

**UNECE/ILO/EUROSTAT Seminar on the
Measurement of Quality Employment
14 – 16 October 2009**

OUTPUT 2: MEXICO's suggestions on the initiative

OUTPUT 2, MEXICO: SUGGESTIONS TO IMPROVE THE SELECTION OF QUALITY OF EMPLOYMENT INDICATORS

The conceptual framework and indicators proposed in order to measure quality of employment is not doubt is an intelligent as well generous effort to structure a discussion on this regard. As it might be the case as usually is with those with the burden of an initiative it is frustrating to receive any sort of comments than more often than not miss either the point or the whole conception that supports a proposal. Understanding that always has been easier to criticize than to construct, what follows shouldn't be seen as a rejection of what -on the contrary- is highly valued as a fecund and challenging starting point.

What follows consists of three parts. The first one points out what is missing and why this matter or in any case deserves a consideration. The second one classifies indicators under an analytical perspective that may help in identifying priorities. The Third and last part consists on specific comments around some of the indicators in the template included in the document *"introduction of the conceptual framework for measuring the quality of employment"* (Economic Commission for Europe, 2 September 2009).

1. WHAT IS NOT THERE

There are topics to be considered. They might not be at the level of dimensions but it could at the sub dimensions or in any case ought to be represented by a set of indicators disseminated all along the proposal structure as it is. One aspect if not altogether absent but in any case insufficiently considered is salaries or wages; not how much people earn above or below a given reference -this is already included in the proposal- but wages as such. For instance I) which is the level of real minimum wages on respect year 2000? Or going beyond mw II) the ratio of today real average (or median earnings) on respect the average (or median earnings) back in 2000? In a more ambitious fashion something could be said in terms of III) salary gaps either taking as reference the ratio between white collar/ blue collar average remunerations in manufacturing industries during a period of time or IV) a Gini index amongst all salary workers across the whole spectrum. If possible it would also helps to have V) a reference on how much non-pecuniary benefits represents of total remunerations and the evolution of its share during the last years.

There is not much need to argue why all this matters if anything has to be stressed that in some countries -as is the case in Mexico- labor markets historically tended

to bear must of its adjustments on labor real prices rather than in labor quantities. Besides this it is important not to lose sight in salary dispersion because it might not reflect necessarily productivity differences, that's why it is important to monitor what's going on within a typical industry as manufacturing is and even if it were the case productivity gaps reflected in salary gaps it is a matter of concern that spillovers are not taking place for the rest of the economy so both perspectives (blue collar/white collar within a given industry) and a panoramic as well of the whole economy may be needed on this regard.

Pensions are a missing subject may be due the fact that all the attention is directed to those in the labor force not those who leave it. In the same token than wages it is important to have statistical series of real average pensions. Moreover it would be fine to compare pension as a proportion of the median per capita income used for poverty measures. In many countries pensions use to be the most neglected part of the social security package and in consequence a source of social frustration.

Senior citizens by the way are not explicitly mentioned amongst those groups from whom there is a concern on fair treatment. An effort on that respect will be welcome. So to consider the share of those with a pension amongst all that once worked could be an indicator. Also the participation rate for this age group is an easy indicator to construct. A complementary third indicator might be the percentage of those not in the labor force but nevertheless available to work in any case if by chance an offer is made.

Most of the indicators focus on employees or in any case makes sense on respect them meanwhile no more than a just one indicator focus on those independent or self employed. But it would be worth to have second thoughts on that. For instance how many unemployed came not from layoffs but from a failed personal venture in trying to be independent? In the other hand how many are self employed not because that was their first choice but because they cannot get a salary job? How many self employed lacks any kind of insurance whatsoever to prevent personal contingencies? Countries conducting the so called Mixed Surveys -surveys that combine the household approach with the economic production unit approach- as is the case of Mexico, have information on this regard. In the same token it might be important to have the share of the informal sector in both total employment and specifically as well the share IS has on respect total micro enterprises' employment. For developed countries may be enough just to quantify the share of micro enterprises' employment has in total employment. Now where does it lead us?

Maybe a sub dimension –if not a whole dimension in its own right- missed is one around the notion of high risk or economic exposure. This concept may allow unifying some other indicators already there in the proposal, such as unemployment without unemployment insurance and those on temporary jobs in one hand with the broad concept of informal employment launched by the XVII ICLS in 2003 in the other (adding to the notion of informal sector as defined in the XV ICLS, 1993 those other working unprotected outside the Informal Sector by modalities specifically designed to deny any liability on behalf formal economic units with individuals actually involved in their processes) or at least with more detailed indicators on both independent and pseudo independent workers.

By contrast with this notion and complementary to it would be worth to consider as well how much employment operates without economic risk exposure, such as the i) share of employment in public sector or ii) the one on non- profit institutions plus iii) that on those industries that are beneficiaries of subsidies or direct public transferences as it is agriculture in most developed countries. Moreover one can imagine a ratio between high economic risk share/non economic risk share at all and this not only in terms of individuals but also in terms of remunerations that may say something as well in terms of fairness. This may reinforce the societal perspective on the proposal.

2. AN ANALYTICAL TYPOLOGY OF THE INDICATORS IN THE PROPOSAL

Of course it is easy to add this and that but as we know the other part of the problem is how to discriminate or how to establish priorities so not to end with a swarm of indicators. As we know this can be done by means of multivariate statistical techniques but maybe prior to that it is important to try to introduce an analytical perspective and what follows focus on what can be seen under Mexico's perspective of the message conveyed by the set of indicators in the proposal.

Mexico country report consists on about 38 indicators, 30 of them corresponding to those explicitly described in the list contained in the document "introduction of the conceptual framework for measuring the quality of employment".

Making a typology in terms of what this indicator said it is possible to establish six categories:

- I. Those amenable to analysis in terms of economic cycle.
- II. Context dependent indicators: cannot be interpreted in a straightforward manner.

- III. Those following their own inertia despite the context.
- IV. Those over and above economic cycle analysis with an unmistakable meaning
- V. Those that may have an unmistakable meaning but in need of a more precise definitions.
- VI. Those with an ambiguous meaning.

INDICATORS AMENABLE TO ANALYSIS IN TERMS OF ECONOMIC CYCLE

- 1. Safety and ethics of employment
 - a. Fatal occupational injury rate*
 - b. Non fatal occupational injury rate*
- 2. Income and benefits from employment
 - a. Share of employees using paid annual leave
 - b. Share of employees using sick leave
- 3. Working hours and balancing work and non-working life
 - a. Share of employees receiving maternity/paternity/family leave benefits
- 4. Security of employment and social protection
 - a. Percentage of employees 25 years of age and older by job tenure
 - b. Share of economically active population contributing to a pension fund
- 5. Social dialogue and workplace relationships
 - a. Share of employees covered by collective wage bargaining

CONTEXT DEPENDENT INTERPRETATION OF INDICATORS

- 1. Safety and ethics of employment
 - a. Share of employees working in "hazardous" conditions
- 2. Income and benefits from employment

- a. Average weekly earnings of employees
- b. Share of employees paid at below minimum wage
- 3. Working hours and balancing work and non-working life
 - a. Share of employed persons working 49 hrs and more per week
 - b. Share of employed persons working less than 30 hours per week involuntary
 - c. Share of employed working more than one job
 - d. Average weekly (actual) hours
 - e. Percentage of people who usually work at night/evening
 - f. Percentage of employed people who usually work on weekend or bank holiday
- 4. Security of employment and social protection
 - a. Percentage of employees 25 years of age and older with temporary jobs
- 5. Social Dialogue and workplace relationships
 - a. Average number of days not worked due to strikes and lockouts *

INDICATORS FOLLOWING THEIR OWN INERTIA DESPITE THE ECONOMIC CONTEXT

- 2. Income and benefits from employment
 - a. Low pay (Share of employed with below 2/3 of median hourly earnings)
- 3. Working hours and balancing work and non-working life
 - a. Ratio of employment rate for women with children under compulsory school age to the employment rate of all women aged 20-49
- 6. Skills development and life-long learning.
 - a. Share of employed who have more education than is normally required in their occupation

- b. Share of employed who have less education than is normally required in their occupation*

INDICATORS OVER AND ABOVE ECONOMIC CYCLE ANALYSIS WITH AN UNMISTAKABLE MEANING

1. Safety and ethics of employment
 - a. Fatal occupational injury rate*
 - b. Non-fatal occupational injury rate*
 - c. Employment of persons who are below the minimum age specified for the kind of work performed
 - d. Employment of persons who are below 18 years in designated hazardous industries and occupations
 - e. Employment of persons below 18 years for hours exceeding a specific threshold
 - f. Fair treatment in employment
 - i. Salary Discrimination Index
 - ii. Women in the labor force with kids and without couple
 - iii. Men and women unemployment rates by age groups
 - iv. Men and women informal sector employment rates by age groups
 - v. Senior citizen population by activity condition
7. Workplace relationships and intrinsic nature of work
 - a. Labor force who have quit a job because have been harassed at work in the last year
 - b. Labor force who have quit a job because conflicts with a boss or superior
 - c. Labor force who have quit a job because discrimination at work

INDICATORS THAT MAY HAVE AN UNMISTAKABLE MEANING BUT IN NEED OF A MORE PRECISE DEFINITIONS

- 4. Security of employment and social protection
 - a. Public Social security expenditure as share of GDP
- 6. Skills development and life-long learning
 - b. Share of employed persons in high skilled occupations

INDICATORS WITH AN AMBIGUOUS MEANING

- 4. Security of employment and social protection
 - a. Percentage of employed who are unincorporated self-employed
- 5. Social dialogue and workplace relationships
 - a. Average number of days not worked due to strikes and lockouts
- 6. Skills development and life-long learning
 - a. Share of employed who have less education than is normally required in their occupation

**Those indicators in red could be considered in more than one category.*

2.1 PRIORITIES UNDER MEXICO'S PERSPECTIVE

The indicators profile or properties in the proposal that seems to be more relevant for the Mexican experience are both those amenable to macro economic analysis besides those related with fairness and inequality.

The first category encompasses eight indicators distributed in dimensions 1,2,3,4 and 5. They matter not because they say something more profound or detailed on how Mexican labor markets once under stress are adjusted but also because say something else on respect the performance of the of the well fare institutions, their limited scope, and the tensions due the financial *cu de sac* they are immersed.

The second analytic category (indicators unmistakably linked with fairness and equity) encompass twelve more indicators concentrated in dimensions 1 and 7. They are also a priority because their self evident relevance plus international commitments in order to deal with this issues (such a child labor, gender issues) and honor treaties on this regard.

So both analytical categories adds without duplication 20 indicators covering all dimensions but the six one. This can amended if an indicator such as the share of employees who received job training is included; an issue that perfectly fits in either category despite there is not still available data on this regard in Mexico (it will be in the incoming months).

Those indicators tending to follow their own inertia or in need of more precise definitions would be priority two. Of those that Mexico can produce 5 indicators are identified as such belonging to dimensions 2, 3, 4, and 6.

Those indicators for which the interpretation seems to be heavily dependent on a given context wouldn't be included because they can be misleading: for example in the midst of an economic crisis may suggest an improvement when it might not be the case. To this category ought to be added those other indicators which meaning could be controversial.

3. SOME INDICATORS TO BE REPLACED

Before concluding there are three indicators in the proposal that may be worth to consider to be substituted: two of them by simpler versions and the third one for a modality in the same direction but with another emphasis.

Both share of employees using paid annual leave and sick leave could be replaced the corresponding shares of just entitled to these benefits.

The third and last indicator to be replaced would be the ratio of employment rate for women with children under compulsory school age to the employment rate of all women aged 20-49. The alternative could be the percentage of women employed with children and without couple in the total women employed as well in those unemployed. This might be a more direct way to point out of a social condition of vulnerability.