



Resumen 077

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Spatial Wage Differentials, Human Capital and Labour Precariousness in Ecuador

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Información

Palabras clave:

Spatial inequality,
Education,
Informality, Underemployment,
Quantile decomposition

Clasificación JEL:

I24, I26, J24, J31, J42.

Resumen:

This article aims to assess spatial wage differentials in Ecuador with special attention in education, and two faces of labour precariousness (informality and underemployment). We use Ecuadorian micro-level data from ENEMDU surveys and we decompose the wage gaps between the main metropolitan area and three other regions with lower income. We follow the wage decomposition procedure proposed by Firpo et al. (2009; 2018). For the static analysis (2019), the results show that spatial wage differentials exist almost in all the wage distribution of employees. Some of the explanations of these findings are related with the differences in the skilled workforce and the incidence of informality and/or underemployment.

Further results show that gaps between metropolitan areas (the Metropolitan District of Quito versus the Metropolitan District of Guayaquil) are a matter of the differences in the endowments (the composition effect). This is the same versus the intermediate cities and the periphery at the mean and median of the wage distribution, but different in the lower and upper tail (the wage structure effect prevails over the endowments). The detailed decomposition reports that both, informality and underemployment explain the gaps in the bottom and median part of the wage curve, while education matters in the upper tail. In general, the results suggest that spatial wage gaps may be explained by the presence of agglomeration economies, with low informality rates in the metropolitan areas that may increase innovation, the technology intensity and the industrial sector. In addition, with sorting in the upper tail and differences in the returns associated with the remoteness of some regions.

Finally, some complementary results show the temporal evolution (2007-2019) of these spatial wage differentials. Regarding them, we conclude that disparities have been slight narrowed over period. Moreover, the wage structure appear as the main channel that explain this low reduction of regional wage gaps; it could be associated because of the reduction of informality in lower percentiles and principally, due to the reduction of its returns.

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