Mexico Pilot Report

The idea of using labour data to analyze the quality of employment could not be more attractive for labour statisticians in a country with the complexity and characteristics of Mexico. Currently, Mexico has almost 108 million inhabitants with a labour force of 46 million facing one of the most severe economic crises ever. Mexico has been hit by serious economic shocks again and again now for a third of a century. Amongst the fifteen biggest economies (in terms of GDP) in the world Mexico will possibly see the sharpest GDP fall in 2009. The puzzling aspect is that the unemployment rate— even with the additional impact of the AH1N1 virus on the economy— remains one of the lowest amongst the Organization of Economic Cooperation and Development (OECD) nations. It is true that Mexico’s unemployment rate has doubled in a matter of months but it remains at 6.3 per cent as of August 2009 whereas it is 9.7 per cent in the US and nearly 18 per cent in Spain. Even amongst Latin American countries Mexico’s unemployment rate is relatively low. Take for example Brazil, which is one of least affected countries in the region by the recession with a forecasted growth of about four per cent this year: the unemployment rate for July is 8.5 per cent.

Mexico has a robust, up-to-date and conceptually solid Labour Force Survey1 well established within its statistical system so the explanation has nothing to do with the method of measurement be it sample design, the concepts adopted or the way they are implemented. The standard explanation of Mexico’s exception in this regard has pointed out to the absence of national unemployment insurance2 (Brazil has a six-month one) as well the buffer effect of both a large informal sector and large migration flows. Indeed during many years before the current US recession, the country transferred— by means of migration— part of its labour pressure to the US so a big share of the unemployed or about-to-be-unemployed labour force simply crossed the border. In this sense the interpretation suggests that the unemployment rate is a result rather than a cause of the migration phenomenon. This is the effect of having a labour market where the supply is national while the demand is international.

Despite this, it is interesting to see at present that even though migration flows have experienced a significant decrease due the simple fact that the recession started in the US in the first place and that the size of the informal sector is comparable between Mexico and Brazil, the unemployment rate of the former has not sharply increased. It suggests, for the first time, that the conventional explanation of the buffer effect might be overestimated after all or in any case has been not enough. In other words, there is something else behind this situation.

Conventional economic theory says always the same of a market of any kind: either it adjusts its prices or it adjusts its quantities. It seems that in most OECD countries due to labour rigidities the adjustments are made in the level of employment. In the case of Mexico the story has been quite different. In a country, which has experienced in the past high inflationary levels without ever implementing a salary indexation policy (as it was once the case for both Argentina and Brazil) the minimum wage has lost 72 per cent of the purchasing power compared to 1976. If it is really the case that nowadays only a small fraction of the employed earns the minimum wage, the adjustment made in Mexico’s labour market is revealed. However, the current situation demands once again something more in order to understand the low unemployment rate. Although wages had always had been adjusted with a considerable lag with respect to the price levels in the country, it is also true that inflation has not been significant for most part of this decade, and even less during the present recession.

So it seems that a hidden variable is out there. Maybe the notion of labour market prices ought to be expanded to include precisely the subject of the framework. It is time to start thinking in terms of the quality of employment and with it the trade-offs between quantities and quality adjustments. Therefore, it might be that in Mexico— perhaps as no other country with an economy of similar size— the adjustment has been on the qualitative aspects above

1 Mexico’s Labour Force Survey is known as ENOE: Encuesta Nacional de Ocupación y Empleo, conducted on a continuous basis nationwide with quarterly samples of 120,260 dwellings where a bit less half a million people live. The questionnaire design takes into account the ILO/ICLS recommendations on identifying labour force and unemployment (13th ICLS, 1982); informal sector employment (15th ICLS, 1993); informal employment as a more encompassing concept (17th ICLS, 2003) as well those on time-related underemployment (16th ICLS, 1998). In all its features, ENOE follows closely the ILO guidelines set in the Purple Book: Employment, Unemployment and Underemployment: An ILO manual on concepts and methods. Geneva, Second Edition, 1992.

2 A public-sponsored unemployment insurance has been adopted only in the nation’s capital, Mexico City.
anything else. The challenge of course is to find the set of indicators that reflect more accurately and more consistently this fact and this is why the topic of quality of employment is of paramount relevance. In this country just to be employed alone does not mean that people can wade in the socioeconomic quagmire.

In what follows, the report tries to adjust its contents as closely as possible to the structure and order of both the “Proposal for Country Reports on the Quality of Employment” as well the “Statistical Measurement of Quality of Employment: Conceptual framework and indicators” sent on 2 September 2009.

A. Safety and ethics of employment

1. Safety at work

Despite the fact that the number of paid employees covered by social security decreased by 1.14 per cent in 2008 compared to 2007 (about 164,000 workers less) the number of fatalities per 100,000 employees increased by 5.2 per cent rising from 9.41 in 2007 to 9.90 in 2008. Specifically, the fatal occupation injury rate at the work site went up from 7.3 to 7.9 while the rate for those incidents that took place when going to work decreased from 2.11 to 2.00 (Figure 1). Therefore, clearly increasing number workplace accidents were behind the rise in the number of fatalities as a result of occupational injuries.

The non-fatal occupation injury rate went from 3,120 per 100,000 employees in 2007 to 3,555 per 100,000 employees in 2008. The rate of non-fatally injured by workplace accidents in the last year was 2,883; the incidence of injuries on the way to the workplace was 646 per 100,000 workers and the rate of workers affected by workplace related diseases was almost 26 per 100,000 employees (Figure 2).

All these rates show an increase compared to the previous year so it seems quite plausible to think that many enterprises in anticipating the effects of the economic recession in the United States on Mexico reduced costs including those related with safety at work. Unfortunately there is no data to confirm this, but the direction that all the information consistently points to makes this conclusion almost unavoidable.

![Figure 1. Fatal occupation injury rate, per 100,000 employees](image)

**Source:** Instituto Mexicano del Seguro Social (IMSS) and Ministry of Labour (STPS).

![Figure 2. Non-fatal occupation disease and injury rate, per 100,000 employees](image)

**Source:** Instituto Mexicano del Seguro Social (IMSS) and Ministry of Labour (STPS).

The data source is the Mexican Institute of Social Security (IMSS) which not only collects both workers and employers contribution to social security but also provides healthcare for all those affiliated through a network of hospitals and clinics widely around the country. The data is updated twice a year and is reliable at its broad categories. The problem, however, has to do with coverage because these statistics refer only to employees with a formal link to formal economic units. In other words, if the employee works in the informal sector, as it is understood by the 15th ICLS, 1993 or participates in the processes of formal
economic units without a formal labour attachment (a concern of the Seventeenth ICLS, 2003) there is not an equivalent statistic on the situation of an important part of the labour force unprotected by social security. Employees operating in the informal sector and informally in formal economic units amount to 13 million in the second quarter of 2009 or 45 per cent of total paid workers. This is the percentage of paid employees for whom we do not have data on occupational accidents or diseases.

To have an idea of the total number of employees that might be working in hazardous conditions or those working at a level of risk that is above average, it is better to take a look at the information provided by ENOE, which, as any other household survey of its kind, provides the widest panorama possible. Using International Standard Classification of Occupations (ISCO) and considering all employees working on physical tasks and/or with machinery and equipment, and those in freight transportation as well in construction industry, it is estimated that between a third and 40 per cent of all of Mexico’s paid employees operate with a certain level of risk every day. The share was 39.4 per cent in 2005 and went down to 37.1 per cent in 2009 (second quarters, Table 1). However, this decrease might not bear any interpretations of improving labour conditions. It rather points out to the structure of employment and to the fact that as industries of tradable commodities are more affected by the recession while employment share rises in tertiary activities, which demand less physical work.

**Table 1. Share of employees working in hazardous conditions (per cent)**

<table>
<thead>
<tr>
<th>Quarter II/Year</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>39.36</td>
<td>51.70</td>
<td>18.12</td>
</tr>
<tr>
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<td>39.02</td>
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<tr>
<td>2007</td>
<td>38.60</td>
<td>51.38</td>
<td>17.07</td>
</tr>
<tr>
<td>2008</td>
<td>38.58</td>
<td>51.46</td>
<td>16.77</td>
</tr>
<tr>
<td>2009</td>
<td>37.10</td>
<td>50.18</td>
<td>14.94</td>
</tr>
</tbody>
</table>

Source: INEGI, STPS, Encuesta Nacional de Ocupación y Empleo (ENOE).

2. Child labour and worst forms of child labour

Mexico is a country of about 29.2 million individuals aged between 5 and 17 years; 3.6 million are engaged in some kind of work either as a wage earner or as a contributing family member. About 31 per cent operate in agriculture and husbandry activities; 25 per cent are workers, helpers or assistants in manufacturing processes; 22 per cent are employees in retail trade operating with premises; 12 per cent participate in preparation of food beverage and other services; four per cent are paid domestic servants and; six per cent work either as street vendors or doing other streets jobs. Of the total 3.6 million, 2.4 million are boys, 1.2 million girls. The latter concentrate mostly in retail trade operating with premises (35 per cent) while the former in agriculture and husbandry (40 per cent). The share of girls in street activities is eight per cent while only five per cent of boys work in the streets (Figure 3).

**Figure 3. Child labour by sector, 2007**

The federal labour law of Mexico establishes in Article 22 that the minimum legal age to work is 14 years and below 16 years of age, the individual needs a written consent of her/his parents in order to participate in an economic activity. Amongst the 3.6 million of children working, 1.1 million (744,488 boys and 368,992 girls) are below the legal age, i.e. they are aged between 5 and 13 years. Agriculture and husbandry prevail with 37.4 per cent of the underage child workers, most of
them being boys. It is worth mentioning that more than 100,000 children aged between 5 and 13 years are working in the streets (Figure 4).

Figure 4. Child labour below the minimum legal age

![Graph showing child labour by gender and age group]


The 1.1 million below the legal age represents 31 per cent of the total (3.6 million, Figure 5). The subgroup has its lowest share in manufacturing processes (17.1 per cent versus 82.9 per cent of those aged 14-17 years) while more than half work in the streets (Figure 6).

Figure 5. Child labour below 18 years of age, boys and girls

![Graph showing child labour by gender and age group]


Taking the group as a whole (5-17 years of age) and after classifying those activities considered more risky, we see that 40 per cent are engaged in hazardous activities, which is slightly higher than for all employed. The share of those engaged in such activities goes up with age and more boys than girls are exposed. Therefore, the proportion gap is more visible for the 14-17 age group (Figure 7).

Figure 6. Child labour below 18 years of age, by industry

![Graph showing child labour by industry and age group]


Figure 7. Employment in hazardous industries and occupations below 18 years of age

![Graph showing employment in hazardous industries by gender and age group]

The average weekly hours worked also go up, as expected, with age. Hence, the average of weekly working hours for those aged 5-9 years is 9.9; for 10-13 is years is 11.9 and finally for those aged 14-17 years the average weekly hours goes up to 15.4 (Figure 8). Of the total 3.6 million, 280,000 works 25 to 34 hours a week and almost 1.3 million work more than 35 hours. In other words, 1.6 million (44 per cent of employed children) work more than 24 hours in a week while one million (28 per cent) work less than 15 hours. It is worth mentioning that within this last group most children actually work less than six hours a week, so they are enough to pull down the averages observed for each age group.

Figure 8. Employed individuals below 18 years of age working more than 24 hours per week


The data source is a special module of the Mexican Labour Force Survey (ENOE) conducted as a second phase interview once ENOE has identified the households with at least one child in the age group of study. All the information refers to the fourth quarter of 2007. The next round of this module is going to take place in the fourth quarter 2009 so it is planned to be conducted on a biannual basis. It is important to mention that this strategy has a limitation specifically in capturing children working in the streets, as the unit of observation is the household. In other words, if the child is homeless, he or she would not be observed by this method.

3. Fair treatment in employment

In Mexico, 55.3 million women live, 41.4 million of whom at or above the legal working age (14 years). Amongst them 17.1 million are in the labour force. The share in total employment has registered an increase during the last five years going from 36.6 per cent in 2005 to 37.5 per cent in 2009 (second quarters). The change is not negligible considering that this is a structural indicator, which tends to remain stable over a number of years. The increase in the share of women in wage jobs has been smaller going from 37.4 to 38.2 during the same period (Figure 9).

Figure 9. Share of women in employment (per cent)

Source: INEGI, STPS, Encuesta Nacional de Ocupación y Empleo (ENOE).

Inequality undoubtedly is an issue. For instance, in Mexico, educational attainment is higher for women (9.5 school years or slightly above junior high school on average) than for men (8.9 years in average) while the hourly earnings amongst wage workers is practically the equal. Hence, educational returns seem not to be fully reflected in the labour market. The salary discrimination index that interplays with both indicators (educational attainment and remuneration for both men and women) posts negative values making it clear that educational return is not effective for women and a breaking point in this regard is not perceivable during the last five years (Figure 10).

In Mexico the unemployment rate normally has been higher for women than for men. The recession, as it affected more deeply activities such as construction and automobile industry, where more men than women are involved, changed this balance. If nowadays men’s unemployment rate is higher, it does not hold for all the age groups, especially those aged between 14 and 29 years. Women’s unemployment rate reaches 10.4 per cent versus 9.7 per cent for men
for the age group 14-19 years while it is 8.3 per cent and 7.7 per cent, respectively, for the age group 20-29 years (Figure 11).

**Figure 10. Salary discrimination index**

![Salary discrimination index graph]

Source: INEGI, STPS, Encuesta Nacional de Ocupación y Empleo (ENOE).

**Figure 11. Unemployment rate, by age and sex**

![Unemployment rate graph]


The rates are almost the same for the next age group (30-39 years) and decrease from then on with age for both sexes however more sharply for women than for men. This suggests that women have fewer opportunities to be reintegrated into the labour market, as years go by so they tend to stop being an active job seekers from the age of 40 years onwards. On the other hand, it might mean also that because fewer women are household heads, the social pressure to be a breadwinner is less acute. Of course the two explanations are not mutually exclusive.

Time related underemployment shows less variation. It affected a bigger proportion of men (11.8 per cent of employed men) than women (10.1 per cent of employed women) across all age groups (Figure 12). The main difference from unemployment rate is that instead of being bigger for the younger strata, the higher levels of underemployment rate are registered for those aged 30-59 years. Women in particular seem to be affected at 50-59 years suggesting that they are hanging onto bad jobs—if they already have one—rather than trying to change jobs.

**Figure 12. Underemployment rates, by age and sex**

![Underemployment rates graph]


Taking a look at the gender and age composition of the informal sector highlights that there is a bigger proportion of women (29.2 per cent) than men (27.5 per cent) in this kind of activities (Figure 13). With the exception of age group 20-29 years, a bigger share of women than men participates in the informal sector across all age groups. Nevertheless it is remarkable how the share grows with age for women. Amongst women aged above 59 years, 53 per cent of those employed are in the informal sector. Thus the combination of gender and age is decisive in the demographic configuration of this survival strategy. It suggests also that the informal sector has become the

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3 Mexico has about 27.8 million households. Taking them as the unit of analysis, we see that 17 per cent of households are headed by females. Amongst the household heads, the unemployed holds the same share while that of the unemployed is slightly smaller. Nineteen per cent of the households in the informal sector are headed by females.
last resort for many women at a time when the alternative is to leave the labour market. The segmentation of choices becomes more polarized with age and gender.

**Figure 13. Informal sector employment rate, by sex**

![Informal sector employment rate, by sex](image)


However if we take the percentage of those employed and working—either as dependent or independent workers—more than 35 weekly hours and earning no more than two minimum wages, it seems that the correlation is higher for age than gender. If it is the case that women have more disadvantages in this regard than men in the younger age group of 14-19 years with a higher proportion in that situation (15.5 per cent of women compared to 13 per cent for men) the balance is reversed but without a sharp difference in the rates for the age groups between 20 to 49 (Figure 14). The rates increases for both men and women aged 50 years and above and even from 60 years onwards men are affected at a higher degree than women. The fact that many cases are related with agriculture activities in rural areas may be explained by the changing demographic structure as a result of migration, which has left older people in charge of farms, etc.

Before elaborating further on aging population, one indicator about women worth considering is single mothers with children (widows, divorced, separate or single) as a share of all women in the labour force.

**Figure 14. Men and women working more than 35 hours per week and earning below the minimum wage**

![Men and women working more than 35 hours per week and earning below the minimum wage](image)


Slightly above one third of all women in the labour force is in this situation. The share goes up to 41.5 per cent amongst those unemployed (Figure 15). On the other hand, 31.2 per cent of working women without health insurance are single. These are the kind of vulnerable situations to focus on from a gender perspective.

**Figure 15. Single mothers in the labour force, (per cent)**

![Single mothers in the labour force, (per cent)](image)


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4 Two monthly minimum wages are 3,000 Mexican pesos that equal $225 or about € 157.
Currently, about 10.6 million individuals aged 60 or older are living in Mexico with 3.5 million of them in the labour force. During the last five years their share in total employment remained at around five per cent without significant statistical changes. Their share of salary jobs was even smaller: 4.1 per cent in 2009 (Figure 16).

Figure 16. Senior citizens in employment and with salary jobs

![Senior citizens in employment](chart.png)


Most of senior citizens are out of the labour force (about 7 million); however, it is important to note that about 1.1 million of them, although not active job seekers, are willing to work if an opportunity came up (Figure 17). This is another way to confirm how this demographic group assesses its chances in a labour market they perceive as hostile to their needs and aspirations. To have an age perspective is as necessary as to have gender perspective in describing fair treatment in employment in Mexico.

The source of all this information is ENOE, which guarantees the availability of all this data for each quarter. As regards other disadvantaged groups such as ethnic minorities and persons with disabilities, the sample design of a conventional LFS does not normally guarantee their representation and robust estimations based on a sufficient number of unbiased observations. In the case of ethnic groups, there are more than sixty in the country each with its own dialect and specific geographical distribution dispersed in a territory of about two million square kilometres. In the case of people with disabilities, the most efficient sampling is one based on a directory rather than to sample a given area. The updating these directories however have proven to be the biggest challenge in order to implement specific surveys targeting this group.

Figure 17. Senior citizens in Mexico

![Senior citizens](chart2.png)


B. Income and benefits from employment

1. Income from employment

Because of the characteristic lag of minimum wage adjustments in relation to inflation in Mexico, of total paid employees (that is not including contributing family members and apprentices) nowadays only 9.7 per cent are paid minimum wage or less (Figure 18). Most workers earn between one and two minimum wages (27.9 per cent) or between two to three minimum wages (26.7 per cent). It is worth noting that the shares by sex vary at all levels, so for those earning less than one minimum wage, 51.8 per cent are men, 48.2 per cent women while of those earning more than 5 minimum wages, 67.1 per cent are men.

Taking the median as a reference for all employed, it can be observed that the proportion earning two thirds of it went down from 21.6 per cent of all employed in 2005 to 18.6 per cent in 2009 (second quarters). The respective shares for employees went

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5 There are three minimum wages in Mexico depending on the geographical area. The average is about $112 a month or €78.
down from 20.4 per cent to 17.3 per cent during the same period (Figure 19).

**Figure 18. Income from employment**

![Graph showing income from employment by gender and wage bracket.](image)

*Source: INEGI, STPS, Encuesta Nacional de Ocupación y Empleo (ENOE), Quarter II, 2009.*

**Figure 19. Share of employed earning below the median hourly wage**

![Graph showing share of employed earning below the median hourly wage.](image)

*Source: INEGI, STPS, Encuesta Nacional de Ocupación y Empleo (ENOE).*

What this may imply is that the first phase of the recession in Mexico has hit most severely those jobs corresponding to the first rungs of the ladder rather than suggest that everybody has been moving up the income scale (that might be the case between 2005 and 2008). If we focus on those earning below half of the median, we see that the share of all employed is higher than that of the employees, which highlights a higher correlation between self employment and poverty.

### 2. Non-wage pecuniary benefits

It seems that in the last years the variable more prone to be adjusted, rather than cash earnings, has been non-wage pecuniary benefits. An example of this can be seen in the share of employees with paid annual leave. Besides the fact that this benefit is in no way widely extended, the coverage has dropped from 55.4 per cent of employees in 2005 to 54.6 per cent in 2009. The drop has been an event specific of this year. The share of employees with paid sick leave is almost the same, if slightly lower (Table 2). Considering the time period, the drop observed in 2006 seems to be more a statistical issue, while that in 2009, once again reflects the adjustments of the labour market.

**Table 2. Non-wage pecuniary benefits, Quarter II**

<table>
<thead>
<tr>
<th>Q2/Year</th>
<th>Share of employees with paid annual leave</th>
<th>Share of employees with job that pays sick leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>55.4</td>
<td>54.2</td>
</tr>
<tr>
<td>2006</td>
<td>55.1</td>
<td>53.6</td>
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<tr>
<td>2008</td>
<td>55.3</td>
<td>54.5</td>
</tr>
<tr>
<td>2009</td>
<td>54.6</td>
<td>53.6</td>
</tr>
</tbody>
</table>

*Source: INEGI, STPS, Encuesta Nacional de Ocupación y Empleo (ENOE).*

### C. Working hours and balancing work and non-working life

#### 1. Working hours

The average weekly actual hours worked in Mexico during second quarter 2009 were 42.1; a drop compared to 42.9 registered in 2008. The decrease is more visible for men whose average weekly actual hours moved down from 46 hours to 44.9 hours. The drop was sharper for salary workers by almost an hour on average and even more for male salary workers: down from 46.9 hours to 45.7 (Figure 20).
Behind these changes in averages were changes in the same direction of the share in total employment working 49 hours a week or more with a decrease from 28.6 per cent in 2008 to 26.9 per cent one year later (second quarters) and a steepest drop as well in the case of salary workers (30.1 per cent to 28.1 per cent, see Figure 21).

A similar phenomenon is observed when the share of employed persons working more than one job is taken (Figure 23).

On the other hand, there was an increase in the share of those working less than 30 hours a week involuntarily from 0.8 per cent to 2.6 per cent which has contributed to the increase in the underemployment rate. Thus regarding these indicators the message is mixed. Changes in the lowest part of the spectrum (less than 30 hours a week, Figure 22) are unambiguous: linked directly with the recession it ought to be read as lower quality of employment. However, a decrease in the share of those who work more than 49 hours could be misread as an improvement, which is in fact a sign of a falling level of economic activity.
The share of all employed working more than one job went down from 6.9 per cent in 2008 to 6.1 per cent in 2009 while amongst salary workers the fall was from 11.3 per cent to 10 per cent. Once again the reason behind what it is observed may have to do with the fact that part-time jobs were the first discarded during crises leaving a deceptively better-off panorama.

2. Working time arrangements
The share of total salary workers working at night is of 2.3 per cent; a sharp contrast with those whose activity extends at least one of the days of the weekend (Saturday in most of the cases) being more than a third (34.6 per cent, Figure 24). Both proportions have slightly dropped in the recent years so in terms of intertemporal analysis there is once again a risk to misread this as an employment improvement. To interpret these changes as an improvement, there should to be a consistent trend; any isolated changes would mean something else.

Figure 24. Working time arrangements

3. Balancing work and non working life
The rate of women with children compared to those aged 20-40 years shows a smooth decrease during the last five years (Figure 25). In 2009 less than three in ten women have children below four years of age. Sixteen per cent of female salary workers receive family leave benefits while for men this share remains at 4.4 per cent. As is the case with other benefits, they diminish in 2009 after having remained stable over the recent years (Figure 26).

Figure 25. Ratio of employment rates of women with children under compulsory school age to the employment rate of all women aged 20-40
The structure shown by job tenure highlights a segmented labour market—even for salary workers—with rigidities on one hand and extreme flexibility on the other. Thus, on one hand, 24.5 per cent of all employees have been in their current job for at least ten years (more often than not, this is the case of employees in the public sector and public institutions as well as of unionized workers); on the other hand, 26.3 per cent have been in their current job less than a year (Figure 27). The latter reflects a labour market where high turnover is the rule, as employers try to avoid workers attaining seniority with the corresponding rights and benefits. Certainly, this is possible in part because the tasks concerned are simple enough with a strong presence of non-agricultural micro businesses. However, the phenomenon covers more sectors than that.

D. Security of employment and social protection

1. Security of employment

The percentage of employees aged 25 years or older with temporary jobs can be split in two categories. The main one refers to salary workers who are without a written contract representing more than 40 per cent of those workers. The other category consists of those with a written contract but for a limited time period. This second group is around eight per cent of salary workers. The lowest share was recorded in the second quarter of 2009 after a downward trend over 2006-2007 (Table 3). However, the decrease in 2009 reflects different factors because as it is well known during a recession, temporary jobs are the first to be lost. The brief increase in 2008 may be a sign of the labour market anticipating the troubles in the horizon.

Table 3. Employees aged 25 years or older with temporary jobs (per cent)
In Mexico there are about 10 million individuals, who can be classified as own account workers. They represent 23 per cent of all employed (Figure 28). Of these 10 million, 64.4 per cent conduct non-farm, unincorporated informal sector activities; 22.7 per cent work in farm, unincorporated enterprises and the remaining 12.9 per cent are heads of non-farm, unincorporated formal enterprises. A slightly decreasing trend of the share of own-account workers was interrupted in 2009. In order to interpret this indicator, it is important to distinguish informal and formal sectors. For instance, it might not be positive that the share of informal own-account workers increases while it is desirable that the share of formal own-account workers increases.

![Figure 28. Share of unincorporated self-employed](image)

**Figure 28. Share of unincorporated self-employed**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed in farm, unincorporated enterprises</td>
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</tr>
<tr>
<td>Self-employed in non-farm, unincorporated, informal enterprises</td>
<td>64.4</td>
</tr>
<tr>
<td>Self-employed in non-farm, unincorporated, formal enterprises</td>
<td>12.9</td>
</tr>
<tr>
<td>Total self-employed as a share of total employed</td>
<td>23.0</td>
</tr>
</tbody>
</table>


2. Social Protection

In Mexico, there is no national unemployment insurance. Currently, unemployment insurance is available in the capital of the country only. This may partly explain the low social security expenditure as a share of GDP. This share has moved up from 1.1 per cent in 1994 to 1.9 per cent in 2008 reaching its highest point in 2002 (2.3 per cent) (Table 4). Social security expenditures as a share of programmed public budgetary expenditures, on the other hand, went from 6.8 per cent in 1994 up to 12.3 per cent in 2004 remaining at 12 per cent in 2008 (Figures 29a and 29b). A problem with this indicator is its interpretation.

![Figure 29a. Public social security expenditure as share of GDP](image)

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6 As they are defined according to the International Classification of Category in Employment (ICICE). 15th ICLS, Geneva, January 1993.

7 This means that they are registered businesses but without a complete set of accounts.
Figure 29b. Public social security expenditure as share of programmed public expenditure

![Graph showing public social security expenditure as share of programmed public expenditure]

Source: INEGI

Table 4. Annual public social security expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of GDP</th>
<th>Share of programmed public expenditure</th>
</tr>
</thead>
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<td>6.8</td>
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<td>1995</td>
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<tr>
<td>1999</td>
<td>1.9</td>
<td>13.4</td>
</tr>
<tr>
<td>2000</td>
<td>2.1</td>
<td>14.4</td>
</tr>
<tr>
<td>2001</td>
<td>2.0</td>
<td>13.8</td>
</tr>
<tr>
<td>2002</td>
<td>2.3</td>
<td>14.8</td>
</tr>
<tr>
<td>2003</td>
<td>1.9</td>
<td>11.8</td>
</tr>
<tr>
<td>2004</td>
<td>2.0</td>
<td>12.3</td>
</tr>
<tr>
<td>2005</td>
<td>1.9</td>
<td>11.6</td>
</tr>
<tr>
<td>2006</td>
<td>2.0</td>
<td>11.9</td>
</tr>
<tr>
<td>2007</td>
<td>2.2</td>
<td>12.5</td>
</tr>
<tr>
<td>2008</td>
<td>1.9</td>
<td>12.0</td>
</tr>
</tbody>
</table>

Source: Cuenta de la Hacienda Pública Federal; SHCP v Poder Legislativo Federal

The share of salary workers contributing to a pension fund is below 53 per cent in 2009 manifesting a fall after the preceding two years (Figure 30). This is consistent with the decreasing shares of other type of benefits mentioned above. In other words, all trends seem to point to the benefits being used as an adjustment variable for a stressed labour market.

Figure 30. Share of salary workers contributing to a pension fund

![Graph showing share of salary workers contributing to a pension fund]


All the data for this dimension comes from ENOE except the information on social security expenditures, which are provided by the Congress Commission on the Public Account.

E. Social Dialogue and workplace relationships

1. Share of employees covered by collective wage bargaining

Under the Mexican law the number of unionized workers equals those covered by collective wage bargaining. What is observed is that the share in 2009 was 16.3 per cent of all employees compared to 18.2 per cent in 2006 (Figure 31). Of the 4.3 million unionized employees more than a half are above 40 years of age. This suggests a generational gap in that this interlocution modality is becoming rare or less available for the young generations entering the labour market.

The number of days not worked due to strikes and lockouts was of 1.1 million worker days (the number of workers engaged in labour conflicts multiplied by the number of working days lost) in 2008; most of them being concentrated during the first part of that year (Table 5).
Figure 31. Share of employees covered by collective wage bargaining

![Graph showing share of employees covered by collective wage bargaining]


Table 5. Worker days lost due to strikes and lockouts

<table>
<thead>
<tr>
<th>Month</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>22 155</td>
<td>0</td>
</tr>
<tr>
<td>Feb</td>
<td>481 921</td>
<td>205 415</td>
</tr>
<tr>
<td>Mar</td>
<td>40 256</td>
<td>59 027</td>
</tr>
<tr>
<td>Apr</td>
<td>72</td>
<td>26 866</td>
</tr>
<tr>
<td>May</td>
<td>40 272</td>
<td>1812</td>
</tr>
<tr>
<td>Jun</td>
<td>158</td>
<td>5 856</td>
</tr>
<tr>
<td>Jul</td>
<td>85 525</td>
<td>0</td>
</tr>
<tr>
<td>Aug</td>
<td>190 500</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sep</td>
<td>164 833</td>
<td>n.a.</td>
</tr>
<tr>
<td>Oct</td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Nov</td>
<td>8 077</td>
<td>n.a.</td>
</tr>
<tr>
<td>Dec</td>
<td>89 814</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (STPS), Dirección General de Investigación y Estadísticas del Trabajo, based on data provided by the Federal Board on Labour Conflicts and Conciliation.

In the period leading up to July 2009 we see a decreasing trend, which is not surprising given the recession and increasing unemployment there is less room for this kind of strategies. It is not clear how this indicator ought to be interpreted within the proposed framework: is it positive or negative to go on a strike?

Are conflicts a sign of deterioration of labour relations or on the contrary a sign that both a collective voice and resolution can come about? Does a drop in the days lost mean more efficiency or willingness to find a solution? Neither as a level nor as a trend is there an unequivocal interpretation on this regard.

The source of unionized workers is updated once a year by through the long ENOE questionnaire. The information on worker days lost is updated on a monthly basis by the Ministry of Labour (Secretaría del Trabajo) based on data from the Federal Board on Labour Conflicts and Conciliation.

F. Skills development and life-long learning

The share of employed who have a higher level education than is normally required in their occupation went from almost ten per cent in 2005 down to 9.6 per cent in 2009 (second quarters) reaching its lowest point at 9.1 per cent in 2006 (Figure 32). It is premature to infer whether there is a trend but it is rather surprising that in 2009 the share is lower than those registered for the two previous years. On the other hand, there is a downward, albeit smooth, trend for the share of employed, who have less education than is normally required in their occupation. The interpretation of this trend is not straightforward in the economic recession of 2009.

Figure 32. Skills development and life-long learning

![Graph showing skills development and life-long learning]

Both indicators are obtained from ENOE and can be updated each quarter. It is also possible to get the share of persons in high skilled occupations; however, there may be a need for classifying occupations at four-digit level for a more in-depth analysis. A definition in this regard definitively is needed. In order to collect information on employees receiving job training within the last 12 months ENOE included a second phase module during the third quarter in 2009. At this time, the module is still being implemented hence the data are not yet available. It is worth mentioning that this module is going to be conducted every two years.

G. Workplace relationships and intrinsic nature of work

1. Workplace relationships

Mexico’s LFS (ENOE), through its annual long questionnaire, addresses issues such as harassment, personal conflicts and discrimination at work if they have caused the quitting of a job. Hence, information on how many employees have been subjected to harassment, conflict of discrimination is not available as such.

Table 6. Workplace relationships and intrinsic nature of work

<table>
<thead>
<tr>
<th>Quarter I / Year</th>
<th>Quit job due to harassment</th>
<th>Quit job due to conflicts with boss/superior</th>
<th>Quit job due to discrimination at work</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>2006</td>
<td>37551</td>
<td>11602</td>
<td>25949</td>
</tr>
<tr>
<td>2009</td>
<td>38791</td>
<td>16645</td>
<td>22146</td>
</tr>
</tbody>
</table>


H. Conclusions

Because Mexico’s labour market has been so often compared to other OECD countries, especially in terms of its labour market adjustments, it is almost like a Laboratory to study the effects of these adjustments on quality of employment. Many indicators are analyzed within the context of the current economic recession. Methodologically speaking this allows distinguishing what set of indicators is consistent and what others could be misleading given specific circumstances. Thus, indicators such as all those considered in dimension 1 (Safety and ethics of employment) and particularly all those related to non-pecuniary benefits as well as social protection behave as expected in an environment of both labour and economic stress. This is not the case, however, for indicators that at first seems to be basic such as those related with income and hours worked. For instance, a downward trend before an economic crisis may mean something different during the crisis, e.g. people working more than 49 hours a week, percentage of employees with temporary jobs etc. On the other
hand, there are other indicators which seem to be unique independent of any context, e.g. share of employed that have less education than is normally required in their occupation.

There are other indicators that once obtained surely have an unequivocal or unambiguous meaning. The trouble is the definitions needed to obtain are not yet available, e.g. is there a basic understanding amongst countries of what is and what is not social security expenditures or which are those skilled occupations?

Of course economic analysis is not everything; it is clear that there are dimensions and indicators beyond the economic sphere. For instance, fair treatment in employment, skills development, life-long learning or workplace relationships and intrinsic nature of work demand to be seen from a wider perspective. Especially for fair treatment in employment, age and seniority seem just as relevant as gender.

Finally, the problem is not in the availability of the indicators but rather in their interpretation: is the news that they convey good or bad? Hence, this landscape of indicators is interesting but quite heterogeneous. The matter is not only what they describe but how they ought to be understood. In this vein, the normative aspect of the framework might be the next layer to build.