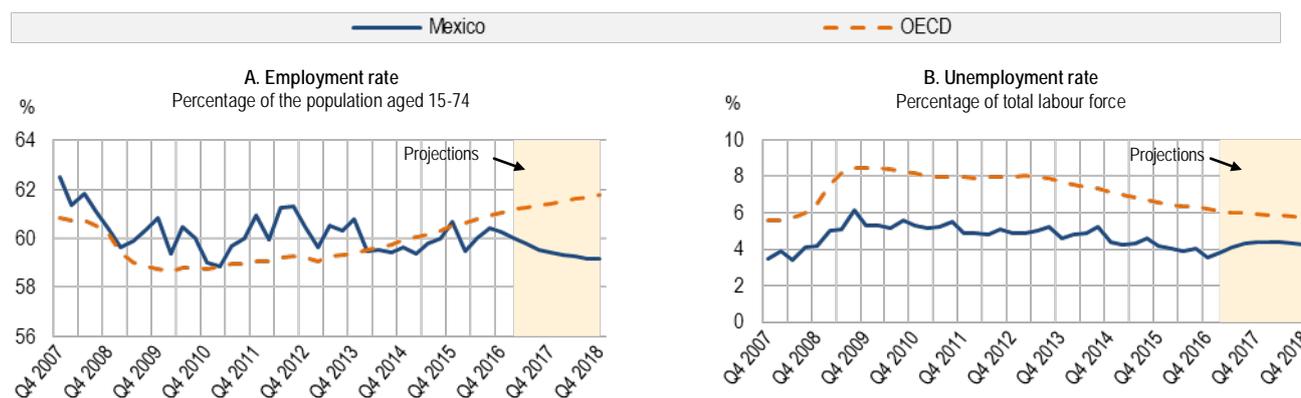




The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

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### Labour market developments in Mexico



Note: OECD weighted average.

Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

### RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in 2016, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- In Mexico, the unemployment rate has recovered from the impact of the global financial and economic crisis, returning to 3.6% in April 2017, about the same level as at the onset of the crisis nine years earlier.
- However, employment in the Mexico, as a share of the population aged 15-74, is now 2.2 percentage points *below* its pre-crisis value in 2007. Moreover, employment performance has fallen behind that of the OECD as a whole. Weak employment performance reflects declining labour force

participation among youth and older workers. OECD projections suggest that Mexican employment and participation will remain weak through the end of 2018.

- The incidence of informal work is now lower than at the start of the crisis but remains very high from an international perspective. Today, almost six in ten workers are employed informally in Mexico. This includes informally employed dependent employees as well as self-employed subsistence workers in agriculture. The large majority of these workers are not covered by social security. The incidence of informal work initially increased in the wake of the global financial crisis, reflecting its role as a social safety net for job losers in the formal sector. To prevent formal-sector job losers from falling into informality, a system of unemployment insurance should be introduced. However, the incidence of informal work is now about 1.5 percentage points lower than at the start of the crisis.

## Scoreboard of labour market performance for Mexico



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.

**Earnings quality:** Gross hourly earnings in USD adjusted for inequality. **Labour market insecurity:** Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. **Job strain:** Percentage of workers in jobs characterised by a combination of high job demands and few job resources to meet those demands. **Low income rate:** Share of working-age persons living with less than 50% of median equivalised household disposable income. **Gender labour income gap:** Difference between average per capita annual earnings of men and women divided by average per capita earnings of men. **Employment gap for disadvantaged groups:** Average difference in the employment rate for prime-age men and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities) as a percentage of the employment rate for prime-age men.

Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See [OECD Employment Outlook 2017](#), Table 1.2. for further details

### NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF THE MEXICAN LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quality (pay, employment security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The main priority for Mexico is to further promote growth, while strengthening its inclusiveness. Despite a recent pick up in productivity growth, growth has not been inclusive enough to achieve better living conditions for many Mexican families.

The Mexican labour market scores poorly compared with other OECD economies in terms of earnings quality – which takes account of the level and distribution of earnings - as well as different measures of inclusiveness related to income inequality, gender equality and the integration of disadvantaged groups. For example, almost one in seven working-age persons live with less than half the typical household income compared with almost one in ten on average across the OECD.

- Low labour market inclusiveness is to an important extent related to pervasive labour informality. To promote formal work, awareness of in-work subsidies for formal workers should be enhanced, while the enforcement of labour laws should be improved by focusing on large formal firms employing informal workers. These measures should be complemented with specific measures to reduce poverty, promote gender equality and foster the integration of disadvantaged groups.

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