



Photo: Jacintha Castora Photography

Economic dynamics and the workforce of Galapagos

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The conservation challenges in Galapagos are directly tied to human activity and the Galapagos economy. This article analyses the dynamics of the Galapagos workforce as an important component of the insular economy.

The various employment sectors can have both positive and negative impacts on the Galapagos environment. Tourism, with potential to be environmentally friendly, creates problems due to lack of regulation and its impact on immigration. Both fisheries and agriculture have, in the past, been considered two of the main sectors with a direct relationship to conservation in Galapagos. While fisheries has been generally considered to have a negative impact (due primarily to overfishing and illegal fishing), agriculture was seen as having a more positive impact (agriculture production decreases the need for imports from the continent and well-maintained farms reduce the expansion of invasive introduced species).

While it is generally understood that tourism is the primary driver in the Galapagos economy, this article will show that the public sector plays an important role as an employer and must be considered in long-term planning for Galapagos. A review of the last census (2006) indicates that employment in agriculture, fisheries, and construction has been underestimated (INEC, 2006).

This article is based on census reports, which due to differences among the census methodologies pose challenges when trying to determine trends over time. Not all of the censuses are available in digital form and the physical documents are difficult to access. The 2006 census was carried out only in Galapagos, making it impossible to make comparisons with national trends. Also, in the most recent

¹Diana Hinojosa also collaborated in this work.

census, various changes in methodology were introduced, making it difficult to compare across censuses. Even so, the analysis of this data does reveal various trends in the Galapagos workforce.

Work in Galapagos

The 2006 census highlights the importance of the service sector, which represents 67% of total employment (Figure 1). In primary production, there are two main subsectors: agriculture, which is quite small, and fisheries, which employs a significant percentage of the population (6.7% of Galapagos residents versus 1.4% of Ecuadorians on the national level; Figure 2).

Analyzing the distribution of employment in Galapagos over time, we found that the service sector has grown considerably. In 1962, this sector represented less than 25% of employment (less than half of its current relative weight). The commercial sector has also undergone a major expansion from 2% of all employment in 1962 to 9% in 2006. During this same period, employment in the primary production sector appears to have declined. In 1962, fisheries and agriculture were combined in a single category, employing 58% of the population (Junta Nacional de Planificación, 1962). However, in the 2006 census, they represent less than 12%. In fact, the 2006 census shows 268 fewer fishermen than in 2001.

The invisible workforce

When comparing 2001 and 2006 data it is important to remember that the 2006 Census excluded individuals without resident status. This fact likely explains the 0.03% annual growth in workers between 2001 and 2006 (only 14 workers were apparently added to the workforce), compared to the 6% annual increase seen in the previous decade. It is likely that many workers with “irregular” residency status—a group that plays an important role in the archipelago’s economy—participated in key sectors such as agriculture, fisheries, and construction, all of which showed declines in the 2006 Census. This suggests that the apparent decline in fishermen and other areas may in fact be untrue.

Tourism, transportation, international organizations, and the public sector

The tourism sector, an important part of the local economy, employed 4.9% of the workforce in 2001 and 6.8% in 2006—more than double the national average. Work in this sector has grown rapidly: 6% per year in the last five years and nearly 10% per year in the previous decade. These figures confirm that the tourism sector plays an important role in the human dynamics of Galapagos and suggests that its impacts on conservation require mitigation.

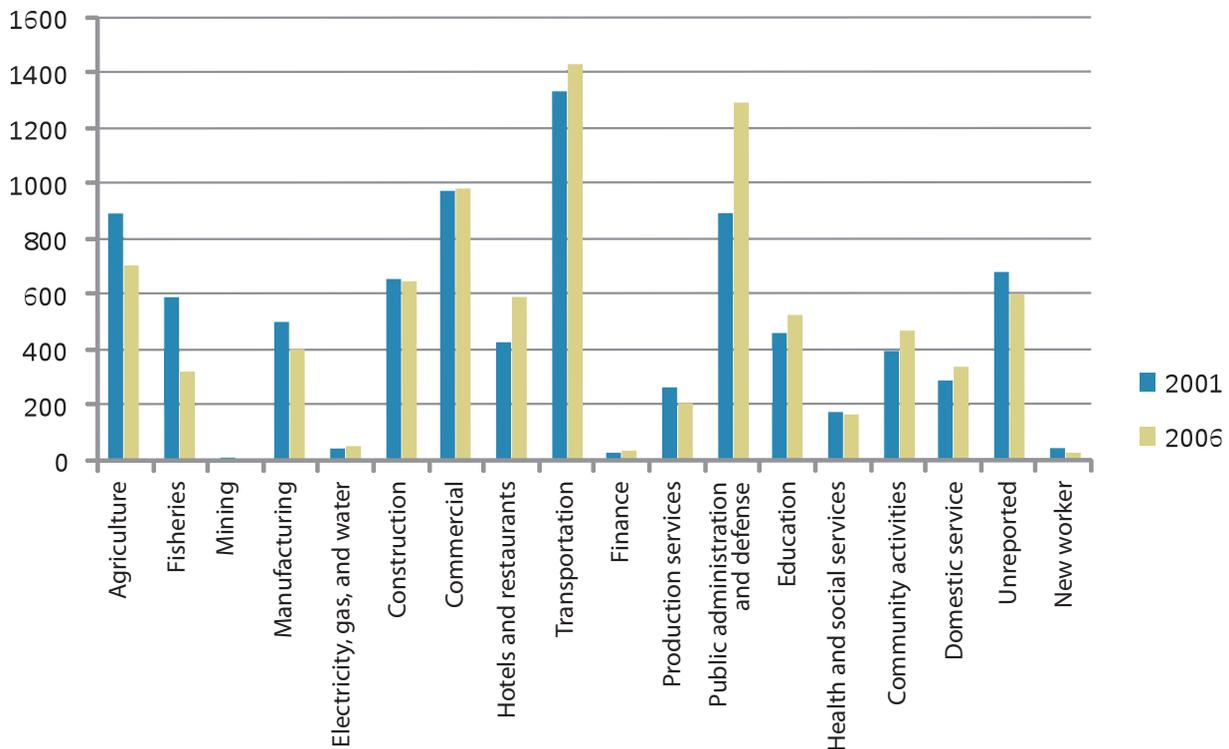


Figure 1. Change in the number of workers in each field in Galapagos from 2001 to 2006. Source: INEC, 2001 and 2006.

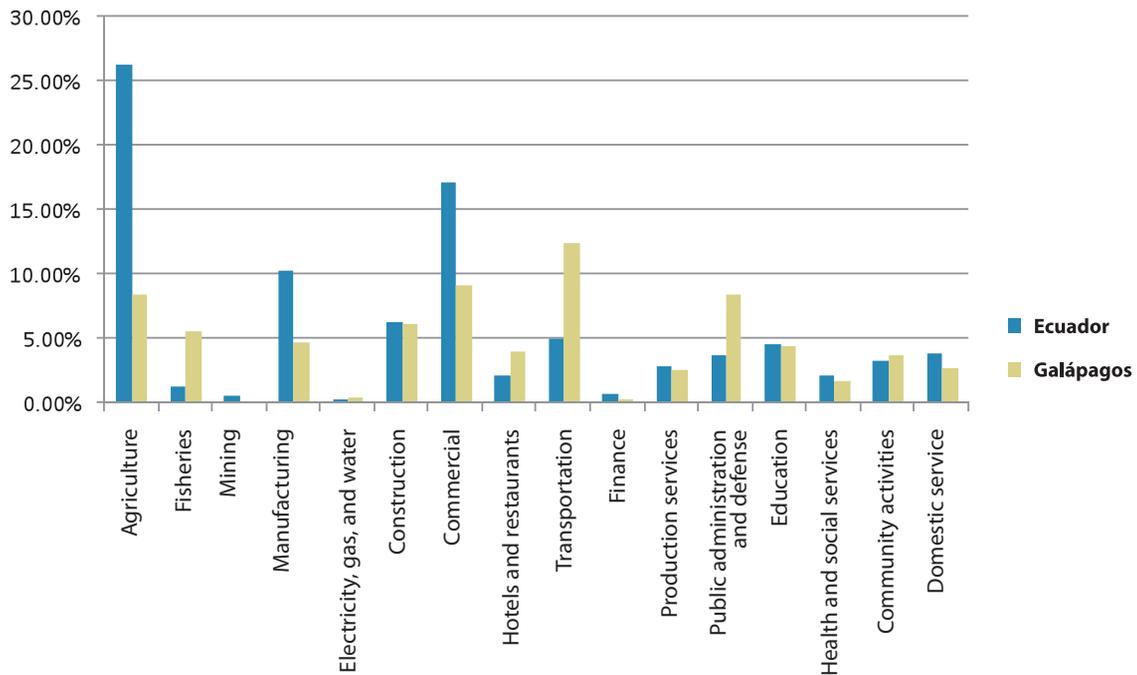


Figure 2. Distribution of the Economically Active Population (PEA) by sector in Galapagos and Ecuador, 2001. Source: INEC, 2001.

While the tourism-related sector of restaurants and hotels shows growth, it is not where the majority of change is taking place. There are other sectors that merit attention. Transportation is the largest employer (16% of the workforce in 2006 and 15% in 2001, compared to only 5% of the national workforce). Transportation has grown to represent an important part of the economy, and has significant implications for the conservation of Galapagos ecosystems (Watkins and Marin, 2008).

The sector showing the greatest employment growth is the public sector (Watkins and Marin, 2008). Between 2001 and 2006, the public sector increased to 14% of the workforce (10.3% in 2001), with an average annual increase of 4.5%. The level of public sector employment in Galapagos is more than three times the national average.

It is clear that the economic dynamics of the islands are strongly linked to the size and nature of the public sector, which in terms of employment is more dynamic than either tourism or transportation. Attention must be paid to the environmental impact and ecological footprint of the public sector, just as it is to the tourism and fisheries sectors.

International organizations are another important sub sector, which employs nearly 6% of the

Galapagos workforce. This sub sector did not appear in censuses prior to 1990 and in that year it included only three people. However, it increased to 732 workers in 2001. Combined, state agencies and municipalities employ 23% of the workforce². If we then add the international organizations, this percentage increases to 29%. This group represents the most important sector in terms of employment. Given its size and growth, it clearly plays a central factor in both the economy and the social fabric of the province.

Thus far this review has focused on relative employment offered by different sectors. However it is important to consider other factors, such as the relationship between different kinds of employment and the professional profile required for that activity. Positions that offer higher, more stable salaries are concentrated in administrative positions in the public and services sectors, such as banking.

Governmental service, such as education and community services, employs 75% of individuals holding professional or managerial positions. Nearly half (45%) of all mid-salaried administrative and office positions are in the public sector. Public sector jobs in administration and services also tend to be the highest paid.

²This figure is difficult to determine with certainty, given that the data from INEC describes public sector as a category of employment in some instances and a specific industry in others. It is difficult to cross-reference the data in ways that allow for an accurate combination of the figures over time.

Governmental agencies and international organizations recruit 52% of the workforce with a university education. The average educational level is only higher in the financial sector.

The most stable employment in Galapagos is concentrated in the public sector, which, along with international organizations, represents 37% of the salaried positions.

The origin of the workforce in Galapagos

According to the 2006 census, 22% of the Galapagos workforce was born in the archipelago (Figure 3). Compared to immigrants, the native population has greater representation in public administration, transportation, and cultural-related employment, and less representation in construction, domestic service, commerce, and tourism.

Among those born outside Galapagos, a certain level of specialization can be observed based on origin. Immigrants from Tungurahua tend to work in construction, transportation, and domestic service. Those from Manabí are concentrated in fisheries, hotel services, and domestic service. Immigrants from the richer provinces of Ecuador, Pinchincha and Guayas, tend to work in services and financial and

administrative activities. In fact, 32% of the workers born in Pinchincha work in public administration, compared to 29% of Galapagos natives.

An analysis of the origin of workers in Galapagos in 2006 reveals that 2033 workers, 23% of the workforce, arrived in recent years. This means that on average, 254 additional workers arrive from outside the islands each year. The public sector recruited the most immigrants over the last eight years³, followed by domestic service and construction. The latter two sectors provide low pay and little social recognition.

Sectors with fewer recent immigrants include fisheries, commerce, and maritime transportation. While these data suggest that the fisheries sector has ended its period of expansion, the fact that the 2006 Census did not include people with irregular residency status calls this conclusion into question.

Conclusion

The censuses of Galapagos clearly demonstrate that the public sector plays a major role in the archipelago's economy. It is the sector that has grown the most in terms of employees and it tends to generate immigration since many positions require higher levels of education and experience. Many of these jobs

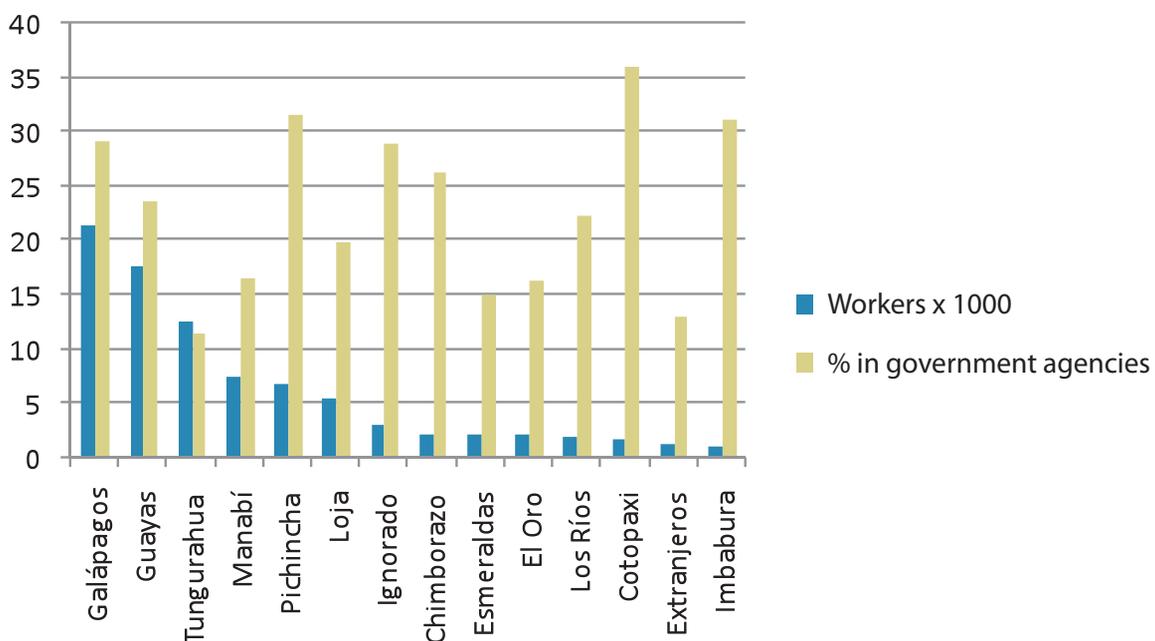


Figure 2. The birthplace of workers and the relative weight in the administrative sector in Galapagos in 2006. Source: INEC, 2006.

³Calculated as the number of people in excess of those that would correspond to the same proportion between workers who arrived in the last eight years and the distribution of all workers in Galapagos.

also pay higher salaries, increasing demand for domestic service and construction, which then requires additional immigration. The participation of native Galapagos residents in the public sector remains low while they are more active in transportation and commerce.

The flow of funds to the public sector results in part from political decisions, which affect where and how the money is spent and thus impacts both human behavior and social dynamics in Galapagos. Immigration based on jobs also creates greater social stratification. While some immigrants arrive to take advantage of well-paid employment, others end up in the lower rungs of the social ladder. This dynamic generates inequality, which will probably increase over time.

The current development model in Galapagos generates immigration and population growth. The most significant conclusion of this analysis is that the environmental footprint of the public sector should be analyzed with a special emphasis on how further growth of this sector could result in more accelerated immigration. This will require studying policies for contracting non-resident professionals, alternative forms of contracting short-term services, and how employment in this sector affects society in general. Another topic for additional study is the impact of the distribution of governmental income.