



Migrants in the Chilean Labour Market

Comparative Deprivations

Until recently, labour force and household surveys in the Global South had not included enough cases of immigrants, making it difficult to substantiate potential theories with systematic data analysis. With few exceptions, studies on intra-Latin American immigration have therefore largely been based on case studies or qualitative evidence. While these studies have all provided valuable empirical and theoretical insights, the growing flow of immigrants has now increased their number of cases in household and labour force surveys, which allows us to test these insights at a national level and discuss the applicability of current immigrant integration theories to the Global South.

This research uses the measure of poor-quality employment established by Sehnbruch et al. (2020) to study horizontal labour market inequalities (Stewart, 2008) between migrants and local workers in Chile. The measure allows for a comparison of the cumulative and simultaneous deprivations that locals and migrants experience in a particular labour market. This methodology for measuring deprivation in the labour market permits the comparison of individual workers and their relative advantages or disadvantages in the labour market by analysing which workers are more deprived overall and by how much. Such an analysis should advance existing theories of migration and labour market integration by highlighting nuances that so far have not been considered in the Global South. Research on immigrant integration and its effects on local labour markets in Latin America is scarce, even though migration flows



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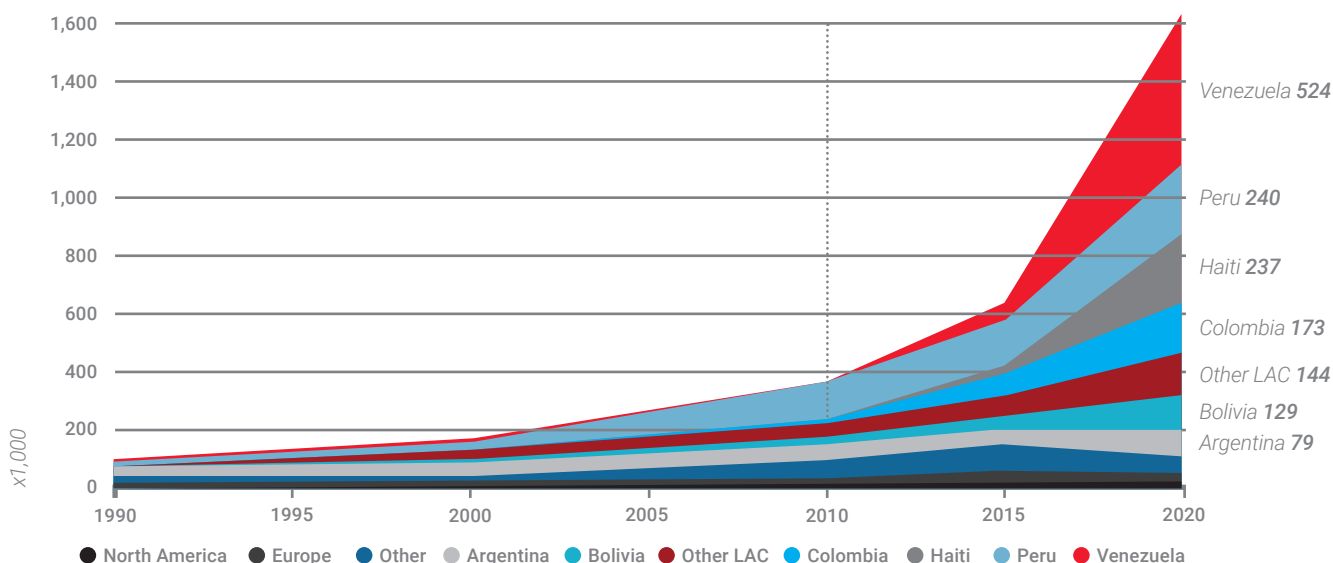
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have increased very significantly in recent years (see Figure 1 for the case of Chile). The qualitative research on migrants shows high levels of discrimination, racialisation and exploitation of migrant workers despite the fact that they come from other Latin American countries,

i.e. from similar sociocultural contexts (Painter et al., 2019; Mora and Undurraga, 2013; Ryburn, 2016; Stefoni, 2009; Stefoni et al., 2017; Ugarte, 2021; and Guerrero et al., 2021). More recently, the sharply increasing levels of immigration have led to protests and conflicts, as migrants are

being attacked and targeted by the local population (BBC, 2021).

Figure 1: Number of migrants in Chile by country of origin 1990-2020 in thousands ('000)



Source: Authors' own calculations based on United Nations, Department of Economic and Social Affairs, Population Division (2020).

The limited quantitative research in Chile on the effects of immigration on the labour market that does exist concludes that the impact has been minimal (ECLAC, 2017; Aldunate et al, 2019). However, these studies do not examine the employment of migrants

from a multidimensional perspective to determine whether they are deprived. Specifically, no study uses a composite index that permits the examination of multiple and simultaneous employment deprivations and their distribution between local and migrant populations

at the same time. Yet in the Global South, where widespread and high levels of informality characterise labour markets, such a perspective of labour market achievements and deprivations is crucial.

Data and the Chilean Case

This paper uses data from the National Supplementary Income Survey (Encuesta Suplementaria de Ingresos (ESI) in Spanish), which was established in 2010 and is Chile's main labour market survey. The survey is representative at the national and regional levels and comprises information on the main characteristics of the employment situation of workers, including information on their contractual status,

working hours, and social security contributions.

For this study, data was used that predates the impact of the Covid crisis on the Chilean labour market, in an effort to get a baseline of how migrants integrated in terms of their employment situation before the crisis. In terms of methodology, the Alkire/Foster method was chosen because it has been tried

and tested in the construction of both national and internationally comparable multidimensional indices; because it focuses policy attention on the most vulnerable workers in the labour market; and because it has an established track record of informing public policy. In addition, this method is particularly useful for comparing subgroups within a population, such as migrants.¹

¹ <https://www.bbc.com/mundo/noticias-america-latina-58700359>.



Poor-Quality Employment (PQE)

As defined by Sehnbruch et al. (2020), the measure of levels of PQE assesses multidimensional quality of employment according to three dimensions, summarised in Table 1: income, employment stability and employment conditions. Two of these three dimensions subdivide into four variables, or sub-dimensions: occupational status, tenure, social

security affiliation, and excessive working hours. In each of these dimensions or sub-dimensions, a deprivation cut-off line is established based on existing studies that demonstrate which dimensions of employment are important. Each worker is then categorised according to whether he or she is deprived or non-deprived in each indicator, and a deprivation score is constructed based on the nested weight

structure specified in Table 1: equal weights are assigned to each dimension, and equal weights are also assigned to each sub-dimension. Finally, a cut-off line of 1/3 is established to determine overall deprivation across dimensions leading to a Headcount Measure (H) that summarises the percentage of workers, who are considered deprived by this measure.

Table 1: Dimensions, Indicators and Weights used in the Multidimensional Employment Measure

Dimensions	Income 1/3	Employment Stability 1/3	Employment Conditions 1/3		
Indicator	Earnings from Work	Occupational Status	Tenure	Social Security	Excessive Hours worked
Weight	1/3	1/6	1/6	1/6	1/6
	Less than 6 basic food baskets (monthly calculation) using official data	Wage-earners without contracts and self-employed workers.	Less than 3 years employed in current occupation, 1 year if aged between 18-24	No contribution to the pension system	Working more than 45 hours per week
Population	All occupied individuals between the age of 18-65, who report information on the variable in question				

Source: adapted to the Chilean case by the authors based on Sehnbruch et al., 2020.

Note that the official definition and value of food baskets changed in Chile in 2013 to reflect changing standards of living and associated needs. In 2019 the Ministry of Social Development and Family (MDSF) published a series of poverty rates that use this new methodology, adjusting past data accordingly. This paper uses these updated food basket data (MDSF & UNDP, 2019).

Evidence and Analysis

The Alkire-Foster method permits the calculation of a Headcount ratio (H), a measure (A) of how intensely a worker is deprived (whether in one, two or more variables), and then calculates an overall measure of deprivation, called the Adjusted Headcount Ratio (M_0). Table 2 presents the results of this measure and shows that in terms of the headcount ratio, the percentage of local workers with multidimensional employment deprivations has improved by over 10% over the period, leading to a total level of

deprivation of 46.0%. Among immigrants, deprivation has improved by 5%, which means that locals and immigrants now have similar levels of deprivation.

Little improvement, however, can be observed in the intensity share of deprivation (A). Locals are consistently a little more intensely deprived than immigrants, but variation over time in both groups is within the 1% range.

Both the absolute level of deprivation and the intensity scores are multiplied ($H \times A = M_0$) to produce an overall measure of poor-quality employment. As Table 2 shows, this has also improved over time, leading to a convergence of deprivation levels between local and migrant workers. So, despite high inflows of immigrants into the Chilean labor market, it is interesting to note that their deprivation levels are marginally lower than those of Chilean workers.

Table 2: Aggregated Results: M_0 , H & A

	Local workers			Migrant workers		
	Headcount Ratio	Intensity	Adj. Headcount Ratio	Headcount Ratio	Intensity	Adj. Headcount Ratio
2010	56.3%	58.9%	0.332	50.7%	54.0%	0.274
2011	53.2%	59.0%	0.314	57.8%	52.3%	0.302
2012	50.9%	57.8%	0.295	44.8%	51.3%	0.230
2013	49.2%	58.4%	0.288	43.6%	52.5%	0.229
2014	50.4%	57.9%	0.292	55.4%	57.4%	0.318
2015	47.8%	58.3%	0.278	43.0%	58.2%	0.250
2016	46.6%	58.2%	0.271	45.5%	56.3%	0.256
2017	45.6%	57.5%	0.262	49.7%	53.4%	0.265
2018	46.6%	57.6%	0.268	45.1%	56.0%	0.253
2019	46.0%	57.9%	0.266	47.3%	55.5%	0.263
Pooled	49.2%	58.2%	0.286	47.4%	55.2%	0.261

Source: Authors' own calculations based on Encuesta Suplementaria de Ingresos (ESI) 2010-2019.

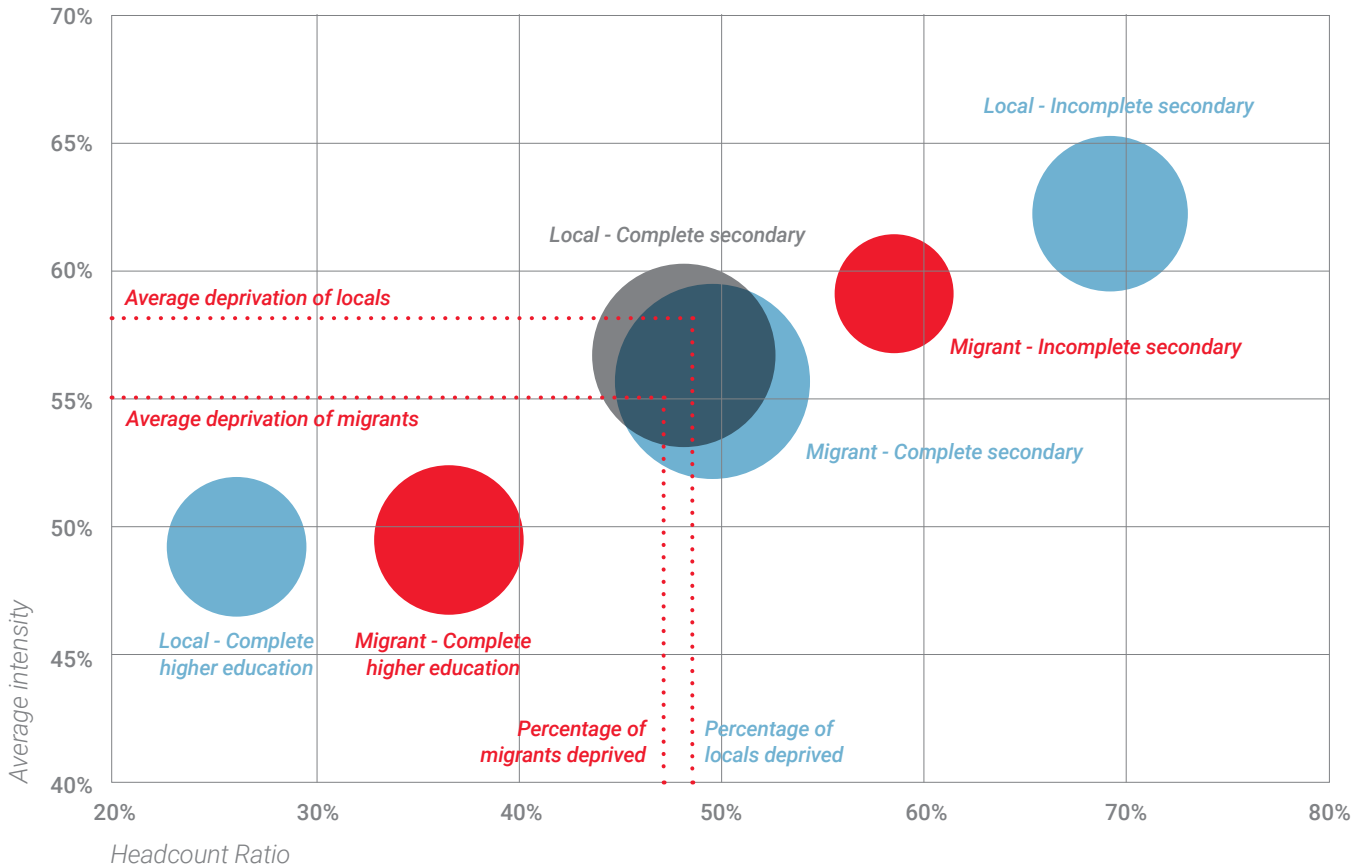
One question that is frequently discussed in the literature is whether the degrees of first-generation immigrants are valued less than those of the local population by employers (Alba and Nee, 2003). Figure 2 below shows that deprivation levels between the local and migrant population

vary depending on the educational category. Migrants with incomplete secondary education are significantly less likely to be deprived than local Chilean workers, while the proportion of deprived workers is similar among immigrants and locals with secondary

education. However, immigrants with higher education are consistently and significantly more likely to be deprived than local workers², suggesting that their higher education is valued less by the labour market.

² Please note that due to sample size restrictions this data cannot be further disaggregated by nationality or country of origin.

Figure 2: Headcount Ratios and Average Intensity by Level of Education



Source: Authors' own calculations based on Encuesta Suplementaria de Ingresos (ESI) 2010-2019.

Another issue that persistently crops up in the literature on the integration of immigrants into the labor market is the issue of discrimination. In most countries where this has been studied, the empirical evidence shows that immigrants from particular ethnicities or countries do worse than others. Figure 3 confirms this hypothesis as immigrants from Bolivia, Ecuador and Peru do less well in terms of their deprivation levels than Colombians or Venezuelans. However, further exploration of this issue is clearly required, particularly in

the case of Haitians, who come from the least developed country in the region, do not speak Spanish and are

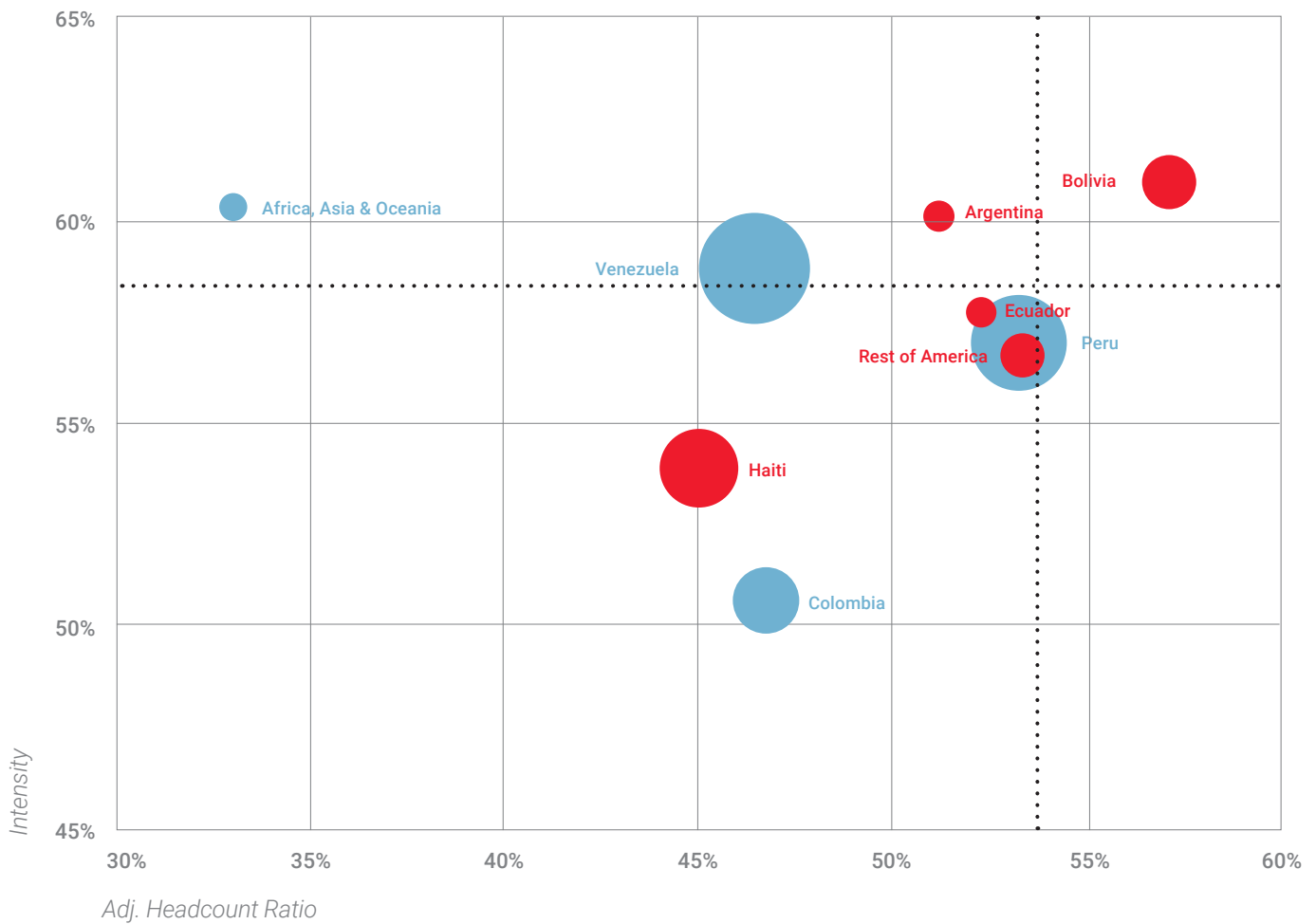
too small. Additional qualitative research is therefore required on these issues. However, Figure 3 does illustrate that

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ethnically Afro-Caribbean, but seem to be relatively less deprived. At present, these questions cannot be further analyzed because the case numbers of each nationality in the labor force survey are

different nationalities achieve different levels of deprivation compared to the Chilean average (represented by the dotted lines).

Figure 3: Headcount Ratio and Average Intensity by immigration country (pooled data from 2018 and 2019)



Note: The dotted lines represent the situation of Chile with an H ratio of 44.1% and an A of 56.7%.

Conclusions and Policy Implications

Overall, migrant workers have integrated very successfully into the Chilean labour market, especially considering the sudden and sharp increase of migrants in recent years. The results presented above show that migrants have higher employment and lower unemployment rates than Chilean workers, and do at least as well in terms of the quality of their jobs. Migrants are less deprived than local workers in terms of their income levels, occupational status and social security contributions. However, a higher proportion works excessive hours and fewer migrant workers have achieved minimal levels of job tenure, which is to be expected given that they migrated so recently.

Using a Poor-Quality Employment measure to compare migrants with locals in the Chilean workforce portrays a more comprehensive picture of deprivations in the Chilean labour market than any comparative analysis of individual job characteristics would provide. Indeed, an analysis based on dashboard indicators (reviewed in Burchell, et al., 2014) would lead to a plethora of variables that would not be able to identify the most vulnerable local and migrant workers in a labour market. However, the average data disguises nuances, such as the fact that some nationalities are less deprived than others, or that less educated migrant workers do at least as well as their Chilean peers, while more educated migrant workers do comparatively less well.

Overall, these results show that immigrants in Chile are neither “integrated” as the European literature suggests, or assimilated, as the more classical (traditional) approaches developed in the United States propose. Instead, shared language, similarities between contexts of origin and destination (culture, values, stratification systems), national pride and conflicts, and international cooperation agreements between countries, might lead to a distinct type of integration to host societies that needs to be theorized further.