

# MEXICO'S LFS DATA SEEN THROUGH THE NEW PERSPECTIVE ON WORK

## FIFTH GLOBAL FORUM ON GENDER STATISTICS

### SESSION 2: GENDER EQUALITY IN THE LABOR MARKET

Aguascalientes, Mexico

November 3, 2014



- © On October 2013 the 19<sup>th</sup> International Conference of Labor Statisticians (ICLS) reformulated the conceptual framework on work -thus on measuring employment, unemployment and underutilization of labor- which ruled about 30 years on Labor Force Surveys around the world.
- © The purpose of the paper is to illustrate, using data from ENOE (Mexico's LFS) some implications this reformulation has: what does achieve; what does not on what intended.
- © In the balance there are gains, but also pending issues and uncertainties to address.



One way to explain ILO's motivation in taking on what rules for such a long time is that the organization was conscious of two uneasiness spreading over worldwide...

1. *On the focal role the Unemployment Rate (UR) has – if not a the facto monopoly– as an indicator of labor underutilization and the misunderstandings stemming from there .*
2. *On the limitation of labor market thinking in understanding the wider process of social reproduction.*

Both issues on respect which gender perspective has a lot to say.



© Both problems come from equating...

1. *Job seekers with population in need of a job.*

2. *The concept of work with labor market work.*

© We have here two equivocal synonymous or identities which effect has been narrowing down the attention: what is left out of focus was understood as something lacking a key property or became a condition to be defined in negative.



© In practice the consequences have been both, to make less visible some population groups in need for a decent job as well their role in any realm beyond that one of market transactions. No wonder there is an asymmetrical effect: more women than men were taken out of the picture.



© That's why the 19<sup>th</sup> ICLS mandate was twofold:

1. *To define a set of labor underutilization indicators.*
2. *To rethink the relationship between work and labor market work, which amounts to rethink the correspondences between work categories and the so called production boundary of the System of National Accounts (SNA).*

© In what follows we will start with the latter point: the new frame and what we got when shedding light from there on Mexico's data.



# **WORK: THE NEW CONCEPTUAL FRAME**



# Classification of work activities by form of work

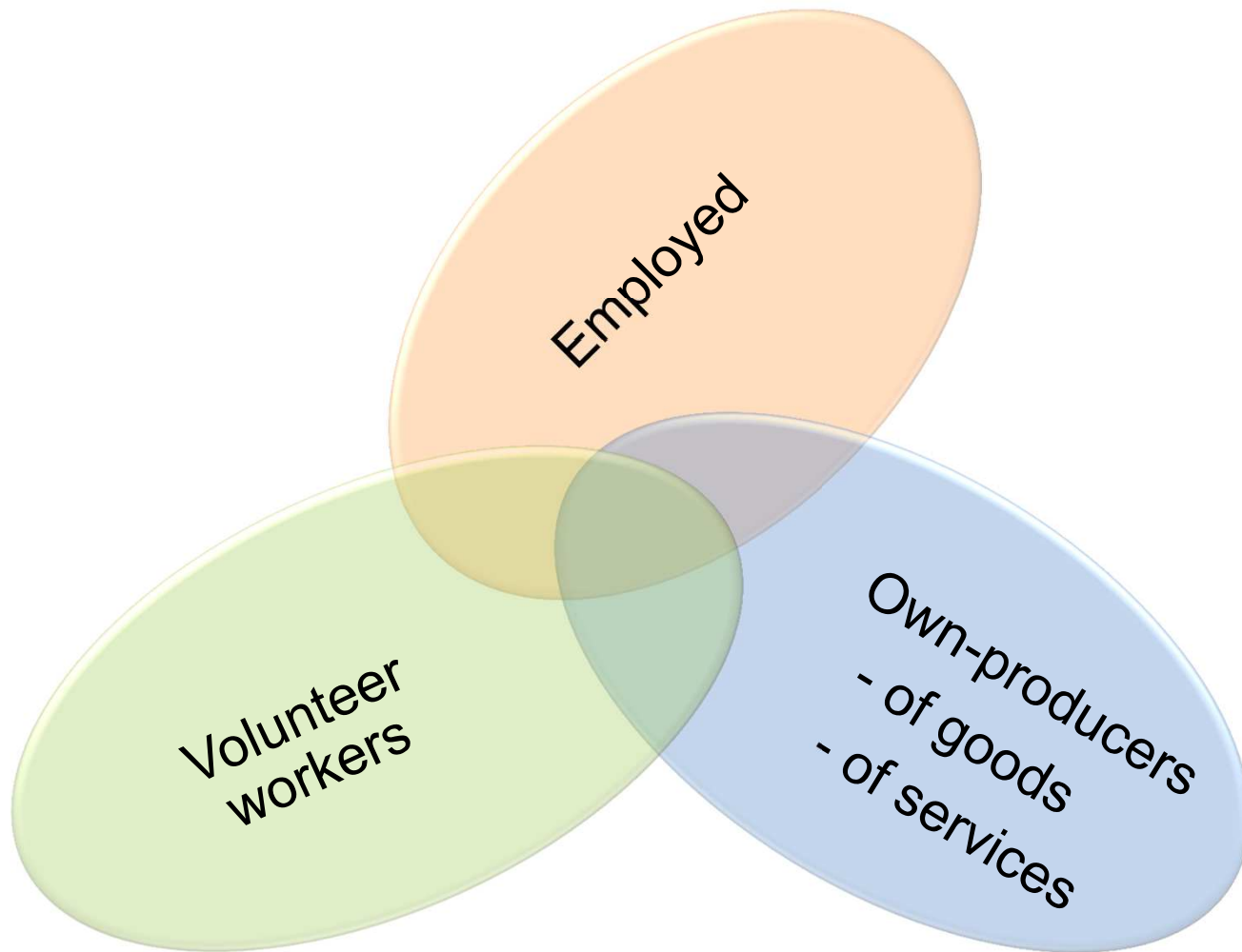
Intended destination of production	For own final use		For use by others				
<b>Forms of work</b>	Own-use Production work		Employment (work for pay or profit)	Other work*	Volunteer work		
	of services	of goods			In market and non-market units	In households producing	
<b>Relation to 2008 SNA</b>			Within SNA production boundary				
	Inside SNA general production boundary						

\* Includes compulsory work performed without pay for others, not covered in the draft resolution.

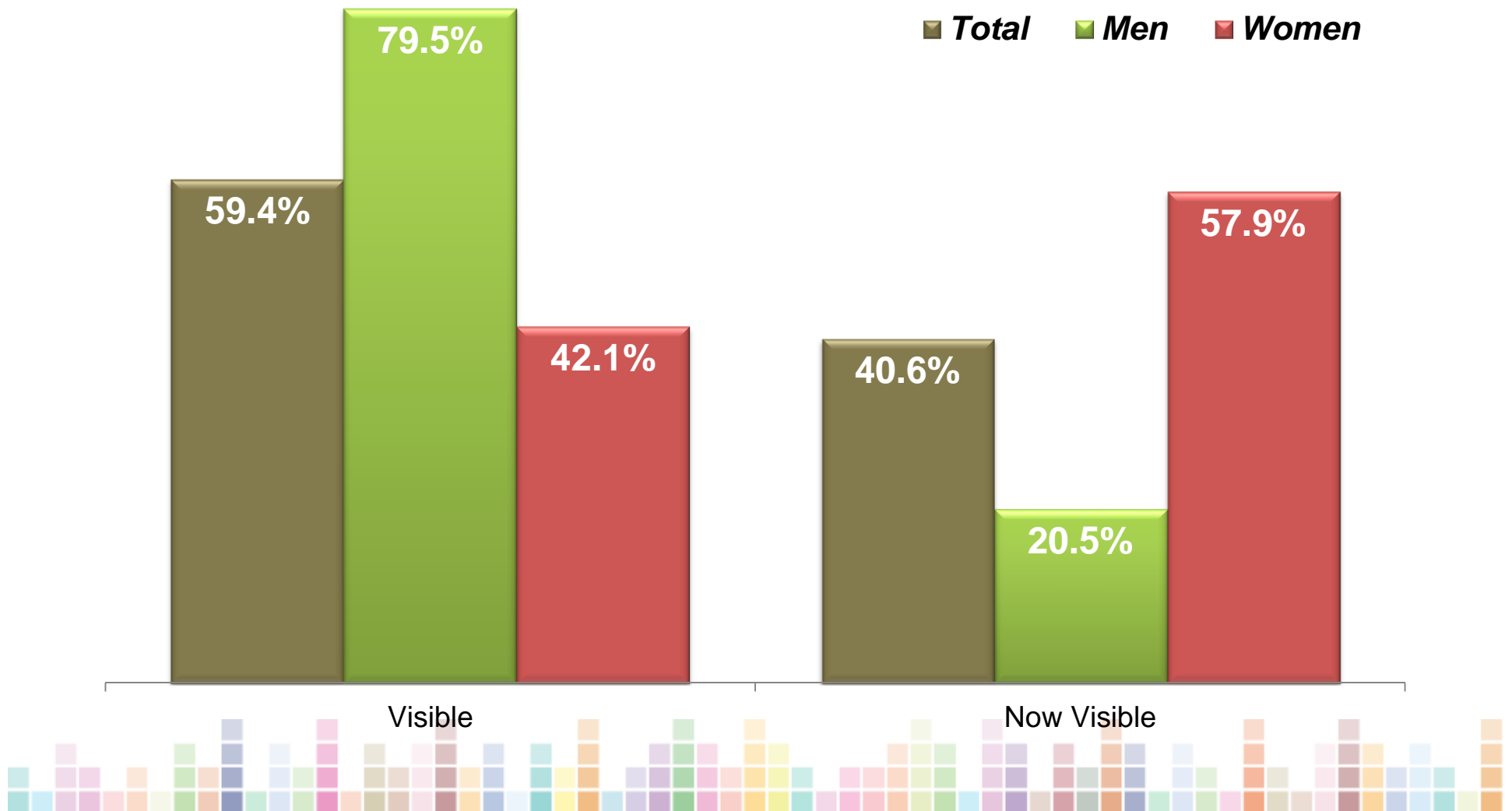




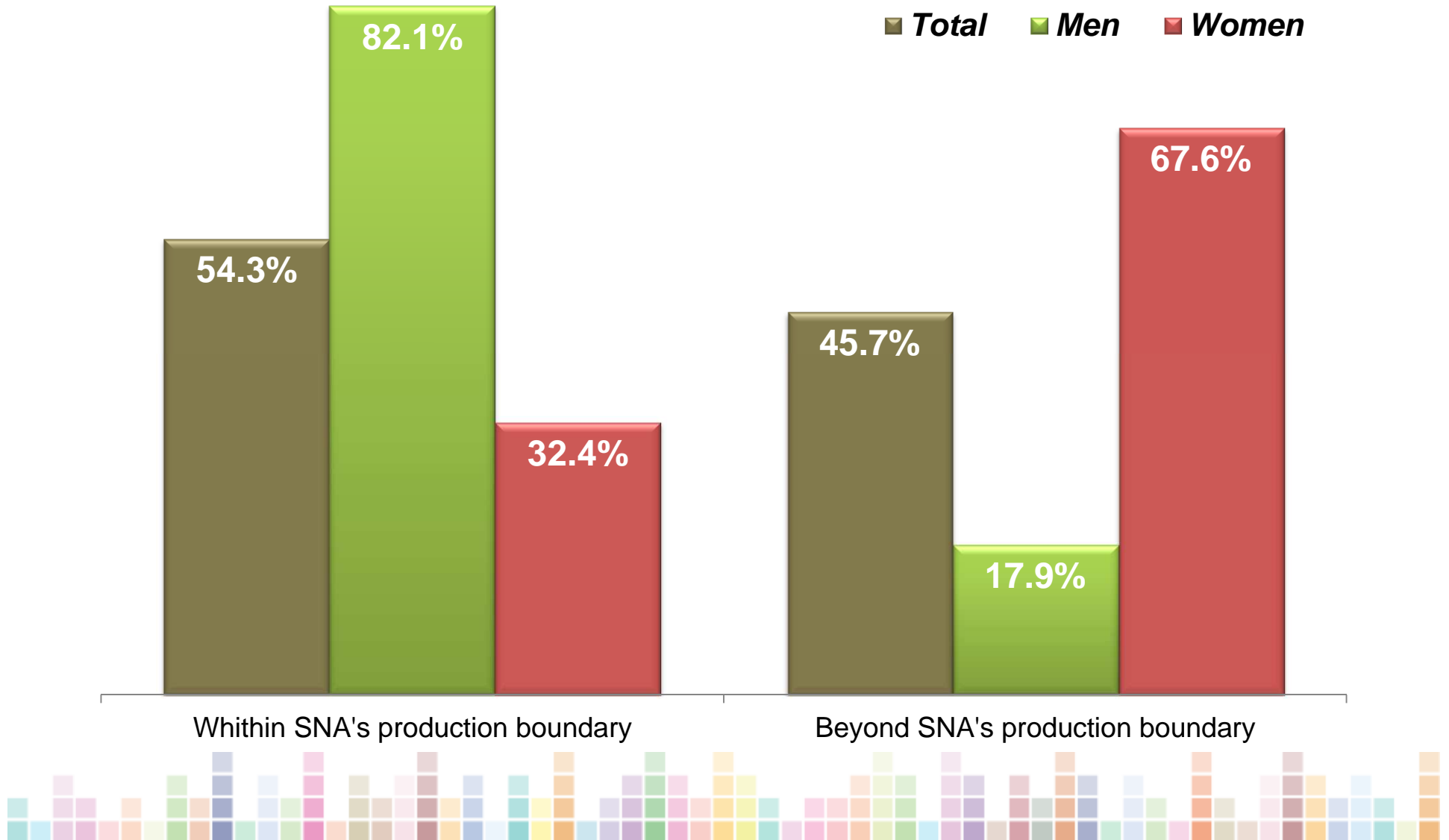
# Participation in different forms of work



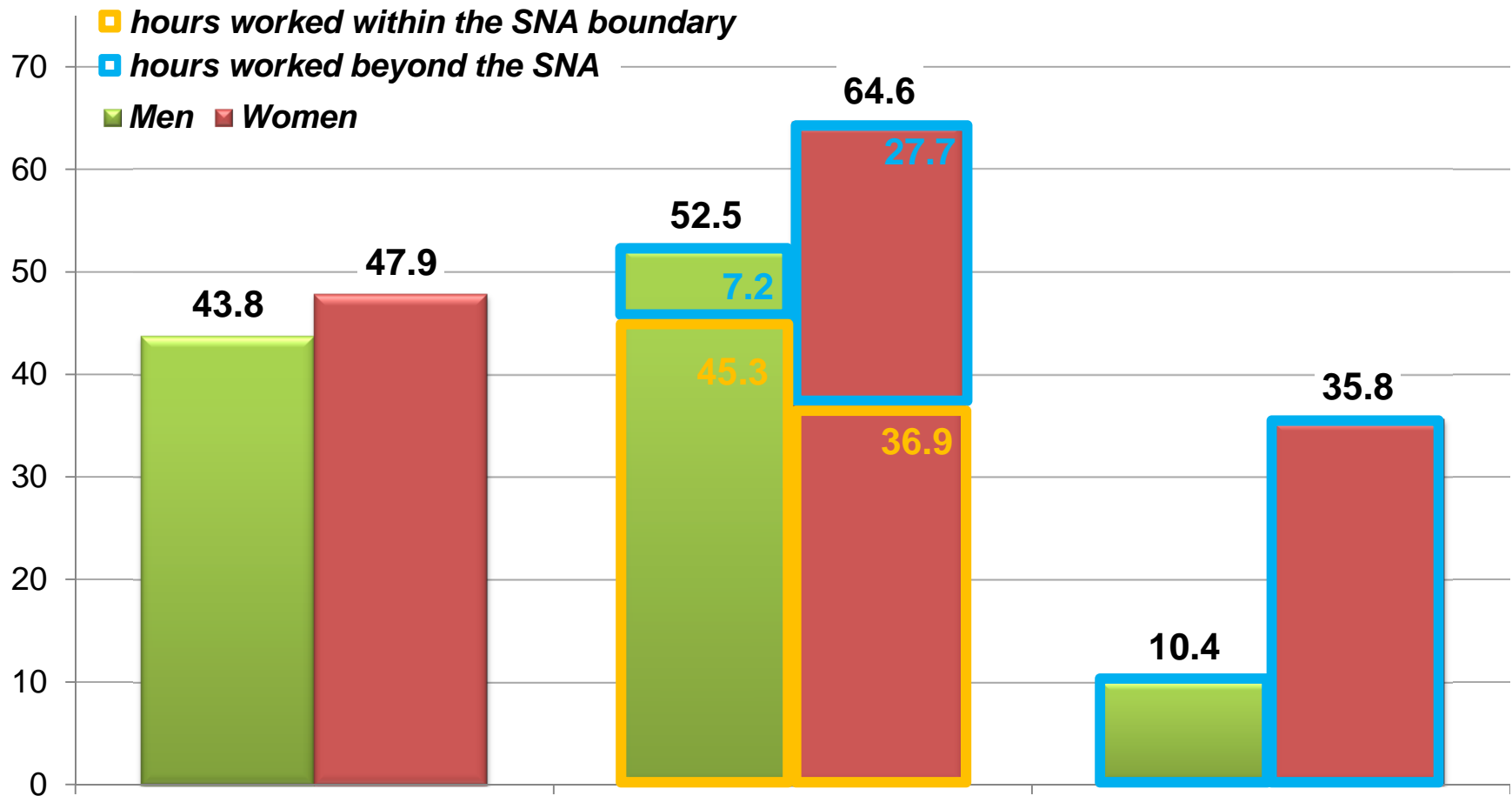
# Working age population: contributors to the social reproduction processes within and beyond the SNA's boundary



# Mass of hours worked: shares within and beyond the SNA's boundary



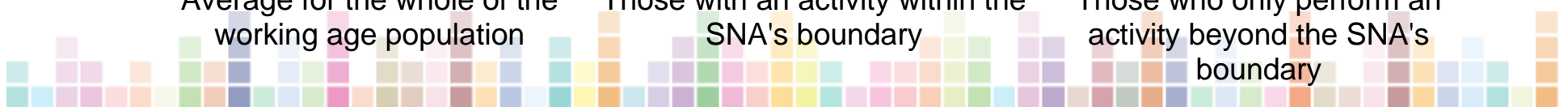
# Per capita hours worked: working age population; population supplying goods or services within the SNA's and population just supplying services beyond SNA's boundary



Average for the whole of the working age population

Those with an activity within the SNA's boundary

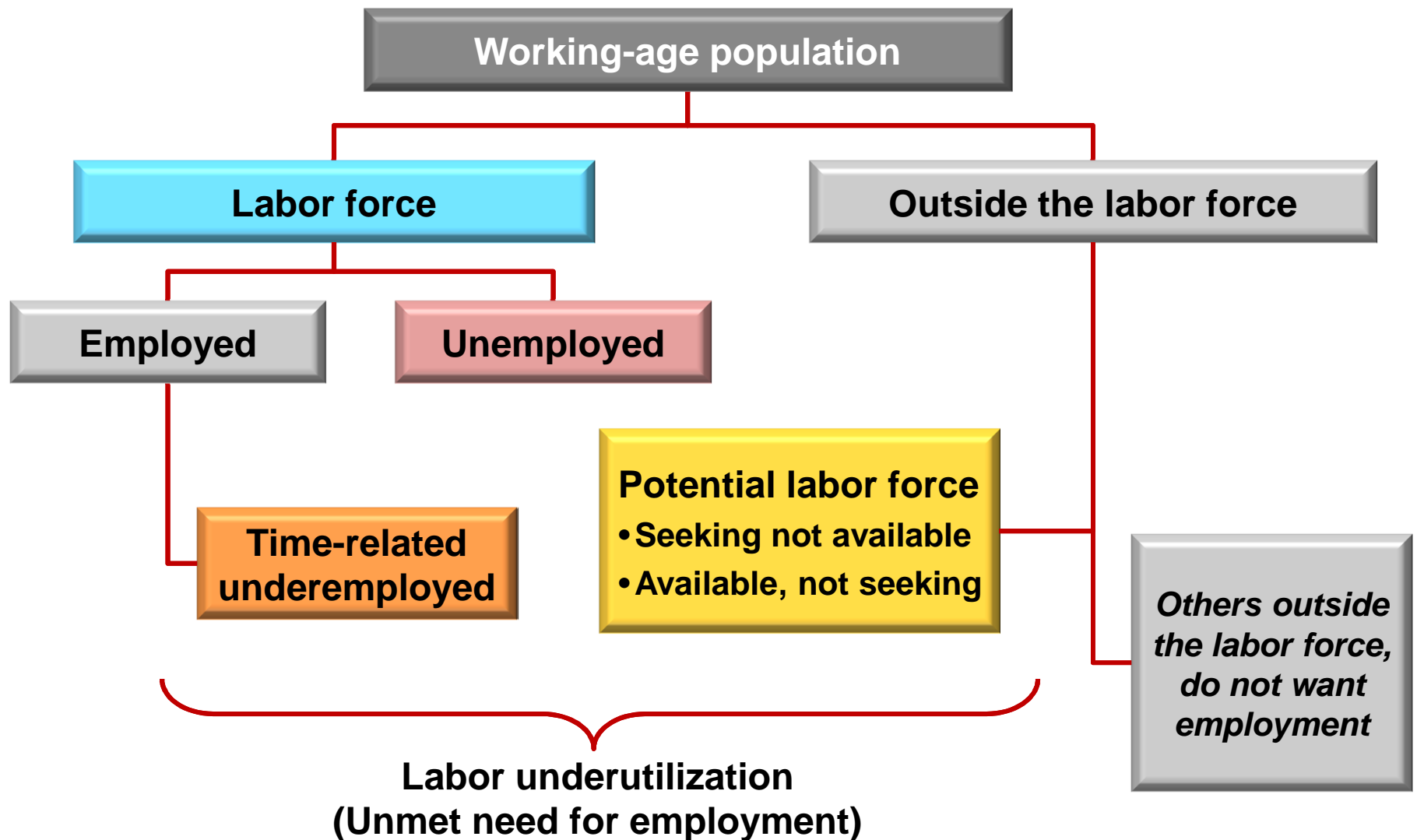
Those who only perform an activity beyond the SNA's boundary



# LABOR UNDERUTILIZATION INDICATORS



# Working age population and focal subgroups in terms of labor underutilization



# LU's

## LU1: Unemployment rate

$$\text{LU1} = \frac{\text{Unemployed}}{\text{Labor force}} \times 100$$

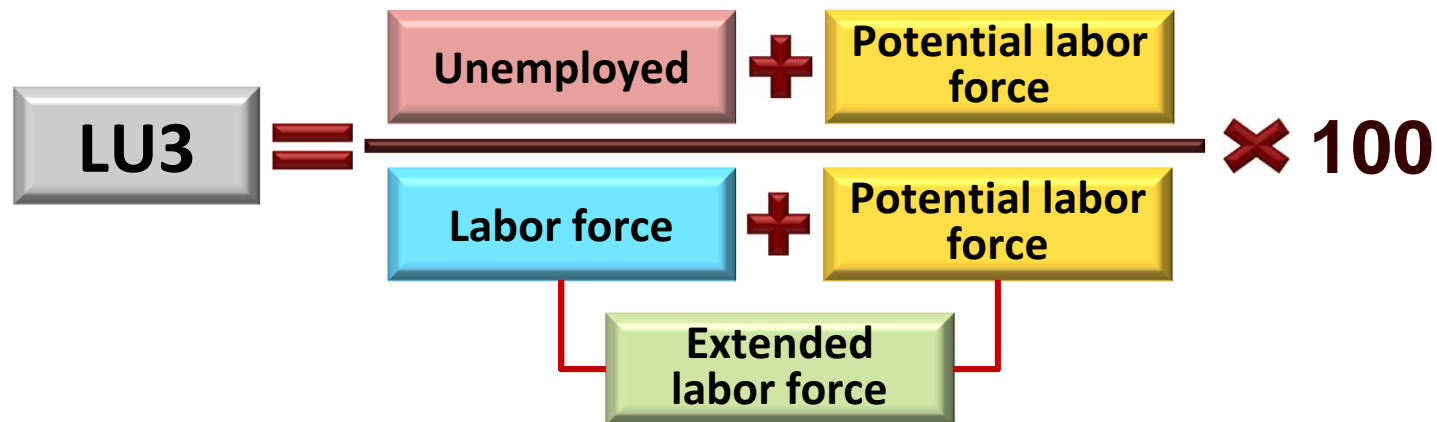
## LU2: Combined rate of time-related underemployment and unemployment

$$\text{LU2} = \frac{\text{Time-related underemployed} + \text{Unemployed}}{\text{Labor force}} \times 100$$



# LU's

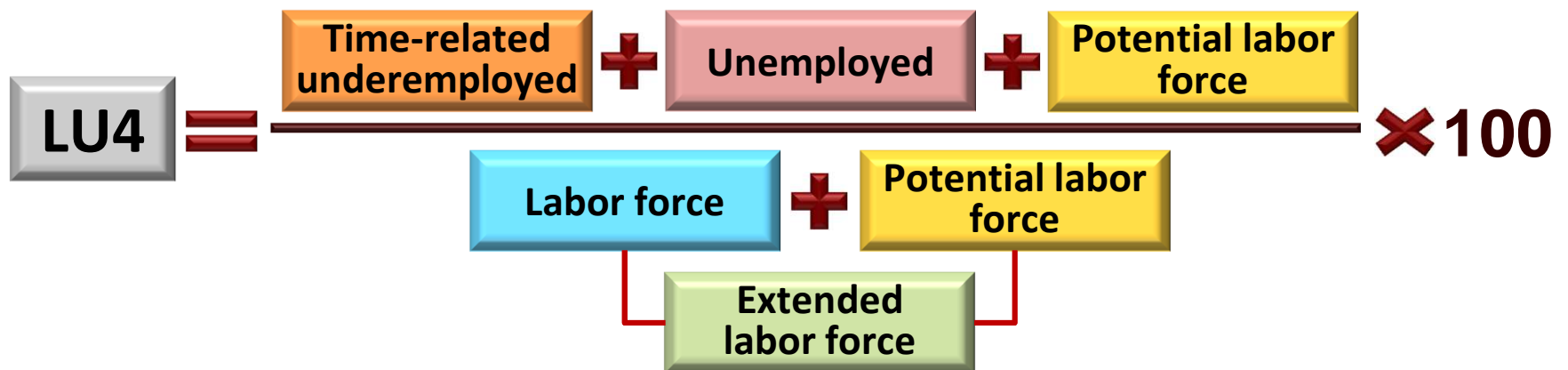
**LU3: Combined rate of unemployment and potential labor force**





# LU's

## LU4: Composite measure of labor underutilization



© By means of the LU indicators the 19<sup>th</sup> ICLS aims to solve two challenges:

a) *To make visible other working age population groups in need for a decent job not captured by the Unemployment Rate measures.*

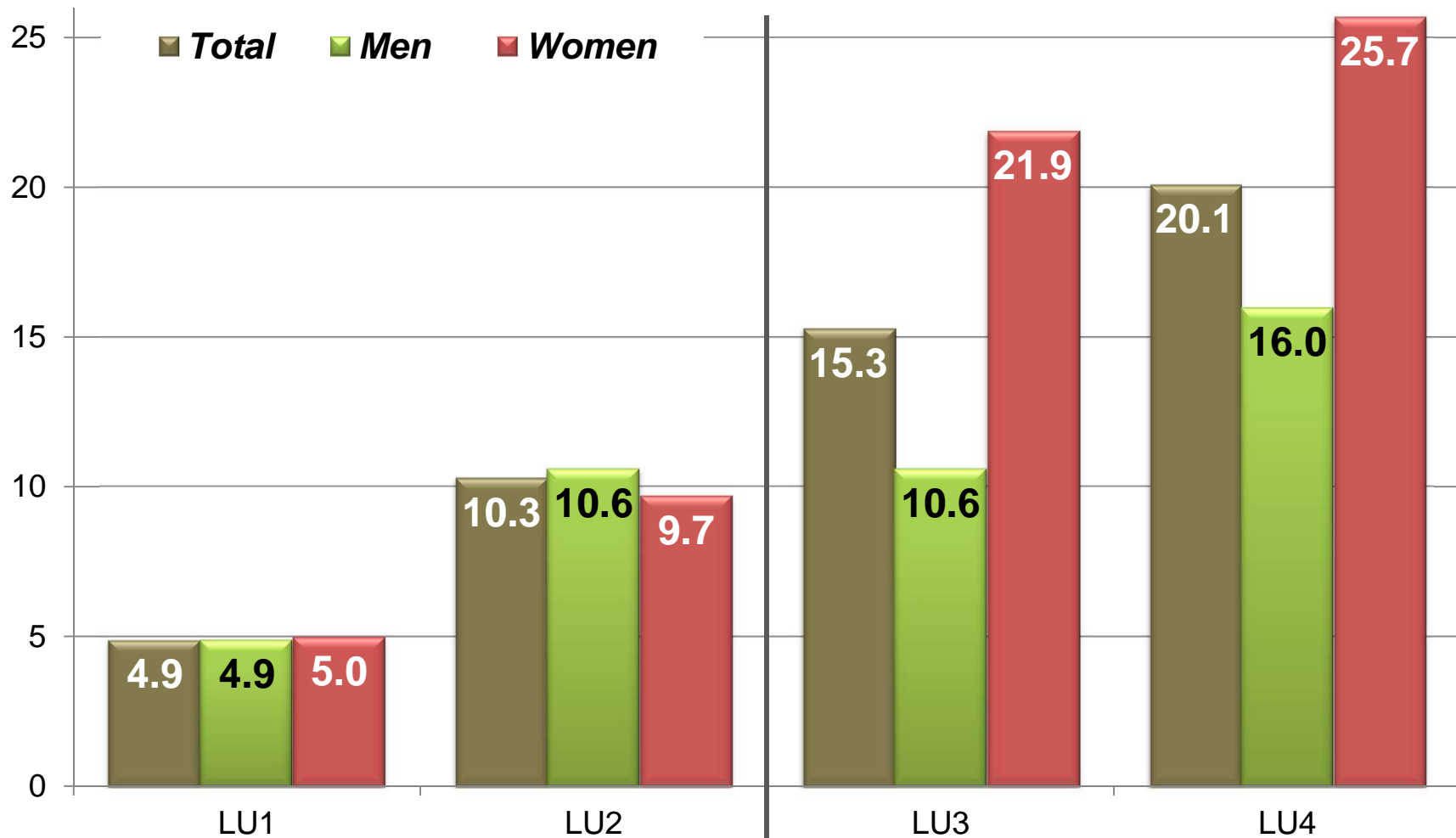
b) *To overcome the paradox of the UR that is, an indicator which tends to be significantly lower in areas where one would expect there is a bigger want of decent jobs, such as backward regions of the world or of a country.*

© Both challenges have something to do with the issue of how universal is the active job seeking behavior, essential to the definition of the Unemployment Rate.

© Let's see first what happen with challenge a).



# Labor Underutilization Rates (LUR):

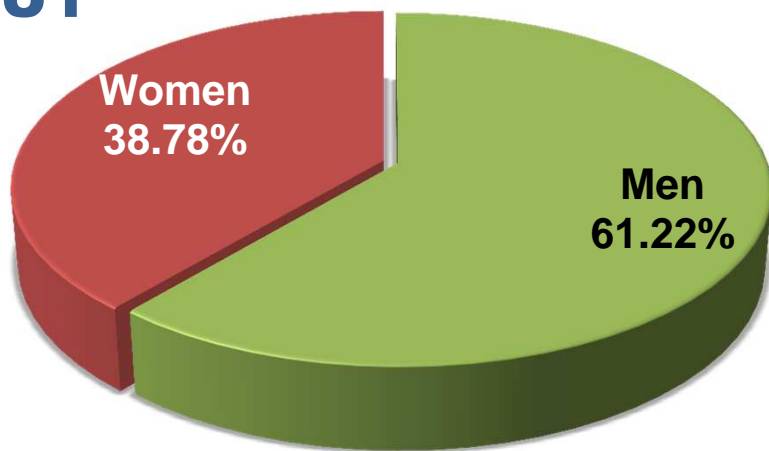


In relation to labor force

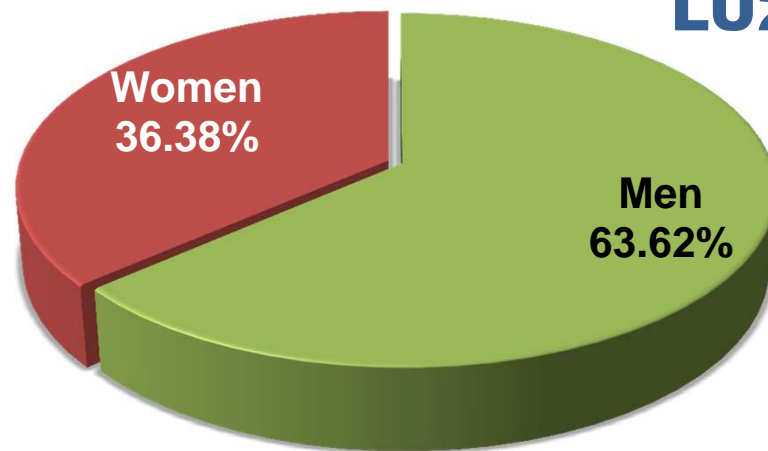
In relation to extended labor force

# Shares of women and men in the numerator of each underutilization labor measure

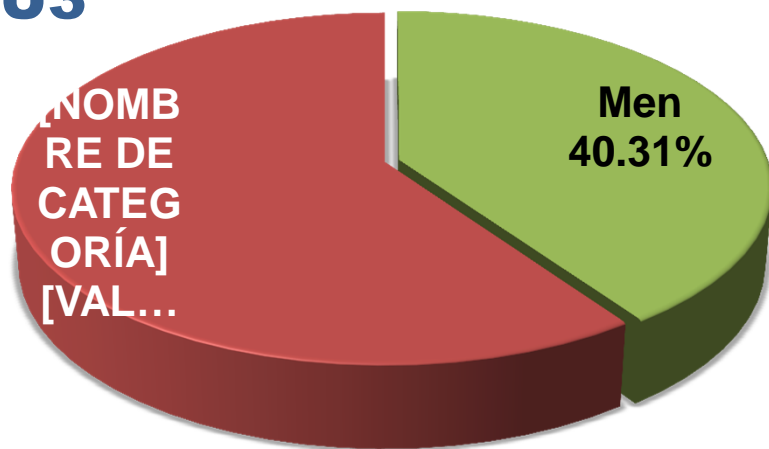
**LU1**



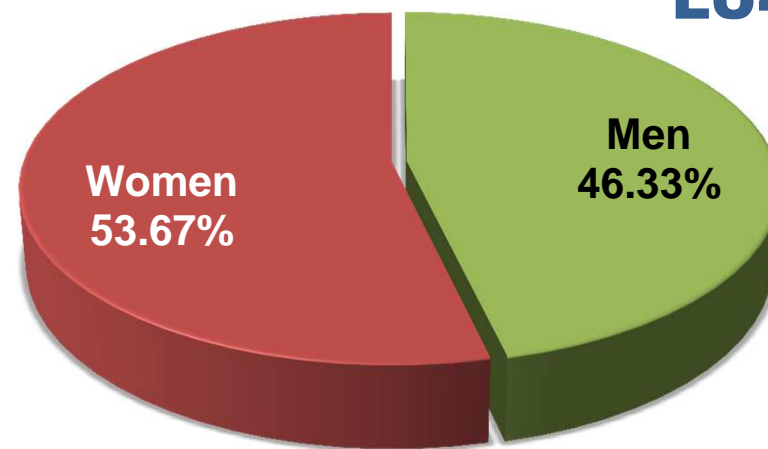
**LU2**



**LU3**



**LU4**



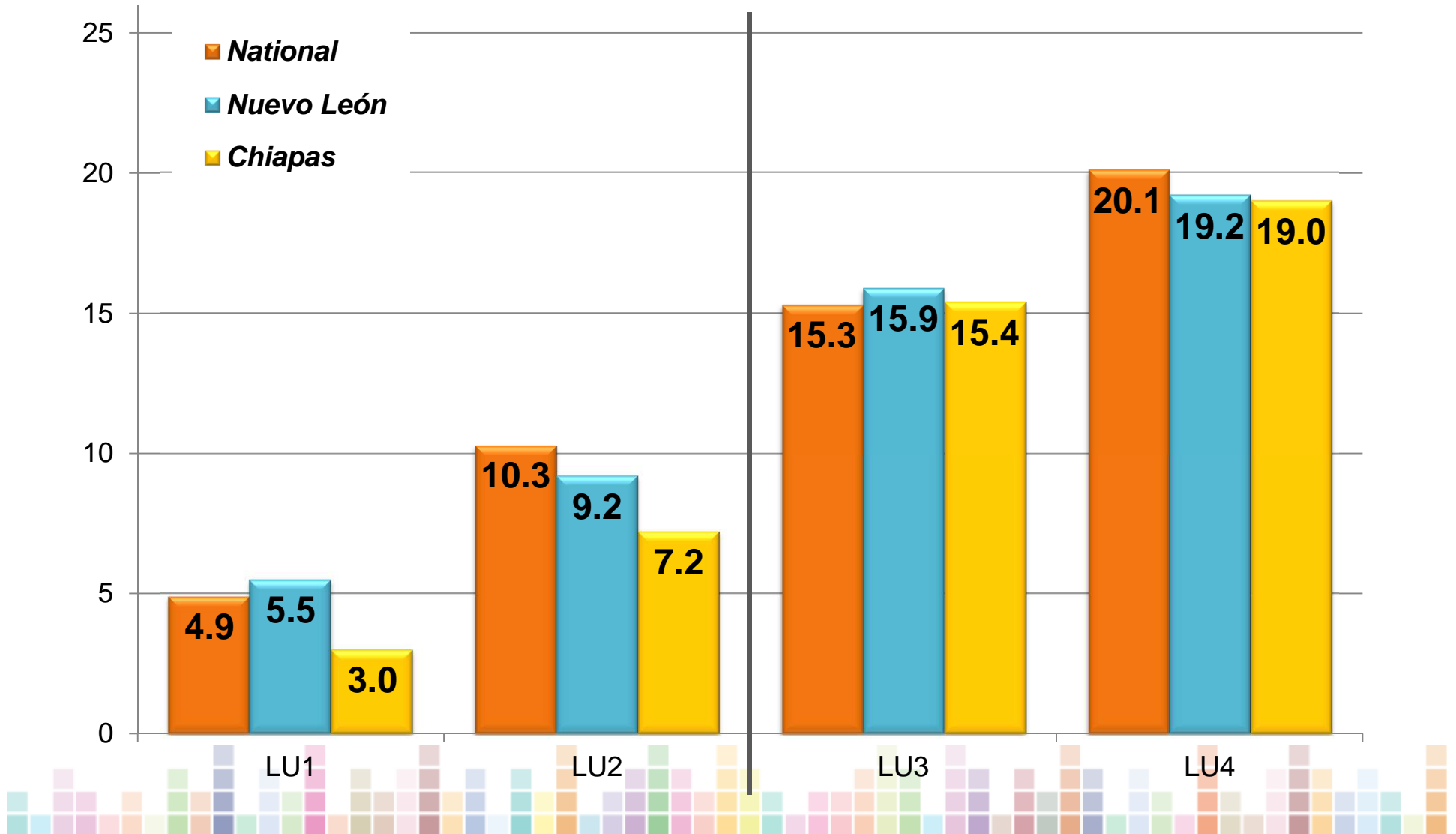
**SO FAR, SO GOOD**



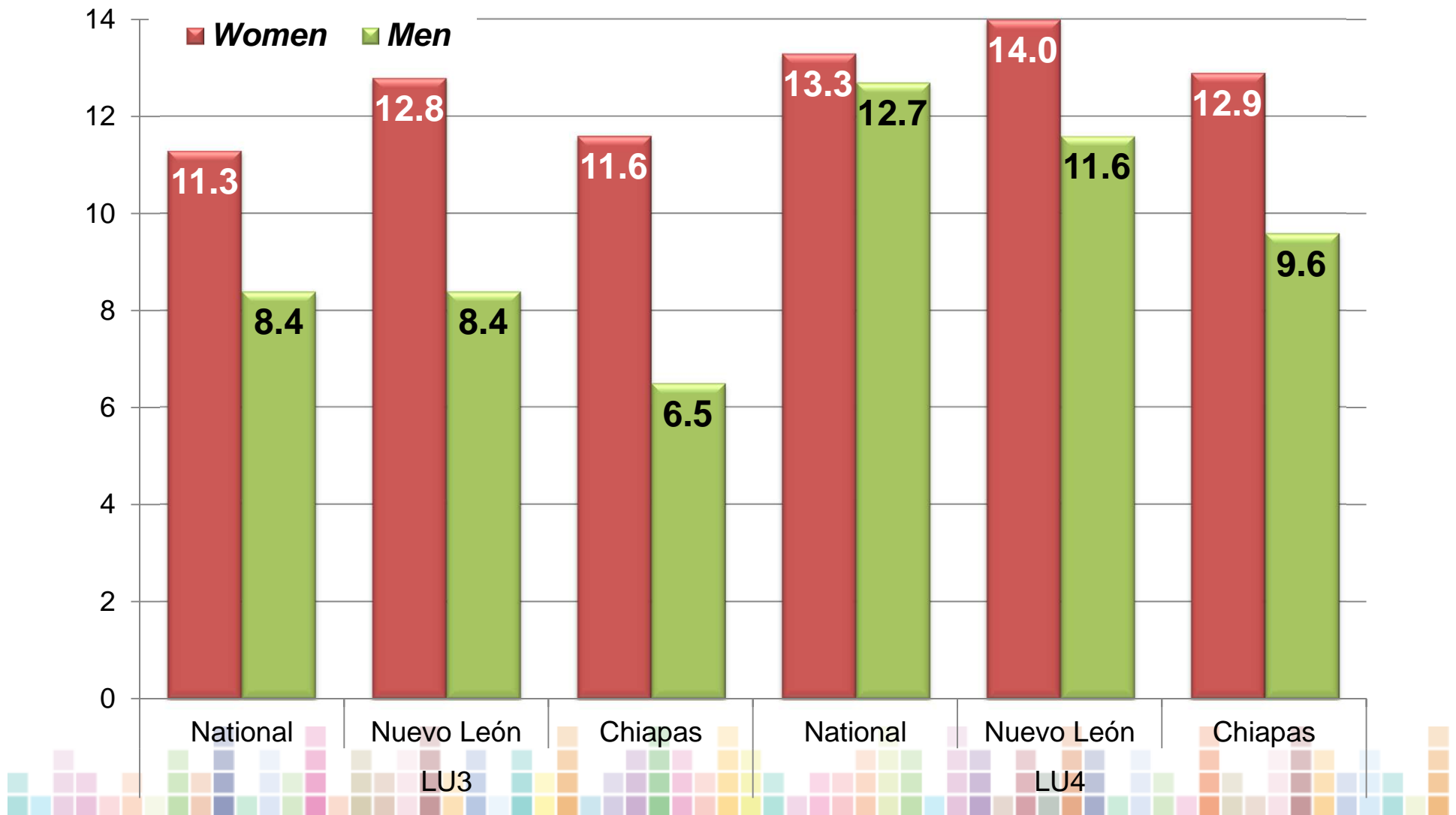
© Now In order to see what this wider realm of labor underutilization measures does in terms of solving the paradox of the UR (lower as we go to less developed areas) we will take on board two contrasting states of Mexico: Nuevo León and Chiapas. The first one economy is characterized by a solid industrial base with a GDP per capita (PPP) similar to the Czech Republic; the second one economy (Chiapas) is dominated by rural areas with a GDP per capita akin to other Central America countries such as Guatemala or El Salvador.



# Labor underutilization rates: comparative of national levels with those corresponding to contrasting regions



# Percentages of working age population corresponding to each indicator by sex. Total and for contrasting regions





© The reason why Chiapas cannot outmatch Nuevo León even by expanding the realm of population counted as labor underutilized is because the limbo situation peasant/subsistence agriculture has in this frame where producer for final use are not part any longer of the labor force nor could be part of the “extended” notion of labor force (and thus included in LU3 and LU4) unless by means of a counterfactual scenario.



© At this point it is worth to mention two very different philosophies in understanding a person's availability condition to work (a condition that if fulfilled allows to count her as potential labor force, hence part of the extended concept of labor force).



© One way is attending the reasons a person advance in explaining why she has not been looking for a job once established on her behalf there is a need to have labor market activity so to separate those without a personal impediment to be incorporated in the labor market from those who does have an impediment (ENOE's approach).

▣ Without personal impediment: *“Not looking for a job because there are not jobs in this damn town”; “Not looking for a job because at her/his age nobody wants her/him”.*

▣ With personal impediment: *“Not looking for a job because sickness condition”.*



- © The other way is by means a counterfactual scenario where a person is asked if she would take a job in case an offer were made so to assess her readiness to do so in a certain period of time.
- © There are several problems on this approach:
  - *An invitation to dream.*
  - *Heisenberg effects on what is measure.*
  - *Problems to deal with in case the respondent wants to know more on what kind of job the interviewer is talking about.*
  - *Out of context formulation in some cases (technical stoppage, bad weather conditions).*



The 19th ICLS bets heavily on the second approach



# Conclusion

## Pros of 19<sup>th</sup> ICLS Resolution One

- ▣ *Makes visible within a coherent framework all types of work, their possible combinations and how distinct segments of working age population fit in.*
- ▣ *Once adopted it shows with certainty that most of the population now visible are women, besides conveying a good deal how much they contribute to the total mass of hours worked.*
- ▣ *Regarding the new set of indicators delivers as well in terms of making visible vulnerable population groups in need of labor market work despite not having a direct presence in their mechanisms of supply and demand.*



# Conclusion

## Cons of 19th ICLS Resolution One

- ▣ *There is not guarantee that the paradox of lower level rates in less developed regions compared with developed ones could be overcome.*
- ▣ *The limbo like condition it lefts (in terms of their incorporation in indicators) those engaged in subsistence agriculture or agriculture for own household final consumption.*
- ▣ *The subjective turn in their approach in understanding the available condition criteria needed to incorporate segments of population in LU indicators (mainly LU3 and LU4 also in some extent the operational criteria in identifying underemployed, hence LU2 as well). This makes uncertain what exactly we will measure if that approach is fully adopted.*





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## Conociendo México

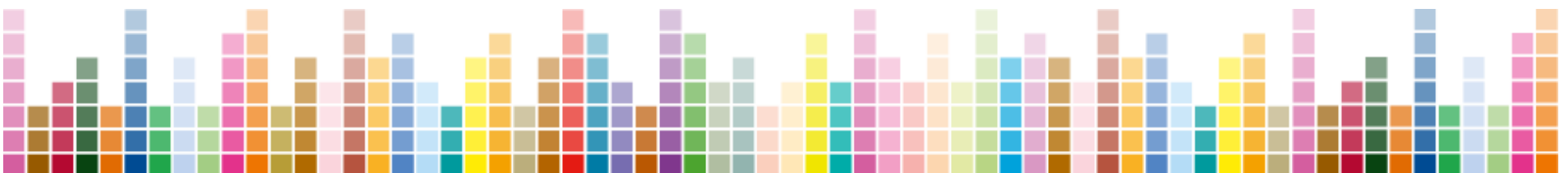
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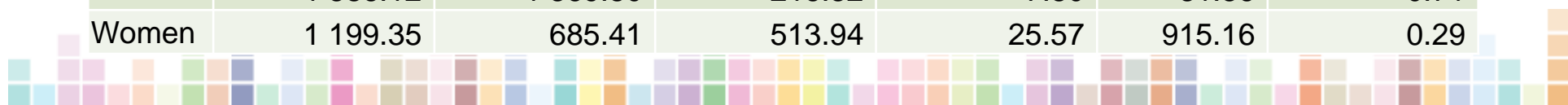
# ANNEX



# Mexico: Populations and mass of hours worked accordingly to the new conceptual frame classification. *Million*

	Working age population (fifteen years old on)	(A) Working age population with hours in the reference week (A=B+J)	(B) Producing goods or services either within or beyond the SNA's boundary (B=D+H)	(C) Mass of total hours worked in a week (C=E+I)	(D) Population performing activities within the SNA's boundary
<b>Total</b>	<b>86.28</b>	<b>83.17</b>	<b>82.17</b>	<b>3 781.99</b>	<b>48.80</b>
Men	40.94	38.74	38.03	1 667.48	30.23
Women	45.35	44.43	44.15	2 114.51	18.57

	(E) Mass of total hours worked in a week (E=F+G)	(F) Mass of total hours worked in a week circumscribed only to the SNA's boundary	(G) Mass of total hours worked in a week circumscribed only to activities beyond the SNA's boundary	(H) Population performing activities only beyond the SNA's production boundary	(I) Mass of hours worked in a week	(J) WA population not producing goods or services within or without the SNA's boundary
<b>Total</b>	<b>2 785.47</b>	<b>2 055.21</b>	<b>730.26</b>	<b>33.37</b>	<b>996.52</b>	<b>1.00</b>
Men	1 586.12	1 369.80	216.32	7.80	81.36	0.71
Women	1 199.35	685.41	513.94	25.57	915.16	0.29



# Mexico and contrasting regions: population associated to labor underutilization rates.

*Million*

Region	Sex	Working age population (fifteen years old on)	Labor force	Employment	Time-related underemployment	Unemployment	Outside the labor force	Potential labor force (not seeking, however want and available)	Outside the labor force (not seeking, nor want, nor available)
<b>National</b>	<b>Total</b>	<b>86.28</b>	<b>49.77</b>	<b>47.32</b>	<b>2.65</b>	<b>2.46</b>	<b>36.51</b>	<b>6.11</b>	<b>30.40</b>
	Men	40.94	30.54	29.03	1.74	1.50	10.40	1.95	8.45
	Women	45.35	19.23	18.28	0.90	0.95	26.11	4.16	21.95
<b>Nuevo León</b>	<b>Total</b>	<b>3.71</b>	<b>2.21</b>	<b>2.08</b>	<b>0.08</b>	<b>0.12</b>	<b>1.50</b>	<b>0.27</b>	<b>1.23</b>
	Men	1.83	1.40	1.34	0.06	0.06	0.42	0.09	0.34
	Women	1.88	0.80	0.75	0.02	0.06	1.08	0.18	0.89
<b>Chiapas</b>	<b>Total</b>	<b>3.38</b>	<b>1.75</b>	<b>1.70</b>	<b>0.07</b>	<b>0.05</b>	<b>1.63</b>	<b>0.26</b>	<b>1.38</b>
	Men	1.63	1.23	1.19	0.05	0.04	0.41	0.07	0.34
	Women	1.75	0.52	0.50	0.02	0.02	1.23	0.19	1.04

