2.1	1.3	-2.5
High	3.8	7.4	5.5	11.0	13.0	6.1	4.0	3.3	6.5	1.5	2.4	9.9	2.7

Source: An elaboration based on data from LABLAC. With regard to coverage, see table A5.



Table A5 LABLAC Coverage and Comparability

LABLAC latest survey availability	Comparable periods	Earnings (same as first column unless noted)	Informality (same as first column unless noted)	Coverage	Job creation aggregate (2016-2024)	Earnings growth aggregate (2016-2024)
Argentina	2024-Q3	2016-2024		Urban	Yes	Yes
Bolivia	2024-Q2	2016-2024		National	Yes	Yes
Brazil	2024-Q3	2016-2024		National	Yes	Yes
Chile	2024-Q3	2016-2024	2016-2023	National	Yes	
Colombia	2024-Q4	2016-2019; 2021-2024	2016-2019; 2021-2023	National	Yes	
Costa Rica	2024-Q4	2016-2024		National	Yes	Yes
Dominican Republic	2024-Q3	2017-2024		National		
Ecuador	2024-Q3	2021-2024		National		
Mexico	2024-Q3	2016-2024		National	Yes	Yes
Paraguay	2024-Q3	2017-2019; 2022-2024		National		
Peru	2024-Q3	2016-2024	2016-2022	Lima-Callao	Yes	Yes
El Salvador	2023-Q4	2016-2023		National		
Uruguay	2024-Q2	2016-2019; 2022-2024		National	Yes	Yes

Table A6 Exceptions to Standard Time Periods: Cases Using Approximate Years

LABLAC

Country	Period 2016-2019	Period 2019-2024	Period 2016-2024
Colombia		2021 (Q2)- 2024 (Q2)	Average
Uruguay			
El Salvador		2021 (Q2)- 2023 (Q2)	2016 (Q2)- 2023 (Q2)
Dominican Republic	2017 (Q2)-2019 (Q2)		2017 (Q2)- 2024 (Q2)
Paraguay		2022-Q2- 2024 (Q2)	Average
Ecuador	N.A	2021-Q2- 2024 (Q2)	2021 (Q2)- 2024 (Q2)

GLD

Country	Period 2016 -2022
Georgia	2017-2022
India	
Zambia	
Indonesia	2016-2019
Turkey	
Ethiopia	2013-2021
Gambia	2018-2023
Sri Lanka	2015-2021
Pakistan	2017-2020
Rwanda	2017-2021
Thailand	2016-2021
Tunisia	2016-2017
Tanzania	2014-2020
South Africa	2016-2020

ILO

Country	Period 2016-2022
Armenia, Indonesia, Philippines	2016-2021
Thailand, Viet Nam	2016-2023
Georgia	2017-2022
India	2018-2023
Mongolia	2019-2023



Table A7 Key Concepts

	Definition
Firm Size	- Large private: more than 5 employees - Small private: 5 or fewer employees - Public sector
Educational Attainment	- Low skill: Never attended, Completed primary and Incomplete secondary - Middle skill: Completed secondary and Incomplete higher education - High skill: Completed higher education
Informality - Productivity Definition	Salaried workers in small firms, non-professional self-employed and zero-income worker
Informality - Social Protection Definition	Salaried workers reports having the right to retirement benefits
Earnings	Labor incomes from the main occupation as employer, salaried, self-employed or other unspecified relationships
Wages	Hourly wage for salaried workers in main occupation



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