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# LINKEDIN IN LATIN AMERICA AND THE CARIBBEAN: A RAPID TRANSFORMATION OF THE LABOR MARKET DUE TO THE PANDEMIC?

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Inter-American  
Development Bank



This is the first report that presents the LinkedIn hiring rate for Latin American countries. The partnership between LinkedIn and the Inter-American Development Bank (through the [Data Partnership](#)) facilitated access to the data generated by the company in the region. This information includes not only LinkedIn's hiring rate but also the penetration of skills in various sectors of the economy—two indicators that LinkedIn calculates based on the information it receives from its users. The hiring rate dropped more than 70% at the beginning of the pandemic, and its recovery has been sluggish. In September of 2021, LinkedIn's hiring rate was still lower than what was observed in January 2020, following a similar pattern seen in labor markets overall. However, the data by industry show that this recovery has been heterogeneous. While some sectors have still not recovered yet, others showed higher employment levels than those observed in February 2020. Industries such as information and communication technologies (ICT) or finance were more demanded during the pandemic and the LinkedIn hiring rates in these sectors were strong. In contrast, other sectors such as education and tourism have not recovered their pre-pandemic levels hiring rates.

## KEY IDEAS

- LinkedIn's hiring rate was at its lowest level in April 2020, when it was down as much as 70% from its January level. Although this indicator has recovered, as of September 2021, it was still lower than its pre-pandemic level.
- The sectors with the highest penetration of technological skills are information technology (IT), communication and media, entertainment, and education.
- The IT sector has grown the most since the start of the pandemic. At the opposite end of the spectrum is the education sector, whose hiring rate has not yet recovered to its February 2020 level.
- Brazil leads in both the hiring rate and the penetration of tech skills.
- Uruguay and Argentina's LinkedIn hiring rates have recovered the fastest from the crisis, whereas Bolivia shows the slowest recovery.



## LinkedIn, a data source with more than 121 million users in the region

LinkedIn is one of the most important specialized employment portals worldwide. The information generated in this network is very useful to analyze the performance of some industries in the economy. LinkedIn publishes a regular report on its users in several countries and this information is considered a leading indicator of labor markets. Expanding its use could be challenging since its coverage depends on the users in each economic sector.<sup>1</sup> Nonetheless, the information can shed some light to help understand the general trends in the labor markets, particularly following the pandemic.<sup>2</sup>

A key indicator generated by the platform is the LinkedIn hiring rate. It measures actual hires according to reports from members on the platform.<sup>3</sup> LinkedIn publishes the indicator regularly for the United States, Canada, India, and the United Kingdom. The information is described by industry, skills, and capabilities that users report in the portal.

More than 121 million LinkedIn users reside in Latin America and the Caribbean.<sup>4</sup> The participation of the company in the [Data Partnership](#) facilitated sharing data with Inter-American Development Bank in order to generate labor indicators for the region.<sup>5</sup> Our partnership facilitated exploring this non-traditional data source, which can provide unique and valuable insight into the region's workforce trends. Data details by country, industry and skills are available in the [Labor Observatory](#) of the Inter-American Development Bank.

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1. LinkedIn Workforce Report. See <https://economicgraph.linkedin.com/resources/linkedin-workforce-report-september-2021>.

2. The platform does not represent the average workers in an economy but rather the most qualified ones. However, the information is very useful for determining how various sectors are evolving, particularly the most productive ones.

3. See <https://economicgraph.linkedin.com/workforce-data>.

4. See <https://news.linkedin.com/about-us#Statistics>.

5. The Data Development Partnership is a collaboration between international organizations and technology companies that facilitates the efficient and responsible use of third-party data in international development.

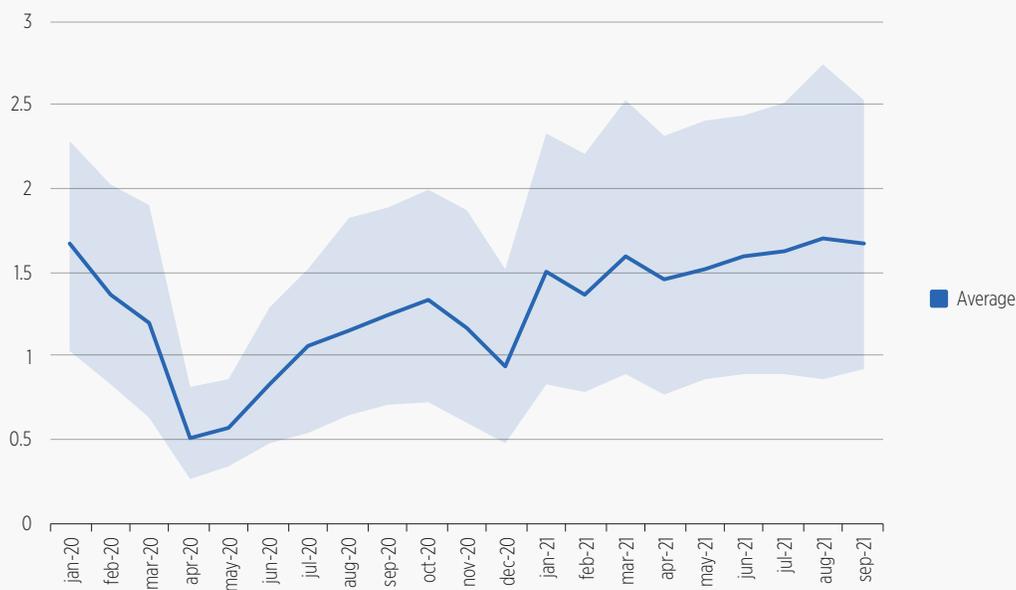
This partnership is based on standardized legal, IT and governance procedures. See <https://datapartnership.org/>.



## The hiring rate recovery in Latin America and the Caribbean

LinkedIn's hiring rate for Latin America and the Caribbean experienced a sharp drop at the onset of the employment crisis due to the pandemic. The rate was at its lowest level during April of 2020, when it was 70% below what was observed in January 2020. The indicator showed a positive trend afterward, although by September 2021, it had not yet recovered to pre-crisis levels. Aggregate data for the 20 countries that LinkedIn reported show that during the past few months, the recovery slowed down (Figure 1).<sup>6</sup>

FIGURE 1 ■ LINKEDIN HIRING RATE IN LATIN AMERICA AND THE CARIBBEAN



Source: IDB staff based on LinkedIn data provided through the Data Partnership.

Note: the shaded area includes the hiring rates of the twenty countries considered.

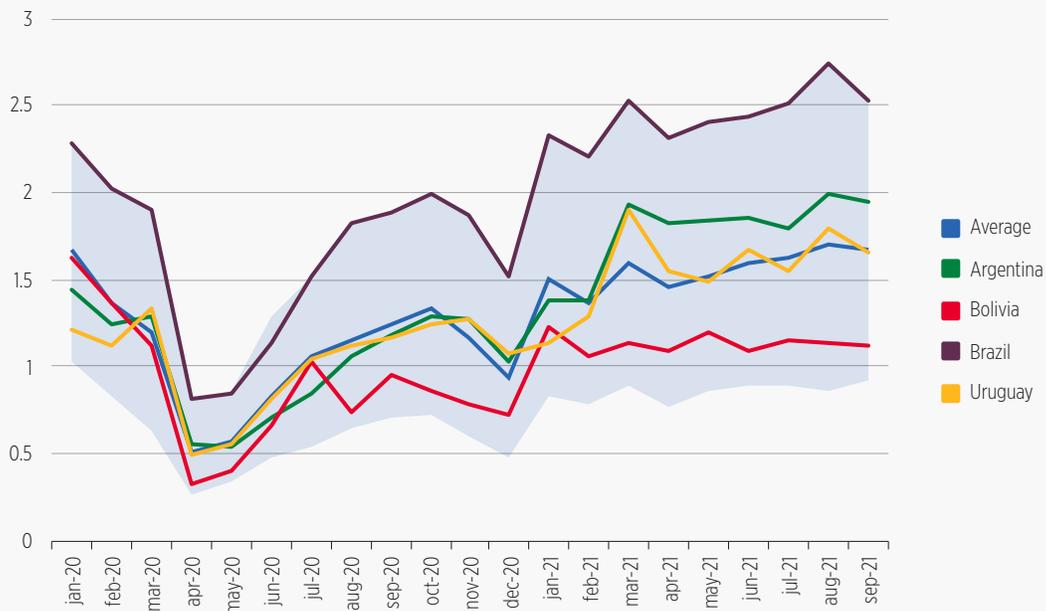
6. The regional average is a simple average of the data available for the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Paraguay, the Dominican Republic, Trinidad and Tobago, Uruguay and Venezuela.



## Brazil leads the regional hiring rate on LinkedIn

Brazil has been the country with the highest hiring rate in the region during the pandemic. The Brazilian rate was higher than in other countries of the region, even during the general lockdowns. Argentina and Uruguay exhibit the most impressive recoveries, to the point that their indicators already exceed January 2020 levels by more than 30%. In contrast, Bolivia has shown the slowest recovery, as the hiring rate has not improved since July 2020. However, Bolivia's aggregate employment levels (from household surveys instead of LinkedIn data) did recover quickly with low-quality jobs (informal), as described in the IDB Labor Market Observatory.<sup>7</sup> Figure 2 shows the data by country.

FIGURE 2 ■ LINKEDIN HIRING RATE IN SELECTED COUNTRIES



Source: IDB staff based on LinkedIn data provided through the Data Partnership.

Note: the shaded area includes the hiring rates of the twenty countries considered.

7. Bolivia has one of the highest levels of informality in the region (80% of total, [SIMS](#)).

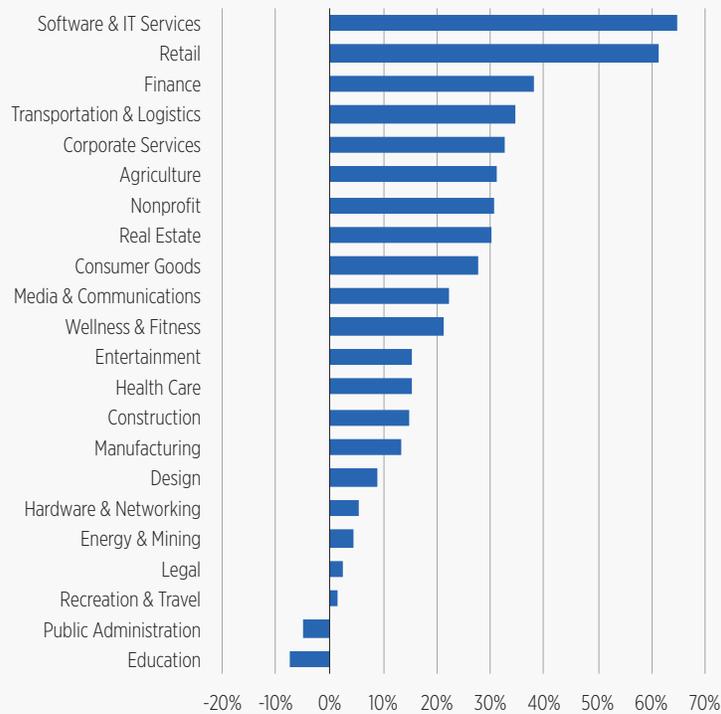


## The IT industry experienced the highest hiring rates

LinkedIn hiring data includes information on the industry in which new hires are employed. This information is produced by LinkedIn for only six countries: Argentina, Brazil, Chile, Colombia, Mexico, and Peru.

The pandemic had varying effects on different sectors of the economy. Whereas the IT-related industry has grown rapidly, hiring rates in the education and public administration sectors have not recovered their pre-pandemic levels. Similarly, retail trade grew rapidly during the pandemic months, which is explained by the large expansion of e-commerce.

**FIGURE 3** ■ CHANGES IN HIRING RATE BY INDUSTRY BETWEEN FEBRUARY 2020 AND SEPTEMBER 2021



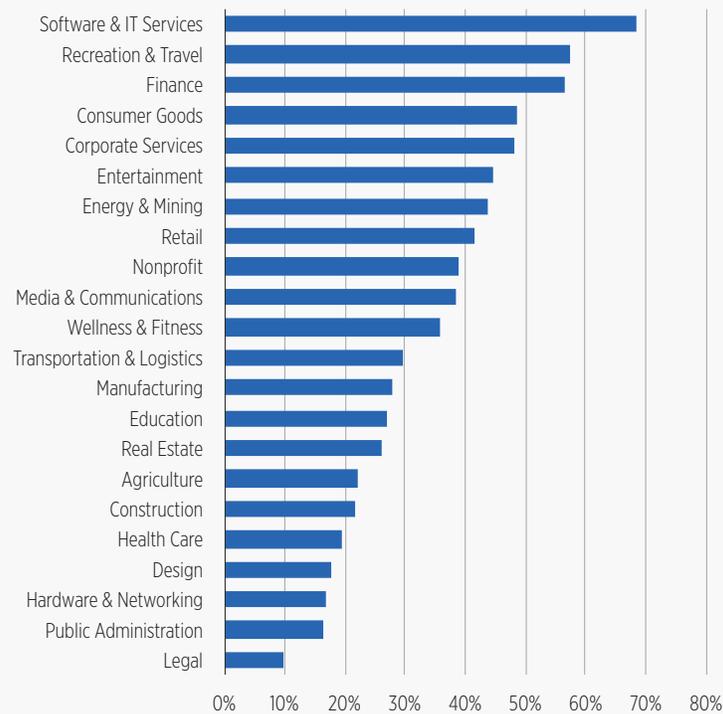
**Source:** IDB staff based on LinkedIn data provided through the Data Partnership.

**Note:** The reported hiring rate is the simple average of the hiring rates of the six countries for which data are available: Argentina, Brazil, Chile, Colombia, Colombia, Mexico, and Peru.



The above information can be complemented by year-over-year growth in hiring rates by industry from September 2020 to September 2021. This shows that the IT sector continues to lead the list, indicating that it was a sector that was less affected by the crisis. By its nature, this sector is the most prepared to make the smooth transition to remote work.<sup>8</sup> In addition, the change in other sectors to teleworking may have increased the demand for software and IT-related services. The tourism industry was extremely affected by the pandemic, but it appears to be recovering rapidly after being particularly hard hit by mobility restrictions imposed to control the contagion.

**FIGURE 4 ■ CHANGE IN HIRING RATE BY INDUSTRY FROM SEPTEMBER 2020 TO SEPTEMBER 2021**



**Source:** IDB staff based on LinkedIn data provided through the Data Partnership.

**Note:** The reported hiring rate is the simple average of the hiring rates of the six countries for which data are available: Argentina, Brazil, Chile, Colombia, Colombia, Mexico, and Peru.

8. For further details, see <https://observatoriolaboral.iadb.org/es/teletrabajo/>.



The data can also be analyzed by country in selected sectors. In the fastest-growing sectors, such as technology and finance, Brazil, Colombia, and Argentina lead the growth, whereas Chile, Mexico, and Peru lag behind. In the lower-growth sectors, such as health and education, a lot of volatility exists. This is true even though the education sector responds more strongly to business cycles.

FIGURE 5 ■ HIRING RATE EVOLUTION IN SELECTED SECTORS



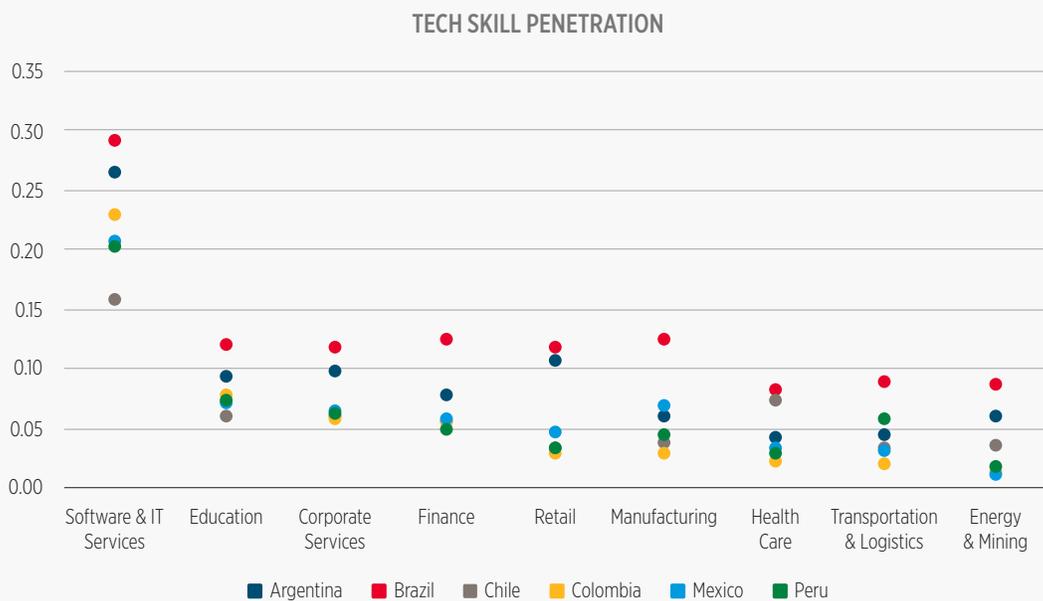
Source: IDB staff based on LinkedIn data provided through the Data Partnership.



## Brazil and Argentina showed the highest penetration of technological skills

The data that LinkedIn reported include the penetration of tech skills in industries. The platform calculates this indicator based on the skills that its users have reported. It can provide information on the results of this report in two ways. The volume of technological skills may indicate that industries are more technologically advanced and better-prepared workers. In both cases, the data suggest that some industries were better prepared to deal with the crisis given the restrictions on mobility. It should be noted that workers with tech skills are likely to be overrepresented in the LinkedIn platform compared with workers with lower skills. Once again, this indicator is reported for only six countries: Argentina, Brazil, Chile, Colombia, Mexico, and Peru.

FIGURE 6 ■ PENETRATION OF TECH SKILLS BY INDUSTRY



Source: IDB staff based on LinkedIn data provided through the Data Partnership.

Note: sample of selected industries. The Skill Penetration metric calculates the “intensity” of tech skills in a given sector using LinkedIn’s “Skills Genome” methodology. The metric looks at how many tech skills appear among the top 50 skills from the skills genome for each country-industry group and is read as a percentage. For example, if 5 of 50 skills for the Entertainment industry in Argentina are tech skills, this country-industry group has a 10% technological skills penetration.



Table 1 shows the average penetration of tech skills for the 18 industries LinkedIn ranks, with software and IT, communications, entertainment, and education being the industries with the highest average. This classification is quite relevant, as it allows us to identify the industries to which transitions may occur. That is, people with the most valuable skills may find employment in another industry that offers better prospects. Finally, when one performs an analysis by country, Brazil and Argentina have the highest averages of technological skills. In contrast, Peru and Chile show the lowest.

**TABLE 1 ■ PENETRATION OF TECHNOLOGICAL SKILLS BY INDUSTRY**

SECTOR	ARGENTINA	BRAZIL	CHILE	COLOMBIA	MEXICO	PERU	AVERAGE
Software & IT Services	0.26	0.29	0.16	0.23	0.21	0.20	0.22
Media & Communications	0.13	0.18	0.13	0.09	0.12	0.11	0.13
Entertainment	0.10	0.15	0.05	0.05	0.10	0.09	0.09
Education	0.09	0.12	0.06	0.08	0.07	0.07	0.08
Corporate Services	0.10	0.12	0.06	0.06	0.06	0.06	0.08
Hardware & Networking	0.06	0.15	0.03	0.03	0.09		0.07
Legal	0.11	0.08		0.05	0.05	0.07	0.07
Finance	0.08	0.12	0.05	0.05	0.06	0.05	0.07
Retail	0.11	0.12	0.03	0.03	0.05	0.03	0.06
Manufacturing	0.06	0.12	0.04	0.03	0.07	0.04	0.06
Consumer Goods	0.09	0.11	0.03	0.03	0.05	0.05	0.06
Public Administration	0.12	0.08	0.03	0.03	0.05	0.04	0.06
Construction	0.07	0.08	0.04	0.06	0.04	0.04	0.05
Health Care	0.04	0.08	0.07	0.02	0.03	0.03	0.04
Transportation & Logistics	0.04	0.09	0.03	0.02	0.03	0.06	0.04
Recreation & Travel	0.07	0.07	0.02	0.01	0.04	0.03	0.04
Energy & Mining	0.06	0.08	0.03	0.01	0.01	0.02	0.04
Wellness & Fitness	0.02	0.05	0.01		0.02		0.02
<b>Maximum</b>	<b>0.26</b>	<b>0.29</b>	<b>0.16</b>	<b>0.23</b>	<b>0.21</b>	<b>0.20</b>	<b>0.22</b>
<b>Average</b>	<b>0.09</b>	<b>0.12</b>	<b>0.05</b>	<b>0.05</b>	<b>0.06</b>	<b>0.06</b>	<b>0.07</b>
<b>Minimum</b>	<b>0.02</b>	<b>0.05</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>

Source: own elaboration based on LinkedIn data provided through the Data Partnership.

Note: sample of selected industries.

## Conclusions

The metrics generated from the LinkedIn data differ from traditional data used to study the labor market. LinkedIn data represent a subset of the workforce, especially high-skill individuals working in knowledge-intensive sectors. However, its selection of indicators provides accurate, disaggregated, and timely data at a pace that traditional sources cannot match.

This report provides an overview of the LinkedIn hiring rate and skills penetration of the selected industries in LATAM countries before and during the pandemic. The information allows us to compare with data collected from traditional instruments like surveys.

LAC is on the verge of recovery after the pandemic. Many sectors are now growing at a very rapid pace, and they will require skilled workers. However, other sectors are lagging behind, and individuals will need to transition to other occupations. This will require a better response from governments to support them, but also from companies to find the talent they need to adapt in the economy after Covid. IDB will be publishing LinkedIn hiring rates regularly. The information can guide policy discussions and support a substantial recovery of the labor markets in Latin America and the Caribbean.

