Labor turnover in Latin America
How intensive is it and how differently does it behaves across countries?

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Abstract

The study of occupational turnover is relevant to our understanding of labor market performance and to the process of analyzing the dynamics of household welfare. This is particularly significant in Latin America, which is characterized by marked economic cycles and limited social protection coverage. This paper estimates the intensity of labor turnover in six countries in Latin America in the 2000s and decomposes the differences between those explained by divergences in the occupational structure and those that derive from differences in the intensities with which different groups of workers exit their jobs. The study also evaluates the destinations of these workers. The countries under analysis show very different labor turnover rates. These differences are mostly explained by a dissimilar incidence of informal and temporary employment. However, in all cases, a large share of exits implies transitions to precarious jobs or unemployment.

Keywords: Labor turnover, Latin America, Informality

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1. Introduction

The analysis of labor market dynamics includes transitions between jobs, movements in and out of unemployment, and intermittency in the labor force. It is relevant for a better understanding of the labor market functioning, to evaluate household welfare dynamics and to design public policies. Most studies of Latin American labor markets are based on analyses of static information. Although this is appropriate when investigating factors such as employment structure or income generation, it only gives a partial overview of changes in the labor market.

The dynamic approach draws on information on the transitions that people have made from, to, and within the labor market. One of its significant aspects is the study of the effects of these movements on individuals and their households. For example, the increase in occupational turnover that comes with rising unemployment levels may have a negative impact on welfare as it broadens income fluctuation and thus increases households' uncertainty about their own future. Such situations are particularly difficult for lower-income families as they tend to be more vulnerable to social risks. Likewise, labor instability, especially if it implies movement to unemployment, can have a negative impact on other household welfare indicators (aside from income), including school attendance, access to welfare programs, and so on. In contrast, some transitions from unemployment to work may reduce income fluctuations.

From the worker's perspective, labor market turnover may negatively affect their career path for several reasons. First, frequent transitions between jobs can affect individuals' social integration and tends to be associated with limited social security coverage. Second, high intermittency may prevent the individual from accumulating specific skills that allow them to increase their level of total human capital. Finally, the involuntary loss of a job may make it less probable for workers to find further employment in the future. If they do, the wages may be lower than in their previous position. In these cases, job mobility interrupts the accumulation of skills, which has a negative effect on both the worker and society as a whole.

However, labor turnover is not always a negative factor or a sign of difficulties in the labor market. Indeed, it may be voluntary or may imply better wages or working conditions. For example, turnover among young people is usually associated with the early stages of their careers, when the largest movements within the labor market take place as workers attempt to find jobs that are in keeping with their skills or qualifications. Labor force intermittency may be explained by workers' involvement in other extra-economic activities, such as education. Furthermore, it may imply virtuous patterns in the spread of knowledge that have a positive impact on aggregate productivity.

Consequently, high labor turnover does not necessarily reflect appropriate or inappropriate labor market behavior; this can only be defined through empirical analysis.

This paper seeks (1) to analyze the intensity of exits from employment in Argentina, Brazil, Ecuador, Mexico, Paraguay, and Peru, (2) to identify the most frequent transitions and to break down the gaps between the intensity of labor turnover in these countries into exits explained by divergences in the occupational structure and those

associated with exit rate differentials between groups of workers or occupations and (3) to identify the destinations of those who leave a given job.

This paper is relevant because it provides evidence on the rate of labor market turnover and on destinations of those who leave a job, two variables for which no estimates are available for Latin America. This is particularly important given the pronounced economic cycles and the low level of social protection that have long characterized the region.

The selection of countries is based, on the one hand, on the availability of panel data and, on the other hand, on their relevance to carry out an exhaustive evaluation of how much occupational turnover there is in the region, since they exhibit labor structures and dynamics that greatly differ from one another. At the same time, the biggest economies are included here, representing about 70% of total population living in the region.

The rest of this paper is organized as follows. Section 2 contains a review of the literature on occupational mobility in Latin America. Section 3 describes the data sources and Section 4 details the methodology. Section 5 analyzes the composition of employment in the countries under study and Section 6 presents a descriptive overview of job exits. Section 7 analyzes the results of the decomposition exercises. Section 8 assesses the direction of employment transitions and Section 9 summarizes the conclusions.

2. Literature review

At least five major stylized facts on occupational dynamics emerge from the international literature: (1) a high percentage of labor relationships last for a long period of time; (2) most new jobs end very quickly; (3) as a consequence of points (1) and (2) there is also a negative correlation between the probability of leaving a job and the duration of this (Mincer and Jovanovic, 1981; Farber, 1999a); (4) there are strong discrepancies in labor turnover depending on the characteristics of individuals or jobs; and (5) labor instability has changed significantly over time in most countries.

Points (1) and (2) suggest that labor markets are not "spot markets" where the labor contracts between workers and companies are adjusted daily. However, nor are they static markets where workers start and end their careers in a single company.[1]

Unlike in the developed world, few studies have been carried out on occupational mobility in Latin America. The few available have mainly examined the impact of labor market reforms (especially during the 1990s) on job exit rates.

In this vein, Kugler (2000) found that exit rates among wage workers in formal employment during the 1990s were higher than among employed workers who were not directly affected by the labor reforms in Colombia during that decade. On this basis, the author concludes that these reforms had a significant impact on labor instability.

Paes de Barros and Leite Corseuil (1999) analyzed the effects of the higher redundancy costs implemented in Brazil in 1998. The authors found evidence that was consistent

[1] See, for example, Farber (1999a) for the United States.

with the hypothesis that these increases tended to reduce dismissal rates and thus extend the average length of employment.

Saavedra and Torero (2000) conclude that the labor flexibilization program that has been implemented since 1992 in Peru has tended to increase labor turnover. A more recent study on this country (Herrera and Rosas Shady, 2003) shows that it is characterized by high occupational instability, where most part of the transitions occur between employment and inactivity.

Galiani and Hopenhayn (2000) estimated the probability of workers exiting both employment and unemployment in Argentina during the 1990s. They found greater instability during the second half of the 1990s but they were unable to support the hypothesis of an impact on stability of the labor reforms implemented in the second half of the 1990s. Beccaria and Maurizio (2004) show the increase in exit rates during the 1990s, with different intensity between groups of workers.

Castillo et al. (2006) analyze the occupational mobility of wage workers in formal employment in Argentina between 1996 and 2004. The authors conclude that the average retention rate was very low during this period, given that approximately half of all formal workers in 1996 were no longer employed in a job of this sort in 2004. In other words, they may have become unemployed, inactive, or have found work in the informal sector.

Marull (2013) analyzes the employment situation of Ecuador and Bolivia and finds, in both cases, high labor instability associated to the lack of labor contract and the prevalence of temporary contracts.

3. Data sources

The data used in this paper came from regular household surveys carried out by national statistical organizations of the countries included in the study. Although these surveys are not longitudinal, their rotating panel sample allows flow data to be drawn from them. In such schemes, the total sample is divided into a certain number of household groups and each group remains in the sample for a given number of observation periods. With each new observation period, one group enters the sample and another leaves it. A given proportion of the sample can thus be compared between two or more periods.

The data on Argentina was taken from the *Encuesta Permanente de Hogares*, which is conducted by the *Instituto Nacional de Estadística y Censos* in 31 urban areas. For Brazil, we drew on microdata from the *Pesquisa Mensal de Emprego* conducted by the *Instituto Brasileiro de Geografia e Estatística*, which covers six metropolitan areas. For Ecuador, we turned to the *Encuesta Nacional de Empleo, Desempleo y Subempleo*, carried out by the *Instituto Nacional de Estadística y Censos*. Data for Mexico come from *Encuesta Nacional de Ocupación y Empleo* of the *Instituto Nacional de Geografía y Estadística*. Data for Paraguay came from the *Encuesta Continua de Empleo*, which only covers Asunción and its outskirts and is carried out by the *Dirección General de Estadística, Encuestas y Censos*. Finally, for Peru, we used the *Encuesta Nacional de Hogares*, a regular survey conducted by the *Instituto Nacional de Estadística e Informática*.

The periods covered in each country are as follows: 2003–2015 for Argentina and Brazil, 2004–2015 for Ecuador, 2005-2015 for Mexico, 2010–2015 for Paraguay, and 2005–2010 for Peru.

To obtain datasets that could be compared between countries, we included one transition for each individual, based on a one-year interval between observations. Specifically, this paper uses data on the occupational situation in month *t+12* of people who were employed in month *t*. This enables us to assess whether each person remained employed, became unemployed or left the labor force.

As well as using the panel structure of the sample, this paper also uses retrospective information. Specifically, all workers are asked about how long they had been in their present jobs. This information allows us to define the "job tenure" variable, which was used to identify whether a person who was employed both in month *t* and month *t+12* remained in the same job or had moved to another one. If employed individuals responded in the second observation that they had been in their current job for more than one year, it was understood that they had not changed jobs between the two observations.[2] These surveys do not inquire into the causes for job separation, so there was no way of distinguishing a dismissal from a voluntary separation.

One typical limitation of panel data is that the proportion of households and people actually interviewed in two given periods may be lower than the sample rotation scheme would suggest, due to attrition, which may introduce sample selection bias if it is not random. However, there was no information in the microdatabases that would have enabled us to identify data loss due to sample attrition and differentiate it from the loss of observations due to the survey rotation scheme. This prevented us from correcting for attrition bias for all countries.[3]

Another difficulty that arises when measuring labor mobility by comparing two observations that are a year apart is that some movements may not be captured, as individuals may have moved symmetrically on two or more occasions during the period. For example, they may have left unemployment to enter the labor force and then returned to unemployment.

However, despite these limitations, the information that we use in this study seems to provide a reasonable overview of regional labor market dynamics and allowed us to compare six Latin American countries.

Our analysis is restricted to employed male workers between 15 and 65 years of age and employed female workers between 15 and 60. These age ranges reflect the compulsory retirement ages in the countries being analyzed and we have used them in an attempt to minimize the bias that might come from the exits of older individuals from the labor force. Those individuals for whom information was incomplete or inconsistent regarding job tenure and other personal or occupational variables were removed from the sample. Since not all the surveys used in this study are representative of each country as a whole, and given that labor markets in rural areas and urban centers may

[2] Further consistency analyses were carried out to ensure that this criterion was correctly applied.
[3] Although it is not enough proof to discard the potential impact of attrition on the results, the descriptive statistics drawn from panel and cross-section data are very similar. There are available upon request.

behave differently, our analysis was restricted to urban areas.[4] To obtain sufficient observations, yearly panels have been pooled in each country, so the results represent averages for the period.

4. Approach and methodology

Measurement of exit rates

Two alternative definitions of employment exits rates are used. The first considers transitions from employment to unemployment or inactivity (alternative A). In this case, exit rates are computed as being the proportion of workers in year *t* that were nonworkers in year *t+1*. The second definition (B) includes these movements but also contemplates exits from one job to another. In this case, exit rates are computed as being the proportion of workers in job *j* in year *t* that become nonworkers, or transit to job *h* in year *t+1*.

Measurement of informality

One of the labor variables that is particularly relevant in this study is the prevalence of informal employment among wage workers. We adopt the "legal approach" to informal employment, which is associated with the evasion of labor regulations.[5]

When putting this approach into practice, we seek to make the formal wage-earners identification criterion comparable, which does not necessarily imply the same empirical implementation in each country given that household surveys capture this dimension in different ways.

Specifically, we consider a worker to be formal if he or she is enrolled in the social security system. The identification of this characteristic differs to some extent between countries. In Paraguay, Mexico and Peru, formal workers are those enrolled in a pension system. In Argentina, those who indicate that their employers pay social security contributions for them are categorized as being formal employees. In Ecuador, this status applies to those who inform that they receive social security contributions from their employer. In Brazil, formal workers are those who signed a labor contract.

Despite these differences in the empirical definition of informality, the comparability is not very much affected as the criteria chose points to the core of the notion of informality, i.e. the non- fulfillment, or evasion, of the labor and social security regulations.

Decomposition of differences in exit rates

Using the two alternative definitions for computing exit rates, we carried out a microeconometric exercise to decompose the differences in these rates between the six countries into the share explained by differences in occupational structure (composition

[4] As indicated above, surveys for Ecuador, Mexico and Peru are representative of the whole of the urban areas; the Argentine survey also covers a high proportion of its urban population. However, information for Paraguay relates only to Asuncion and to six major urban centers in Brazil. These differences have to be considered when comparing of different countries.

[5] ILO (2002).

effects) and the share associated to differences in exit rates for each of the groups of workers and occupations (coefficient effect). To do so, we used the decomposition methodology put forward by Yun (2004), which extends the model used by Oaxaca (1973) and Blinder (1973) to include dichotomous dependent variables.

Particularly, be Y a binary variable that takes the value of 1 if the worker leaves their job, but takes the value of 0 if they remain in it. It can then be assumed that this is a function of a linear combination of variables, which are aggregated in vector X, and that it is the standard normal distribution function. That is,

$$\Pr(Y = 1) = \Phi(X\beta)$$

The decomposition of the differences in exit rates between two countries can thus be expressed as follows:

$$\overline{Y_1} - \overline{Y_0} = \overline{\Phi(X_1\beta_1)} - \overline{\Phi(X_0\beta_0)}$$

In these comparisons, Argentina was chosen as the base country, so 0 stands for Argentina and 1 stands for each of the other countries.

To carry out an initial aggregate decomposition by characteristics (Δ_X) and coefficients (Δ_β), the above expression is modified by adding and subtracting $\overline{\Phi(X_0\beta_1)}$.

$$\overline{Y_1} - \overline{Y_0} = \left[\overline{\Phi(X_1\beta_1)} - \overline{\Phi(X_0\beta_1)}\right] + \left[\overline{\Phi(X_0\beta_1)} - \overline{\Phi(X_0\beta_0)}\right] = \Delta_X + \Delta_\beta$$

Then, to determine the individual contribution of each of the factors contained in X in each of these aggregates, we proceeded to calculate the weight associated with each of them. First, the value of the functions $\overline{\Phi(X_\iota\beta_\iota)}, i = 0{,}1$ is approximated by using the average value of the attributes. Second, a first-order Taylor approximation around $\overline{X_\iota}\beta_i, i = 0{,}1$ is carried out

Thus,

$$\begin{aligned}\Delta_X + \Delta_\beta &= [\Phi(\overline{X_1}\beta_1) - \Phi(\overline{X_0}\beta_1)] + [\Phi(\overline{X_0}\beta_1) - \Phi(\overline{X_0}\beta_0)] + \mathrm{R}_M + \mathrm{R}_T \\ &= (\overline{X_1} - \overline{X_0})\beta_1\phi(\overline{X_1}\beta_1) + \overline{X_0}(\beta_1 - \beta_0)\phi(\overline{X_0}\beta_0) + \mathrm{R}_M + \mathrm{R}_T\end{aligned}$$

where

$$\begin{aligned}\mathrm{R}_M &= \left[\overline{\Phi(X_1\beta_1)} - \overline{\Phi(X_0\beta_1)}\right] + \left[\overline{\Phi(X_0\beta_1)} - \overline{\Phi(X_0\beta_0)}\right] - [\Phi(\overline{X_1}\beta_1) - \Phi(\overline{X_0}\beta_1)] \\ &\quad + [\Phi(\overline{X_0}\beta_1) - \Phi(\overline{X_0}\beta_0)] \\ \mathrm{R}_T &= [\Phi(\overline{X_1}\beta_1) - \Phi(\overline{X_0}\beta_1)] + [\Phi(\overline{X_0}\beta_1) - \Phi(\overline{X_0}\beta_0)] - (\overline{X_1} - \overline{X_0})\beta_1\phi(\overline{X_1}\beta_1) \\ &\quad + \overline{X_0}(\beta_1 - \beta_0)\phi(\overline{X_0}\beta_0)\end{aligned}$$

$\phi(\overline{X_\iota}\beta_i) = \frac{d\,\Phi(\overline{X_\iota}\beta_i)}{d(\overline{X_\iota}\beta_i)}, i = 0{,}1$ is the density function associated with the standard normal distribution; while R_M and R_T represent the residuals associated with each of the approximations mentioned above.

Reordering the above expression yields the following detailed decomposition:

$$\Delta_X + \Delta_\beta = \sum_{j=1}^{J} \omega^{j}_{\Delta_X} \left[\overline{\Phi(X_1\beta_1)} - \overline{\Phi(X_0\beta_1)}\right] + \sum_{j=1}^{J} \omega^{j}_{\Delta_\beta} \left[\overline{\Phi(X_0\beta_1)} - \overline{\Phi(X_0\beta_0)}\right]$$

where

$$\omega^{j}_{\Delta_X} = \frac{\left(\overline{X_1}^{j} - \overline{X_0}^{j}\right)\beta_1^{j}\phi(\overline{X_1}\beta_1)}{(\overline{X_1} - \overline{X_0})\beta_1\phi(\overline{X_1}\beta_1)} = \frac{\left(\overline{X_1}^{j} - \overline{X_0}^{j}\right)\beta_1^{j}}{(\overline{X_1} - \overline{X_0})\beta_1}$$

$$\omega^{j}_{\Delta_\beta} = \frac{\overline{X_0}^{j}\left(\beta_1^{j} - \beta_0^{j}\right)\phi(\overline{X_0}\beta_0)}{\overline{X_0}(\beta_1 - \beta_0)\phi(\overline{X_0}\beta_0)} = \frac{\overline{X_0}^{j}\left(\beta_1^{j} - \beta_0^{j}\right)}{\overline{X_0}(\beta_1 - \beta_0)}$$

Assessing the direction of employment transitions

Finally, as was mentioned above, one of the objectives of this paper is to evaluate what type of job those who leave employment go into, over the course of a year. To this end, we classified destination jobs into two categories: "good jobs" and "bad jobs."

"Good jobs" include formal employees, professional own-account, and employers, while "bad jobs" include informal wage workers, nonprofessional own-account, and unpaid family workers. Not only average income levels are lower among workers with "bad jobs" (Figure 1), they also lack social security coverage and sufficient income to access health insurance and/or pension schemes. Other aspects of working conditions are also relatively worse among those employed in such jobs, (e.g. working on the street, long working hours, or the practically nonexistent possibility of joining a trade union).

5. Labor market composition

The early years of the 20th century were characterized by a sustained overall economic growth and improvements in the performance of the labor market. This should have led to many upward movements within this market, including transitions from nonemployment to employment and from informal jobs to formal ones. However, given that some of the structural features of these labor markets remained in place, it is to be expected that the high frequency of downward movements (those deriving, for instance, from the considerable occupational mobility that is usually associated with precarious jobs held by informal wage workers and own-account workers) would have persisted.

Despite these common circumstances, there were significant differences in the major labor indicators between the countries analyzed (Table 1). While formal workers represented, on average, around 50%–60% of total employment in Argentina and Brazil for the entire period, they only accounted for 25%–37% in Ecuador, Mexico, Paraguay, and Peru. Nonwage workers were a large group in the second set of countries. Informal employees accounted for around 23% of all wage workers in Brazil, 35% in Argentina, 42% in Ecuador, and between 47% and 57% in the rest of the countries.

Another aspect of the employment structure that is worthy of consideration is the incidence of temporary salaried employment. Once again, the differences between countries are very marked in this regard: while in Argentina and Brazil open-ended

contracts account for nearly 90% of wage workers, this percentage stands at just 40%–60% in the remaining countries. Indeed, in Paraguay, Mexico and Peru, most wage workers are temporary. Two factors appear to be linked to this outcome; on the one hand, the high prevalence of informal employees, whose jobs are very frequently of a temporary nature; on the other hand, the characteristics of the labor regulations relating to fixed-term contracts. In Peru, for instance, both features seem to be present as the possibility of hiring temporary formal employees is relatively easy.

Along with temporary employment, involuntary time – related underemployment is another of the most significant non-standard forms of employment in the world.[6] Its incidence also varied greatly among the countries: it was almost nonexistent in Mexico and Brazil but stood at 15% in Peru.

Although the prevalence of microenterprises (those with up to five workers) is a defining feature of Latin America, it differs between cases, concentrating from 35% of employment in Brazil to 63% in Peru.

There is no significant difference in employment structure by sector of activity, except in Paraguay. However, even when this country is considered, trade is the branch that generates most employment, followed by industry or the public sector.[7]

Turning to demographic variables, educational structure of employment differs across countries. In Argentina, Brazil, Mexico and Peru, high-skilled workers (complete tertiary level) accounts for 20%–27% of the total employment, while in Ecuador only 15% fall into this category, and in Paraguay only 5% do.

In contrast, the composition of employment by gender is similar in all the countries, with men accounting for between 52% and 57% of total workers.

Although differences by age group are somewhat more significant than by gender, they were not particularly marked. The share of workers in the prime age group (25-45 years) ranges between 44% and 54%. Peru and, notably, Paraguay has the highest percentages of young people in their labor forces.

Finally, heads of households explain about one half of employment in all countries except in Peru and Paraguay where they account for 37% of total workers.

As we will show in the next section, there are different levels of job turnover among these groups of workers and occupations. This implies that discrepancies in the employment structure between countries (especially regarding type of contracts, educational level and informality) may potentially explain part of the gaps in global occupational mobility between them.

6. A descriptive overview of job exits

6.1 Aggregate exit rates

[6] ILO (2016).
[7] In Paraguay the public sector cannot be identified.

As is shown in table 2, there are no major differences between the countries included in this study when using definition A; on average, 13% of those who were initially employed each year left employment to become unemployed or inactive. Consequently, approximately 87% remained in employment, be it in the same job or another. Around 4% became unemployed, while 9% left the workforce. Furthermore, these similarities were largely repeated in the exit rates for the different groups of workers analyzed in this paper.

However, this outlook changes significantly when transitions between different occupations are included; that is, when the analysis considers all job exits, both to unemployment or inactivity and to other occupations (Table 2). When exit rates are calculated in this way (definition B) significant gaps between countries appear, They are lowest in Brazil (around 25%) and Argentina (28%), followed by Mexico (30%) and Ecuador (31%), and, at the other extreme, by Peru (44%).

By comparing these values and those mentioned above, it can be deduced that between 50% and 70% of job exits were to another job, making these the most frequent type of labor market transition in the countries included in this study. These rates were two or three times higher than exit rates toward inactivity (with the exception of Mexico where they were similar), and between four and seven times higher than those toward unemployment. The lack of broad unemployment assistance in the region may explain, at least in part, the relatively low transition rates toward unemployment among those leaving jobs.[8]

6.2 Exit rates from a job by groups of workers

In order to perform the analysis of difference in job stability among groups of workers only alternative B will be considered.

It can be appreciated the presence of significant gaps according to occupational category in all countries (Table 3). In particular exit rates are highest among informal workers, followed by the own-account workers (who are mostly nonprofessionals). In contrast, retention rates are highest among formal employees.

This higher stability among formal workers may be due to the greater dismissal costs associated with jobs of this type. It may also be explained by the fact that these workers are usually more intensively trained. In contrast, the dismissal costs associated with informal employees are very low,[9] which makes them attractive for sectors with unstable activity levels and/or positions. Employers may resort to this type of workers instead of using an official trial period or as a way of making this period last longer than what is stipulated in labor regulations. On the other hand, small-scale activities, where own-account and informal workers predominate, are often affected by events that make jobs in these areas more vulnerable. Furthermore, investment in fixed capital is low in these activities, which makes it easier for operations to be interrupted.

[8] As a large portion of underemployment in Latin American (and in LDCs in general) is disguised as informal employment. differences in unemployment rates do not adequately reflect differences in underutilization; it is affected by the size of the informal employment.

[9] The costs in question are the fines and severance pay that the employer would have to pay if the dismissed employee were to report the situation to the labor authorities.

However, although this situation was similar in all the countries included in the study, the intensity of exit rates for each of these groups of workers was significantly different from one country to the next. Exit rates are particularly low among formal employees in Argentina and Paraguay, where around 13% of workers switched jobs from one year to the next, while in Peru they are as high as 30%, with Brazil, Ecuador and Mexico somewhere in between.

These gaps in exit rates may derive, on the one hand, from the dissimilar formal employment composition among countries according to the other personal and occupational attributes. Diversity in the degree of flexibility implicit in the labor regulations are another possible source of those disparities. This second factor, however, does not appear to be much relevant as least regarding employment protection legislation. In all countries, except in Brazil, severance payment is about one month salary per year tenure. It is somewhat higher in Peru, which is precisely a country with a high exit rate while Paraguay, on the contrary, has a slightly lower cost but register low turnover. In the first of these cases, this situation appears to be related to the composition of employment, particularly, to the high proportion of temporary formal employees. The reduced instability of Paraguay could be associated with the small share of formal workers, who would concentrate the more stable positions. Brazil has different system regarding firing regulations based on individual accounts, which imply a lower cost associated to the event of dismissal. Besides the legal framework in place in each case, difference in its enforcement may also account for some gaps in exit rates between countries. For instance, in Argentina, a country with a high level of trade-union density, employers may face strong resistance to proceed with dismissals, particularly collective ones.

Furthermore, as we mentioned above, job retention levels were lowest among informal workers in all countries, a situation that was most marked in Peru. Around 65% of these workers in this country did not remain in the same job from one year to the next. It is worth remembering that Peru was one of the countries with the highest rates of informal employment. Nonwage workers (including employers, own-account and unpaid family workers) also had the lowest levels of stability in this country, which thus indicates that the high overall turnover is repeated in each of the occupational categories.

Another abovementioned relevant factor that is associated with turnover rates is the wage workers' contract type, that is, whether they are fixed-term or open-ended contracts. The former stipulates an explicit end date and are more affected by downsizing during contractive phases of the business cycle. On the contrary, long-term workers generally have greater access to on-the-job training and specially, have larger firing costs, which may also translate into greater job stability.[10]

When the countries are compared, one aspect that stands out is the higher job retention rate for workers with permanent contracts in Peru and Paraguay, and the lower stability of Brazil. Interestingly, as it was mentioned above, the former two countries are those with the lowest shares of employees with permanent contracts. Precisely, this feature explains that formal workers in Peru have the largest exit rates between all the countries considered. Furthermore, these descriptive results showing the high stability levels of

[10] Cazes and de Laiglesia (2015).

permanent workers in Peru and Paraguay, as well as the lowest one in Brazil, do not stand in the econometric analysis.

In all the countries, labor turnover is higher among involuntary part-timers than among full-timers. This is due in part to the fact that involuntary part-timers usually receive less on-the-job training, as employers deem them to be contributing less to the company dynamic or to be less interested in developing an active professional career.[11] Quit rates are high among involuntary part-timers as most are seeking full-time jobs.[12] Although these patterns applied to all the countries in the study, exit rates for both groups are lowest in Argentina and Brazil and highest in Peru.

Firm size correlates negatively with occupational instability in all countries. This may be due to different factors, such as the fact that demand is usually more stable among larger firms than among smaller ones and the fact that the former are also better equipped to ride out negative economic cycles. Together, these factors result in smaller fluctuations in employment. Larger firms also tend to provide their workers with better training and specific skills, which then gives firms incentives to retain them. Additionally, the share of workers registered in social security systems is lower among smaller firms, a factor which also contributes to the high relative instability. All the same, the effect of firm size on stability was particularly low in Brazil in comparison to the other countries.

In all six countries, job stability was highest among public-sector employees[13] and lowest among those working in construction and domestic service. The share of formal employees tends to be higher among those working in the public sector and lower among those in the other two sectors. Legislation also tends to make public-sector jobs more stable.

Education is a significant factor in explaining exit rates. The latter decreases as the educational level increases in the six countries; however, for Ecuador and Peru, the largest rate corresponds to the intermediate level. Again, this inverse relationship may be explained by the accumulation of specific human capital, which usually complements general human capital. Better educated workers therefore receive more specific training, and thus employers tend try to keep them on. Additionally, more educated workers are largely concentrated in formal jobs, which are more stable, as was shown above.

Although this description applies to all the countries included in the study, there are major differences among them. Exit rates were highest in Peru for all three education levels and lowest in Brazil and Argentina.

Gender and position in the household are also significant variables in all countries, in that job stability is greater among men and heads of households than among women[14] and nonheads of households. The countries ranked similarly in both cases, with Brazil and Argentina at one extreme and Peru at the other.

[11] Nelen and De Grip (2009).
[12] Farber (1999b:17) found evidence "that … involuntary part-time jobs are part of a transitional process subsequent to job loss leading to regular fulltime employment".
[13] As mentioned before, in Paraguay the public sector cannot be identified.
[14] These results are commonplace in the international literature. See, for example, Rubery et al. (1999).

One possible explanation for these gaps is that women and nonheads of households usually perform more precarious jobs. This may be associated with the fact that women are offered more unstable jobs. The fact that exit rates are higher among women could be also explained by their responsibilities relating to certain extra-economic activities, which are determined by cultural norms and the human life cycle.

There is a negative correlation between exit rates and age, as job instability was greatest among young people (those between 15 and 25 years of age). Between 46% and 74% of young people left their jobs from one year to the next. The country ranking for young people is the same as for all workers.

There are multiple explanations for this result. On the supply side, higher turnover levels are associated with the characteristics of young people or a decision on their part to go into jobs that end up being more unstable but that have other qualities that they value. On the demand side, high turnover is associated with occupational segregation because employers consider young people to be less reliable. These positions are mainly ones with no social security benefits or ones in which little is invested in training or developing skills.

Finally, it is possible to argue that exit rates are not only influenced by employment composition but also by macroeconomic behavior. However, the evolution of the GDP of the six countries had a similar pattern during the 2003-15 period. Only the higher volatility of Paraguay could have contributed to its high exit rate, although this factor appears to have played a lower role in other cases with large GDP growth rates fluctuations, such as Argentina and Mexico. Therefore, the gaps in labor turnover between countries seem to be more associated with different occupational structures than with different economic paths along the period under analysis.

6.3 Comparison with developed countries

It is difficult to compare our results with those of other countries or regions. Studies of labor turnover in industrialized nations tend to be based on data that firms provide regarding dismissals (and hiring). In some cases, figures from administrative records (social security or tax systems) are available, which identify all movements of wage workers who are enrolled in these systems, while in other countries, these movements are estimated by surveying firms. The variables that are usually calculated using this type of data include the share of all exits in the course of one month over average employment during the same period.

There are, however, some studies for developed countries that also resort to household surveys. For example, studies for the United States use data from the Current Population Survey, although the window of observation is also one month in this case. Nevertheless, there is at least one study, a comparison between Britain and Germany, based on information from household surveys that analyzes annual transitions (Longhi and Brynin, 2009). The exit rates estimated in this paper, the most comparable with those of our study, were approximately 10% for Britain and 6% for Germany. In contrast, as we have mentioned, the values for the six Latin American countries ranged between 24% and 44%. However, the values for these two European countries are actually more comparable to exit rates from formal employment in Latin America as

Longhi and Brynin (2009) did not include self-employed workers. These rates were between 13% and 33% in the region.

Another data source also suggests that occupational mobility is higher in Latin American than in developed countries, even when only considering formal workers. For instance, administrative records from the Argentine Ministry of Labor show that the average monthly exit rate is about 3.5%-4%, while this figure for the USA (a country with relatively flexible employment protection legislation) is around 3% (Bureau of Labor Statistics).

7. Decomposition of the differences in the intensity of occupational turnover between countries

As was seen in Section 6, exit rates in each country varied depending on the attributes used to categorize people and jobs. Likewise, the rates for similar groups of people or similar jobs varied from country to country. The average mobility gap between the six countries under analysis may be, therefore, due to the differences in employment structure that we examined in Section 5 or in the specific exit rates analyzed in Section 6.

However, these specific exit rates are "gross" figures as are themselves influenced by the composition of the group according to the other attributes. As already said, for example, part of the differences between gender exits rates may be due to the fact that women work –in larger proportions– in more unstable occupations, as in informal ones.

To assess the importance of each of these factors in explaining the discrepancies in average mobility among the countries we carried out the microeconometric decomposition exercises described in Section 4.

In heading 7.1 we present the global conclusions about the intensity and characteristics of occupational turnover based on these exercises. In the following, we detail the findings coming from the country-to-country comparisons carried out for all workers. Finally, the results from regressions carried out only for wage-earners are discussed in heading 7.3.

7.1 Dominant traits about labor turnover in Latin America

The first important finding is that the differences in the aggregate exit rates between all countries and Argentina are statistically significant, confirming that it is more unstable than Brazil but more stable than the rest of countries. In particular, the ranking of countries according their turnover degree is Brazil, Argentina, Ecuador and Mexico (with similar exit rates), Paraguay and Peru. The intensity of the job exit rate in the latter country nearly doubles that of Brazil.

Informality, still one of the most outstanding features of the Latin American labor market, appears as a major factor contributing to high global labor instability: the higher the proportion of informal employment. the greater the exit rate.

Temporary contracts have larger exit rates than open-ended contracts in all countries. This is mainly due to the higher firing cost of the latter type of employment. Consequently, differences in average formal employee's turnover are influenced by the relative share of fixed-term contracts. The larger proportion of them found in Ecuador, Mexico, Paraguay and Peru explains the larger exit rates of registered workers in these countries.

Regarding open-ended contract instability, differences among countries are less intense. As discussed below, the large value showed by Brazil appears to be linked to the characteristic of a central feature of their employment security regulations: the individual accounts.

The impact of independent employment on occupational instability is less clear. In any case, Brazil and Argentina have the lower share of this type of employment and turnover, while Peru is the opposite case.

Even if the association is not perfect, countries with larger share of part-time jobs are those with higher instability (for example, Peru). On the contrary those countries with larger full-time employment tend to have lower turnover.

There are no significant differences in the participation of women in total employment between countries. Also, in all of them female exit rates are higher than male ones. In turn, the intensity of rotation among women is positively associated with the global instability. However, it is interesting to note that, in comparison with Argentina, the stability gap in favor to men is lower in Brazil (the country with greater stability) and in Peru (the least stable country). This could be suggesting that at low or very high levels of global turnover the difference between genders is reduced. In the rest of the countries, the gap is not statistically different from that of Argentina.

Finally, the countries analyzed exhibit a higher labor rotation than the developed countries mentioned here. However, this does not seem to be related to looser labor regulations in Latin America (in particular, firing cost). Rather, it would be associated with more intense business cycles and with a more precarious labor composition.

7.2 Detailed decomposition of total workers

After presenting the main traits about labor turnover in Latin America, in this section we detail the econometric results from the country-to-country decomposition in order to quantify how much of the gap in the average exit rate for Argentina and each of the other five countries is explained by the composition effect and how much is due to the coefficient effect. Results are presented in Table 4.

Brazil versus Argentina

The greater occupational stability observed in Brazil in comparison with Argentina was exclusively due to employment structure because the coefficient effect contributed in the opposite direction.

Regarding the first factor, the larger share of formal workers in Brazil contributes to overall stability, bearing in mind the lower turnover levels associated with these jobs in

comparison with informal ones. Brazil's higher education levels and larger share of full-time workers also have a similar effect.

On the contrary, the job attributes leading to more instability in the Brazilian labor market include the higher shares of women and nonheads of households. The lower proportion of workers in prime-age ranges in Brazil also contributes to increasing exit rates. However, the larger share of employed workers over the age of 45 partially compensates for this effect. Finally, all other things being equal, the fact that public employment is less prevalent in Brazil also implies a higher overall turnover considering that occupations in this sector are more stable than in other sectors of activity. However, this second set of variables is insufficient to make up for the first set and the net result indicates, as mentioned above, that Brazil's occupational structure is made up of more stable workers and jobs than Argentina's.

The fact that the coefficient effect is positive (which implies that Brazil would be more unstable than Argentina even if its occupational structure were identical) is explained by the effect of several of the attributes of workers and jobs. The most significant of these include the fact that certain subgroups of workers contribute less to stability in Brazil than in Argentina, namely men, heads of households, formal employees, public-sector workers, full-timers, workers with medium or high levels of education, those in the prime age ranges, and older adults. In other words, factors such as formal employment or education help generate greater job stability in both countries, as we described above, but their effect is greater in Argentina than in Brazil. This could be partly due to the lower firing costs in the Brazilian case.

The comparison of the two countries thus suggests that while the composition of employment is "better" in Brazil than in Argentina, certain workers and jobs are "rewarded" with greater stability in Argentina than in Brazil.

Ecuador versus Argentina

Ecuador's circumstances are the opposite of Brazil's: its labor market is more unstable than Argentina's and this is exclusively explained by the composition of employment, as the coefficient effect has the opposite sing.

The key factors in explaining why Ecuador's labor market is more unstable than Argentina's are the significantly lower shares of formal employment, of workers with university qualifications and young people. This is the case even though the higher percentages of men, heads of households, nonwage workers (in comparison to informal ones), and full-timers in Ecuador contribute in the opposite direction.

Regarding the negative value of the coefficient effect, it is interesting to note that very few variables contribute to lowering Ecuador's exit rates, while other major variables have the opposite effect. Specifically, the only factors that contribute to lowering the exit rate in Ecuador versus Argentina are greater stability among heads of households (in comparison with nonheads), full-time workers (in comparison with part-timers), and construction workers (in comparison with industrial workers). In any case, significant factors such as education and formal employment contribute less to occupational stability in Ecuador than in Argentina. Regarding the last result, this is due to the fact that exit rate among formal employees is larger in Ecuador.

Mexico versus Argentina

The larger occupational turnover of Mexico results from the coefficient effect, as the composition effect tends to reduce mobility in this country in comparison to Argentina. However, the latter has a very small impact and no individual characteristic appears to be significant.

The overall coefficient effect is explained by several dimensions. The most important are the lower contribution to stability of intermediate or high education, of not being young, of being formal employee, of working in big and medium size establishment or being full-timer. Therefore, factors such as formal employment or education help generate greater job stability in both countries but their effect is greater in Argentina than in Mexico.

Paraguay versus Argentina

The higher labor turnover of Paraguay (specifically, Asunción and the surrounding areas) compared to Argentina is only explained by the composition effect. This is mainly due to the lower shares of formal workers, adult workers, those with high skills, and those employed by large firms in the former country, all of which have lower exit rates. However, the fact that the share of full-timers in Paraguay is larger than in Argentina tend to somewhat reduce this gap.

The coefficient effect is not statistically significant for any of the individual variables that we considered.

In other words, the higher exit rates in Paraguay are completely explained by an occupational structure that is biased toward less stable jobs and workers.

Peru versus Argentina

Finally, in Peru, both effects contribute to the labor turnover being higher than in Argentina, with the magnitude of the composition effect being greater than that of the coefficient effect. In fact, as we mentioned above, Peru has the largest labor turnover rates of all the countries included in this study.

With regard to occupational structure, the higher exit rates in the Peruvian labor market are explained by the country's greater shares of young people, nonheads of households, and those employed in the private sector (as opposed to the public sector). In contrast, the fact that part-time jobs are less prevalent has the opposite effect. It is striking that the higher percentage of informal wage workers in Peru in comparison with Argentina does not have significant impacts on labor instability in the former. This results, however, from the positive correlation between formality and firm size. When the latter variable is withdrawn from the regression, the Peruvian larger share of informality contributes, as expected, to the higher exit rate.

The explanation for the larger instability associated with the coefficient effect is that formal employment, gender, and education have a greater positive influence on stability in Argentina than in Peru.

7.3 Detailed decomposition of employees

Up to this point, the decompositions were carried out for all workers. A similar exercise is performed for wage workers exclusively. This allows us to include a particularly important factor in the analysis: whether workers have open-ended or fixed contracts. In this section, only the contribution of this variable will be analyzed (Table 5).[15]

The lower incidence of fixed-term contracts in Brazil contributes to workers there being more stable on average than in Argentina, all other things being equal. In contrast, in Ecuador, Mexico and, especially, in Peru, the higher share of this type of contracts increases labor turnover in comparison with the Argentinian labor market. It is striking that this is not the case in Paraguay, the country with the highest incidence of fixed-term jobs. The correlation between temporary and informal employment makes that the prevalence of fixed-term contracts is not statistically significant when a conditional analysis is carried out.

With regard to the stability of each of the two contract types, we observed that in Brazil permanent workers are more stable than temporary ones and that this difference was greater than in Argentina. In other words, Brazil not only has a higher share of workers with open-ended contracts but the contribution to stability of this type of employment is significantly higher than in Argentina.

Exit rates of permanent workers in Mexico and Peru are lower than in Argentina. However, unlike in Brazil, these countries, in particular Peru, have the highest rates of temporary employment of the countries included in this study. Even more striking, workers with open-ended contracts in Peru have more stable jobs than in the rest of countries. This may reflect the fact that the legislation makes it easy for employers to hire workers through fixed-term contracts, which could lead to a concentration of open-ended contracts among workers who are expected to remain in their jobs for a longer time. Furthermore, they may also be used, partly, as a substitute for or extension of the trial period.

In Ecuador and Paraguay, controlling for other covariates, the relative probabilities of wage workers leaving a permanent job are the same as in Argentina.

8. Assessing the direction of job exits

Following this detailed analysis of the differences in the intensity of exit rates in the countries included in this study, we will now evaluate how far these transitions are toward quality jobs, that is, jobs with social security coverage and relatively high salaries.

As we mentioned above, relatively common patterns were observed in all six countries in terms of the intensity of exits from employment to unemployment or inactivity. Overall, these destinations explain a significant share of total transitions: from one third in Peru, through 40% in Paraguay and Ecuador to 45% in Argentina and Brazil and 52%

[15] Only the coefficient associated to the covariate "Permanent" is presented. The complete results of this decomposition exercise are available upon request.

in Mexico (Figure 2). It is worth remembering that only between 10 and 15% of the exits from a job go to unemployment. In turn, this value does not correlate with the existence of unemployment insurance among countries (Argentina, Brazil and Ecuador are those of the six countries considered in this paper having this institution). A possible explanation of this result is the fact that even in those three countries with unemployment insurance it covers a smaller portion of the unemployed (around 10-15%) because the majority of the flows to this state come from labor informality.
Therefore, job exits to unemployment imply, in general, transitions toward a worse status, even when the initial job is characterized by precarious labor conditions and low pay.. Less clear is the evaluation of transitions towards inactivity, given that the motivations for these movements are not known. Due to this, transits to out of the labor market were not included in this analysis. Due to this, transits to out of the labor market were not included in this analysis.

As might be expected, this general overview of the destinations of those who exit a job differs among groups defined by occupational category, education level, and gender. In all the countries, formal workers are more likely to move to another job (between 60% and 80%, depending on the country) and less likely to transit to inactivity, in comparison with informal workers and the nonwage workers (Table 6). Consequently, higher permanence in employment among formal employees is explained by both lower exit rates and the type of transition that this group experiences after leaving a job. In contrast, between 20% and 40% of informal workers become inactive when they leave a job. These values are even higher (between 40% and 60%) among nonwage workers, who experience transitions to inactivity more frequently. This appears as an expected result as intermittence associated to certain occupations typical of these workers could imply that after leaving a job, much of them do not engage in active job searching. The lack of relation between each country's share of those who exit a formal job and transit to unemployment, and the existence of unemployment insurance, reaffirm the comment made in a previous paragraph. Even more, those shares are similar to those exhibited by informal workers.

In all the countries included in this study, higher education levels also increase the probability of a worker transitioning to another job and decrease the probability of their becoming inactive. Therefore, high skilled workers experience greater permanence in employment because they exit jobs less and when they do so they mostly transit to another job (Table 6). In contrast, between 35% and 55% of workers with lower education levels who exit a job become unemployed or inactive.

Women move more toward inactivity than men (table 6). Women's larger share of labor market exit rates reflects a certain composition effect (including the fact that informal and temporary occupations are more prevalent among them). However, gender nonetheless has an independent impact, which may be due to discrimination and the care-related roles and duties that society assigns women through cultural norms.

In any case, as we observed above, the most common destination for those who exit a job in these countries is another job. What remains is to analyze the characteristics of the jobs that such workers transition to. To do so, we will return to the differentiation between the "good" and "bad jobs" that we discussed in the methodological section.

It is striking that in all countries except Brazil most transitions are toward "bad jobs,"

which explain between 60% and 80% of the switching between occupations. Although these percentages are lower in Brazil, they stand at around 40%, meaning they are still significant (Table 7).

Once again, these values vary among the groups of workers included in the study. While 60% to 80% of formal workers who exit their job go to another formal job or become professionals own account or employer, this percentage is significantly lower among informal workers. In Argentina, Paraguay, and Peru, less than 20% of the latter transition to "good jobs", while around 25% does so in Ecuador and Mexico, and 45% in Brazil.

The fact that formal workers are more likely to move to jobs of this sort may be due to different reasons. First, the greater proportion of workers with high education levels, who are more likely to find another formal position. Second, these types of workers usually receive severance pay when they are fired, which would effectively support a longer search for a new job and thus increase their possibilities of finding a position with social security coverage.[16] Likewise, the fact that a worker comes from a job of this sort may be interpreted by prospective employers as a sign of the worker's capacity to carry out other formal jobs. Finally, from a more sociological point of view, workers may have access to networks of contacts they made at previous jobs which would facilitate their finding jobs with social security coverage.

It follows from these arguments that the destinations of formal workers who leave a job are positively associated with education level, but this correlation is lower among informal workers and nonwage workers. The situation is similar for gender, where the differences between men and women are smaller for informal and nonwage workers.[17]

If we combine the group of workers who transit to bad jobs and those become unemployed, the result is that the destination of a very high share of workers leaving a job is effectively exclusionary. These figures stand at 52% in Argentina, 33% in Brazil, 46% in Ecuador, 43% in Mexico, 63% in Paraguay, and 56% in Peru.

In conclusion, two major types of labor movements can be identified in these Latin American countries: (1) those mainly experienced by workers who have good jobs and transit to another such job; and (2) those faced by workers who initially have "bad jobs" and transition to unemployment or another "bad job". The second type of labor movement, the more frequent one, probably entails a vicious circle of low wages and lack of income,[18] especially given the limited access to social protection in the region.

9. Final remarks

The aims of this paper were two. First, to provide evidence on the turnover rate in the Latin American labor market and the destinations of those who exit a job. Second, to identify how far the differences in turnover from one country to the next are due to a composition effect and how far they are due to other factors.

[16] Atkinson and Micklewright (1991).
[17] Data supporting this description are available upon request.
[18] The close connection between unemployment and low paying jobs has also been explored by Cappellari and Jenkins (2008) in Britain.

The relevance of the study thus lies in the importance of its analysis of labor market flows and the fact that it contributes up-to-date statistics for a broad group of Latin American countries in comparative perspective.

The results allowed us to conclude that although the countries under analysis show very different labor turnover rates, in all cases these rates are higher than those observed in Great Britain and Germany. This supports the idea that occupational mobility is very high in Latin America. These rates are only partly associated with a precarious employment structure that is characterized by high levels of labor informality and fixed-term contracts, among other factors. Formal jobs also are more unstable than in developed countries, even when in Latin America labor protection regulations tend to be stricter.

In turn, the instability gaps between countries are not mainly due to different economic cycles but to dissimilar occupational structures, where the incidence of informality or temporary employment turn out to be two of the most relevant characteristics. At the same time, divergences in labor regulations between these countries tend to have a small role except, on the one hand, in Peru where legislation facilitates the use of fixed-term contracts and, on the other hand, in Brazil where employment security mechanisms are based on individual accounts.

The overall picture we have described is particularly concerning given that a large proportion of these movements are toward mainly precarious jobs and, to the lesser extent, unemployment. As a result, the consequences of these transitions on individuals' welfare are negative, especially bearing in mind the limited social protection mechanisms –contributory and non-contributory- in Latin America. This situation was observed with greater intensity among informal workers, women, and those with low education levels, which reflects a vicious circle between low income and no income.

Regarding this last point, a frequent argument is that informal employment functions as a gateway into the labor market, facilitating the accumulation of experience, knowledge, and certain "soft" skills. Those who agree with this perspective maintain that employment in informal jobs would make it easier for workers to later find quality jobs (the stepping stone hypothesis). Although a detailed examination of this hypothesis would require further analysis, the findings of this study would not seem to support it, at least for the largest part of workers.

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ANNEX

Table 1. Composition of employment

Variables	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Employed	58.1	62.4	64.1	60.6	67.1	69.7
Unemployed	6.6	5.0	3.9	2.7	6.9	7.0
Inactive	35.3	32.6	32.0	36.6	26.0	23.3
Total	100	100	100	100	100	100
Workers						
Gender						
Women	45.2	48.0	43.8	43.2	44.3	48.3
Men	54.8	52.0	56.2	56.8	55.7	51.7
Total	100	100	100	100	100	100
Age						
Under 25	13.0	16.4	14.6	17.4	22.6	19.2
25-45	52.9	44.4	52.7	54.0	48.6	50.3
45-65	34.1	39.2	32.8	28.6	28.8	30.5
Total	100	100	100	100	100	100
Education						
Less than complete secondary	40.6	35.0	43.6	34.4	45.9	32.2
CS-incomplete terciary	38.1	43.0	41.3	42.1	49.6	44.4
Complete terciary	21.3	22.0	15.1	23.5	4.5	23.4
Total	100	100	100	100	100	100
Occupational category						
Formal	48.2	58.2	35.3	37.1	29.0	24.6
Informal	25.8	17.8	25.4	32.8	37.9	28.3
Own-account	20.5	18.6	28.9	20.0	23.1	35.7
Employer	4.4	4.8	4.9	5.1	6.7	5.1
Unpaid family worker	1.0	0.6	5.6	5.0	3.3	6.3
Total	100	100	100	100	100	100
% informal/ total wage employment	34.9	23.4	41.8	46.9	56.6	53.5
Contract (salaried workers)						
Pemanent	88.2	95.8	57.3	49.1	37.1	42.1
Temporary	11.8	4.2	42.7	50.9	62.9	57.9
Total	100	100	100	100	100	100
Size of the enterprise						
Less than 6 employees	48.2	34.4	55.4	49.6	52.7	62.6
6-40 employeess	24.4	4.5	16.9	23.6	22.5	15.3
More than 40 employees	27.4	61.0	27.7	26.8	24.9	22.1
Total	100	100	100	100	100	100
Position in the household						
Non-head	49.4	53.3	48.6	53.2	62.7	62.5
Head	50.6	46.7	51.4	46.8	37.3	37.5
Total	100	100	100	100	100	100
Sector of activity						
Industry	13.5	15.4	13.7	17.8	13.6	13.5
Construction	8.1	6.3	6.8	7.3	7.6	6.5
Trade	23.1	22.1	32.8	29.7	32.2	33.7
Transport	6.7	7.3	7.9	5.7	5.2	10.9
Financial services	9.8	16.7	7.3	6.5	7.5	5.5
Personal services	7.0	6.4	5.4	3.1	24.3	4.6
Domestic services	9.2	7.2	3.4	4.8	7.5	4.2
Public sector	15.2	11.6	11.6	13.2	-	11.6
Other sectors	7.4	7.0	11.0	11.9	2.2	9.5
Total	100	100	100	100	100	100
Labor intensity						
Full-time	87.7	97.4	89.3	98.8	89.8	84.5
Part-time (only involuntary)	12.3	2.6	10.7	1.2	10.2	15.5
Total	100	100	100	100	100	100

Source: Own elaboration based on household surveys

Table 2. Labor status in *t+1* for people employed in *t*

Labor status in t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Employed	87.4	88.8	87.1	84.4	86.4	85.8
Same job	72.3	75.6	69.4	69.8	65.3	55.8
Another job	15.1	13.2	17.7	14.5	21.1	30.0
Unemployed	4.1	3.0	3.3	3.1	5.2	4.3
Inactive	8.5	8.2	9.6	12.6	8.5	10.0
Total	100	100	100	100	100	100
Exit rate from a job	27.7	24.4	30.6	30.2	34.7	44.2
Exit from employment	12.6	11.2	12.9	15.6	13.6	14.2

Source: Own elaboration based on household surveys

Table 3. Exit rates from a job by groups of workers

	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Women	31.7	25.8	37.1	35.4	36.9	45.7
Men	24.4	23.1	25.6	26.2	33.0	42.8
Less than 25 years old	55.8	46.1	61.2	51.5	57.6	74.0
25-45 years old	24.9	21.5	28.9	26.6	29.9	43.9
45-65 years old	21.4	18.6	19.9	23.9	24.9	26.1
Less than complete secondary	35.9	27.7	30.9	34.3	42.0	43.7
Complete-second. / Incom. Terciary	27.2	27.1	33.7	32.5	30.0	50.3
Complete terciary	12.9	14.0	21.4	20.0	12.9	33.3
Formal	13.1	20.7	21.7	19.7	15.4	33.3
Informal	51.4	41.3	44.6	40.8	51.1	64.0
Own-account	33.9	23.3	30.1	32.1	36.0	36.9
Employer	13.4	9.9	14.1	15.8	12.6	21.0
Unpaid famiy worker	57.2	37.2	40.9	44.8	53.7	58.4
Permanent	18.5	24.0	20.8	18.0	13.4	6.9
Temporary	57.4	60.7	45.3	40.8	48.7	53.3
Less or equal to 5 employees	38.5	25.4	33.6	35.5	42.0	45.4
6-40 employees	23.6	26.8	33.8	29.6	34.2	55.5
More than 40 employees	12.5	23.7	22.7	20.8	19.9	33.3
Industry	27.2	26.3	29.0	28.3	32.9	48.7
Construction	46.0	29.4	29.1	40.0	56.2	58.4
Trade	31.9	28.5	34.3	34.8	34.5	43.2
Transport	22.3	21.9	26.9	24.6	31.9	35.4
Financial services	22.6	24.0	37.6	34.5	35.2	51.8
Personal services	18.1	22.9	28.4	26.9	23.8	53.2
Domestic services	51.3	27.2	45.8	41.7	57.9	60.4
Public sector	7.3	13.5	13.2	12.4		20.5
Other sectors	28.6	24.8	35.4	30.8	23.5	55.0
Full-timer	21.9	22.4	25.8	26.3	31.2	37.8
Involuntary part-timer	39.2	32.4	51.7	42.1	45.0	57.6
Non head of household	35.5	29.8	41.7	37.6	39.7	52.8
Head of household	20.0	18.2	20.2	21.7	26.4	29.9

Source: Own elaboration based on household surveys

Table 4. Yun Decomposition. Definition B

Brazil - Argentina

		Effects	
	Total difference	**Composition**	**Coefficient**
Aggregate decomposition	-0.0330	-0.0754	0.0425
p value	*0.000*	*0.000*	*0.000*

Composition effect

covariates	**coefficient**	**p-value**
Head of housshold	0.0014	0.000
Men	0.0009	0.000
Comp. Sec./Inc. Terciary	-0.0007	0.000
Comp. Terciary	-0.0006	0.000
25-45 years old	0.0071	0.000
45-65 years old	-0.0033	0.000
Formal salaried workers	-0.0090	0.000
Non-salaried workers	0.0013	0.000
Construction	-0.0005	0.000
Trade	0.0000	0.440
Transport	-0.0001	0.000
Financial services	-0.0014	0.000
Personal services	0.0004	0.000
Domestic services	0.0014	0.000
Public sector	0.0038	0.000
Other sectors	0.0001	0.000
6-40 employeess	0.0053	0.000
More than 40 employees	-0.0007	0.335
Full-time	-0.0089	0.000
REGION	YES	

Coefficient effect

covariates	**coefficient**	**p-value**
Head of housshold	0.0047	0.001
Men	0.0103	0.000
Comp. Sec./Inc. Terciary	0.0047	0.000
Comp. Terciary	0.0016	0.074
25-45 years old	0.0070	0.000
45-65 years old	0.0112	0.000
Formal salaried workers	0.0193	0.000
Non-salaried workers	-0.0048	0.000
Construction	-0.0025	0.000
Trade	0.0024	0.011
Transport	0.0004	0.371
Financial services	0.0009	0.072
Personal services	0.0022	0.000
Domestic services	-0.0006	0.235
Public sector	0.0084	0.000
Other sectors	-0.0004	0.342
6-40 employeess	-0.0028	0.004
More than 40 employees	0.0060	0.000
Full-time	0.0168	0.000
REGION	YES	
Constant	0.4019	0.606

Table 4 (cont.)

Ecuador – Argentina

		Effects	
	Total difference	**Composition**	**Coefficient**
Aggregate decomposition	0.0292	0.0612	-0.0320
p value	*0.000*	*0.000*	*0.000*

Composition effect

covariates	**coefficient**	**p-value**
Head of housshold	-0.0006	0.000
Men	-0.0007	0.000
Comp. Sec./Inc. Terciary	0.0003	0.178
Comp. Terciary	0.0020	0.001
25-45 years old	0.0003	0.000
45-65 years old	0.0015	0.000
Formal salaried workers	0.0121	0.000
Non-salaried workers	-0.0059	0.000
Construction	-0.0004	0.015
Trade	0.0017	0.042
Transport	0.0001	0.615
Financial services	-0.0018	0.000
Personal services	0.0005	0.048
Domestic services	-0.0038	0.001
Public sector	0.0019	0.000
Other sectors	-0.0002	0.833
More than 40 employees	0.0000	0.584
Full-time	-0.0209	0.000
REGION	YES	

Coefficient effect

covariates	**coefficient**	**p-value**
Head of housshold	-0.0147	0.024
Men	0.0021	0.772
Comp. Sec./Inc. Terciary	0.0272	0.000
Comp. Terciary	0.0298	0.000
25-45 years old	0.0051	0.525
45-65 years old	0.0057	0.366
Formal salaried workers	0.0514	0.000
Non-salaried workers	-0.0035	0.388
Construction	-0.0103	0.000
Trade	-0.0054	0.138
Transport	-0.0014	0.368
Financial services	0.0065	0.005
Personal services	-0.0008	0.656
Domestic services	0.0087	0.008
Public sector	0.0010	0.491
Other sectors	0.0065	0.136
More than 40 employees	0.0211	0.001
Full-time	-0.0533	0.000
REGION	YES	
Constant	-12.013	0.000

Mexico – Argentina

		Effects	
	Total difference	**Composition**	**Coefficient**
Aggregate decomposition	0.0245	-0.0049	0.0294
p value	*0.000*	*0.000*	*0.000*

Composition effect

covariates	**coefficient**	**p-value**
Head of housshold	0.0032	0.000
Men	-0.0020	0.000
Comp. Sec./Inc. Terciary	-0.0010	0.003
Comp. Terciary	-0.0032	0.000
25-45 years old	-0.0017	0.000
45-65 years old	0.0078	0.000
Formal salaried workers	0.0146	0.000
Non-salaried workers	-0.0008	0.058
Construction	-0.0016	0.000
Trade	0.0040	0.000
Transport	-0.0005	0.008
Financial services	-0.0048	0.000
Personal services	0.0002	0.784
Domestic services	0.0000	0.978
Other sectors	0.0032	0.000
6-40 employeess	0.0000	0.558
More than 40 employees	0.0002	0.025
Full-time	-0.0163	0.000
REGION	YES	

Coefficient effect

covariates	**coefficient**	**p-value**
Head of housshold	0.0011	0.536
Men	-0.0017	0.391
Comp. Sec./Inc. Terciary	0.0055	0.000
Comp. Terciary	0.0053	0.000
25-45 years old	0.0062	0.005
45-65 years old	0.0086	0.000
Formal salaried workers	0.0254	0.000
Non-salaried workers	0.0037	0.001
Construction	-0.0001	0.802
Trade	0.0002	0.857
Transport	0.0002	0.663
Financial services	0.0029	0.000
Personal services	0.0008	0.178
Domestic services	-0.0001	0.826
Other sectors	-0.0002	0.663
6-40 employeess	0.0018	0.113
More than 40 employees	0.0067	0.000
Full-time	-0.0043	0.048
REGION	YES	
Constant	-2.0505	0.024

Table 4 (cont.)

Paraguay - Argentina

		Effects	
	Total difference	**Composition**	**Coefficient**
Aggregate decomposition	0.0704	0.0497	0.0206
p value	*0.000*	*0.038*	*0.414*

Composition effect

covariates	coefficient	p-value
Head of housshold	0.0022	0.427
Men	-0.0001	0.479
Comp. Sec./Inc. Terciary	-0.0045	0.055
Comp. Terciary	0.0202	0.017
25-45 years old	0.0049	0.000
45-65 years old	0.0076	0.000
Formal salaried workers	0.0273	0.000
Non-salaried workers	-0.0052	0.012
Construction	-0.0004	0.016
Trade	-0.0037	0.170
Transport	-0.0004	0.560
Financial services	-0.0006	0.507
Personal services	-0.0125	0.046
Domestic services	0.0000	1.000
Other sectors	0.0061	0.077
6-40 employeess	0.0011	0.046
More than 40 employees	0.0025	0.004
Full-time	-0.0091	0.000
REGION	YES	

Coefficient effect

covariates	coefficient	p-value
Head of housshold	0.0108	0.178
Men	0.0124	0.149
Comp. Sec./Inc. Terciary	-0.0003	0.955
Comp. Terciary	0.0006	0.941
25-45 years old	-0.0017	0.830
45-65 years old	-0.0044	0.500
Formal salaried workers	0.0062	0.489
Non-salaried workers	-0.0061	0.222
Construction	-0.0012	0.565
Trade	-0.0106	0.068
Transport	0.0002	0.922
Financial services	-0.0002	0.940
Personal services	-0.0022	0.207
Domestic services	-0.0001	0.957
Other sectors	-0.0074	0.075
6-40 employeess	-0.0068	0.196
More than 40 employees	-0.0075	0.258
Full-time	-0.0112	0.260
REGION	YES	
Constant	0.4275	0.966

Peru – Argentina

		Effects	
	Total difference	**Composition**	**Coefficient**
Aggregate decomposition	0.1652	0.0693	0.0959
p value	*0.000*	*0.000*	*0.000*

Composition effect

covariates	coefficient	p-value
Head of housshold	0.00828	0.002
Men	-0.00042	0.496
Comp. Sec./Inc. Terciary	-0.00011	0.923
Comp. Terciary	-0.00090	0.088
25-45 years old	0.00295	0.000
45-65 years old	0.00699	0.000
Formal salaried workers	0.00939	0.142
Non-salaried workers	-0.02364	0.000
Construction	-0.00065	0.334
Trade	-0.00660	0.018
Transport	-0.00490	0.001
Financial services	0.00116	0.512
Personal services	0.00167	0.186
Domestic services	0.00286	0.289
Public sector	0.00636	0.000
Other sectors	0.00039	0.559
6-40 employeess	0.00395	0.146
More than 40 employees	0.00357	0.068
Full-time	-0.00145	0.000
REGION	YES	

Coefficient effect

covariates	coefficient	p-value
Head of housshold	-0.0010	0.889
Men	0.0318	0.000
Comp. Sec./Inc. Terciary	0.0096	0.060
Comp. Terciary	0.0106	0.005
25-45 years old	0.0038	0.675
45-65 years old	-0.0132	0.059
Formal salaried workers	0.0467	0.000
Non-salaried workers	-0.0115	0.015
Construction	-0.0027	0.251
Trade	-0.0067	0.126
Transport	-0.0036	0.038
Financial services	0.0009	0.745
Personal services	0.0026	0.325
Domestic services	0.0006	0.873
Public sector	0.0045	0.274
Other sectors	0.0018	0.293
6-40 employeess	-0.0054	0.293
More than 40 employees	-0.0050	0.482
Full-time	-0.0120	0.162
REGION	YES	
Constant	0.1553	0.982

Source: Own elaboration based on household surveys

Table 5. Yun Decomposition. Wage workers only. Coefficient of "permanent" covariate

	Composition effect		*Coefficient effect*	
	Coefficient	**p-value**	**Coefficient**	**p-value**
Brazil	-0.0067	0.000	-0.0172	0.000
Ecuador	0.0233	0.000	-0.0125	0.555
Mexico	0.0210	0.000	0.0042	0.189
Paraguay	0.0067	0.429	-0.0053	0.762
Peru	0.1193	0.000	-0.1245	0.000

Source: Own elaboration based on household surveys

Table 6. Labor status in *t+1* for people who left a job between *t* and *t+1*

Formal workers in t

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	62%	58%	70%	58%	70%	78%
Unemployed	16%	14%	11%	15%	18%	11%
Inactive	22%	28%	19%	27%	13%	11%
Total	100%	100%	100%	100%	100%	100%

Informal workers in t

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	56%	56%	63%	53%	68%	71%
Unemployed	14%	12%	13%	10%	14%	9%
Inactive	30%	31%	24%	37%	18%	19%
Total	100%	100%	100%	100%	100%	100%

Nonwage workers in t

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	48%	42%	47%	35%	44%	59%
Unemployed	15%	7%	9%	7%	15%	10%
Inactive	37%	50%	44%	58%	41%	31%
Total	100%	100%	100%	100%	100%	100%

Less than complete secondary

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	55%	50%	56%	46%	57%	66%
Unemployed	14%	11%	10%	9%	15%	10%
Inactive	31%	39%	34%	45%	28%	24%
Total	100%	100%	100%	100%	100%	100%

Complete-second. / Incom. Terciary

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	53%	57%	58%	50%	65%	67%
Unemployed	16%	13%	12%	11%	15%	10%
Inactive	31%	30%	31%	39%	21%	23%
Total	100%	100%	100%	100%	100%	100%

Complete terciary

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	61%	58%	66%	48%	65%	74%
Unemployed	12%	11%	13%	13%	19%	8%
Inactive	27%	31%	21%	39%	16%	18%
Total	100%	100%	100%	100%	100%	100%

Table 6 (cont.)

Men

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	67%	61%	73%	64%	70%	77%
Unemployed	18%	13%	13%	14%	16%	9%
Inactive	15%	25%	14%	22%	14%	14%
Total	100%	100%	100%	100%	100%	100%

Women

t+1	ARGENTINA	BRAZIL	ECUADOR	MEXICO	PARAGUAY	PERU
Another job	53%	61%	58%	52%	61%	64%
Unemployed	18%	15%	12%	11%	14%	10%
Inactive	29%	24%	30%	38%	25%	25%
Total	100%	100%	100%	100%	100%	100%

Source: Own elaboration based on household surveys

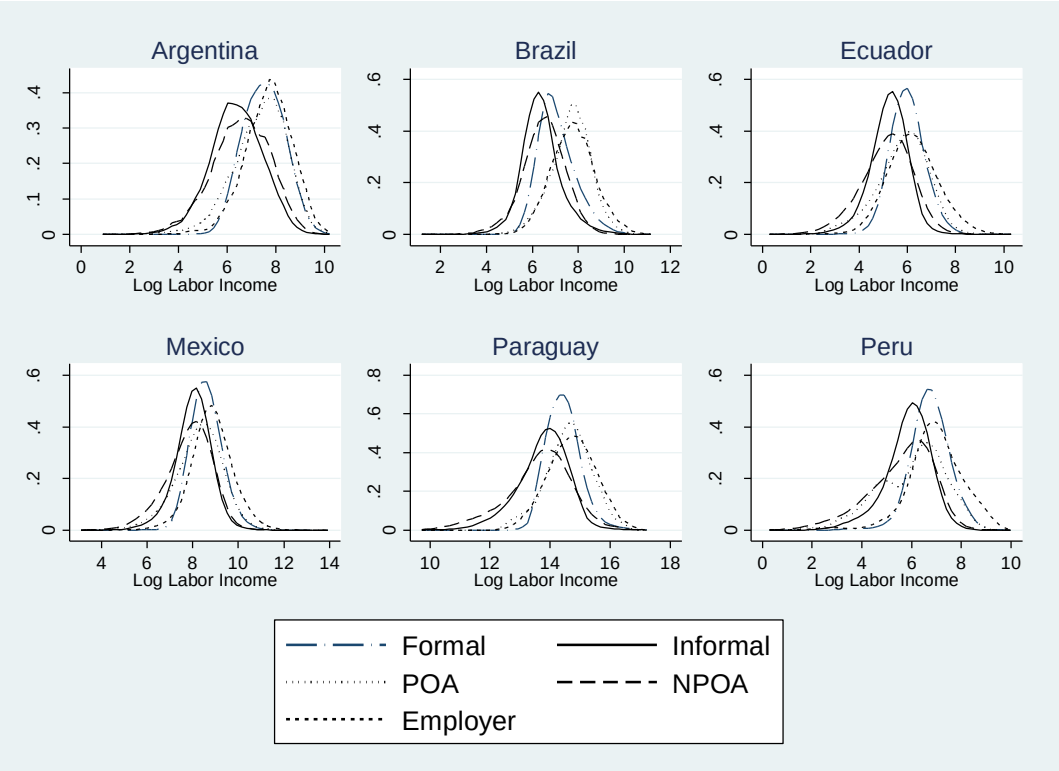
Table 7. Distribution of exits to good and bad jobs of people who left a job between *t* and *t+1*

	ARGENTINA			BRAZIL			ECUADOR		
Job at t	GOOD JOBS	BAD JOBS	TOTAL	GOOD JOBS	BAD JOBS	TOTAL	GOOD JOBS	BAD JOBS	TOTAL
Formal	60.8	39.2	100	76.4	23.6	100	73.5	26.5	100
Informal	19.8	80.2	100	45.8	54.2	100	25.9	74.1	100
Profesional own-accou	56.1	43.9	100	77.7	22.3	100	57.1	42.9	100
Non-profesional own-a	16.1	83.9	100	35.7	64.3	100	14.7	85.3	100
Employers	39.0	61.0	100	59.0	41.0	100	46.5	53.5	100
UFW	17.4	82.6	100	39.8	60.2	100	19.3	80.7	100
Total	30.8	**69.2**	100	61.6	**38.4**	100	38.6	**61.4**	100

	MEXICO			PARAGUAY			PERU		
Job at t	GOOD JOBS	BAD JOBS	TOTAL	GOOD JOBS	BAD JOBS	TOTAL	GOOD JOBS	BAD JOBS	TOTAL
Formal	57.9	42.1	100	59.2	40.8	100	77.8	22.2	100
Informal	22.1	77.9	100	13.8	86.2	100	17.1	82.9	100
Profesional own-accou	56.7	43.3	100	54.7	45.3	100	65.6	34.4	100
Non-profesional own-a	14.1	85.9	100	11.1	88.9	100	15.1	84.9	100
Employers	30.3	69.7	100	19.8	80.2	100	55.2	44.8	100
UFW	21.6	78.4	100	17.7	82.3	100	10.0	90.0	100
Total	32.4	**67.6**	100	20.6	**79.4**	100	32.0	**68.0**	100

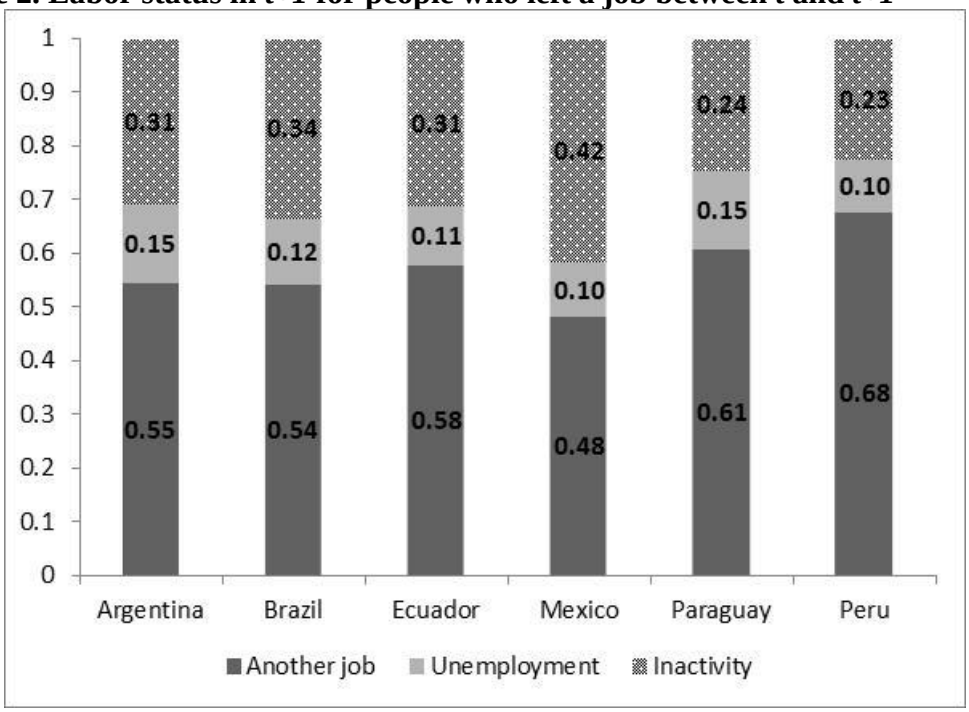
Source: Own elaboration based on household surveys

Figure 1. Kernel density of labor incomes



Source: Own elaboration based on household surveys

Figure 2. Labor status in *t+1* for people who left a job between *t* and *t+1*



Source: Own elaboration based on household surveys