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# Changing Jobs in Mexico: Hopping between Formal and Informal Economic Sectors

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Virgilio Partida and Maria Edith Pacheco

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## Abstract

We reviewed the discussion on the concept of informal employment in Latin America over the past 40 years. Some of the findings of labor mobility among the formal and informal sectors of the economy are also described. With data from the quarterly panel of the National Occupation and Employment Survey (NOES) of 2014–2016, we analyzed the mobility between eight categories: four of formal employment (non-manual high-skilled, non-manual semi-skilled, manual skilled manual and manual low-skilled), two of informal employment (non-manual and manual), unemployed and not in labor force. We found there is a high mobility among these eight categories, showing that labor markets in Mexico have been unstable in the last quarter century. A more precise analysis is done by dividing the population into three stages of life course: youth (15–24 years of age), early adulthood (25–44 years), and mature adulthood and old age (45–79 years). There is greater mobility in youth and mature adulthood and old age than in early adulthood; and the majority of young and early adult women leaving labor force attribute it to motherhood.

**Keywords:** labor force, formal and informal employments, labor mobility, Mexican workforce, life course

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## 1. Introduction

The rapid growth in working age population in Mexico, originated by the high birth rate of the past century, has propitiated that employment demand exceeds by far the offer. Along with this, in the past 35 years, the multiple Mexican economy crises have also intensified the lack of savings from the population in general, have reduced the public and private investment, and have led to the raise of low or null productivity informal employment, which is unstable and lacks of social security [1, 2].

Precarious jobs diminish families' incomes, encourage the entrance of more family members into the labor force, and minimize any possibility of saving money [3, 4].

In developing countries, most labor markets are characterized by heterogeneity in commodities production process. Because of this, since the beginning of the 1970s, a line of investigation tries to explain the labor markets' operation, especially leading the discussion to the heterogeneity of the production structure; this line is widely known under the name of *informality* [5].

National Institute of Statistics and Geography (INEGI) distinguishes between informal sector and informal employment [6]. The informal sector's approach focuses on the characteristics of either nonagricultural economic firms or self-employed people that are not constituted as enterprises and that do not fulfill the most basic records that legislation demands from suppliers of goods and services (not taxed and not monitored by government). The informal employment includes workers in nonagricultural firms and self-employed people who do not pay taxes and lack of social security. In this chapter, we only focus on informal employment.

In the past 25 years, Mexican labor markets' instability has caused that almost half of labor force to be occupied in the informal economy. Informal jobs usually are of low productivity, this has maintained the levels of poverty almost constant. Between 2014 and 2016, on average, 47.4% of the Mexican labor force worked in the formal sector, 47.6% on informality, and 5.0% were unemployed. This means Mexican labor markets were unable to equal the demand for 52.6% of the workers. The situation was more precarious in female workers (43.1% of formality, 52.3% of informality, and 4.6% of unemployment) in comparison with male workers (50.4, 44.3, and 5.3%, respectively).<sup>1</sup>

The low generation (creation) of stable jobs with benefits (social security, thirteenth salary, etc.) has motivated an intense occupational mobility inside the formal and informal sectors and between them. In the same period, 2014–2016, on average, at the end of any quarter, 70.0% of the occupied labor force maintained the same type of occupation, meanwhile 30.0% moved to another one; proportions for male workers were 70.0 and 30.0%, respectively, and 77.5 and 22.5% for female workers (see Footnote 1).

In this document, we focus on the labor force offer (worker) and not on the demand (employer). Our objective is to analyze the job change between the Mexican formal and informal economy sectors during the 2014–2016 period. Based on data from the National Occupation and Employment Survey (NOES), we aim to contribute to the discussion of the *dynamics of informality*.

## 2. The formal-informal dichotomy

In the framework of the International Labor Office - Regional Employment Program for Latin America and the Caribbean (ILO-PREALC), Tokman [7] argued that the modern economic sectors inability to absorb the demand for jobs, under the context of productive structure

<sup>1</sup>Own calculations from National Occupation and Employment Survey.

heterogeneity, determined the existence of distinct labor markets: formal and informal. It is worth mentioning that since his first writings, Tokman proposed the existence of relations between different markets—in contrast to a simple dualism—where the informal labor market was the last link in the ranking established by the structural heterogeneity; therefore, he pointed out that these relations would be of subordination in some cases and of competition in others.

On the other hand, in the 1980s, the American Marxist perspective of the informal argued that, in case of labor abundance, rising wages of the formal employment stimulated the employers to use the informal sector (through eventual hiring and subcontracting). Portes [8] argued that the informal sector was internally heterogeneous and consisted of reorganized segments of existing production modes, located by its functional relation with the capitalist economy; therefore, the essential characteristic is related to recruitment practices.

At the end of the 1980s, a vision framed in a neoliberal perspective on the informal sector in Latin America was proposed. The author who gives rise to this vision was the Peruvian Hernando de Soto [9]. Through empirical work, this author tries to show that informal work is the poor people's only alternative to face the excessive fiscal regulation. Population manifests its *entrepreneurial spirit*, but since fiscal regulations limit this spirit, population is forced to act outside the law.

At this point, it can be said that by the end of the 1980s, there were already diverse ways of conceiving the informal sector. Peattie [10] argued that the use of the concept *informal sector* was becoming generalized because it seemed to work for diverse purposes: it was used by the progressives to discuss poverty; by economic planners with the idea that the system of national accounts system would represent economy in a more precise way; by the *radicals* who aim to bring into discussion a more structural view of the economy; and also by those who proposed the path leading to the privatization of government-owned enterprises.

In the mid-1990s, Pérez [11] argued that informality should be rethought in the context of a new *emerging* reality by the implementation of productive restructuring programs based on the model of open economies. In order to develop this idea, he formulated five fields of work: the first one refers to the emerging sector of *tradables*, the second one to subordinated neo informality, the third one to agglomerations, the fourth one to the traditional formal sector, and the fifth one to the *subsistence* informality. Perhaps the most interesting aspect of this approach was the proposal about the formal sector being located in an *intermediate stage*.

Each conception has used different indicators to measure informality. The ILO-PREALC's proposal considers workers in small establishments (not including professionals), self-employed workers and, only sometimes paid domestic work. The Marxist approach used information on the population without social security.

INEGI proposes that the informal business is personal or familiar. In order to locate them accurately, there are also other criteria related with the existence or not of premises, with accounting, and with being located in certain branches of the economy. But it also provides information on labor informality that includes information on workers without access to social security [12].

Below we mention some research works that have studied mobility between the formal and informal sectors in Mexico. Maloney [13], based on data from the National Urban Employment Survey (NUES)<sup>2</sup> from 1987 to 1993, through transition probabilities, concludes that workers' mobility patterns do not suggest a rigid or segmented labor market. Horbath [14], on the other hand, with the same NUES from 1991, contends that mobility implies a clear tendency to deregulate the labor market. Salas [15], with the NUES from 1998, finds that two-thirds of those who exit from labor force and return to it, are employed in businesses with five or less workers, which act as job generators in context of crisis and economic restructuring processes.

Partida [16] based on working life expectancies extracted from the generalized working active life table, compared data from the 2000 National Employment Survey (NES) and the 2010 NOES.<sup>3</sup> He verifies the increasing female insertion into labor markets and the decrease of remaining mean life outside the labor force at ages 15–50 years. In general, he identifies that almost half of the workforce—both male and female—remains in the informality.

Coubès [17], when comparing the retrospective three-generation histories of life collected in the Retrospective Demographic Survey (EDER), identifies that the probability of moving from the informal to the formal sector (approximated by the work space size) increases from the oldest cohort (1936–1938) to the intermediate one (1951–1953). The trend gets broken from the intermediate to the youngest (1966–1968), although the increase from formal to informal prevails in both cohorts, the reverse transition is more frequent in the youngest. The author concludes that in addition to schooling and a greater incorporation of women into the labor force, the labor market also influences the younger generation.

Calderón [18], when comparing the first quarters of 2005–2007 from the NOES, identifies that one of the three individuals who found an informal job was formal worker in their last job. Due to the extended time, this group of individuals spends in finding a job, the author points out that they look for a long-term job and they remain in the informal sector for a prolonged period of time.

Finally, Levy and Székely [19], following the employment trajectory of some generations in Latin America and Mexico using the pseudo panel technique, found that Mexican informality is much greater than other countries, the stability of the Mexican informality rate is smaller than the one in the region, and in Mexico there are crossings between the formality and informality trajectories, but not in other countries.

### 3. Data and categories

Considering the National Survey of Occupation and Employment (NOES), which is a panel sample survey with five repeated visits each quarter, as our data source, we determine the permanence or change of status comparing each individual's status in two successive quarters.

<sup>2</sup>NUES was a panel survey with five visits repeated on a quarterly basis to the same housing for 47 cities in Mexico from 1987 to 2000.

<sup>3</sup>NES is the NUES extended to the whole country; from 2005, it changed its name to NOES

First, we separate the population into occupied labor force, unemployed labor force, and not in labor force. Second, we construct the formality following the proposals by García [20] and Tokman [21]: employers and workers in work spaces with six workers or more; self-employed professionals or technicians; or commission, percentage, or piece workers with social security. The rest of the labor force occupied is considered informal.

According to occupation, we form eight *categories* or *strata* following the original proposal of Solís and Cortes [22]:

1. (Non-manual formal) *high-skilled*: Professionals, managers, senior managers, and university professors.
2. (Non-manual formal) *semi-skilled*: Middle-level managers, technicians, elementary and secondary education teachers, artists, athletes, clerks, insurance agents, real estate brokers, and workers in commerce.
3. (Manual formal) *skilled-worker*: Supervisors in the industry, machinery operators, drivers of any kind of vehicles, and skilled workers.
4. (Manual formal) *low-skilled worker*: Assistants, personal, and security services<sup>4</sup>
5. Non-manual informal
6. Manual informal
7. Unemployed
8. Not in labor force

The analysis is realized through the quarterly distributions of jobs change among the diverse categories. All of the measurements are made separately for each sex.

#### 4. Workforce general mobility

Mobility in Mexico during 2014–2016 was slightly greater in formality than in informality. Annually, formal workers change occupation type 1.09 times, whereas informal workers do so 0.77; men 1.24 and 0.91 times, and women 0.86 and 0.61, respectively.

Assuming that within a hierarchical scheme, regardless of the occupation, the transition from formal to informal is downward and from informal to formal is upward; in general, transitions mark a net equilibrium balance (0.43 annual transfers from informal to formal and 0.42 in the opposite direction). In this scheme, men climbs are more often (0.55 and 0.47) and women descents are more numerous (0.30 and 0.34). However, due to the different weights of formal (54% in males and 45% in females) and informal (46 and 55%, respectively)

<sup>4</sup>Preparation and service of food and beverages in establishments; hairdressers, embellishers, and similar; private protection and surveillance services; army, navy, and police lower ranks; construction and plumbing assistants; shippers; car parking; car washers; laundry and ironing; packaging and packing; courier and merchandise delivery; water and energy meter readers; money collectors, and elevator operators.



workers, from 2014 to 2016, the net balance was favorable to formality: transfers from informality increased formal male workers amount by 0.22% per year, formal female workers by 1.37%, and the total by 0.66%.

A more refined scenario is shown in **Table 1**, where the mobility between the eight strata in which we have divided the population is broken down. The inelasticity of Mexican labor

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unemployed	Not in labor force
<i>Males</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	61.5	61.8	64.5	61.9	55.8	68.9	23.0	77.6
Change	38.5	38.2	35.5	38.1	44.2	31.1	77.0	22.4
Promoting	0.0	7.6	11.7	17.5	17.3	18.7		
Demoting	33.3	24.2	18.1	13.0	14.8	0.0		
Formal total	23.0	21.9	15.9	17.5	17.3	12.3	26.7	6.0
High-skilled		7.6	1.4	1.0	5.0	0.3	2.6	0.8
Semi-skilled	18.3		10.2	8.8	8.7	2.0	8.9	2.2
Skilled worker	3.4	9.6		7.7	2.2	6.6	9.1	1.5
Low-skilled worker	1.4	4.7	4.2		1.3	3.4	6.1	1.6
Informal total	10.3	9.9	13.9	13.0	14.8	6.4	30.3	12.8
Non-manual informal	8.9	6.6	1.9	1.8		6.4	7.8	4.0
Manual informal	1.4	3.3	12.0	11.1	14.8		22.4	8.8
Unemployed	1.7	2.7	2.8	2.8	2.7	3.2		3.5
Not in labor force	3.5	3.7	2.9	4.9	9.4	9.1	20.1	
<i>Females</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	60.4	70.4	72.5	59.5	53.8	60.3	16.9	85.0
Change	39.6	29.6	27.5	40.5	46.2	39.7	83.1	15.0
Promoting	0.0	6.1	6.4	12.9	10.8	11.7		
Demoting	31.0	12.8	8.9	13.4	9.8	0.0		
Formal total	24.0	10.7	8.7	12.9	10.8	5.2	20.0	3.0
High-skilled		6.1	0.8	0.6	2.0	0.2	2.6	0.3
Semi-skilled	22.3		5.6	9.8	7.4	1.3	10.3	1.5

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unemployed	Not in labor force
Skilled worker	1.0	1.6		2.5	0.5	1.2	3.3	0.5
Low-skilled worker	0.7	2.9	2.2		0.9	2.6	3.8	0.6
Informal total	6.9	8.3	6.7	13.4	9.8	6.5	18.8	10.5
Non-manual informal	6.3	6.7	1.4	2.0		6.5	7.7	4.0
Manual informal	0.7	1.6	5.3	11.4	9.8		11.1	6.5
Unemployed	1.7	1.9	2.2	2.0	1.4	1.4		1.5
Not in labor force	6.9	8.8	10.0	12.2	24.3	26.7	44.3	

Note: Figures rounded independently.

Source: National Occupation and Employee Survey 2014–2016.

**Table 1.** Percentage distribution of quarterly changes of job between categories by sex, 2014–2016.

markets is clear: near four in five formal workers of both sexes are maintained in formality employment, either in the same category or in another one; instead, only 1 in 7 informal men and 1 in 13 informal women obtained a formal job.

Even if it is not very large, we must consider the proportion of formal workers who lose their employment and choose to take shelter in informality or to look for another job (unemployed). This situation affects more than one-tenth of males, between 12.0% in the high-skilled workers (10.3% move to informality and 1.7% to unemployment) and 16.7% in skilled workers (13.9 and 2.8%, respectively).

Although female fractions are lower (8.6% in high skilled to 15.4% in low-skilled workers), they increase when activity withdrawals are included, presumably for desisting from the effort to remain in formality, ranging nowadays from 15.6% in high-skilled to 27.6% in low-skilled workers. A possible explanation would be that informal women prefer withdrawing from labor force than looking for an informal job because they get disappointed when not finding the desired job in formality. But withdrawing from activity is also related to gender roles and to the role of women in unpaid work (housework and caring relatives).

The low generation of formal jobs is evident among those who are unemployed at the beginning of a quarter. Almost one-quarter of males (23.0%) and one in six females (16.9%) fail when trying to get a job; while one in five men (20.1%) choose to leave the labor force, this is the alternative for almost half of women (44.3%). Among those who get a job, most men find it in the informal sector (30.3 of 56.9%), even though women find it more in the formal one (20.0 of 38.8%). The entrance to labor force (column *not in labor force*) shows that the majority finds a job in the informal sector (12.8 of 22.4% in males and 10.5 of 15.0% in females).



Let us assume the occupations' hierarchy, from the highest to the lowest, according to the order of the rows and the columns on **Table 1**. Take, as an example, skilled-worker females: from 27.5% who change category, 17.5% remain in labor force, and 10.0% withdraw; from these 17.5, 15.4% remain employed and 2.2% become unemployed. We are interested in the 15.4% still employed, from whom 8.7% continue in formality and 6.7% move to informality; 6.4% of the total go up in the hierarchy (0.8% to high-skilled and 5.6% to semi-skilled) and 8.9% go down (2.2% to low-skilled workers and 6.7% to informality). High-skilled workers cannot go any higher, so 33.3% of men and 31.0% of women go down. On the same line of thoughts, manual informal workers cannot go any lower.

The decline is stronger in high-skilled employees than in the other seven categories, showing that several companies were shut down—partly because some factories moved from Mexico to China—along with low public and private investment. Nevertheless, most people find a job in the immediate low category.

Looking at the rows *promoting* and *demoting* in both panels of **Table 1**, it is observed that the loss of quality prevails in the three higher qualification categories of jobs, whereas in the remaining three, quality rises. Thus, we form two large groups of categories: on one hand, the three highest rated and, on the other hand, the three lowest. Mobility leads to a slight increase in quality in men (49.4% of the first group moves to the second one, whereas 50.4% does so in the opposite direction), but to a marked loss of quality in women (49.2% and 38.6%, respectively).

The annual average of movements reveals that the quality loss in employment is common for both sexes: in males, transitions from the high-level group to the low level one are 0.62 displacements and 0.49 in the opposite direction, whereas in females, transitions are 0.40 and 0.26, respectively. However, due to the different amounts of workers in both groups, the increases were higher than the declines, 1.4% bigger in men and 5.6% bigger in women.

## 5. Mobility of the workforce in three stages of life course

The insertion in the labor force is different throughout life. Those who join in the youth have, generally, only completed part or all of secondary education. They lack the training acquired in college and graduate school, which motivates a greater mobility in the labor market. In early adulthood, when most of people should have completed the undergraduate program and some years in graduate studies, the greater training and work experience, leads to a greater job stability and, hence, less mobility.

Finally, in mature adulthood and in old age, either because of the lack of training facing the technological change or because the youngest have lower wage demands, mobility is raised again, as well as the withdrawal of economic activity, although in Mexico people not always benefit from a pension. We assimilate those three stages of life course to the age intervals 15–24, 25–44 and 45–79 years old. Below, we explore the behavior of each one of these age groups.

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unemployed	Not in labor force
<i>Males</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	45.6	53.7	60.2	50.3	40.1	57.0	22.4	80.9
Change	54.4	46.3	39.8	49.7	59.9	43.0	77.6	19.1
Promoting	0.0	3.4	9.9	17.4	16.6	20.8		
Demoting	38.7	27.2	19.0	16.0	16.6	0.0		
Formal total	29.1	18.7	14.7	17.4	16.6	14.6	26.3	5.9
High-skilled		3.4	0.6	0.3	1.5	0.1	1.4	0.4
Semi-skilled	22.6		9.3	9.0	10.1	2.7	8.8	2.5
Skilled worker	4.8	9.7		8.0	2.8	6.8	9.3	1.4
Low-skilled worker	1.7	5.6	4.7		2.2	5.0	6.7	1.6
Informal total	9.6	11.9	14.3	16.0	16.6	6.2	24.5	9.7
Non-manual informal	7.6	7.3	2.0	2.1		6.2	6.2	3.2
Manual informal	2.0	4.6	12.3	13.9	16.6		18.4	6.4
Unemployed	3.1	4.8	4.7	5.0	4.3	4.9		3.5
Not in labor force	12.6	10.9	6.2	11.4	22.4	17.3	26.8	
<i>Females</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	45.5	58.2	66.5	43.8	43.4	48.8	16.7	86.2
Change	54.5	41.8	33.5	56.2	56.6	51.2	83.3	13.8
Promoting	0.0	2.8	5.9	16.5	13.7	13.8		
Demoting	35.4	17.0	8.7	13.1	7.4	0.0		
Formal total	27.3	8.8	7.6	16.5	13.7	7.0	20.5	3.8
High-skilled		2.8	0.4	0.9	0.8	0.1	1.7	0.2
Semi-skilled	23.6		5.4	13.0	10.7	2.2	11.2	2.1
Skilled worker	1.6	2.3		2.5	1.0	1.8	4.1	0.7
Low-skilled worker	2.1	3.7	1.7		1.2	2.9	3.6	0.7
Informal total	8.1	11.0	7.0	13.1	7.4	6.7	15.5	7.7
Non-manual informal	7.3	9.1	2.1	2.9		6.7	8.1	3.5
Manual informal	0.7	1.9	4.9	10.2	7.4		7.4	4.2

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unemployed	Not in labor force
Unemployed	4.1	4.1	4.2	4.1	2.9	2.5		2.3
Not in labor force	15.0	17.9	14.6	22.4	32.7	34.9	47.2	

Note: Figures rounded independently.

Source: National Occupation and Employee Survey 2014–2016.

**Table 2.** Percentage distribution of quarterly changes of job between categories by sex, ages 15–24 years, 2014–2016.

5.1. Fifteen to 24 years old

Indicators on **Table 2** show the greatest mobility in youth compared to the total population (**Table 1**). The category change is significantly higher, especially in high-skilled jobs for both sexes, nonmanual informal males, and low-skilled female workers. The occupational decline persists in the three highest hierarchy categories, and now the ascent is confirmed in the three strata of lower qualification, although it is practically null in nonmanual informal men.

It is also noted a greater job loss (from formal and informal to unemployed) and more difficulty in recovering it (lower percentages from unemployed to the first six categories). But even more frequent are the outputs of the activity of the entire workforce, with the two higher categories highlighted in both sexes, although the highest differences are in nonmanual informal males and in nonskilled female workers. With few exceptions, even a lower proportion of the not-in-labor force people are incorporated into the labor market.

If we take again on one hand the three highest qualification categories and the three lowest on the other hand, the loss of quality in jobs is now common to both sexes and even greater than for the total population: 58.7% of the first male group falls to the second one and 46.9% increases in the opposite direction, and in females, the moving proportions are 65.3 and 48.4%, respectively. Nevertheless, once again, due to the different amounts of workers in both groups, the increases were higher than the declines, 8.4% in men and 10.9% in women.

5.2. Twenty-five to 44 years old

Occupational mobility in early adulthood is lower than in youth: on one hand, several adults have graduated and it is easier for them to get a formal job; and, on the other hand, those who entered the youth workforce have gained experience and can aspire to formal employment.

**Table 3** confirms the above in general terms. The proportion maintained in the same category is higher than 10 percentage points compared to young people, except for the skilled workers of both sexes, and stands out in nonmanual informal men where 57.1% from 25 to 44 years old remains in that same stratum, compared to 40.1% in 15–24 years old.

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unem-ployed	Not in labor force
<i>Males</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	61.3	63.7	66.0	63.1	57.1	72.4	24.8	50.6
Change	38.7	36.3	34.0	36.9	42.9	27.6	75.2	49.4
Promoting	0.0	8.3	12.6	19.6	21.4	20.4		
Demoting	34.5	23.8	17.3	12.8	15.1	0.0		
Formal total	25.0	22.8	16.6	19.6	21.4	14.1	31.3	14.5
High-skilled		8.3	1.7	1.2	6.0	0.4	3.8	2.7
Semi-skilled	19.8		10.8	9.8	11.0	2.3	10.7	5.1
Skilled worker	3.9	9.9		8.7	2.8	7.9	10.6	4.0
Low-skilled worker	1.3	4.6	4.0		1.6	3.5	6.3	2.7
Informal total	9.5	9.3	13.3	12.8	15.1	6.3	32.0	25.7
Nonmanual informal	8.1	6.3	1.8	1.9		6.3	8.8	6.9
Manual informal	1.3	3.0	11.5	10.9	15.1		23.2	18.8
Unemployed	2.0	2.6	2.6	2.8	3.0	3.1		9.2
Not in labor force	2.2	1.6	1.5	1.8	3.5	4.1	12.0	
<i>Females</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	60.6	72.7	75.0	59.3	53.5	61.8	18.3	80.6
Change	39.4	27.3	25.0	40.7	46.5	38.2	81.7	19.4
Promoting	0.0	6.8	6.8	14.5	13.8	12.7		
Demoting	31.2	12.1	8.2	14.1	10.1	0.0		
Formal total	24.4	11.2	8.8	14.5	13.8	6.0	21.7	4.1
High-skilled		6.8	1.0	0.8	3.0	0.2	3.4	0.5
Semi-skilled	22.5		5.8	10.8	9.1	1.4	11.0	2.0
Skilled worker	1.1	1.7		2.9	0.6	1.4	3.2	0.8
Low-skilled worker	0.7	2.7	2.1		1.1	2.9	4.1	0.8
Informal total	6.8	7.8	6.1	14.1	10.1	6.6	19.7	13.3

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unem-ployed	Not in labor force
Nonmanual informal	6.2	6.3	1.1	2.1		6.6	7.8	4.7
Manual informal	0.7	1.5	4.9	12.0	10.1		11.8	8.6
Unemployed	2.0	1.7	1.7	2.1	1.7	1.6		2.0
Not in labor force	6.3	6.7	8.4	9.9	20.9	23.9	40.3	

Note: Figures rounded independently.

Source: National Occupation and Employee Survey 2014–2016.

**Table 3.** Percentage distribution of quarterly changes of job between categories by sex, ages 25–44 years, 2014–2016.

The lower mobility in early adulthood can explain the highest proportion of unemployed people who cannot get employed (24.8% of males and 18.3% of females compared to 22.4 and 16.7%, respectively when in youth). However, possibly due to paternal or maternal responsibilities, the noneconomic active workers (49.4% of men and 19.4% of women compared to 19.1 and 13.8%, respectively, in youth) are more likely to enter the labor market. But just as in 15–24 year olds, most are embedded in formality. In the opposite direction, a significantly lower fraction of the employed and unemployed of both sexes withdraw from the labor force, although it hardly differs in unoccupied women (40.3% for 25–44 years and 47.2% for 15–24 years).

Once again we can appreciate the loss of quality in employment in the three categories of higher qualification and the increase of quality in the three of less training. And if we re-group them into two-category clusters, unlike the young and the total workers, the male rising proportion in the second group (54.7%) is greater than those who descend from the first group (46.4%), although in women the inverse relationship prevails (45.8% down and 42.3% up). Again, the ascents are greater than the declines, 0.7% in men and 6.0% in women. But if the occupations are separated into formal and informal, while the improvements in women were 5.7% higher than the declines, in men the declines exceeded in 0.4% the rises. For all of the six categories, in females, the increases were 2.5% higher than declines, whereas in men the declines were 0.8% higher than the increases.

The high proportion of young and early adulthood women exit from the labor force is outstanding: more than 20% in less qualified and unemployed occupations, except for low-skilled workers aged 25–44 where it is 9.9%. This is most likely due to the gender roles of motherhood, especially in the early years of the children's lives, rather than the loss of a formal job. In this regard, 66.0% of females aged 15–44 who left the economic activity attributed it to maternity, 18.7% to market problems and 15.2% to personal reasons. We see that the discouragement of finding better job opportunities is not the most important female cause of exit from the activity.

Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unemployed	Not in labor force
<i>Males</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	63.8	63.0	64.4	67.8	61.0	71.0	20.3	79.4
Change	36.2	37.0	35.6	32.2	39.0	29.0	79.7	20.6
Promoting	0.0	8.9	11.0	14.2	13.2	15.7		
Demoting	30.9	23.0	19.3	11.2	13.6	0.0		
Formal total	19.4	22.2	15.3	14.2	13.2	8.9	17.8	4.0
High-skilled		8.9	1.5	1.2	5.4	0.3	2.4	0.8
Semi-skilled	15.5		9.6	7.0	5.8	1.2	5.2	1.0
Skilled worker	2.5	8.8		6.0	1.3	4.9	5.6	1.0
Low-skilled worker	1.4	4.5	4.3		0.8	2.5	4.7	1.2
Informal total	11.5	9.7	15.0	11.2	13.6	6.7	36.5	14.4
Nonmanual informal	10.1	6.7	1.9	1.6		6.7	8.7	4.5
Manual informal	1.4	3.0	13.0	9.7	13.6		27.8	9.9
Unemployed	1.1	1.5	1.7	1.4	1.7	2.5		2.1
Not in labor force	4.2	3.6	3.6	5.3	10.4	10.8	25.4	
<i>Females</i>								
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Stay	63.2	73.3	71.8	67.3	58.7	62.4	12.3	87.8
Change	36.8	26.7	28.2	32.7	41.3	37.6	87.7	12.2
Promoting	0.0	6.8	6.1	8.8	6.0	9.9		
Demoting	29.5	11.5	11.6	12.5	10.6	0.0		
Formal total	22.6	10.8	9.5	8.8	6.0	3.7	11.8	1.5
High-skilled		6.8	0.9	0.3	1.4	0.1	1.7	0.2
Semi-skilled	21.5		5.2	6.7	3.9	0.8	5.1	0.6
Skilled worker	0.6	1.1		1.8	0.2	0.7	1.6	0.2
Low-skilled worker	0.5	2.9	3.4		0.4	2.1	3.5	0.4
Informal total	6.9	7.5	8.2	12.5	10.6	6.2	24.8	10.3
Nonmanual informal	6.3	5.9	1.3	1.3		6.2	6.2	3.7



Status at the end of the quarter	Status at the beginning of the quarter							
	High-skilled	Semi-skilled	Skilled worker	Low-skilled worker	Non-manual informal	Manual informal	Unemployed	Not in labor force
Manual informal	0.6	1.6	6.9	11.2	10.6		18.6	6.6
Unemployed	0.6	0.7	1.1	0.8	0.4	0.7		0.5
Not in labor force	6.7	7.7	9.4	10.6	24.3	27.1	51.1	

Note: Figures rounded independently.  
Source: National Occupation and Employee Survey 2014–2016.

**Table 4.** Percentage distribution of quarterly changes of job between categories by sex, ages 45–79 years, 2014–2016.

### 5.3. Forty five to 79 years old

In mature (45–64 years) and advanced (65–79 years) adulthood, the majority of employees are kept in the same occupational category; but the transition from formal to informal is greater than in youth and early adulthood, as can be seen in **Table 4**. In addition, because they are entitled to a pension or because of the discouragement of not being able to find a desirable job, often due to age discrimination in the labor market, the proportion of employed and unemployed who withdraw from economic activity exceeds the percentage of early adulthood in all cases, as can be seen in the figures from **Tables 3** and **4**.

The loss of quality in employment is more evident in the elderly and advanced than in youth and early adulthood, except in the low-skilled workers. In the other categories, the descending movements exceed the ascending ones, with a greater difference in the semi-skilled and skilled men workers.

If we form the two clusters of the three highest and three lowest categories again, the loss of hierarchy is easy to see: the decline rates (50.3% in men and 47.8% in women) are higher than those rising (45.9 and 27.5%, respectively). Likewise, for the six categories as a whole, the increases in men (3.5%) and women (3.4%) were almost equal.

## 6. Conclusions

The Mexican labor markets' instability has originated that a high proportion of the labor force works in the economy's informal sector, almost half of the working men and women in the past 25 years. It has also propitiated a high occupational mobility of the labor force, not only between formality and informality, but also inside them, as we have discussed in this chapter.

During the 3-year period from 2014 to 2016, that we used in the second part of the chapter, quarterly, a 30% of the labor force changed category among the six strata in which we divided the occupied labor. Displacements were more intense in formality: 14.1% of informal men obtained a formal job, whereas only 5.2% of women obtained it.

Mobility is more intense in youth (15–24 years old) than in early adulthood (25–44 years old), but even greater in mature adulthood and in old age. (45 years old or more), as we observe when comparing the respective cells from **Tables 2 to 4**. While the majority of women between 15 and 44 years old who leave labor force attribute it to maternity, the withdrawal from it in mature adulthood and in old age can derive from desisting their commitment to find a formal job, opting for retiring even if the retirement and pension plans cover only a fraction of the labor force especially because of the high proportion of people who works in informality the majority of their working life.

In essence, from the first quarter of 2014 to the fourth quarter of 2016, male labor force grew annually at a rate of 1.8% and female labor force at 1.7%. Formal jobs increased faster (3.0% in males and 2.4% in women) than informal ones (1.8 and 2.1%, respectively) but labor proportion that works in informality remained constant in 47% in occupied men and diminished barely from 55 to 54% in women. Unemployment was reduced at an annual rate of 9.0% in both sexes, with the consistent decrease in the unemployment rate from 5.8 to 4.3% in men and from 5.1 to 3.7% in women.

It still remains a considerable way uphill for all of the Mexican labor force to be occupied in formal jobs that provide stability, with social security (health and retirement plans) and bonus.

## Author details

Virgilio Partida<sup>1\*</sup> and Maria Edith Pacheco<sup>2</sup>

\*Address all correspondence to: [vpartida@flacso.edu.mx](mailto:vpartida@flacso.edu.mx)

1 FLACSO – Sede Mexico, Ciudad de Mexico, Mexico

2 El Colegio de Mexico, Ciudad de Mexico, Mexico

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