

A minimum agenda for Mexico's Secretariat of Labor and Social Welfare

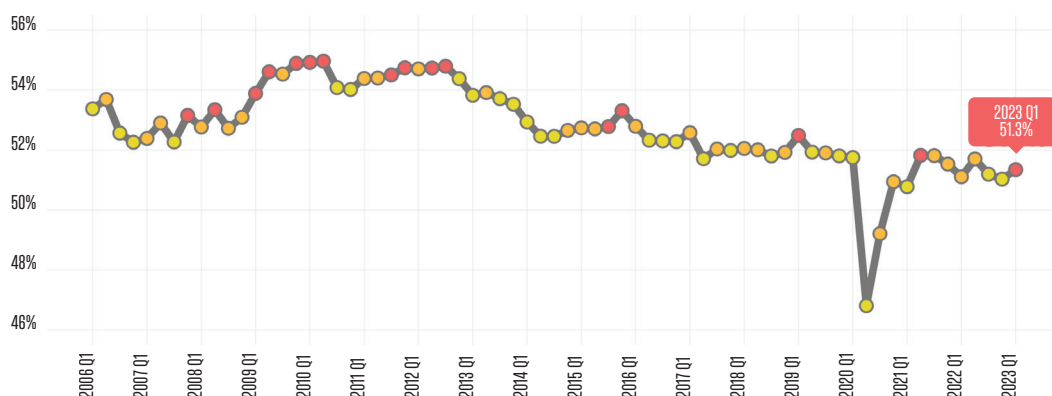
The labor market is a fundamental pillar in people's lives. It enables individuals to acquire income necessary for meeting basic needs, accessing essential services such as education and healthcare, and enhancing the overall quality of life for workers and their families. Consequently, Mexico's Secretariat of Labor and Social Security (Secretaría del Trabajo y Previsión Social or STPS) assumes a critical role in the country's development and the well-being of Mexicans.

Recently, Marath Baruch Bolaños López was appointed as the new head of the STPS, replacing Luisa María Alcalde, who now serves as Secretary of the Interior. Given these changes and the significance of the department, the Economic Observatory México, ¿cómo vamos? presents a minimum agenda outlining the key pending issues in labor matters in Mexico. This agenda focuses on recognising two major labor market challenges: **high levels of informality** and **low female labor force participation**.

A. The Mexican labor market is predominantly informal.

In the first quarter of 2023, 51.3% of non-farm workers in Mexico were employed in the informal sector, lacking labor rights and guarantees. Informal workers experience **lower average incomes and productivity levels**, contributing to the country's lowest labor productivity in 14 years and hindering economic growth.

Labor informality rate of the non-farm employed population As of the 1st quarter of 2013



MADE BY MÉXICO, ¿CÓMO VAMOS? WITH DATA FROM INEGI

Mexico needs public policies that promote job formalization, increase access to social security, and enhance labor productivity.

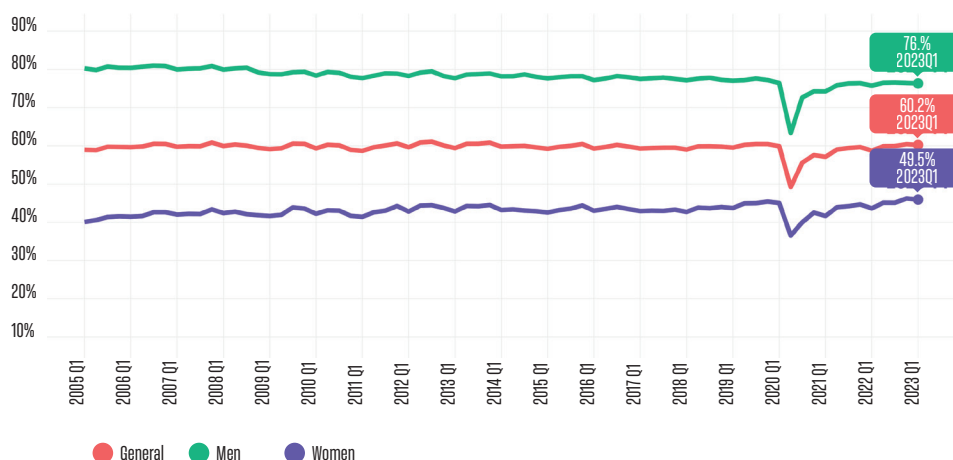
- These measures include promoting formal job generation, facilitating social security affiliation, providing financing for micro, small, and medium-sized enterprises, simplifying administrative burdens, investing in education and training, and strengthening labor protection for domestic workers.

B. Low female labor force participation

Low labor force participation of women is a major issue in the country's labor market, with a participation rate of 45.9% compared to 76.3% for men. This rate for women is lower than the global average (47%, ILO) and **one of the lowest in Latin America**. The difference between women and men implies a gap of 30.38 percentage points.

Labor force participation rate

Disaggregated by gender as of the 1st quarter 2023



MADE BY MÉXICO, ¿CÓMO VAMOS? WITH DATA FROM INEGI

Women also face higher rates of labor informality (54.8%) compared to men (48.7%), resulting in **income gaps** and **limited access to social security**. For every 100 pesos a man receives as labor income in Mexico, women receive 81.5 pesos.

Women in Mexico face roles associated with gender stereotypes that result in lower participation in the formal paid economy and higher engagement in informal jobs. They spend an average of 42 hours per week on unpaid household chores.

In addition to measures addressing labor informality, Mexico urgently needs policies to enhance women's labor force participation, particularly in formal employment.

- These policies should include the provision of public care services, for example, the implementation of a National Care System. Also, promoting pay equity, for example, through transparency in remuneration.
- Additionally, fostering women's presence in leadership roles through mentoring programs and leadership development, initially supported by gender quotas, promoting a new work culture with flexible schedules, paid parental leave for both men and women, and encouraging shared responsibilities in household tasks is essential. It is also crucial to establish extended and mandatory paternity leave.

México, ¿cómo vamos? is an Economic Observatory committed to advocating for sustainable economic growth, aiming to generate more and better jobs and promote well-being for all people in Mexico.

For more information check www.mexicocomovamos.mx
Contact us at contacto@mexicocomovamos.mx and 55 7590 1756