“PROGRESS REPORT: SURVEY ON LABOR PATHS FOR A BETTER UNDERSTANDING OF LABOR DYNAMICS IN MEXICO”

Mexico: How to Tap Progress
Federal Reserve Bank of Dallas
Houston Branch
November 2, 2012

Federico Rubli Kaiser
CONSAR-Mexico (*)
frubli@consar.gob.mx

(*) General Coordinator of Strategic Planning and Special Projects, CONSAR.

Comisión Nacional del Sistema de Ahorro para el Retiro
Labor dynamics is a complex issue; for example, what determines transition rates from unemployment to employment and vice versa? It is relevant to understand those determinants since an unemployed individual or one holding an informal job ceases to contribute to the social security system and hence to his individual pension savings account.

We also have very limited knowledge about the dynamics of the informal sector.

Hence, a follow-up of labor paths of individuals may shed important data that will help to comprehend labor dynamics, provide relevant information regarding the current functioning of the pension system, and to foresee its future performance.
Taking into account these and other considerations, it was agreed to establish an inter institutional project between INEGI-STPS-CONAPO-CONSAR to follow up on labor paths through a survey and enrich the statistical data base for a better understanding of the dynamics of labor markets in Mexico.

It was decided to add a section (Módulo de trayectorias laborales, MOTRAL) to INEGI’s quarterly survey on occupation and employment (ENOE) in order to interview individuals between 18 and 54 years old with labor experience, obtain from them information regarding their labor paths during the past five years, as well as information with respect to their culture on social security and retirement saving habits (MOTRAL is not a panel survey).
The survey

- MOTRAL was applied in June 2012 to a representative sample of 6,200 individuals. Currently, CONSAR is processing and analyzing the results in order to generate meaningful statistics, which will be released in November.

- In the context of this session, I would like to present some brief preliminary results about the survey:
44.2 percent of workers considered had only one job in the period analyzed, though they may have not worked necessarily the whole period.

A third of the workers with labor experience kept their job practically for the complete period.
Social security provided per job

More than half of the workers were not affiliated, regardless of the number of jobs they had.
Social security provided per job

- During the period considered, only 36.6 percent of workers had access to social security in all their jobs.
- Approximately 45 percent of the population considered was affiliated to a health institution during 1/10 of the time they could have been affiliated.

Affiliation and contribution density

- Affiliation density
- Contribution density
Retirement age

At what age do you think you will retire?

87.9 percent of workers who indicated their retirement age think they will retire before they are 65 years old.

As the population ages, the ratio of people that think they will retire before they are 60 years decreases.
The age group with a higher saving ratio includes workers between 27 and 36 years.

The population considers saving for retirement as they get older.
Some expected benefits:

It is expected that MOTRAL’s information may contribute, among other objectives, to:

i. Structure public policies geared towards improving the financial sustainability of the social security system and of the Savings for Retirement System (SAR)

ii. Implement actions for promoting savings, and

iii. Create and promote the corrective incentives for individuals and firms so that they may perceive the advantages of pertaining to the formal labor market.