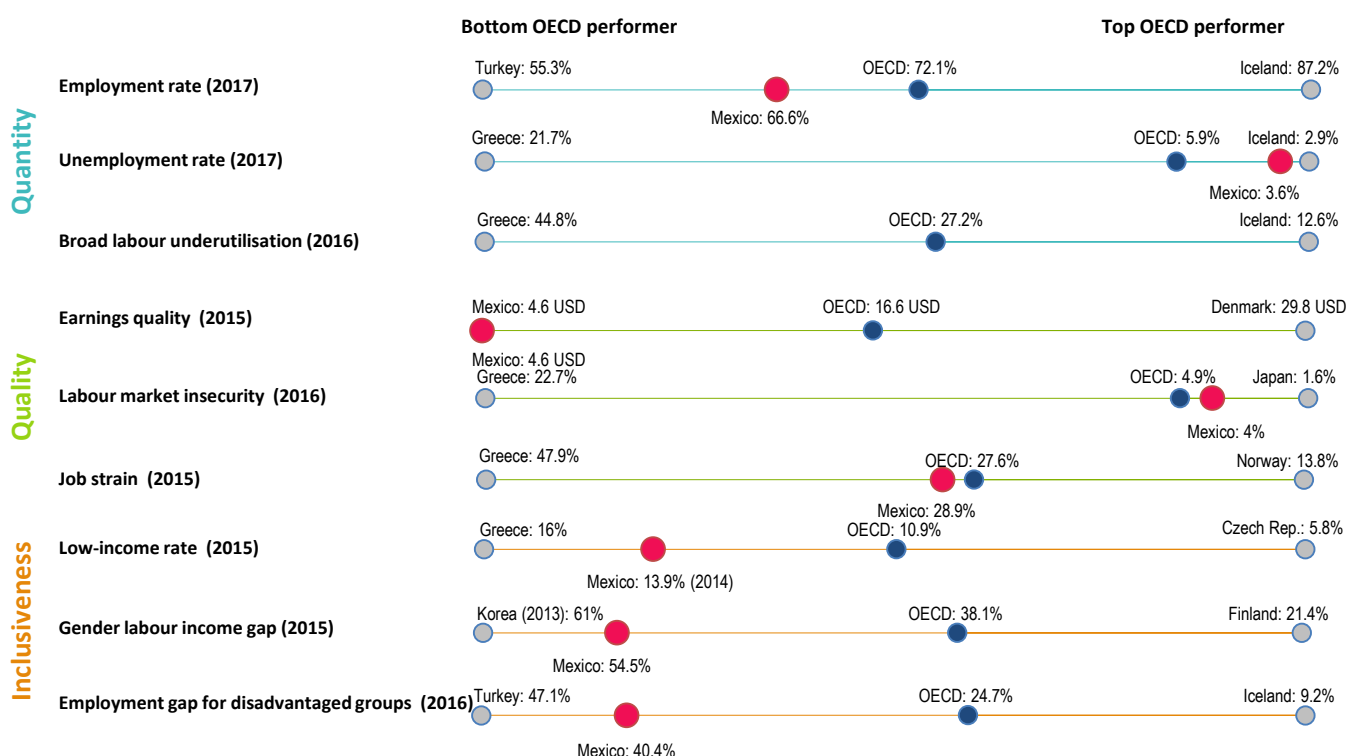


How does MEXICO compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Mexico



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted 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 with 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 per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate 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; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive 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 quantity (employment, unemployment and broad underemployment), job quality (pay, labour market 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.

- In Mexico, the employment rate of the population aged 20-64 years is low in comparison with other OECD countries, reflecting low participation of women, and declining participation among youth and older workers. The unemployment rate in Mexico has further declined and is now well below the OECD average.



- Labour market insecurity is below the OECD average, reflecting a low risk of unemployment. However, personal costs in the event of job loss are high due to the absence of public unemployment insurance and widespread informality. Mexico performs poorly in terms of earnings quality, which is related to low productivity as well as very high levels of wage inequality. Job strain is similar to the OECD average, but Mexicans in employment work the longest hours in the OECD.
- Although there has been some progress in recent years, Mexico still ranks below the OECD average on

many indicators of inclusiveness in the labour market, with poverty remaining a pressing issue. The low income rate is among the highest across OECD countries. The average employment rate of disadvantaged groups was only 40% of that of prime-age male workers in 2016. This is the second highest gap among OECD countries

- Women face many challenges in the labour market and a clear disadvantage relative to their male peers. The gender labour income gap was at 54.5% in 2015, reflecting low female employment rates and labour market participation.

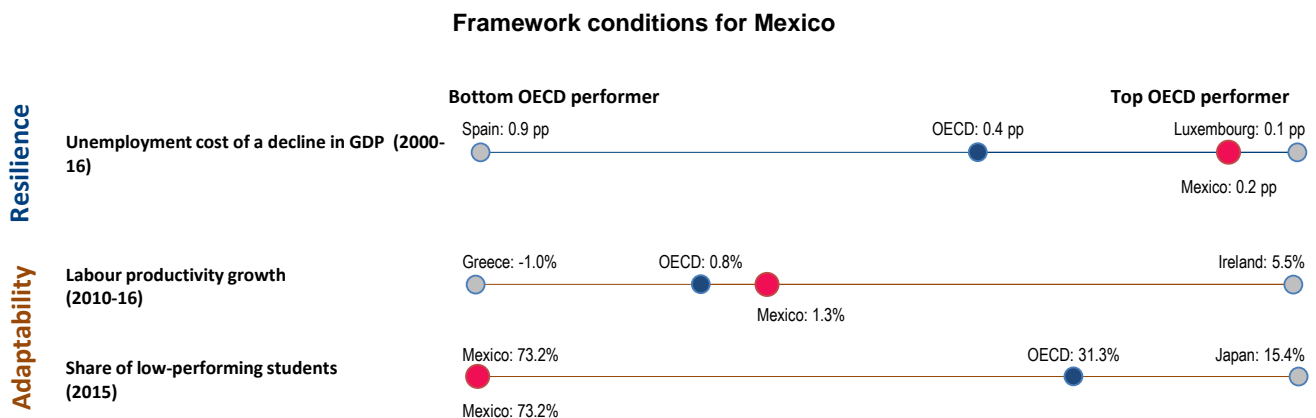
FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

- Mexico scores well relative to the OECD average in terms of employment resilience, reflecting the fact that the extent and the persistence of unemployment

increases following economic downturns are typically limited as many workers cannot afford to stay unemployed for long.

- Labour productivity growth was slightly higher than the OECD average between 2010 and 2016, but its level remains the lowest in the OECD.
- Mexico has the highest share of low-performing students in the OECD. Almost three-quarters of 15-year olds have either dropped out of school or lack basic skills, which is also related to inequalities in access to good quality education.



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).