INTRODUCTION

Organizations that want to remain employers-of-choice must periodically assess how shifts in the business environment might influence the effectiveness of their talent management strategies, policies and programs. Globalization and changes in the age composition of the workforce are two important 21st century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent-management policies and practices that are both globally strategic and relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the economic structure and age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- How might these policies and practices support the sustainability of great places to work?

What does “mind the gap” mean?

Train stations across England play recorded messages to remind passengers that they should “Mind the Gap.” These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station for safe commutes and travels.

For this series of our research publications, we have adopted the phrase, “Mind the Gap.” The Mind the Gap series aim to remind employers to pay attention to any gaps that might exist between employees’ priorities and needs and employers’ allocation of workplace-based resources. Our Mind the Gap papers also aim to help our readers become aware of such gaps in quality of employment in other country contexts.
The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

Employee Series: This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question: Does age affect employees’ preferences for an idealized job and their assessments of their employment experiences?

Employer Series: This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent-management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question: How does the availability of human resource policies and programs in the targeted country compare with other countries?

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees’ perceptions of their employment experiences vary from country to country.
Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that “good jobs” are a “good thing.” High quality jobs offer benefits to employees and to the organizations where they work.

- **Benefits for Employees:** The quality of employment affects the health and wellbeing of employees. Research confirms that poor-quality jobs (such as jobs requiring extreme work hours or jobs that are very demanding, particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions, like cardio-vascular problems.¹

- **Benefits for Employers:** Employers often connect the quality of employment they offer to employees to their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.² Employer-of-choice strategies can result in enhanced employee engagement which, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they intend to stay with their employers in comparison to the 24% of disengaged employees who “intend to stay.”³ A number of studies have linked employee job satisfaction with positive performance indicators. *Fortune* reports positive relationships between being recognized as a “great place to work” and stock indices.⁴-⁵

In this paper, we focus on eight important dimensions of the quality of employment:

- Fair, Attractive, and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the Quality of Employment framework to discuss the availability of workplace-based policies and programs in Mexico.
QUALITY OF EMPLOYMENT IN MEXICO:

I. Indicators of Fair, Attractive, and Competitive Compensation & Benefits

- Compensation and benefits are distributed in a fair and equitable manner, meeting most of employees’ basic economic needs.

- In 2005, of the total employers in the commercial sector, 24% presented internal regulations regarding workers moving within salary categories, while 12% had regulations regarding the changes of function of each salary category.6

- In Mexico, the average monthly compensation for commercial sector6 workers is MEX$ 4,568 ($419 USD). In 2005, the total monthly compensation for all employees in the commercial sector was MEX$ 12,064,477,497 ($1,107,849,173 USD),7 of which 79.5% represented wages or salaries, 11.9% contributions to social security, 4.5% social benefits, and 4.1% other compensation.6

- A total of 333,649 companies were registered in the manufacturing sector by 2001, of which 22.6% increased the number of salary categories, 73.2% decreased categories, and 4.1% left salary categories unchanged.8

- In 2001, among companies in the manufacturing sector, 74.7% decreased the income gap between the highest salary category and the lowest; 20.8% increased the gap, while 4.5% did not modify the gap.8

Note: The commercial sector, known as retail or wholesale in the US, is engaged in purchasing and sales or both (without transformation of the goods). The manufacturing sector is engaged in developing a mechanical, physical, or chemical transformation process of materials to obtain new products.9

Figure 1: Percent of Employers in Manufacturing Sector Providing Benefits by Type

Source: INEGI & STPS (2001)8

Figure 1 shows the percentage of manufacturing companies in Mexico that provide extra benefits to employees. Profit sharing is the most common compensation or benefit and is provided by 21.5% of companies.
• The average monthly compensation gap between the types of workers varies in relation to the size of the company. The compensation gap between managers in a large company (MEX$ 55,382) and a micro company (MEX$ 4,182) is large, while the gap between unskilled manual laborers in large companies (MEX$ 4,656) and micro companies (MEX$ 2,102) is smaller (see Figure 2).  

• The average monthly compensation for manufacturing sector workers (total) was MEX$ 5,679 ($608 USD). The average monthly compensation for managers was MEX$ 13,297 ($1,424 USD), for administrative/clerical workers MEX$ 8,534 ($914 USD), for skilled manual laborers MEX$ 5,173 ($554 USD), and for unskilled manual laborers MEX$ 3,422 ($366 USD) (see Figure 2).

Figure 2: Average Monthly Compensation by Company Size and Job in the Manufacturing Sector (MEX$)

Note: For the definition of company size, see reference 11. For the definition of the category of workers, see reference 12.

Source: INEGI & STPS (2001)

In 2005, the commercial and manufacturing sectors in Mexico represented 19.7% and 17% respectively, the two highest shares of Mexican economy based on the classification of the National Institute of Statistics and Geography (2010).
II. Indicators of Opportunities for Development, Learning & Advancement

- Opportunities for the development of expanded skills and responsibilities are available.

- In 2005, 10% of companies in the commercial sector in Mexico presented internal regulations regarding tasks for different jobs within a company, 9% introduced new technology, 24% introduced employee training, and 16% sought out quality and productivity enhancement.\(^6\)

- In 2005, 6.6% of companies in the commercial sector provided training to their employees. Of these companies, 1.1% were large companies, 11.8% were medium companies, 25.2% small, and 62% were micro companies.\(^6\)

- Between 2001 – 2005, the total training cost in the commercial sector increased 110.7%, from MEX$ 897,387 ($96,080 USD) to MEX$ 1,891,020 ($173,647 USD).\(^7\) Training in large companies accounted for 29.3% of the total training cost in 2005; medium companies, 35%, and small and micro companies 18.9% and 16.9% respectively.\(^6\)

- In 2005, 27.8% of employees in the commercial sector received training; 2.9% were managers, 64.7% were sales workers, 14.9% were administrative workers, and 17.5% were personnel in micro companies.\(^6\)

- In 2001, 12.7% of companies in the manufacturing sector provided training to their employees. Periodic training assessments were made in 69.4% of these companies.\(^8\)

- In 2001, 59% of employees in the manufacturing sector received training, of which 3.4% were managers, 23.7% were administrative/clerical workers, 29.5% were skilled manual laborers, and 43.5% were unskilled manual laborers.\(^8\)

- In 2001, only 8.7% of the companies in the manufacturing sector in Mexico had a training commission. Of those, 5.9% were large companies and 7.8% were medium sized companies. Small and micro companies represented 29.4% and 56.9% of the total number of companies with a training commission.\(^8\)

- Of companies in the manufacturing sector in 2001, 6.4% had training plans; 70.2% of those plans were endorsed by the STPS.\(^8\)

- Internal agents of the companies in the manufacturing sector offered 67.5% of the total training. The total average training hours for managers was 23 hours per year for managers and 25 hours for administrative/clerical workers; the average for skilled manual laborers and unskilled manual laborers was 21 and 23 hours, respectively.\(^8\)
In 2005, 92.4% of managers in the commercial sector had sufficient educational and technical skills needed to perform their tasks. For employees in sales, 92.1% had adequate skill levels and education, while employees in administrative roles were properly skilled 89.3%. In other areas, 91.1% of employees reported sufficiency in skills and knowledge.\(^6\)

In 2001, 96% of managers in the manufacturing sector possessed sufficient educational and technical skills needed to perform their tasks, 89% of administrative/clerical workers, 89.4% of skilled manual laborers, and 82.1% of unskilled manual laborers were properly skilled.\(^8\)

As presented in Figure 3, identifying training needs of workers is mostly made by external agents (44.8%) (external consultants or committees from the STPS for example).
III. Indicators of Wellness, Health & Safety Protections

Well-being is promoted through workplace policies, and social protections are offered in case of illness.

- In the commercial sector, 26.2% of companies in Mexico had a health and safety commission in 2005. When analyzed by size, 75.2% of large companies had a health and safety commission, while 48% of medium and 20% of small companies had health and safety commissions.⁶

- In 2001, 22.5% of companies in the manufacturing sector had a health and safety commission, while only 15% of companies had a preventive safety and health program.⁸

- In the manufacturing sector, 14.4% of companies made monthly safety and health inspections in their facilities, 2.9% made quarterly inspections, while 2.8% and 1.7% performed semi-annual and annual inspections, respectively. Of the total companies that made inspections in 2001, 98.4% performed corrective measures when an element needed to be modified.⁸

- In 2001, 29.7% of the companies in the manufacturing sector offered social security payments (IMSS or ISSSTE), 2.7% of them offered life insurance, and 8.5% offered aid for medical services.⁸

- In 2001, 32.1% of employees in the manufacturing sector received training related to safety and health provisions.⁸

Figure 4: Main Cause Of Safety Risks At Work

![Figure 4: Main Cause Of Safety Risks At Work](http://www.bc.edu/agingandwork)

Figure 4 shows that in 2005, the main cause of safety risks at work in Mexico was “neglect by the employee” (54.4% of the total risks presented, followed by “accidents” 33.8%, and other causes 6.5%). The lack of a preventive safety and hygiene program seems not to be a main source of risks at work.
IV. Indicators of Opportunities for Meaningful Work

- In order to improve employees’ engagement, the employers in the commercial sector in Mexico pursued organizational changes in 2005. Due to their actions, employee satisfaction and employee involvement increased by 48.8% and 18.1% respectively. There were marginal changes, however, in employment and absenteeism among employees. (see Figure 5).8

Figure 5: Results in the Implementation of Organizational Changes in Commercial Sector

Source: INEGI & STPS (2005)8
V. Indicators of Provisions for Employment Security & Predictabilities

- Terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.

- In 2005, 13.7% of employers in the commercial sector presented internal regulations/stipulations regarding workers’ promotions, while 9.3% presented stipulations regarding worker layoffs.\(^6\)

- In 2001, 2.1% of employers in the manufacturing sector presented internal regulations/stipulations regarding workers' promotions, 1.4% regarding worker layoffs, and 1.7% on the process of worker recruitment.\(^8\)

- In 2001, 27.9% of the companies in the manufacturing sector in Mexico offered retirement savings plans; 5.4% offered a savings fund, 3.5% retirement insurance, 20.5% severance pay, and 8.2% seniority recognition.\(^8\)

Figure 6: Employers' Perspectives of Labor Force Dynamic in Manufacturing Sector

Figure 6 In 2005, Mexico manufacturing sector employers (16.9%) reported that it was less difficult hiring employees for their production area than in the previous year, and 18.4% of employers reported it was less difficult hiring in the administrative and sales areas. Competition in the recruitment of qualified personnel increased (8.8%) while the number of resignations in order to be hired by other firms, decreased (20.4%). Personnel rotation between companies decreased (20.1%).

Source: Bank of Mexico (2010)\(^4\)
VI. Indicators of Workplace Flexibility

- In 2005, 46% of companies in the commercial sector presented internal regulations/stipulations regarding changes in the workday, while 49.3% presented modifications to work hours. Among companies, 21.8% presented regulations on the hiring of temporary workers and 5.3% on subcontracted workers. Regulations over the creation of permanent positions existed in 14% of companies, while 11% maintained temporary rotation of workers.\(^6\)

- In 2001, there were 3,253,322 workers in manufacturing sector companies in Mexico, of which 83.8% were permanent, 10% were temporary and 6.2% were working per honorarium.\(^8\)

- In the Mexican manufacturing sector in 2001, 17.3% hired eventual (temporary) workers, while only 1.4% of the companies hired subcontracted workers. In addition, 2.1% hired workers on an hourly basis and 5.2% used a per honorarium system.\(^8\)

- In 2001, only 3.7% of the companies in the manufacturing sector had vacancies. Placement preferences occurred through the national/state employment service (1.9%), unions (1.2%), placement agencies (0.5%), newspaper ads (11.3%), announcements within the company (30.2%), links with schools and universities (1.2%), and other methods (53.8%).\(^8\)

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**Figure 7:** Reasons for Hiring Different Types of Workers as of 2001

Mexican Employers stated that the main reason for hiring temporary (37.1%), hourly (25.3%), and subcontracted (46.3%) workers was changes in product demand. Specific job skills accounted for hiring on a per honorarium basis, 57%.
VII. Indicators of Culture of Respect, Inclusion & Equity

- Diversity, inclusion, and employee personal growth are valued.

- During 2001, 6.2% of large companies, 4% of medium companies, and 10% of small and micro companies in the manufacturing sector preferred women in the hiring of a manager.\(^8\)

- These results changed when analyzing gender preferences in the hiring of administrative/clerical workers, with 47% of large companies, 64% of medium companies, and 57% of small and micro companies preferring women in these roles.\(^8\)

- Large companies employed skilled manual laborers (7%) and unskilled manual laborers (14%); the rate was 9% and 12% for medium companies, and 15.3% and 17.3% for small and micro companies respectively.\(^8\)

As shown in Figure 8, Most companies in the manufacturing sector prefer to hire men at all levels, because of the heavy (manual) labor they can perform. Women are preferred in administrative/clerical positions. In skilled manual labor and unskilled manual labor positions, women are preferred because of reduced absenteeism and greater adaptability to the job environment than men. Women are not preferred for managerial posts due to a broad range of reasons given by employers.

Source: INEGI & STPS (2001)\(^8\)
VIII. Indicators of Promotion of Constructive Relationships at the Workplace

- Interactions with supervisors and coworkers are professional and respectful.

Due to data limitations, indicators of promotion of constructive relationships at work are not discussed in this paper.
SUMMARY: MINDING THE GAP

Mexican employers, particularly because of the economic crisis, must increase internal regulations regarding reductions in the work force and the retention of workers. The compensation and benefits structure in the manufacturing and commercial sectors needs to be redefined, with clear distinctions between company sizes and types of jobs. Particular efforts need to be made to enhance the offering of retirement and savings funds plans, retirement insurance, seniority recognition, and social protections due to illness.

Mexican employers have given little attention to areas of employment like training, safety, and health plans, nor have they provided budgets for such activities. Employers must design and implement programs of inclusion and respect for less advantaged groups, since there are no positive results in this area. Particular efforts need to be made in small and micro companies because these companies represent 98.6% of the total manufacturing sector companies and 98.5% of commercial companies in Mexico.11

Internal company procedures and implementations regarding the work environment have led to positive results. Worker job satisfaction and involvement increased due to employer programs, while absenteeism decreased. Product demand and specific skills are the main reasons to offer more contract options in Mexico. Employers must adjust their production plans and job requirements in order to provide a variety of contracts. Greater availability and flexibility of contracts will improve the growth opportunities for the country and enhance the inclusion of informal workers into the formal sector.

Employers in Mexico can use the information contained in this report to:

- Request the INEGI and the STPS to update information presented in the surveys used in this document.
- Analyze, design and implement programs to improve quality of employment dimensions.
ABOUT THE INSTITUTE

Established in 2007 by the Sloan Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st-century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute’s research, publications, and international forums contribute to:

- a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- informed decision making by employers who want to be employers of choice in different countries; and
- innovative thinking about private-public partnerships that promote sustainable, high quality employment.

In addition to the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series that highlights workforce demographic trends in different countries and a Global Policy Series that focuses on selected workforce policy in certain country contexts.

For more information on SCAW publications, please visit us online at: www.bc.edu/agingandwork

The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st-century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

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Over the past few years Dr. Ruiz has been working on the development of capacity building strategies for agents of change. The main objective of her work is to achieve growth and development by empowering social leaders through the creation of educational programs and strategies for innovation and sharing best practices through social networks, using the potential of multimedia learning, Internet and other information and communication technologies.

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REFERENCES

1 For example, see:

2 For example, see:


5 Unfortunately, most of the research linking employer-of-choice strategies with business outcomes tends to focus on correlational relationships. Such studies do not definitively establish that being a “best place to work” causes positive organizational performance; indeed, it also might be true that high profits and strong financial growth cause higher employee engagement and foster perceptions that a particular workplace is an employer of choice.


10 According to the Ministry of Economy, and stated in the Guidelines for Operation of the Support Program for Productivity, micro company is defined when the number of total workers in the firm do not surpasses 10; small when being between 11-50, medium when being between 51-250, and large when is higher than 250 for the manufacturing sector. For the commercial sector, micro is when being lower or equal to 10, small when being between 11-30, medium when being between 31-100, and large if higher than 100. *Official Journal of the Federation.* (2008). Document published on December 29, 2008. Retrieved July 10, 2010, from http://dof.gob.mx/

11 As defined by the Ministry of Labour and Social Welfare (STPS), managers are workers that perform tasks related with technical and administrative supervising, planning, and managing. Administrative/clerical workers are defined as workers that perform general office administrative tasks such as bookkeeping, sales, advertising or security. Skilled manual laborers are defined as skilled workers that perform predominantly manual work, linked to the operation of machinery and equipment, highly connected with the production process such as cleaning, maintenance, storage, packaging, and transportation. Unskilled manual laborers are defined as unskilled or non-specialized workmen. Ministry of Labour and Social Welfare (STPS). (2010). *Glossary of terms.* Retrieved June 15, 2010, from http://www.stps.gob.mx/DGIET/web/Glosario/glosario.htm


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