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**Guatemalan Migration
to Chiapas: Effects on Wages
and Hours Worked**

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Policy Brief Series

LABOR



Guatemalan migration to Chiapas: Effects on wages and hours worked



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SUMMARY

There is no evidence that Guatemalan immigration to Chiapas has adversely affected the working conditions of native laborers in Mexico's southernmost state. In fact, in the case of Guatemalan women, their migration seems to have increased the earnings of local women. Given that Guatemalan women in Chiapas are mainly engaged in domestic work, this research suggests that Chiapaneca women have been able to access better-paying jobs due to the work carried out by female Guatemalan laborers.

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Despite being the second largest group of migrants in Mexico, second only to those from the United States, Guatemalans represent a small number of migrants (around 43 thousand throughout Mexico), suggesting that their influence on the national labor market, either past or present, has been minimal. However, the majority of Guatemalan migrants is in Chiapas where they are concentrated within particular levels of education and in certain occupations and industries, which leads us to ask whether these migrants have had an impact on the employment and wages of native workers in Chiapas.¹

Chiapas is Mexico's southernmost state, sharing an extensive border with Guatemala that stretches over 600 km (373 miles), and is the country's poorest region. Almost 80% of the population lives in poverty and 32% lives in extreme poverty. Furthermore, 82% of the population in Chiapas work in the informal sector; 43% does not have access to health services, and 30% claims to suffer from hunger. Agriculture and retail are the main economic sectors of the region, which is known for its large indigenous population.

This research also addresses a significant statistic revealed by the 2010 Population and Housing Census, which identifies that Chiapas, as a federal entity, is a net exporter of population. Between 2005 and 2010, 105,858 people left Chiapas to live in other regions. Of these migrants, 20% went to Quintana Roo, while 13% moved to Baja California. Within the same period, a total of 50,571 people



moved to Chiapas. This implies that between 2005 and 2010, Chiapas lost 55,287 people, which counts for 1.15% of its population.² One possible reason for this phenomenon is that people are leaving the state in reaction to the influx of Guatemalans. In fact, such emigration could be compensating for the effect of increased numbers of Guatemalan migrants on the local workforce.³ An alternative explanation is that Chiapas offers Guatemalan migrants new opportunities owing to the departure of the native population.

Guatemalan workers in Chiapas

The Guatemalan population in Chiapas has increased in recent years. According to figures from the 2000 and 2010 Censuses, the number of Guatemalans in Chiapas rose by 30% from 16,160 people in 2000 to 20,998 in 2010. The National Survey of Occupation and Employment (ENOE) also recorded an increase in the Guatemalan population living in Chiapas. Figure 1 shows a significant increase in the proportion of Guatemalans with respect to the state's overall population between 2005 and 2015. Nevertheless, the percentage is very small and fluctuates between 0.13% in 2006 and 1.01% in 2015.

A combination of factors may explain the increase of Guatemalans in Chiapas. On the one hand, in 2008 Chiapas began to strengthen its social policy to meet the Millennium Development Goals, favoring social policies that target the multidimensionality of poverty rather than those based on short-term assistance, resulting in improved poverty indicators. Also, Chiapas' economy has strengthened greatly over the last five years, clearly generating significant economic opportunities for its residents. Therefore, it is possible that the economic and social landscape of Chiapas has attracted people from the border regions of Guatemala. On the other hand, poverty in Guatemala has grown significantly despite the country's favorable macroeconomic performance; according to the World Bank, Guatemala's poverty rate increased from 51% in 2006, to 59.3% in 2014.

However, it must be emphasized that the percentage of Guatemalans in Chiapas is still quite low when compared with the percentages of major migrant populations in certain developed nations. For example, in the United States, the Mexican population represents 4% of the total population, while in Germany, the Turkish population is just over 3.6% of the country's total inhabitants.

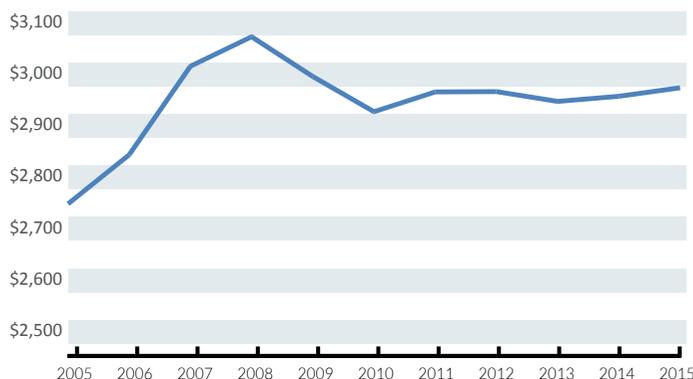
Figure 1. Percentage of Guatemalans in Chiapas



Source: National Survey of Occupation and Employment (ENOE), 2005-2015.

According to ENOE, real wages in Chiapas have remained more or less stable with a slight upward trend from 2005 to 2015. Figure 2 shows the state's current average monthly salary for those in employment aged between 16 and 64 years old, and illustrates a fall in salaries during the global recession (2008-2009), and a slight recovery over the last few years.

Figure 2. Average salary in Chiapas from 2005 to 2010



Source: National Survey of Occupation and Employment (ENOE), 2005-2015

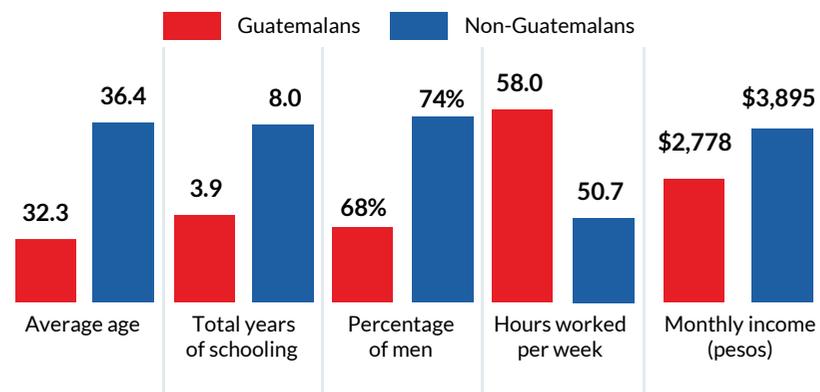
Other points to consider are that Guatemalan workers in Chiapas tend to have low educational attainment, are younger, earn lower wages, and work more hours per week. Figure 3 shows the socio-demographic and occupational characteristics of both Mexican and Guatemalan workers who lived in the state of Chiapas in 2010. Here we can see that the average age of Guatemalan workers in Chiapas is 32.3 years old, while the average age of Non-Guatemalan workers is 36.4. Moreover, Guatemalan workers have received significantly less schooling than Non-Guatemalans, with an average of 4 years of schooling in comparison to an average of 8 years of schooling for Non-Guatemalans. We can also deduce that the two populations are completely different with regard to gender composition, being that the percentage of Guatemalan male workers in Chiapas is significantly lower than the percentage in the Non-Guatemalan group.



Figure 3. Guatemalan and non-Guatemalan workers in Chiapas, 2010



Guatemalans in Chiapas work an average of 58 hours a week with an average monthly income of 2,780 pesos, while Non-Guatemalans work an average of 50 hours a week with an average monthly income of 3,900 pesos



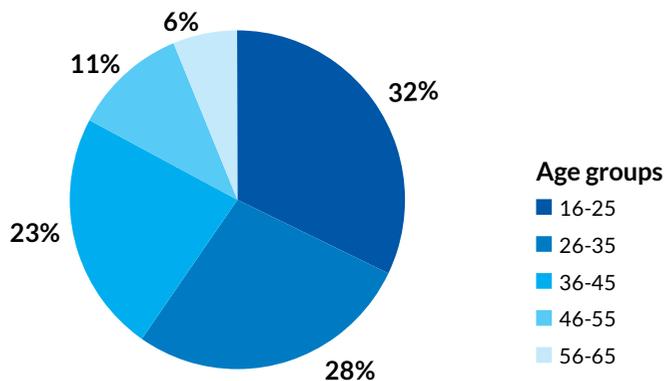
Source: Population and Housing Census 2010, INEGI.

With regard to employment characteristics, Guatemalans in Chiapas work an average of 58 hours a week with an average monthly income of 2,780 pesos, while Non-Guatemalans work an average of 50 hours a week with an average monthly income of 3,900 pesos. Clearly, the working conditions of Guatemalans are more unfavorable than those of Non-Guatemalans.

Concentration of Guatemalans within specific groups

Figure 4 illustrates how Guatemalans are concentrated within younger age groups: 32% of Guatemalans in Chiapas are aged between 16 and 25 years old, while 27.5% are between 26 and 35 years old. This means that Guatemalan workers compete with younger Chiapanecos for work, and complement the older native workforce. The age structure of those from Chiapas does not differ much from that of the Guatemalans: 30.6% of Chiapas' native workers are aged between 16 and 25 years old, and 27.2% are between 26 and 35 years old.

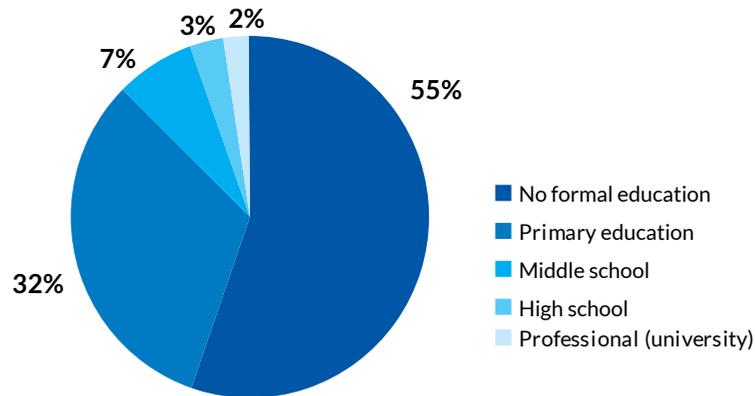
Figure 4. Guatemalans by age group



Source: Population and Housing Census 2010, INEGI.

Figure 5 presents the percentages of Guatemalans in Chiapas according to their educational level. As previously mentioned, most Guatemalans have low levels of schooling: 55% have less than 3 years of primary education and 32% have only completed primary school. In contrast, Chiapanecos have higher levels of education: 33.8% of Chiapas' native population have received less than three years of schooling, 32.8% have completed primary school education, while 10.5% have completed middle school.

Figure 5.
Guatemalans by
levels of schooling



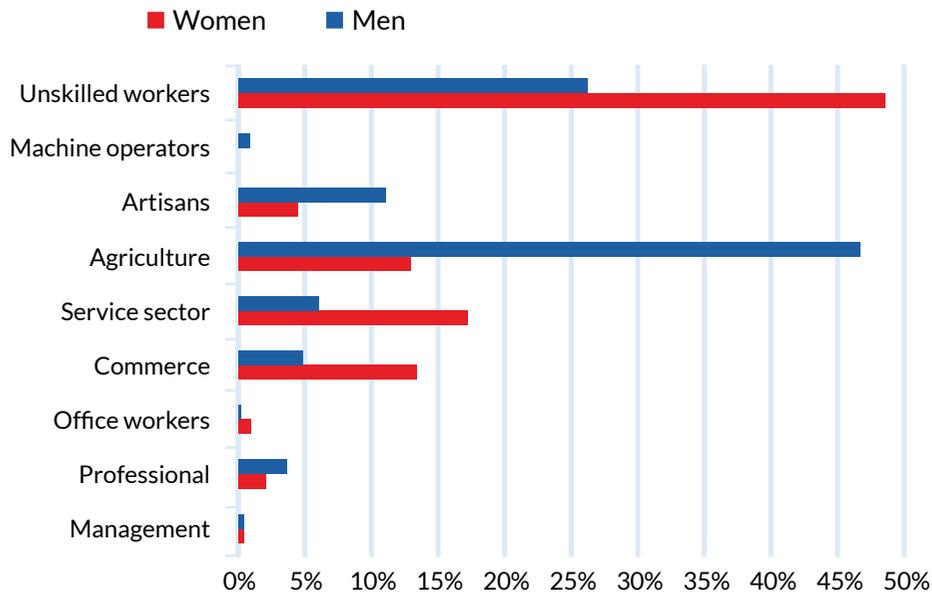
Source: Population and Housing Census 2010, INEGI.

While the breakdown for age groups and schooling illustrated by the aforementioned figure is relevant for both men and women, when it comes to analyzing the occupations held by Guatemalans, it is necessary to distinguish between the sexes. Figure 6 shows that Guatemalan men tend to engage in agricultural work, while Guatemalan women are employed as domestic workers and in small scale commerce.

More specifically, 47% of male Guatemalan workers in Chiapas are employed as day laborers or farmhands; 26% do basic jobs like cleaning and support work in agricultural activities and 11% are engaged in trades such as bricklaying, carpentry or plumbing. Among Chiapas' native men, most are agricultural workers (69.6%), while 8.5% work in unskilled jobs.

As for women, 49% of female Guatemalans perform basic work such as housework or cleaning; 17% are employed in the service sector (cooks, waitresses, babysitters); 13% are traders in small business and another 13% work in agricultural and livestock activities. Women native to Chiapas carry out more diversified occupations: 25% are dedicated to agricultural activities; 19% perform basic unskilled work; 16% are devoted to retail trade and 14% work in traditional artisan trades.





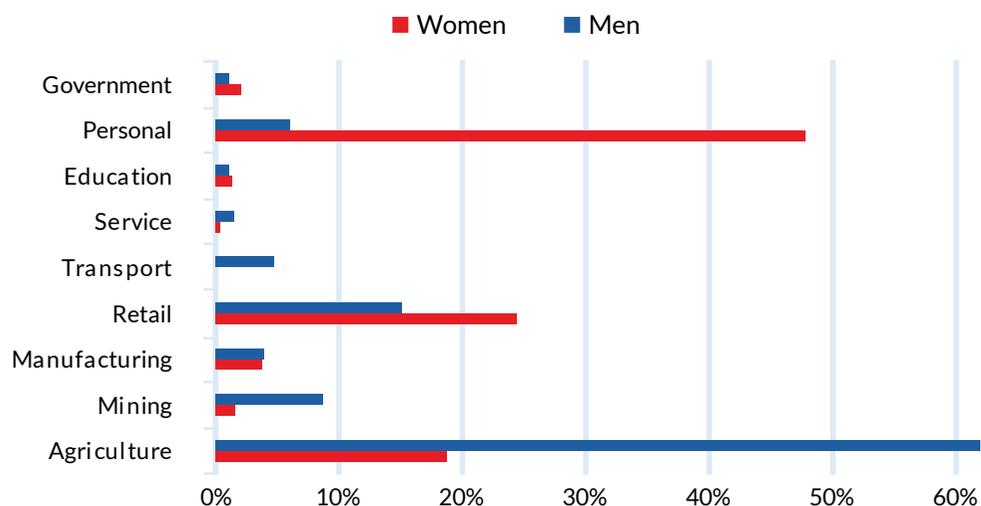
Source: Population and Housing Census 2010, INEGI.

Figure 6.
Guatemalan workers in Chiapas by occupation and sex

Guatemalan women mostly work in the service sector (domestic and cleaning work), in retail, and in agriculture. These results contrast those of Chiapaneca women who tend to work in a wider range of industries

It is also evident from Figure 6 that employment of both male and female workers from Guatemala concentrate in just a few types of jobs.

When the statistics are presented by industry as shown in Figure 7, we see that 62% of the male Guatemalan workers in Chiapas work in agriculture, either as casual laborers or farmhands; 14% are engaged in commercial activities; 9% work in mining and other extractive sectors, while the rest are distributed in other sectors of economic activity. In the case of Chiapaneco men, we find that 72.6% are involved in the agricultural sector; 7.6% in mining, and 5.9% in trade and commerce. On the other hand, Guatemalan women mostly work in the service sector (domestic and cleaning work), in retail, and in agriculture. These results contrast those of Chiapaneca women who tend to work in a wider range of industries: 34.1% in the agricultural sector; 20.7% in retail; 16.7% in manufacturing and 11.2% in education.



Source: Population and Housing Census 2010, INEGI.

Figure 7.
Guatemalan
workers by
industry and sex

Effects of migration on wages

We can predict the effect of migration on wages in Chiapas in two ways. Firstly, if we assume that Guatemalan migrant workers are mostly substitutes for the local workforce, which is possible given their similar skill sets, we would expect wages in Chiapas to be lower due to migration. However if, on the other hand, the Guatemalan workforce mostly complements the local workforce, then one would expect local workers' salaries to go up, holding other things constant.

With regards to the results of the regression analysis, when the sample is divided into groups characterized by their age and educational attainment, we see that the influx of Guatemalan labor has no effect on the wages of the native labor force, suggesting that Chiapas' natives may have moved to other states which have not experienced such a rapid increase in the labor supply. Since the dominant profile of the Guatemalan labor supply is young and poorly educated, we can assume that the native workers who migrated out of the state were also young with low levels of schooling. It is also possible that local workers may have moved to the United States, where there are reports of growing migration from the state of Chiapas.

When the sample is divided into groups defined by occupation and sex, it can be noted that the migration of Guatemalan men has no effect on the wages of male Chiapaneco workers, suggesting the departure of laborers and unskilled workers from Chiapas to

Migration of Guatemalan men has no effect on the wages of male Chiapaneco workers, suggesting the departure of laborers and unskilled workers from Chiapas to other states or to the U.S.





The statistical estimates show how Guatemalan migration has a positive and significant effect on the salaries of female Chiapaneca workers. It would appear that the female labor force from Guatemala complements the native labor force, allowing local women to take better paid positions

other states or to the U.S. However, if we look at women as defined by their occupation, we see that the presence of Guatemalan women has led to better pay for native women.

The statistical estimates show how Guatemalan migration has a positive and significant effect on the salaries of female Chiapaneca workers. It would appear that the female labor force from Guatemala complements the native labor force, allowing local women to take better paid positions. Given that Guatemalan women mostly work in domestic service, we can infer that the women of Chiapas have been able to move on to better paid positions due to, in part, the help of domestic workers from Guatemala, not forgetting those Chiapaneca women employed in domestic work who may have chosen to look for employment opportunities in other states in response to the presence of the female Guatemalan labor force.

When the sample is divided into groups defined by industry, we find that the migration of Guatemalans has not affected the pay of the local labor force. It is possible, as mentioned before, that this is because Guatemalans replace the local agricultural workers who move to other Mexican states or to the United States. Another explanation is that it is easier to change industries than it is to change occupations and therefore the effect of migration is more difficult to prove with data grouped by industry. In other words, it is probable that the workers within any industry greatly affected by migration have switched to another economic sector within the same state.



Effects on working hours

According to regression estimates, Guatemalan migration has not affected the number of hours worked by Chiapas' native residents, even when the sample is stratified by educational level, occupation and industry, or indeed, when looking for any differences between the data for men and women. One explanation for

According to regression estimates, Guatemalan migration has not affected the number of hours worked by Chiapas' native residents

these results is that the Guatemalan labor force does not compete with the local labor force, but rather with other migrants who are already established in Chiapas. Another explanation is that local labor has migrated to other Mexican states or to the United States in response to the presence of Guatemalan labor. A final explanation is that the number of migrants is so small that it has not affected the local labor market. A combination of all three factors is the most likely explanation.

○ Conclusion

- Migration into Chiapas from Guatemala grew by 30% between 2000 and 2010, yet Guatemalans only represent around 1% of the state's population. In general, the population of Guatemalan migrants can be characterized as being young adults with low levels of education who work in the agricultural sector and as unskilled laborers and domestic workers. As such, regression analysis can be used to understand how salaries and the number of hours worked by Chiapas' native population have been modified by the arrival of Guatemalan migrants.
- Chiapas is a poor state in Mexico and Guatemalan migrants may be affecting the working conditions of the local workers. This possibility must be considered when designing, implementing and evaluating the migratory policy addressing neighboring Guatemala.
- According to the estimates generated by this research, the Guatemalan labor force has not affected the salaries of Chiapanecos or the number of hours worked, except in the case of women, who appear to have benefited from the presence of Guatemalan migrants in terms of higher wages. It was found that the salaries of the local female workforce rose in tandem with the increased migration of Guatemalan women. A viable explanation for this is that due to the increase of immigrant domestic workers, local women have had access to better jobs and positions with higher wages.
- Guatemalan labor likely complements some types of Mexican labor, even in the state of Chiapas, where education levels are lower than in the rest of the country and where the predominant activity is agriculture. Therefore, it is probable that Guatemalan workers complement Mexican workers more clearly in other states where better educated workers serve diverse sectors of the economy, such as the industrial and professional service sectors.
- Mexico is making significant efforts to increase investment in human capital. The average level of schooling has increased from 6.5 years in 1990 to 9.1 years in 2015, and this is changing the face of Mexico and potentially making room for less prepared workers from other countries. Additionally, with Mexico being an economy in transition, its demand for skilled labor could increase, opening the doors to workers from other countries.
- In conclusion, Mexico is a country that could begin to receive migrant labor, and those coming from neighboring Guatemala could be the first option.

○ Policy recommendations

- On August 7, 2014, the Mexican Government's Secretariat of Labor and Social Welfare signed a labor agreement with the Guatemalan government called the Labor Cooperation Agreement (Acuerdo de Cooperación en Materia Laboral). The agreement sets out a temporary worker program for Guatemalans who want to work in Mexico. This is the first time that Mexico has established a bi-national agreement to receive foreign low-skilled labor for seasonal/temporary work. According to the International Labor Organization, the main guidelines of the temporary worker program for Guatemalans in Mexico should be the following:
 - Provide equal treatment and opportunity.
 - Tripartism (social dialogue).
 - Focus on gender.
 - Link migratory policy and labor policy.
 - Focus on human and labor rights.
- Similarly, some of the key elements to consider in the program are:
 - Research into the requirements of foreign labor within the Mexican labor market, and the causes and consequences of Guatemalan migration into Mexico.
 - Specific surveys on the occupational characteristics of Guatemalan workers in Mexico.
 - The collection of statistical data about the labor market.
 - Skills certification for temporary legal workers.
 - Training of temporary legal workers.
 - Creation of a binational labor and migration observatory.
 - Labor mediation services (cooperation between public employment services and private recruitment agencies).
 - Registration of employers, recruiters, and workers.
 - Labor inspection on both federal and state levels.
 - Mechanisms for resolving disputes between employers and workers.
 - A plan for Social Security portability.



NOTES AND REFERENCES

1. Many authors have analyzed the effect of immigrants on the labor markets of a region or of a particular city. Among these studies those of Grossman stand out. Grossman J.B. (1982), "The substitutability of natives and immigrants in production", *Review of Economics and Statistics* 54(4): 596- 603; Borjas, G. (1983), "The substitutability of black, Hispanic and white labor", *Economic Inquiry* 21(1) : 93-106; Card, D. (1990), "The impact of the Mariel Boatlift on the Miami Labor Market". *Industrial and Labor Relations Review* 43(2): 245-257; Altonji, J. G. y D. Card (1991), "The effects of immigration on the labor market outcomes of less-skilled natives", in J. M. Abowd y R. Freeman, eds. *Immigration, Trade and the Labor Market*, University of Chicago Press, pp. 201-234; LaLonde R.J. and R.H. Topel (1991), "Labor market adjustments to increased immigration" in J. M. Abowd y R. Freeman, eds. *Immigration, Trade and the Labor Market*, University of Chicago Press, pp. 167-199; Card, D. (1997), "Immigrant inflows, native outflows and the local labor market impact of higher immigration". NBER Working Paper No. 5927, Cambridge, Massachusetts; Jaeger, D. A. (2007), "Skill differences and the effect of immigrants on the wages of natives". Mimeo. Institute for the Study of Labor (IZA) y Orrenius, P.M. y M. Zavodny (2007), "Does immigration affect wages? A look at occupation-level evidence", *Labour Economics* 14: 757-773. In particular, the work of Card (2001, "Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration", *Journal of Labor Economics*, 19(1): 22-63) tries to correct the biases that are generated when analyzing a local labor market by assigning the probability of working in specific occupations to each individual of the sample.
2. The population of Chiapas according to the Population and Housing Census 2010, INEGI is 4'796,580.
3. The internal migration of the United States is closely linked with external migration: the US cities that have received the most migrants are those cities that also show greater rates of emigration of the native population.

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