



UNPACKING BARRIERS TO MEXICAN WOMEN'S EQUAL PARTICIPATION IN THE LABOR MARKET

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TABLE OF CONTENTS

Executive Summary	4
Context and Problem Statement.....	5
Data.....	7
Literature Review: Theory & Evidence	8
Labor Market Segmentation and the Gender Wage Gap.....	11
Empirical Strategy	11
1. Labor Market Segmentation and the Gender Wage Gap	11
2. Wage Decomposition	13
Findings.....	14
1. Labor Market Segmentation and the Gender Wage Gap	14
2. Wage Decomposition	19
Job Ads	21
Empirical Strategy	22
1. Trends in Vacancies vs. Labor Market.....	22
2. Is There Gender Bias in Hiring?.....	22
Findings.....	23
1. Trends in Vacancies vs. Labor Market.....	23
2. Is There Gender Bias in Hiring?.....	27
Key Findings.....	29
Policy Options	30
Strengthen Enforcement and Implementation	30
Other Policy Alternatives.....	30
Recommendation: A National Public Childcare System.....	32
Why is Childcare Technically Correct?	34
Why is Childcare Politically Supportable?	35
Why is Childcare Administratively Feasible?	37
Implementation Road Map	38
Conclusions and Next Steps.....	40
References	41
Appendices.....	47

EXECUTIVE SUMMARY

The COVID-19 pandemic has set back progress on gender equality by 35 years. Recent estimates by the World Economic Forum (WEF, 2021) suggest that it will take 135 years to reach gender parity – an increase from 99.5 years projected prior to the COVID-19 pandemic. Gender equality is a challenge worldwide, as existing gender gaps cost the global economy approximately 15% of the Gross Domestic Product (UN Women, 2018).

In Mexico, women face lower labor market participation and lower quality of participation – existing efforts have not proved to be sufficient to guarantee gender equality in the labor market.

We define the lower quality of participation as persistent worse labor market outcomes, including informality and wages. The WEF Global Gender Gap Report 2021 (WEF, 2021) ranks Mexico 122 out of 156 countries on overall economic participation and opportunity. Before the pandemic, the gender gap in labor participation already translated into a 22% fall in total output (Cuberes and Teignier, 2018).

Our Second Year Policy Analysis (SYPA) focuses on understanding the gender disparities Mexican women face in the labor market. Improving working conditions for women is a precondition to achieving gender equality and advancing social and economic outcomes. We focus on disentangling the limitations to decent work and earnings for women as it directly affects their wellbeing and can disincentivize women from joining or staying in the workforce. Specifically, we analyze existing occupational segregation, gender wage gap, and bias from employers through job advertisements.

We find a persistent wage gap across occupations and an important role for flexibility and hours worked in explaining gender inequalities in the labor market. During the third quarter of 2021, women faced a gender wage gap of 21% based on monthly income. Despite a narrowed hourly wage gap, women consistently work fewer hours than men across all occupations – an average of 7.8 fewer hours per week than men. Women concentrate in occupations with higher informality rates, which can provide more work flexibility. Through job advertisements, we also find that in occupations where women are concentrated, employers still explicitly and implicitly hire based on gender even though it is prohibited by law.

Our policy recommendation is to design and implement a national public childcare system. Our guiding principle is to foster an inclusive labor market where women can access jobs with higher quality and flexibility. Unpaid work and childcare are the primary barriers to the intensive and extensive margin of women's labor force participation. Informed by insights from expert interviews and our feasibility and stakeholder assessments, we consider this policy recommendation to be technically correct, administratively feasible, and can be politically supported.

The impacts can be advanced further if other complementary policies are also undertaken to meet the needs of the diversity of Mexican women. Achieving gender parity is a complex challenge. There are many opportunities for the Mexican government, the private sector, and the civil society to work together to narrow the gender gap in wages and improve the quality of women's participation in the labor market.

CONTEXT AND PROBLEM STATEMENT

The COVID-19 pandemic has set back progress on gender equality by 35 years. Recent estimates by the World Economic Forum (WEF, 2021) suggest that, on average, it will take 135 years to reach gender parity – an increase from 99.5 years projected prior to the COVID-19 pandemic. Gender equality remains a challenge worldwide, as existing gender gaps cost the global economy approximately 15% of Gross Domestic Product (GDP) (UN Women, 2018). In this setting, women's economic empowerment¹ can boost productivity, increase economic diversification, and improve income equality in addition to other positive development outcomes.

In Mexico, the gender gap in labor participation translates into a 22% fall in total output (Cuberes and Teignier, 2018) – the aftermath of the pandemic poses additional challenges. Mexican women face a gender gap in labor participation that has been persistent over the last two decades. Figure 1 shows the evolution of this gap, as women's labor participation rate (WLFPR) only increased from 40% in 2005Q1 to 44% in 2021Q3 – which comprises approximately 23 million women. The COVID-19 pandemic led to a decline of 5 percentage points (pp) in WLFPR compared to a decrease of 3.7 pp for men.² Furthermore, the informality rate for women decreased from 57% to 53% and stayed constant for men, suggesting that women in more precarious conditions might have left the labor market.

Gender gaps in LFPR and wage have persisted in the last 15 years

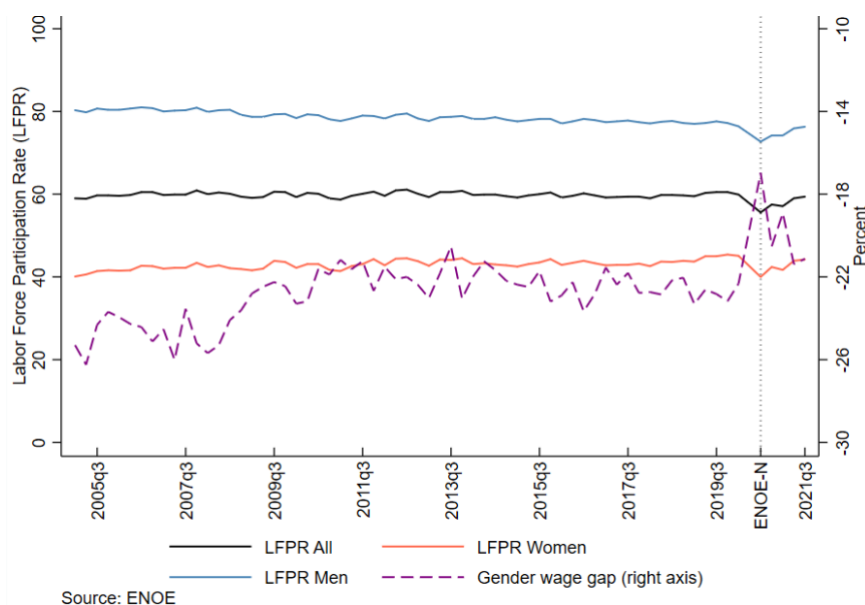


FIGURE 1: LABOR FORCE PARTICIPATION RATE (LFPR) AND GENDER WAGE GAP - INCOME GAP AS A PERCENTAGE OF MALE INCOME 2005Q1-2021Q3

¹ UN Women defines women's economic empowerment as women's ability to participate equally in existing markets; their access to and control over productive resources, access to decent work, control over their own time, lives, and bodies; and increased voice, agency, and meaningful participation in economic decision-making at all levels from the household to international institutions.

² The impact on unemployment and underemployment rate was of similar magnitude for women and men, as unemployment has almost returned to its pre-pandemic level with 4.2%, and underemployment is still high with 13% after reaching a rate of 17% during 2020Q3.

However, labor participation is only a part of the story for Mexican women – women's quality of participation³ also matters, as is evident by the persisting gender wage gap (Figure 1) and women's segregation into low-paying occupations and sectors.⁴ During the third quarter of 2021, women faced a negative gender wage gap of 21% (INEGI, 2022), which has been persistent since 2005. The WEF Global Gender Gap Report 2021 (WEF, 2021) ranks Mexico 132 out of 156 countries on the wage equality for similar work category and 122 on overall economic participation and opportunity. Existing efforts are not sufficient to guarantee gender equality in the labor market. In addition, Mexican women also continue to be under-represented in leadership and management positions according to INMUJERES (2020).

In addition, our work acknowledges the significant barriers women face to enter and stay in the labor force which are exacerbated by the impact of the pandemic. Despite a narrowed gender gap in the hourly wage, employed women work, on average, 7.8 fewer hours per week compared to men. Among the almost 30 million women who are currently not economically active, only 25% report to be either available or interested in working. Most of the unavailable women are not interested in working because they have other obligations to meet – 7% are retired, 19% are students, and 71% do housework (14.6 million women). Despite this, women face a double burden of work as their unpaid work in domestic and care work represents 20.2% of GDP, while for their male counterparts it corresponds to only 7.4% (INEGI, 2021). On average, women spend more than twice as much time as men on unpaid work – 50 versus 20 hours, respectively (IMCO, 2021).

Our SYPA focuses on understanding the gender disparities women face in the labor market, as we consider that improving working conditions for women is a precondition to increase WLFPR and women's well-being. Over the last few years, and increasingly during the COVID-19 pandemic, there has been an improved understanding of barriers to women's labor participation. We focus on disentangling the limitations to decent work and earnings for women in Mexico as it directly affects their wellbeing and can disincentivize women from joining or staying in the workforce.

Specifically, our work studies existing occupational segregation, gender wage gap, and bias from employers through job advertisements. We first look at the evolution of gender distribution across occupations to identify occupational segregation. Then, we explore where the wage gap is more prevailing and decompose it to assess the role of unobservable characteristics. We continue by comparing the supply-side outcomes, using the labor force survey, with potential demand-side outcomes using online job advertisements. Then, we study the direct and indirect bias in online job advertisements to determine if discrimination in hiring can play a role in labor market outcomes. Finally, we present policy recommendations and assess their feasibility, informed by our empirical findings and expert interviews with relevant stakeholders.

³ We define quality of labor market participation as the labor market outcomes women experience. For example, formality status, earnings, benefits, among others.

⁴ We define the gender wage gap as the difference between the female and male average monthly wage as a percentage of the average monthly wage. Therefore, these figures refer to the average absolute gap in reported income.

DATA

Our first source of information is the National Survey on Occupation and Employment (ENOE) which is the main source of information about the Mexican labor market. The ENOE has collected quarterly data on the labor force since 2005.⁵ It has a rotating scheme with representative figures at the national and state levels and 39 cities. This data is used to analyze when, where, and how women's segmentation into certain occupations happens, and what are the employment conditions for women. We also conduct a decomposition to estimate gender wage differentials in occupations.

Our second and novel source of information is the job advertisement data collected on a monthly basis from March 2020 to December 2021 from 3 platforms. The database contains 1.35 million job advertisements in total and with a monthly average of 64,292 postings. This data is used to assess the landscape of online job advertisements in Mexico and determine explicit or embedded gender bias in job descriptions.

With this data, we investigate existing labor market segmentation, gender wage gap across occupations, and potential bias in the demand side using the job ads data. For example, if there is direct targeting or indirect through suggestive language, which might impact the uptake of specific jobs and contribute to the concentration of women in certain occupations and industries. In addition, comparing these data sets allows us to see both the outcomes reported by the workforce with the potential ones (for example, offered wage) advertised by the demand side at the occupation level. Finally, the combination of data sources can inform policy options by identifying economic sectors where women face higher barriers in terms of quality of jobs.

⁵ In April 2020, ENOE collection was suspended due to the health emergency, and the survey was temporarily replaced by the Telephone Occupation and Employment Survey (ETOE). During July 2020, fieldwork gradually resumed, and the following publications correspond to the ENOE New Edition (ENOEN), which is carried out partially through telephone interviews.

LITERATURE REVIEW: THEORY & EVIDENCE

WOMEN'S LABOR FORCE PARTICIPATION

Existing literature has surveyed the determinants of women's labor force participation (WLFP) over time, as well as existing barriers women face to enter the labor market. Figure A.1 in Appendix A shows our diagnosis tree decomposing the demand and supply-side factors that impact women's labor force participation and provides a guiding framework for the literature review.

According to Bhalotra and Fernández (2021), the growth of women's labor force participation in Mexico between 1960 and 2015 followed an S-shape, with a considerable acceleration during the 1990s (Figure 2). De Hoyos' (2011) microsimulation technique suggests this is explained by the combination of a negative income shock caused by the Mexican peso crisis of 1994; the wage difference crisis from the increase in expected wages in the manufacturing sector post the signing of North American Free Trade Agreement (NAFTA); and a reduction in female reservation wage. Lopez-Acevedo et al. (2020) analyze the increase in female employment in Mexico after the 2008 global economic crisis (2007-2017) and find that it is explained by the increased participation of women aged 36 to 65. The main factors related to women's employability are educational attainment, increased availability of childcare facilities, and higher wages in the services sector.

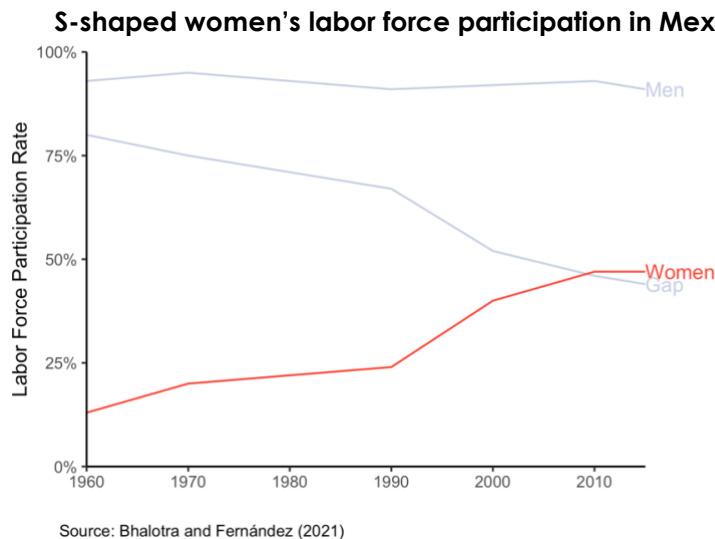


FIGURE 2: LABOR FORCE PARTICIPATION RATE BY GENDER (1960-2015) (BHALOTRA AND FERNÁNDEZ, 2021)

Inchauste et al. (2021) provide a detailed framework to assess supply and demand barriers to women's labor participation. On the supply side, the main barrier is care responsibilities as women's labor participation changes substantially after marriage and motherhood. In the same vein, Calderón (2014) shows that an expansion of a childcare program targeted at low-income women increased their probability of working and reduced the time dedicated to child-rearing. On the demand side, Inchauste et al. (2021) argue that local economic activity and labor regulations are the main barriers to women's labor participation. Additionally, Bolio et al. (2019) study 50 companies in Mexico and find that women's representation falls, and the wage gap widens as one moves up the corporate ladder, with women at the C-suite level earning 22% less than their male counterparts.

GENDER WAGE GAP

While the average gender wage gap in Mexico has narrowed over time, there is high variation between the sector of employment and the formality status (Popli, 2013). The gap is more pronounced in the formal sector, with the unexplained gender wage gap being higher in the upper tail (Popli, 2013). In the same vein, using a semi-parametric method, Arceo-Gómez, and Campos-Vázquez (2014) find a stable pattern of "sticky floors"⁶ and a decreasing pattern of "glass ceilings"⁷ using the population censuses from 1990 to 2010. In addition, they find that most of the wage gap is due to differences in prices and a positive selection of women into the labor market.

In addition, there are differences in the wage gap by occupation or industry (Orraca et al., 2016). Using census data from 2000-2010, the authors find that male-female wage differentials increased during the period. Within occupation, wage differentials generally increased the gender wage gap, whereas between-occupation differentials provided the opposite effect. As within-occupation wage differentials are driven by "unexplained component," their results suggest that the gender wage gap is primarily a product of differences in the average returns to productivity-related characteristics within occupations.

When decomposing the gender wage gap, there is a role for unexplained factors in the existing wage gap in Mexico. In the public sector, differences in wages are explained by observable characteristics, while in the private sector, they respond primarily to unexplained factors (Rodríguez, 2019). Between 2005 and 2016, the wage gap has declined in all regions, but gender inequalities persist, being higher in the lower deciles (Pérez and Lugo, 2017). Regarding socio-cultural characteristics, Canedo (2019) finds that indigenous women experience a "double" wage penalty in the Mexican labor force, as a larger proportion of the wage gap is due to unexplained components relative to men. Finally, using five professional areas, Rodríguez and Limas (2015) show that women in the area of health face greater inequality and discrimination, accentuating mainly in regions of high and low exposure to trade liberalization.

GENDER BIAS IN LANGUAGE AND JOB ADVERTISEMENTS

Online job advertisements are a rich source of data, and they have been increasingly used to study labor markets. The growing use of online job platforms has provided researchers a better understanding of the job search process, hiring preferences of firms, the matching process between vacancies and job seekers, and many more insights. Experiments have also been conducted to test for discrimination by employers, such as extensions of the famous paper, 'Are Emily and Greg More Employable Than Lakisha and Jamal?' by Bertrand and Mullainathan (2004).

Furthermore, linguistic analysis in job advertisements has gradually become a popular method to detect gender discrimination and bias in the hiring process. Most of the studies to date build on the Bem Sex-Role Inventory (BSRI) created by the American psychologist Sandra Bem in 1974 to categorize language and personality characteristics into those that are stereotypically masculine (agentic traits), feminine (communal traits), or gender neutral (Hodel et al., 2017). These studies use the lexicon-based approach where dictionaries of words associated with gender stereotypes

⁶ Sticky Floor: situation where gender pay gaps are wider at the bottom of the wage distribution. It is described as a situation arising where otherwise identical men and women might be appointed to the same pay scale or rank, but the women are appointed at the bottom and men further up the scale. (Women in Power, 2017)

⁷ Glass Ceiling: situation where gender pay gaps are wider at the top of the wage distribution. The term analyses inequality between men and women in the workplace, to describe a barrier to further advancement once women have attained a certain level. (Women in Power, 2017)

are constructed either via supervised learning (manually) or unsupervised learning (Cryan et al., 2020; Gaucher et al., 2011; Ningrum et al., 2020; Tang et al., 2017).

In the case of Mexico, Arceo-Gómez et al. (2020) used supervised machine learning to detect gender discrimination and bias in online job advertisements. The authors find evidence that advertisements seeking "communal" characteristics, stereotypically associated with women, specify lower wages than those seeking "agentic" characteristics, stereotypically associated with men. In particular, the non-targeted ads for which they predict gender show more significant salary gaps (8-35%) than explicitly gender-targeted ads (0-13%). However, Cryan et al. (2020) highlight the manually created dictionaries to be limited in size, coverage, and the potential for words to lose relevance over time as language describing gender stereotypes evolves.

Gendered languages are associated with women's worse labor market participation rates and more regressive gender norms. A new line of research on the structure of language led by Jakiela and Ozier (2018) sheds light on a less obvious factor to women's equal participation in society. The cross-country investigation of gender languages (such as romance languages) finds that grammatical gender is associated with almost a 15-percentage point gap in women's labor participation relative to men, after controlling for geographical and economic factors. The authors argue that grammatical gender in language acts as a psychological nudge that people experience daily.

LEGAL EQUALITY

Mexico has made significant progress in the achievement of women's rights and gender equality laws at the federal level. For example: strengthening national laws to ensure equality; strong gender institutionalism, and increased public resources earmarked for gender equality.⁸ In the World Bank's Women, Business, and Law Index (2021), Mexico scores 88.8 out of 100. Currently, Mexico has laws and legislation pertaining to women and employment that address discrimination in employment based on gender, sexual harassment at work, restrictions on jobs or industries, etc. (Appendix D).

However, according to UN Women (2021), gender equality in Mexico faces an implementation gap. Specifically, there is a gap between what is stated in the laws, plans, programs, and budgets on women's rights and practical implementation and compliance in daily life. The Women, Business, and Law (2021) suggests that Mexico could consider reforms to improve legal equality for women in the laws affecting women's pay (equal pay for equal value⁹ and pay transparency), laws affecting women's work after having children, and laws affecting the size of a woman's pension. Additionally, UN Women highlights that accountability of gender equality achievements is still deficient – insufficient funding and unpredictability for the gender equality agenda in the country (in domestic resources as well as international) persists.

⁸ According to the UN Women country profile for Mexico: The National Development Plan (2013 – 2018) for the first time, mainstreamed gender equality and women's empowerment in all its areas. The federal budget in 2015 earmarked for gender equality reached USD 1,65 billion, which represented a 157% increase but only 0.5% of public spending. The National Gender Equality Policy was introduced in 2013 to advance substantive equality.

⁹ 10 out of 33 Latin American and Caribbean countries have already passed a law on equal pay. Mexico is one of 9 remaining countries in the OECD who have not mandated such a law.

LABOR MARKET SEGMENTATION AND THE GENDER WAGE GAP

EMPIRICAL STRATEGY

1. LABOR MARKET SEGMENTATION AND THE GENDER WAGE GAP

We to focus on monthly income for the analysis, given its direct effect on female empowerment and wellbeing. Monthly income directly affects spending and savings behavior as those are the actual resources available for women. Furthermore, we conduct a comparative exercise using wage per hour which can convey additional information of the penalty women face for deciding to work fewer hours or engage in more flexible jobs.

We begin by analyzing employment time trends focusing on gender distribution across occupations using the National System of Classification of Occupations (SINCO for its acronym in Spanish). SINCO was last updated in 2019,¹⁰ and it is the unique and mandatory national classification that allows homologation and standardization of the occupations in Mexico. We explore the data using the 1-digit and 2-digit occupational codes. The 1-digit code (División) divides the occupations into nine fields based on the level of job competence, including complexity and diversity. Then, the 2-digit code (Grupos Principales) creates 53 groups based on job competencies' specialization. The details for each division are summarized in Table 1.

We explore the gender employment distribution and wage gap across occupations focusing on the third quarter of 2021 using ENOE. We chose this quarter as it is a recent,¹¹ relatively stable quarter during the pandemic, and it allows us to match data with the job ads database. However, a potential limitation is that this still is classified as ENOE New Edition (ENOEN), which began during the third quarter of 2020. For the analysis on this quarter, we consider additional indicators of the quality of jobs for women, the demographics across occupations, formality status, and regional variation to assess with more detail when, where, and how employed women face barriers to high-quality jobs.

In this descriptive analysis, we assess the concentration of women across sectors, and its relationship with the wage gap and other employment characteristics. For example, we identify in which economic sectors women are over-represented. Based on those results, we explore the gender wage gap by sector and the relationship with female employment. We aim to see if women face lower average wages in industries where they are more likely to be employed, based on skills or historical patterns, and if those sectors have a lower relative employment value.

¹⁰ A limitation recognized by the National Institute of Statistics and Geography (INEGI), and shared among this type of classification, is that they lack a gender approach as they use terms in daily use in the country. However, INEGI plans to address this during a future update of the tool (INEGI, 2019).

¹¹ The microdata corresponding to the 4th quarter of 2021 was just released on January 20, 2022. In addition, the job ads availability does not allow to match the data for this quarter.

TABLE 1. SINCO CLASSIFICATION AND DESCRIPTION (INEGI, 2012)¹²

SINCO DIVISION	Short Name	Level of job competences
1	Officers and directors	Managerial, administrative, normative, planning, and coordination activities.
2	Professionals and technicians	Assistants and technicians who carry out support activities for specialists that includes applying knowledge, techniques, and practices in the various fields of science, engineering, medicine, law, education, administration, accounting, etc. Professionals also include creative artists, performers, writers, and athletes.
3	Administrative support	Administrative support functions in general offices that requires second-level skills.
4	Merchants and sales	Owners, supervisors, and managers of commercial establishments as well as their subordinates. Commercial activities include purchase, sale, and marketing of goods and services.
5	Personal services and surveillance	Individual and collective services: Preparation and serving of food and beverages; beauty services; care for children, elderly or disabled; pet trainers and sitters (except veterinarians), and embalmers; protection and security of people and their property; maintaining public order; and military services.
6	Primary sector	Activities of agriculture, livestock, forestry, hunting, fishing, and the inspection, supervision, and monitoring of the agricultural production process.
7	Craft production	Activities directly related to craft or manufacturing production that includes extracting and treating raw materials to make and repair industrial and craft products, construction, maintenance, and repair of works for residential or industrial use. Activities in a workshop, commercial premises, in mines or quarries, on construction sites, on public roads, at own or customer's home. Workers require a high degree of dexterity, manual ability, and technical knowledge, as miners and masons. Excludes: helpers, laborers, and other unskilled auxiliary workers in the process of artisanal or factory production in the transformation industry.
8	Industrial machinery operators	Trained workers who control, operate, and monitor machines or industrial installations. Conductors of trains, subways, and light rail, transporting passengers or goods; drivers. Workers who coordinate and supervise operators and assemblers during the production process and operators of transport equipment or mobile machinery.
9	Elementary activities	Workers who help production processes, performing simple activities and routines that involve physical effort, motor skills, and basic knowledge learned in practice in just a few days of work.

¹² See Table B.1 in Appendix B for complete official names.

2. WAGE DECOMPOSITION

In addition to women being over-represented in low-paying occupations, we expect gender-based discrimination to play a role in explaining the wage gap. Understanding the structure of the wage gap for women across occupations and potentially across groups will be helpful to devise policy options that can help tackle it. A wage decomposition essentially breaks down the wage of interest groups into observable characteristics and the returns component – or non-observable characteristics. Our hypothesis is that differences in observables cannot fully account for the observed gap in labor income. Based on the survey of the literature, we can contribute to: (1) updating previous analysis for Mexico, (2) exploring new methodologies, (3) disaggregating the analysis by occupation using the SINCO classification.

To address the distribution of unexplained differences in the wage gap, we use the methodology developed by Ñopo (2008) to decompose the gender wage gap. This methodology addresses the gender differences in the supports of the distributions of observable characteristics present in the traditional Blinder-Oaxaca decomposition by implementing a matching technique. In essence, the Ñopo methodology first selects one employed woman from the sample, and then it selects the working men with the same observable characteristics (e.g., age, years of education, marital status, job formality) to construct a synthetic individual. The synthetic individual (man) becomes the “match” for the selected female. Additionally, the synthetic individual’s wage becomes the average wage for this selection to which the woman is compared to. Then, both of these observations are part of the sample of matched individuals.

This is a four-element decomposition with three components attributed to differences in observable characteristics, and one to differences in unobservable characteristics and discrimination. Specific details about the derivation can be found in Ñopo (2008), and here we provide a general description of each component using Ñopo’s notation. First, Δ_M is the gap explained by differences between men that can be matched and those who do not. Second, Δ_X is the gap attributed by differences in observable characteristics between men and women in the common support (matched observations). Third, Δ_0 is the “unexplained part,” this cannot be explained by observable characteristics. Fourth, Δ_F is the gap driven by differences in women that have observable characteristics that then can be matched and those who do not have matches. Thus, the total wage gap (Δ) is explained by:

$$\Delta = (\Delta_M + \Delta_X + \Delta_F) + \Delta_0$$

For this analysis, we measure the unexplained gender wage gap using the monthly income reported by employees using 2021Q3 ENOE data. Our matching observable variables are age, years of education, marital status, urban rate, and job formality. In addition, we do the same exercise matching by occupation using the SINCO 1-digit classification. Regarding the sample, we consider the working population with 15 or more years that report a monthly income different than zero. While we exclude reported income equal to zero, we do not undertake any additional data correction and thus recognize the potential bias due to truncation issues. Table C.1 in Appendix C reports the main average characteristics by sex on the labor market for 2021Q3 using ENOE. In addition, Figure C.1 displays the relative gender wage gap by percentiles, showing a negative gap for women across percentiles that tend to be higher for women in lower percentiles of the distribution.

FINDINGS

1. LABOR MARKET SEGMENTATION AND THE GENDER WAGE GAP

Women's labor participation and the gender wage gap have stagnated over the last 15 years, only with marginal improvements during some periods (Figure 1 and Figure B.1). During the third quarter of 2021, the women's labor participation rate was 44.2%, only four percentage points (pp) higher than the 40% recorded in the first quarter of 2005. In addition, this figure is lower than the pre-pandemic levels, as women are returning to the labor market more slowly and potentially under more precarious conditions. Over the same period, there has been a slight decrease in the participation gap driven mainly by a decrease in the male participation rate.

The gap in the average monthly income¹³ has been consistent (between 17% to 24%), but the gap in hourly wage has narrowed. The gender wage gap in hourly wage has decreased from 8.6% in 2005 to 1.7% in 2021 and has been characterized by fluctuations. However, the gender gap in hours worked has been relatively constant, with an average difference of 7.8 fewer hours worked by women over 2005Q1-2021Q3. This difference narrowed temporarily during some quarters of 2020 and 2021, given the impact of the pandemic. For this analysis, monthly income is the relevant measure as it is the income available for consumption and savings. Thus, given these differences and acknowledging the double burden of work and barriers to participation (see Inchauste et al., 2021), we will continue to focus on female employment.

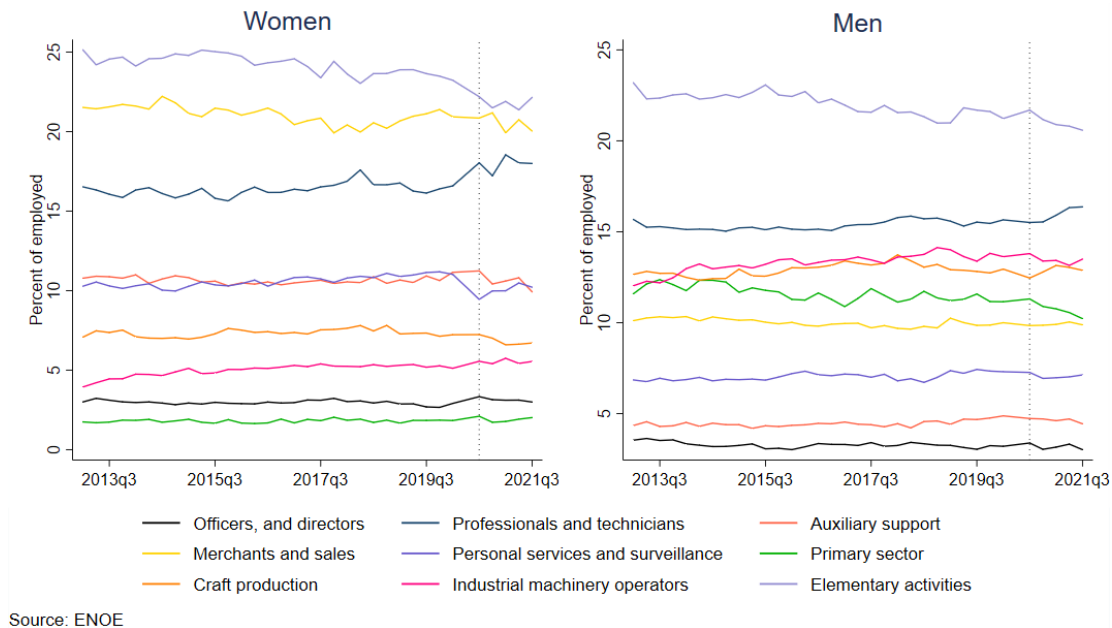
Employment composition has been relatively constant since 2013,¹⁴ elementary activities comprise the highest share of employment for both women and men, slightly decreasing between 24% in 2013 to 21% in 2021.¹⁵ The second occupation with the largest share of workers is professionals and technicians, which increased from 16% to 17% of the employed population over the same period, closely followed by merchants and sales which has represented consistently 14% of the workers. These three divisions jointly represent over 50% of the employed population. On the contrary, officers and directors represent only 3% of the employed population. Figure 3 displays the evolution of employment distribution by SINCO division and sex.

¹³ We define the gender wage gap as the difference between the female and male average monthly wage as a percentage of the average monthly wage. Using this definition, the wage gap has fluctuated between 23.7% and 16.9%, and for the third quarter of 2021 it was 21.1%.

¹⁴ Starting on the third quarter of 2012, INEGI began to use SINCO as the standard occupation classification. Thus, our analysis by occupation starts from 2013.

¹⁵ Over the same period, the total employed population went from 48.4 million workers to 56.5 million workers.

Evolution of employment distribution by SINCO division and sex



Source: ENOE

FIGURE 3. EMPLOYMENT DISTRIBUTION BY SEX AND SINCO 1-DIGIT

Over the same period, the gender composition within occupations has also remained relatively constant. Across occupations, women have been mostly concentrated in elementary activities, merchants and sales, and professionals and technicians. Similarly, the largest share of men has been concentrated in elementary activities and professionals and technicians, but only around 10% of working men are in merchants and sales. More employed men are in industrial machinery operators, craft production, and primary sector than women. Figure B.2 shows how women have been constantly over-represented in auxiliary support, and merchants and sales, with an average of 60% and 57% during this period, respectively. Conversely, women are under-represented in the primary sector, craft production, and industrial machinery operators. On average, for this period, they represent 9%, 26%, and 19%, correspondingly.

The gender wage gap¹⁶ has been present across occupations being consistently highest for craft production, merchants, and sales, and lowest for professionals and technicians. The evolution of the gender wage gap (see Figure B.3) has remained stable for all occupations¹⁷ except for industrial machinery operators, which decreased by ten percentage points (from 34% to 24%) between 2013 and 2021. Figure 4 shows the current pattern in wage for 2021Q3 using the absolute wage gap, in nominal terms, by occupation.¹⁸ Women also face a relatively lower income due to occupational segregation.

¹⁶ Measured as the difference between the female and male average monthly wage as a percentage of the average monthly wage.

¹⁷ For merchants and sales, the wage gap decreased from 41% to 37% from 2013 to 2021. It is also a sector characterized by female concentration as, on average, women represent 57% of the occupation - the second occupation that concentrates more female workers. The lowest wage gap is among professionals and technicians where it increased from 5% to 10% between 2013 and 2021. It is the occupation where women represent 40% of employment and concentrates 18% of total female employment.

¹⁸ We exclude reported income equal to zero.

Gender wage gap exists in every occupation

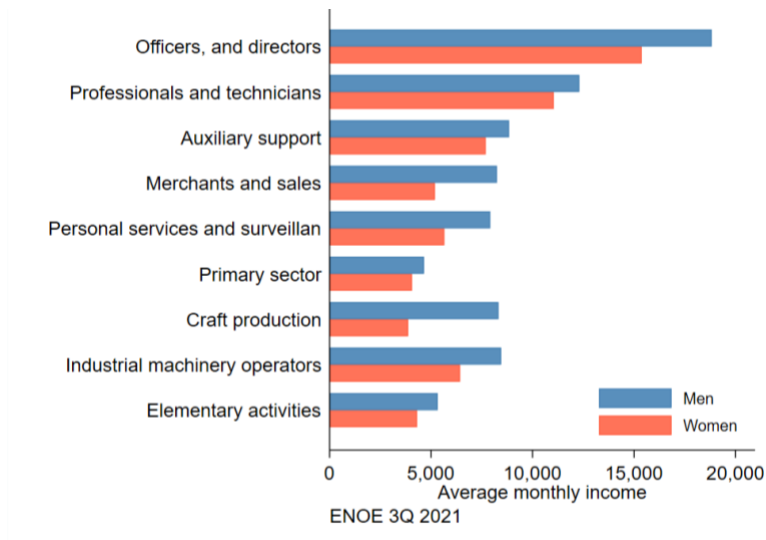


FIGURE 4. ABSOLUTE GENDER WAGE GAP BY OCCUPATION (USING SINCO 1-DIGIT) AND SEX

Focusing on the 2021Q3 (Figure 5), we identify that women are over-represented in merchants and sales and auxiliary support, while men concentrate in the primary sector, craft production, and industrial machinery operators. Both sexes' largest share of employment still corresponds to elementary activities followed by professionals and technicians. For the remaining occupations, concentration is gendered. Merchants and sales, and auxiliary support concentrate 31% of employed women but only 15% of employed men. Conversely, the three divisions that concentrate male workers comprise almost 40% of employed men and only 15% of employed women. Figure 5 shows how the gender concentration across sectors leads to over-representation within occupations.

There is occupational segregation by sex

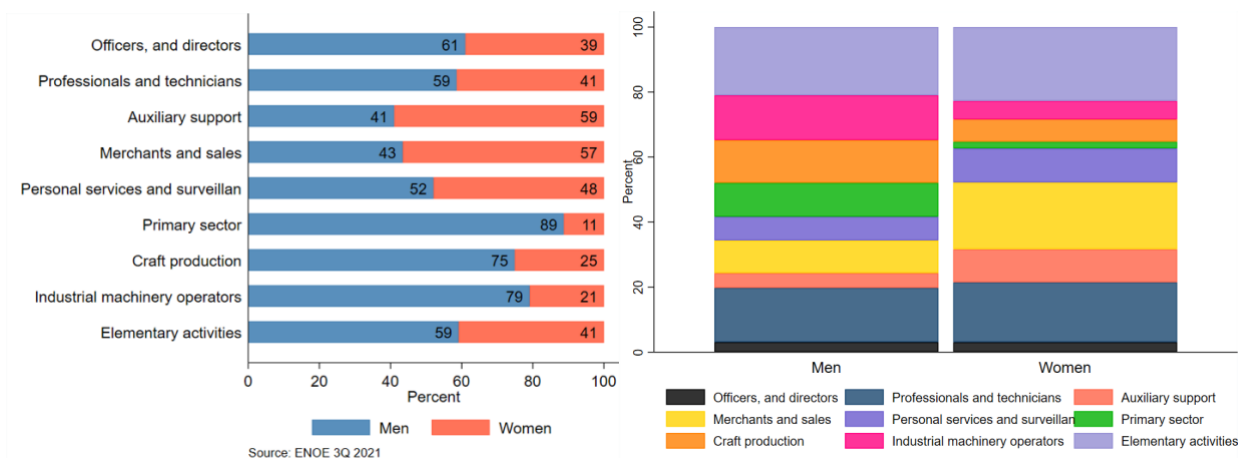


FIGURE 5. EMPLOYMENT DISTRIBUTION BY OCCUPATION (USING SINCO 1-DIGIT) AND SEX

On average, the gender wage gap is 21.1% and it is present across occupations; however, at the SINCO 1-digit classification, we do not see a strong correlation between the relative size of the wage gap and women's over-representation in an occupation. For 2021Q3, the gender wage gap ranges from 53.5% in craft production to 10.2% in professionals and technicians, which follows the findings from the time trend analysis. Figure B.4 shows the correlation between women as a share of employment in each occupation and the corresponding wage gap, where the size of the occupation weights each circle size. Additionally, we see sectors, where women are over-represented, tend to have a relatively lower pay (Figure 4).

Across occupations, there is variation in other characteristics (age, education level, benefits, and establishment size), pointing at a lower quality of employment for women in sectors with high female representation.¹⁹ Women's employment is less urban compared to men's except for officers and directors, and elementary activities. Additionally, women experience a lower formality rate within five occupations, most of which have a high concentration of female employment. In addition to a low formality rate of 36% for merchants and sales, there is a gender gap in formality of 20 percentage points, with rates of 47% and 27%, respectively. Conversely, there is a positive gap for industrial machinery operators where only 6% of female employment is located. Across occupations, employed women report a higher share of unpaid workers and represent fewer employers except in personal services and surveillance, with a marginal positive difference of 0.7 percentage points. Finally, across all occupations, women report, on average, fewer hours worked per week, ranging from a difference of 13.5 hours to 3.2 hours.

Regarding regional distribution, five states concentrate 40% of the total national employment: Mexico (14%), Mexico City (8%), Jalisco (7%), Veracruz (6%), and Puebla (5%). Mexico and Mexico City concentrate the highest share of employment across all occupations, except for the primary sector, which is mostly concentrated in Chiapas (13%), Veracruz (10%), and Guerrero (9%) – states that are characterized by higher poverty rates. As expected, there is specialization in different occupations between states. Regarding the occupations with the highest female concentration, merchants and sales workers' participation ranges between 10% in Chihuahua and 17% in Mexico State, however, for most of the states, it is close to the 14% national average.²⁰

Finally, we assess the relationship between the women's labor force participation rate and the gender wage gap at the state level and do not find a strong correlation (see Figure B.5). However, the fact that two states with the highest WLFPR rate – Mexico City and Colima – face the highest wage gap for this period indicates that women continue to face inequalities in the workforce despite successful insertion in the labor market. Across occupations, we find a negative wage gap, with only a few exceptions, explained mainly by a small size of the sector and low female representation - 24 out of 287 analyzed combinations of occupations and state. We find a positive gender wage gap for professionals and technicians in 8 out of 32 states. However, we see a consistent wage gap for the identified occupations with female over-representations.

At the 2-digit classification, we also find a high concentration of employment: ten sub-occupations concentrate almost 60% of total employment – 55% of women and 59% of men. The sub-occupation with the highest employment share is sales in establishments which comprise 9% of total employment and a higher percentage of women – they represent 57% of the workers.

¹⁹ Table B.2 in Appendix B presents these results.

²⁰ In addition, we see higher concentration of Division 8 in Center and Northern states, and of Divisions 6 and 7 in the Southern states.

Within some of the SINCO 1-digit classification, we see the same employment distribution across sex, as in auxiliary support where women are over-represented in all sub-categories, and for the primary sector, they are under-represented in all sub-categories.

Still, we see occupational segregation and concentration: one out of four women is employed in either sales in establishments or domestic workers and cleaners, and one out of four men is employed in either agricultural and livestock activities, drivers, or support workers in mining, construction, and industry. Figure B.6 shows the gender composition in each sub-occupation. In professionals and technicians, women are highly concentrated as teachers and men in economic-administrative sciences. Similarly, within personal services and surveillance, women concentrate in food preparation and home care occupations, while men are in protection and surveillance services. Despite a low female representation in craft production, women concentrate in food manufacturing and processing compared to men in extraction and construction. Within industrial activities (i.e., industrial machinery operators), we find women as assemblers of tools and men as drivers. Finally, in elementary activities, women are mostly domestic workers and cleaners, while men are support workers in mining, construction, and industry.

The wage gap is prevalent across all levels of female concentration and sub-occupation sizes. Figure 6 shows the correlation between women as a percentage of total employment in each sub-occupation and the average monthly wage gap in percentage terms. Women receive a lower average wage across all sub-occupations. We only find a positive gender wage gap in two sub-occupations: rentals and unspecified occupations, both of which have a low female presence (see Figure B.6). Given that we do not find any strong correlation, there is no suggestion of additional discrimination in female-concentrated occupations. However, in the next section, we decompose the income wage gap to identify how much we can explain and the potential role of discrimination.

Gender wage gap is prevalent across all sub-occupations

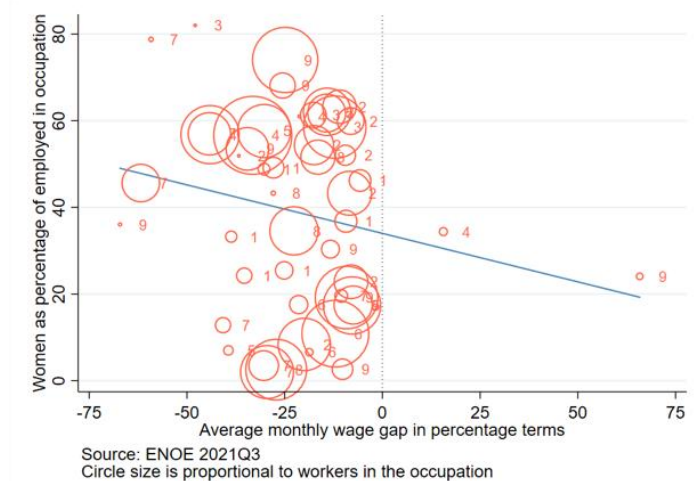


FIGURE 6. CORRELATION: OCCUPATIONAL REPRESENTATION AND WAGE GAP, SINCO 2-DIGIT

2. WAGE DECOMPOSITION

Between 29% to 35% of the observed gender gap in monthly income cannot be explained by observable characteristics, including occupation. Using a non-parametric decomposition (Ñopo, 2008) we find that a high proportion of the gender wage gap cannot be explained by age, education level, marital status, urban status, job formality, and SINCO 1-digit classification (see Table C.2).²¹ The employment classification is based on job competence levels and can thus be a proxy for the job position. We chose this specification because it allows us to control for observable characteristics while keeping high common support (i.e., to compare a high proportion of women and men). In addition, in this specification, 29% of males and 19% of female workers are unmatched for different combinations of the control variables derived mainly from the occupational gender distribution we have previously identified, i.e., the common support decreases when adding 1-digit occupational code as control.

Across occupations, we find high heterogeneity ranging from a 105% unexplained gender wage gap for craft production to 12% for officers and directors. Craft production is characterized by a high informality rate (79%), and a low average relative income. Only 25% of the workers are women, and they face the highest total gap in monthly income across occupations.²² Similarly, Figure 7 shows that this occupation has the highest gap in average hours worked per week with a 13.5-hour difference – 45.3 and 31.8, respectively. Conversely, officers and directors have the highest formality rate (86.8%), relatively higher wages, and higher education levels with an average of 15 years. Therefore, women are more likely to have job security supported with the smallest gap in average hours worked per week with a 3.2-hour difference (Figure 7), and observable characteristics are helpful to explain the gender wage gap. Column Δ_0 in Table 2 shows the unexplained gender wage gap by occupations.

TABLE 2. UNEXPLAINED GENDER WAGE GAP BY OCCUPATIONS, MEXICO, 2021Q3 (AFTER CONTROLLING FOR AGE, EDUCATION, MARITAL STATUS, URBAN STATUS, JOB FORMALITY)

<i>Division</i>	<i>Name</i>	Δ	Δ_0	<i>Std. Error</i>	<i>Proportion: males matched</i>	<i>Proportion: females matched</i>
1	Officers and directors	0.22	0.12	0.04	0.59	0.65
2	Professionals and technicians	0.11	0.16	0.01	0.76	0.88
3	Administrative support	0.14	0.14	0.01	0.77	0.69
4	Merchants and sales	0.58	0.39	0.01	0.79	0.74
5	Personal services and surveillance	0.40	0.24	0.01	0.71	0.73
6	Primary sector	0.13	0.31	0.03	0.42	0.78
7	Craft production	1.16	1.05	0.01	0.68	0.80
8	Industrial machinery operators	0.31	0.31	0.08	0.63	0.89
9	Elementary activities	0.23	0.29	0.02	0.85	0.89

Source: Own elaboration using ENOE 2021 Q3

²¹ The results are consistently high across specifications, even controlling by states which decreases importantly the common support given differences in labor participation rates. Using this specification, only 1% is accounted by differences in the supports, 1% by gender differences on the common support, and 28% is due to unobserved characteristics and discrimination.

²² In addition, workers in this occupation are vulnerable, reporting on average 8.5 years of education, and women are likely to face more disadvantages due to occupational segregation or lack of bargaining power.

Finally, a sector with high female concentration, merchants and sales, shows the second-highest unexplained gender gap. In this occupation, only 36% of the workers are formally employed and over 70% work in an establishment with 5 or less workers. This is also the occupation where 57% of the workforce are women. In addition, it registers one of the lowest relative income levels and a high wage gap – both in terms of monthly and hourly income. Women in this sector face higher informality rates, are more likely to be self-employed, and work in small establishments. On average, they work 7 hours less per week than men (Figure 7). Despite accounting for these differences in merchants and sales, 39% of the existing gender wage gap cannot be explained and can be due to discrimination and bias.

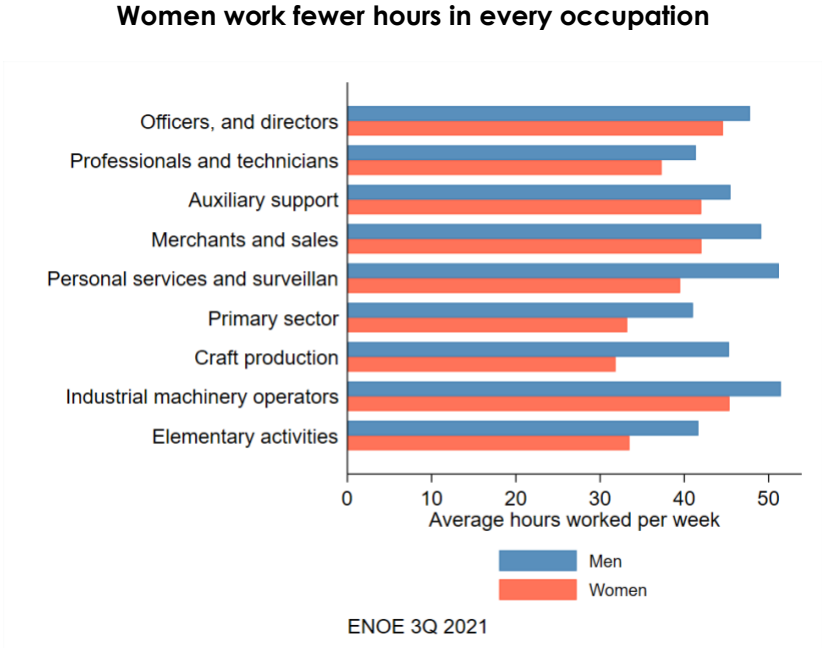


FIGURE 7. AVERAGE HOURS WORKED PER WEEK BY OCCUPATION (USING SINCO 1-DIGIT) AND SEX

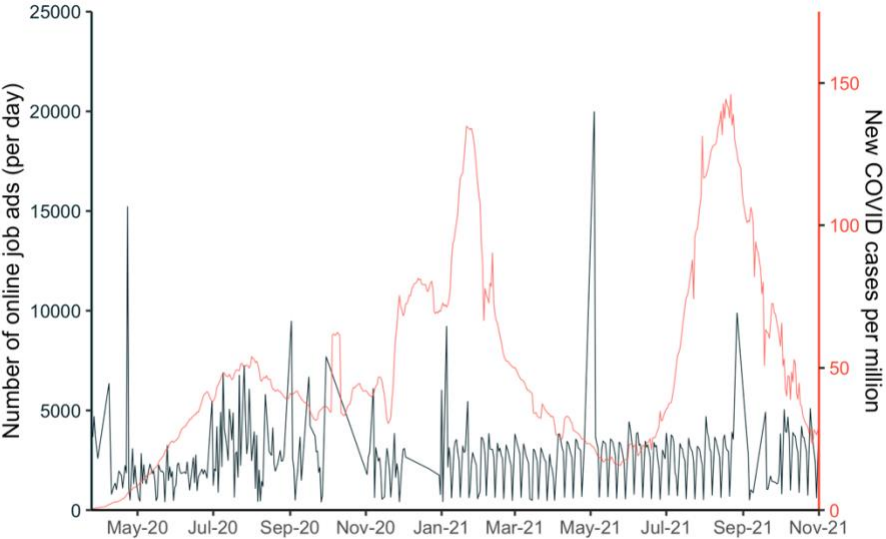
JOB ADS

As lives and the economy were disrupted by COVID-19, online job advertisements as a tool for employers and job seekers to connect was no exception. Our dataset of online job ads spans this period from the onset of COVID-19 in March 2020 to November 2021. Before diving into occupation-specific analysis, we begin by evaluating the impact of COVID-19 on job ad trends.

The daily number of job ads falls drastically during the onset of COVID-19 but settles into a seasonal trend. Between 25 and 26 March 2020, the daily number of job ads falls by 96%. Viewed on a monthly level, the time trend settles into a seasonal motion where job ad frequencies fall in December every year corresponding to the holiday season and peak in the third quarter. Job ad spikes are both cyclical and counter-cyclical to COVID-19 waves after the initial dip during the onset of the pandemic (Figure 8). Additionally, we do not observe any drastic increase in the demand for health professionals different from the trends that other professions follow (Figure D.1).

Although the volume of online job ads has drastically shrunk, online job platforms are still a relevant tool for employers and job seekers because of the movement towards the digital space induced by the pandemic. Due to the seasonal trend across all occupations and professions, the novel online jobs data is still a valuable resource to understand how employers hire.

No COVID-related trend in job ads after the initial dip during the onset of COVID-19



Source: Job Ads Data, Our World in Data

FIGURE 8. TRENDS IN DAILY ONLINE JOB ADVERTISEMENTS AND COVID-19 WAVES

EMPIRICAL STRATEGY

1. TRENDS IN VACANCIES VS. LABOR MARKET

As job vacancies are the first touchpoint between employers and job seekers, job vacancies could be a potential tool to correct labor market segmentation and gender wage gap issues. For this reason, we begin by comparing trends in the workforce (ENOE) and job ads in 2021 Q3 at SINCO 1-digit level. We focus on 2021 Q3 for two reasons: (1) our analysis in labor market segmentation and the gender wage gap focused on 2021 Q3, and (2) in the cyclic trend of online job ads, the third quarter has the highest volume. We focus on characteristics such as age, education, geography, and occupation to identify the segments of the population and the economy to which job ads are relevant for.

2. IS THERE GENDER BIAS IN HIRING?

We explore both explicit and implicit bias in job ads, as Mexico has prohibited gender-based discrimination in employment (Federal Labor Law, Article 133 in Appendix E). Based on this, we set out to understand if employers are explicitly discriminating, and whether they are introducing bias indirectly in cases where they are not explicit. The underlying theory is that gender stereotyping of job positions leads to employers assigning different values to abilities associated with men and women. Additionally, according to literature, job descriptions that contain stereotyped language may explain some portion of the labor market segmentation as they induce women to apply to jobs described with feminine (“communal”) characteristics and men to apply for jobs with stereotypically masculine (“agentic”) characteristics (Arceo-Gómez et al., 2020; Born and Taris, 2010; Gaucher et al., 2011; Flory et al., 2015).

We expand on work by Arceo-Gómez et al. (2020) by introducing the nuance of occupations where there is a high concentration of women and high relative use of job advertisement platforms. We limit our analysis to the prevalence of “communal” and “agentic” characteristics in gender-targeted and non-targeted ads to assess employers’ explicit and implicit discrimination, respectively. As a wage decomposition is already conducted, we do not undertake the wage-gap prediction that Arceo-Gómez et al. (2020) perform. We follow the classifications of Heckman and Kautz (2012) in English and Arceo-Gómez et al. (2020) in Spanish to compare the frequency of “agentic” and “communal” traits among gender-targeted ads and non-gender-targeted ads.

Communal: commitment, punctual, honest, attentive, teamwork, helpful, and courteous.

Agentic: control, initiative, motivation, pressure, proactive, responsible, and enthusiasm.

FINDINGS

1. TRENDS IN VACANCIES VS. LABOR MARKET

The job advertisements are disaggregated by geography. 46% of job ads come from three states – Mexico City, the State of Mexico, and Jalisco. These three states are also the top three states in terms of total national employment but only Mexico City has women's labor force participation of more than 50%. Nonetheless, the capital cities (municipalities) of some states (Guanajuato, Nuevo Leon, Puebla, Queretaro, Quintana Roo, and Yucatan) are hubs of employment as they post monthly vacancy numbers that are comparable to the municipalities in the top three states.

Job ads are restricted to relatively young and educated applicants. According to Arceo-Gómez et al. (2020), this age group comprises job seekers of approximately 35 years or younger. In Q3 2021, we find that out of the 87% of postings that specify age, both the mean and median age is about 22 years. Almost 90% of the job postings seek applicants with middle or higher education. Therefore, our analysis is more relevant for the young and educated workforce segment.

Internet job postings in Mexico are biased toward occupations in modern sectors. According to Campos-Vazquez et al. (2020), low-wage jobs in the agriculture and construction sectors are likely to be excluded. In our dataset, two-thirds of the advertisements are placed by employers in professionals and technicians, and merchants and sales. The occupations that post the highest number of online job advertisements are also the same occupations where women are mostly employed in the workforce (Figure 9). For this reason, we focus the comparison between the ENOE data and job ads data on these three occupations (professionals and technicians; administrative support; and merchants and sales) to understand if job ads are linked to the gendered challenges we observe in the labor market. Additionally, given that online job ads concentrate in metropolitan areas and modern sectors and target the younger educated segment of the population, our findings may also provide insights into the future of work in Mexico in these occupations.

There are three occupations with high job ads and where women concentrate

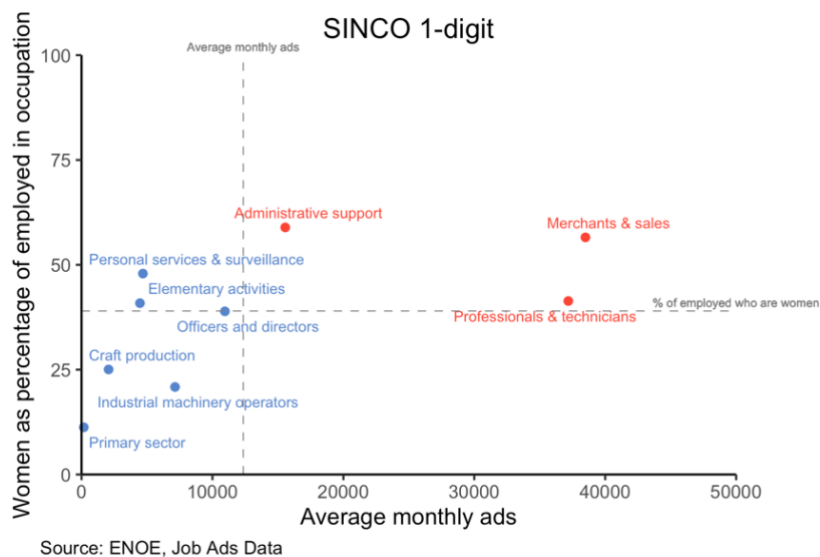


FIGURE 9. AVERAGE MONTHLY JOB ADS AGAINST WOMEN EMPLOYED IN OCCUPATION (SINCO 1-DIGIT) IN 2021Q3

PROFESSIONALS & TECHNICIANS

RELEVANT STATES: Mexico, CDMX, Jalisco



4 out of 10 in the workforce are women.

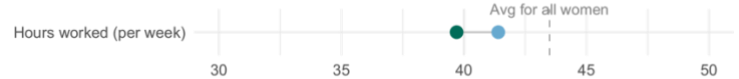


Out of the 5% of jobs ads that target by gender, only 1 out of 5 jobs specifically seek women.

Professionals & technicians is the second highest-paid occupation for women.



- It has one of the **closest equal outcomes** in terms of monthly income and hourly income.
- However, **hours worked are the primary constraint** for women.
- Formality levels are equally high for both sexes.



Women tend to be offered lower wages even though employers look for younger women with higher education than men and comparable years of work experience (1-2 years).



Employers seek very different characteristics from men and women:

SKILLS & VALUES



Communal characteristics from women

Agentic characteristics and cleanliness from men

KNOWLEDGE



Software knowledge from women

Technical knowledge from men

Source: ENOE, 2021 Q3; Job Ads Data, 2021 Q3
Note: Outliers have been removed

ADMINISTRATIVE SUPPORT

RELEVANT STATES: Mexico, CDMX, Jalisco



Administrative support is the third highest-paid occupation for women.

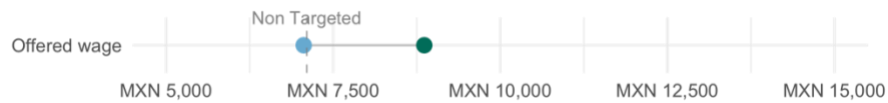


- Women earn an equal hourly wage as men, but their monthly income is lower.
- Therefore, hours worked are the primary constraint for women.
- Formality rates are equally high for both sexes.
- Almost all work as subordinates in micro, small, medium businesses.



Women tend to be offered higher wages.

Employers look for mostly younger and middle-educated candidates, although more years of experience from men.



Employers seek very different characteristics from men and women:

SKILLS & VALUES



Communal characteristics from women

Agentic characteristics and cleanliness from men

KNOWLEDGE



Software knowledge and analytic skills from women

Technical knowledge and manual labor capability from men

Source: ENOE, 2021Q3; Job Ads Data, 2021Q3
Note: Outliers have been removed

MERCHANT & SALES

RELEVANT STATES: Mexico, CDMX, Jalisco

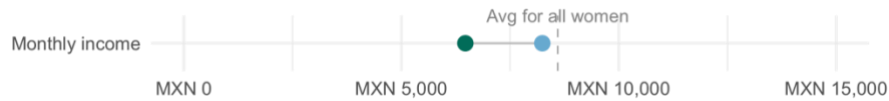


6 out of 10 in the workforce are women.



Out of the 3% of jobs ads that target by gender, only 2 out of 5 jobs specifically seek women.

Merchants & sales is one of the least well-paid occupations for women.



- It is the occupation with **the highest gender gap in monthly income.**
- Both **hourly wage and hours worked are constraints** for women.
- **Informality rates are high, with informality rates being even higher among women.**
- Most workers are either self-employed or subordinates in micro and small businesses.



Women and men tend to be offered the same wage.

Employers look for younger and middle-educated women with fewer years of experience than men.



Employers seek very different characteristics from men and women:

SKILLS & VALUES



Communal characteristics from women

Discipline and cleanliness from men

KNOWLEDGE



Entrepreneurial spirit from women

General skills of sales facilitation from men

Source: ENOE, 2021 Q3; Job Ads Data, 2021 Q3
Note: Outliers have been removed

2. IS THERE GENDER BIAS IN HIRING?

Most internet job ads do not directly discriminate based on gender, as expected, given the legal prohibition. Less than 10% of job ads explicitly mention a gender preference in the database every month. Among the 5.5% indicating gender preference in Q3 2021, all occupations have a preference for men, as illustrated in Figure 10.

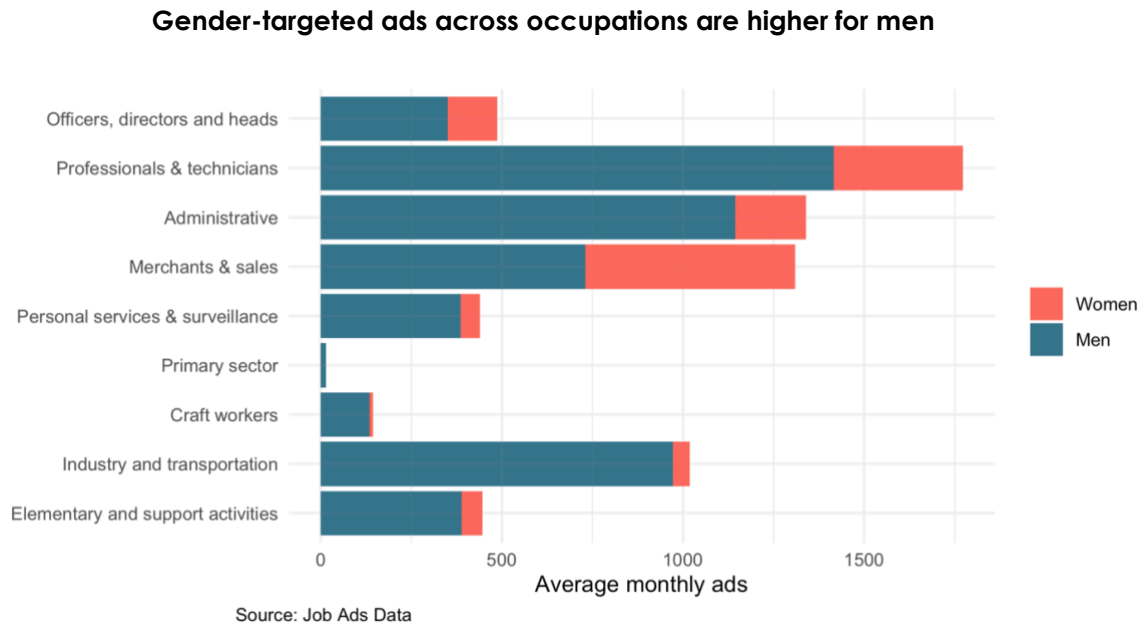


FIGURE 10. AVERAGE MONTHLY GENDER-TARGETED JOB ADS (ABSOLUTE) BY OCCUPATION (SINCO 1-DIGIT) 2021Q3

In line with the literature, we observe employer preferences to be linked to gender stereotypes in ads that directly target gender. Advertisements seeking “agentic” characteristics and driver’s license are stereotypically associated with men and almost four times likely to appear for men. We find that both “communal” characteristics (1.25 times for men) and appearances (2.7 times for men) are associated with men, contrary to literature. With just one quarter in 2021, our findings may not have sufficient data as the existing evidence (Arceo-Gómez et al., 2020).

Among the three occupations we focus on, employers in administrative support are more explicit about their preferences for “agentic” characteristics in men, while those in the professionals and technicians, and merchants and sales are more implicit in relaying their preferences. Targeted gender advertisements have varied “agentic” versus “communal” results (Figure 11). Only employers for administrative explicitly seek a higher frequency of “agentic” characteristics in men compared to women. Merchants and sales are the only occupation that aligns with literature where employers explicitly seek more “communal” characteristics in women than men. Among the non-gender targeted ads (Figure 12), we find that employers in all three occupations implicitly indicate their preference for gendered characteristics. “Agentic” characteristics appear more frequently in all professions than “communal” characteristics, with the difference being highest in professionals and technicians, and merchants and sales. Since all three occupations have high utilization of online job platforms for hiring, there is an opportunity for (1) enforcement of the Federal Labor Law on the prohibition of explicit hiring based on gender, and (2) interventions focused on de-biasing job advertisements to make hiring more equitable for women and men.

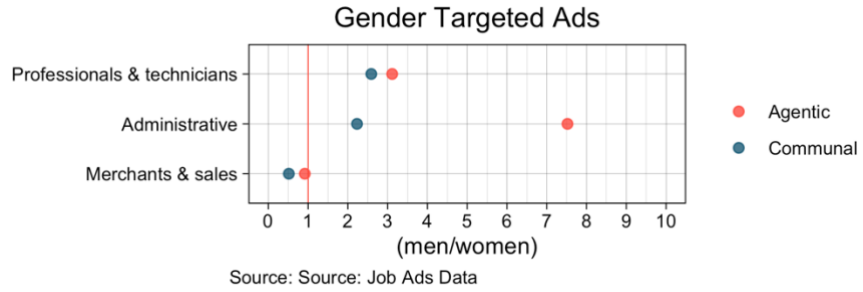


FIGURE 11. MALE-FEMALE FREQUENCY RATIO OF AGENTIC AND COMMUNAL TRAITS IN GENDER-TARGETED JOB ADS BY SELECTED OCCUPATION (SINCO 1-DIGIT)

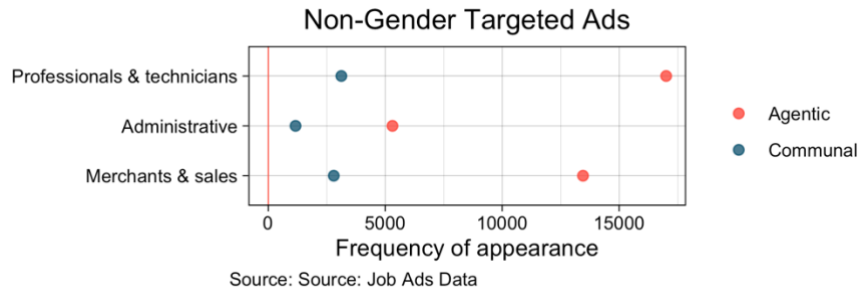


FIGURE 12. ABSOLUTE FREQUENCY OF AGENTIC AND COMMUNAL TRAITS IN NON-GENDER TARGETED JOB ADS BY SELECTED OCCUPATIONS (SINCO 1-DIGIT)

KEY FINDINGS

WAGE GAP



There is a persistent wage gap across occupations (on average, 21.1% on monthly income). Over time, the hourly gender wage gap has narrowed but the monthly wage gap has persisted.

Women consistently work less hours than men across occupations. On average, women work 7.8 hours less than men. This indicates that the number of hours women can dedicate to paid work is still a limiting factor to closing the monthly wage gap between men and women.

LABOR MARKET SEGMENTATION



Women are over-represented in merchants and sales, and auxiliary workers. Men concentrate in primary sector, craft-making, and industrial machinery operators. We do not see a strong correlation between the relative size of the wage gap and female over-representation in an occupation.

There is occupational segregation – women concentrate in occupations with higher informality rates, which can provide more work flexibility. One out of four women is employed in sales establishments or domestic workers and cleaners. One out of four men is employed in agricultural and livestock activities, drivers, or support workers in mining, construction, and industry.

WAGE DECOMPOSITION



There is a role for structural barriers, but also a high unexplained component in the gender wage gap. For example, merchants and sales has a 39% unexplained gender gap, the second highest, and it is the sector where women are mostly concentrated and over-represented.

The intensive margin of labor participation (hours worked) has an important role across occupations. Craft production has both the highest gap in wage and average hours worked. Likewise, the lowest gap in both wage and hours worked is among officers and directors, the occupation with the highest formality rate.

JOB ADS



Internet job advertisements are over-represented in modern sectors where women's labor participation is high and in three states (Mexico City, Mexico State, and Jalisco). As corroborated with ENOE income data, three-fourth of the advertisements are placed by employers in three occupations: (1) merchants and sales where wage gap is very high, (2) professionals and technicians, and (3) administrative support both where the wage gap is relatively lower. Primary and informal economy are largely left out in the job advertisements.

Employers still do explicitly and implicitly hire based on gender despite the prohibition of gender-based discrimination in employment by law. Among the three occupations we focus on, employers in administrative support are more explicit about their preferences for "agentic" characteristics in men, while those in the professionals and technicians, and merchants and sales are more implicit in relaying their preferences.

POLICY OPTIONS

STRENGTHEN ENFORCEMENT AND IMPLEMENTATION

Mexico has been making advances in terms of legislation pertaining to the improvement of women's equality at work over the last 50 years (Appendix E). In March of 2021, the Senate of the Republic approved a series of reforms to 14 legal orders with the aim of guaranteeing no discrimination and equal working conditions between women and men (Senate of the Republic, 2021). However, they have not been approved by the Chamber of Deputies. Table F.1 in Appendix F details the proposed changes. To this end, the reforms would (1) guarantee equal pay when performing work of equal value and prohibit actions that perpetuate this gap, (2) promote public policies that strengthen women's access to employment, (3) prohibit the offer of jobs with any type of discriminatory or sexist language, and (4) provide Certificates of Labor Equality and Non-Discrimination to economic units.

The legislative proposals are a necessary substantive step towards equal pay and participation, but insufficient to tackle persistent disparities across occupations and regions.

The proposed changes still need to be ratified by both chambers; thus, their ratification and further implementation would be the first step. In particular, we recognize the importance of approving the changes in language and specific actions such as mechanisms to forbid inquiries on salary history.

Additionally, proper enforcement of existing policies and pending proposals can lead to improvements in the quality of jobs for women across occupations. Given the gaps in policy implementation, a one-size-fits-all policy approach is not appropriate for the Mexican context. For example, the Mexican labor market is characterized by the duality of a formal and an informal sector. Among the referred proposed measures, there is a voluntary Certificate of Gender Equality and Non-Discrimination, which comprises 14 requirements that should be assessed by the Secretariat of Labor and Social Welfare (STPS), the National Women's Institute (INMUJERES), and the National Council to Prevent Discrimination (CONAPRED). This is not a mandatory requirement and is based on *de jure* requirements. Without proper enforcement, the uptake of the certificate would differ across business sizes and types and would depend on the alignment of the requirements to the context and relevant issues of the firms.

OTHER POLICY ALTERNATIVES

There are many opportunities for the government of Mexico, the private sector, and the civil society to work together to narrow the gender gap in wage and quality of participation in the labor market at multiple system levels. The following policy options, although not exhaustive, are some actionable areas to be considered where the gap between legal framework to actual implementation could be narrowed by leveraging government leadership and private sector uptake:

1. SYSTEMIC LEVEL

This level comprises policies undertaken by the government or business associations that can have a broad transformative impact. They are likely to involve higher financial costs and deliver larger impacts. Some examples are changes in legal frameworks such as transparency laws, which might impact large businesses in the formal sector as in the case of the United Kingdom (the UK, 2021). In Mexico, efforts are being undertaken following the same methodology emphasizing the gap between procedural and substantive equality (Vela, 2021). These policies are significant as they would identify the situation at the workplace level and inform policy needs, for example, uncovering work structures.

Another set of policies can be directed at ensuring access to information, fostering a gender perspective, and debiasing language. First, narrowing the digital gender gap by improving women's access to information and technology pertaining to employment. Evidence suggests a hidden digital gender gap exists, and existing data on access is not disaggregated by gender (Pérez de Acha, 2018). This would enable a decrease in information asymmetries and increase public access to existing market solutions as aggregator services (e.g., Glassdoor). Second, experts from both private and public sectors recognized the importance of including a clear definition of 'gender lense' and debiased language in policymaking, which is not just to report data by sex. In the public sector, an existing proposal is to include a gender perspective on the Operation Rules of Public Programs, and the UN has recommended including such a perspective in corporate statements and platforms (UN Women, 2020b).

Additional pending changes in the legal framework can ensure fulfillment of labor rights, particularly to increase the quality of women's labor force participation, which are out of the scope of our analysis. For example, the mandatory provision of social security for domestic workers and independent workers, labor regulation of digital platforms, and extension of paternity leave.

2. INSTITUTIONAL AND ORGANIZATIONAL LEVEL

Policies at this level can promote strategies with a long-term perspective for gender equality. Large and formal firms are increasingly making efforts to increase diversity and inclusion. However, from our expert interviews, we learned that the efforts can be sparse and are not consistent over time. Informed by the global context, some years they were focused on gender-based violence and diversity, without a clear follow-up strategy. Within the 44 Mexican enterprises committed to the Women's Empowerment Principles (WEP), only 20 have a gender equality strategy, and 14 include measurable objectives and goals over time (UN Women, 2020b). Therefore, ensuring adequate planning and monitoring can allow their measures to have a sustained impact and can make gender equality a core part of the private sector.

Additional policies can support smaller firms and the informal sector by promoting human resources professionalization and debiasing language at the institutional level. Providing a guiding framework tool for human resources professionalization such as setting strategic targets or increasing awareness about gender bias in the recruitment process. This can be relevant as evidence shows how women are less likely to negotiate in settings with higher uncertainty and less structure than men (Pradel et al., 2005). Reframing 'closing the gender gap' as a business case for talent acquisition and retention for employers may help gain traction in the private sector. Existing market solutions such as Gapsquare and free online tools that can automatically scan job descriptions for biased language are alternatives to explore and develop in a Spanish-speaking setting. These policies can be targeted by occupations where women concentrate, specifically the three we identified and examined.

Achieving gender parity is a complex challenge, and there is no silver bullet solution. We focus our policy recommendation on the systemic level because it can be transformative and concrete. It has the highest potential impact across occupations and formality status, and will support both the intensive and extensive margin of women's labor force. Policies at this level address the underlying constraint that most women in Mexico face. However, the impacts can be advanced further if complementary policies are undertaken across levels by different actors to meet the niche needs of the diversity of Mexican women. Figure 13 illustrates the

referred systemic and institutional levels and depicts the importance of individual actions. While some of the presented alternatives might have higher support from stakeholders or lower financial costs, their impact would be materialized if paired with increased job flexibility for women.

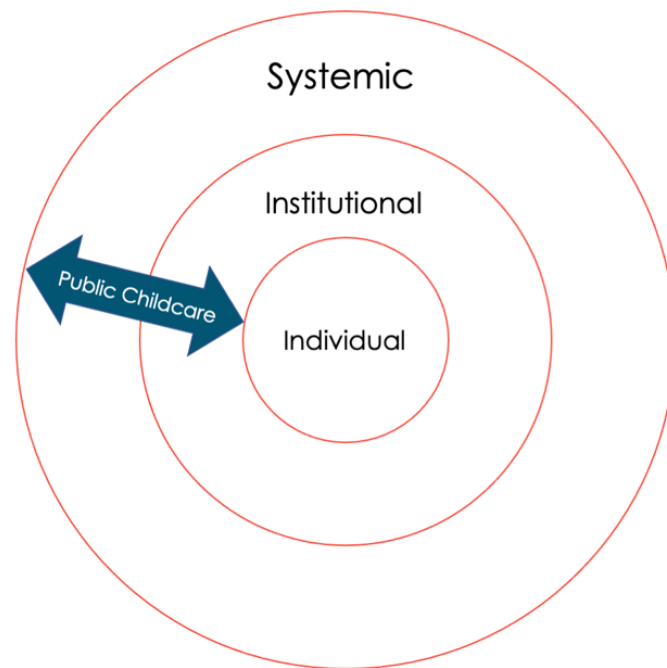


FIGURE 13. LEVELS OF POLICY ALTERNATIVES

RECOMMENDATION: A NATIONAL PUBLIC CHILDCARE SYSTEM

As a genuinely transformative policy, we recommend designing and implementing a national public childcare system based on our finding that structural barriers are still significant for women’s equal pay and participation, and insights from expert interviews. A broader recommendation would comprise a public care system, including care for children, the elderly, and people with disabilities. However, we initially focus on childcare and provide our justification below. Our guiding principle is to foster an inclusive labor market where women can access jobs with higher quality and flexibility, and overcoming structural barriers is the most prevailing challenge for women to enter and to remain in the labor force.²³

Together, our two key findings below, substantiated by expert interviews, reiterate that unpaid work is the primary barrier for economically active women across all levels and sectors as well as non-economically active women:

- Women consistently work fewer hours than men across occupations.
- Women make employment decisions based on the flexibility that occupations provide, as evident from higher concentrations in sectors with higher informality rates, which can offer more work flexibility.

²³ This issue surfaced across expert interviews. For example, work cannot be separated from household responsibilities for women, how women in the private sector are more likely to accept lateral promotions preventing career advancement, or to enter the informal sector to maintain work flexibility.

Our theory of change is that a public childcare system will improve women’s labor outcomes and advance female economic empowerment (Figure 14). Providing affordable childcare services – in formal centers or tailored to local needs – will increase enrollment in services and decrease women’s unpaid care burden. This would lead to an increase in hours worked by working women, enabling career advancement opportunities, access to higher-paying occupations in the formal sector, and previously unavailable women would enter the workforce. Additionally, the provision of high-quality services would lead to better early childhood development (ECD) outcomes. Therefore, providing intergenerational benefits. Over time, the gender wage gap would narrow, cultural gender roles would change, and women would have high-quality participation in the labor market. This would translate into higher female economic empowerment and increased well-being for both women and children, with social and economic benefits to the public and private sectors.

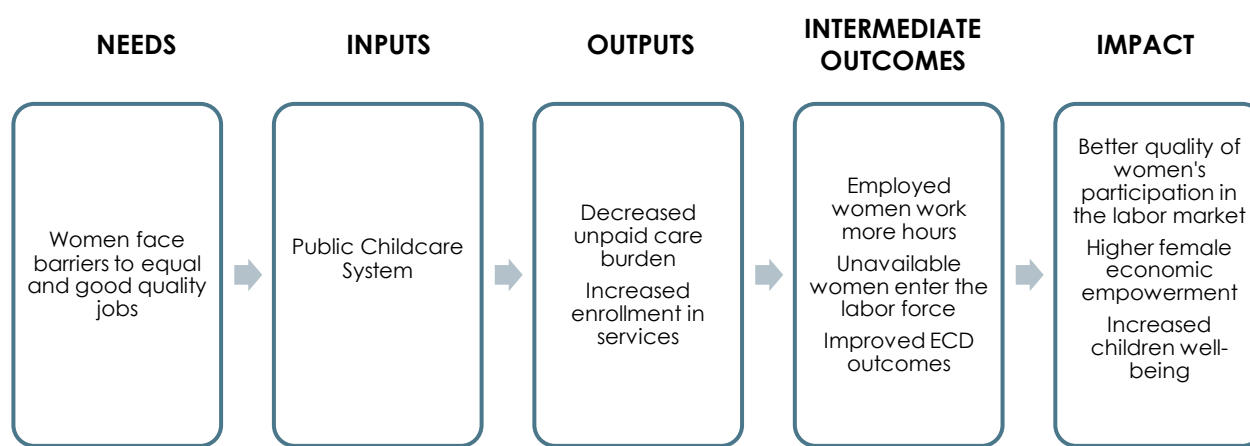


FIGURE 14. THEORY OF CHANGE OF THE POLICY RECOMMENDATION

We prioritize childcare in a context where there has been general discussion about a public care system for three reasons:

- (1) **Women spend the most hours of unpaid care work on children.** According to INEGI (2015), on average, women spend 42 hours a week caring for children under 6 and 36.8 hours a week on children between 6 to 14 years of age. As illustrated by Figure 15, this corresponds to the highest categories dedicated to unpaid care work for women.
- (2) **Caring for children affects most prime-age women and can lead to long-term benefits for all.** At present, Mexico's population is relatively young, with a median age of 27.9 and a fertility rate of 2.1 children per woman. There is still time for Mexico to capitalize on the demographic dividend. In 2020, 20.6% of the Mexican population were children 12 years and under, and 11.3% were 60 years and older (CONAPO, 2020). Investments in early childhood can yield a lasting high return on investment, comprising social and economic benefits (UPenn, 2015).
- (3) **Most families in Mexico are nuclear, and households headed by women are increasing.** Family households represent 88% of all households in Mexico, of which 71% are nuclear, and 28% are extended households. Female-led households represent 28.5% of households and increased by 12% over 2008-2018, compared to 4.4% for households headed by men over the same period (CONAPO, 2020).

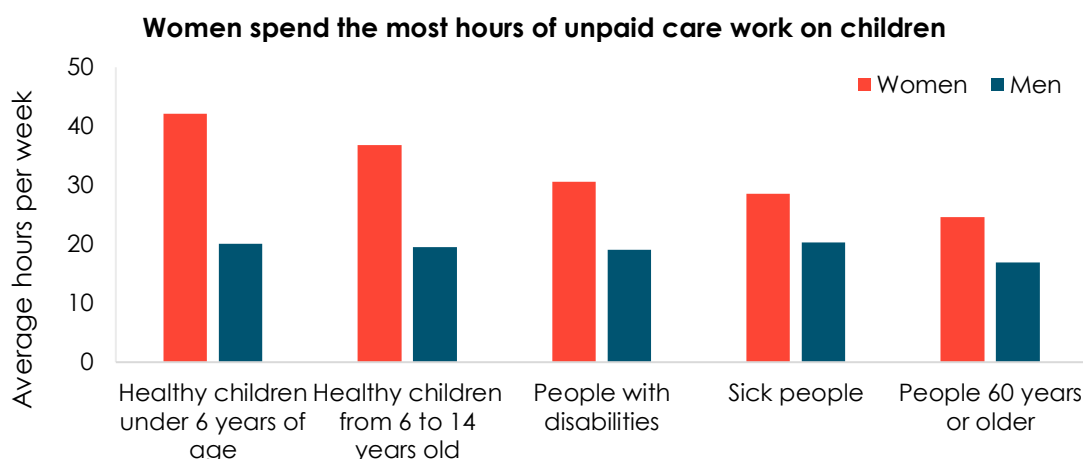


FIGURE 15. AVERAGE HOURS PER WEEK DEDICATED TO UNPAID CARE ACTIVITIES (POPULATION AGED 12 AND OVER). OWN ELABORATION BASED ON INMUJERES (2020).

WHY IS CHILDCARE TECHNICALLY CORRECT?

Existing empirical evidence shows a positive impact from increased availability of childcare services on female outcomes in the labor market. In the case of Mexico, the expansion of a discontinued childcare program (PEI)²⁴ led to more stable jobs, higher labor income, and up to 6 more hours worked per week (Calderón, 2014 and Ángeles, 2011). Mateo and Rodríguez-Chamussy (2013) review the experiences of subsidized non-parental childcare programs in Latin America and find a consistently positive effect on women’s labor outcomes, either on intensive or extensive measures. Similarly, a discontinued program²⁵ that extended the school day in public schools led to an increase of 1.8 hours per week of work, on average, for mothers and higher earnings (Padilla-Romo and Cabrera-Hernández, 2018). These findings suggest that the Mexican government has attempted technically correct solutions with meaningful impacts and points to the existing opportunity to build on these experiences with adequate monitoring and evaluation systems.

The COVID-19 pandemic and related daycare and school closures dramatically illustrated these impacts. Juárez and Villaseñor (2022) show that having children decreased the likelihood of staying in formal employment and increased it for informal. The authors also find that the impact on women’s labor force participation was higher for women with school-age children, potentially because daycare was listed as an essential activity in June 2020 while schools remained closed. In addition, the deaths of grandmothers decreased female employment by 27 percent, and the negative impact can be mitigated up to 7 percentage points when there is affordable local private daycare (Talamas, 2020). Ensuring access to affordable childcare can play a meaningful role in supporting women’s economic opportunities.

Although redistributing the burden of childcare is technically correct to improve women’s labor market outcomes, it is important to develop solutions that are customized to local contexts. Cultural barriers and bias concerning the gendered role of care cuts across all segments of society. This highlights the role of the civil sector as brokers of advocacy and the need for localized approaches where families and communities are involved in co-creating their own solutions.

²⁴ Estancias Infantiles para Apoyar a Madres Trabajadoras (PEI or Childcare Centers to Support Working Mothers). PEI, initiated in 2007, covered about 90% of childcare costs for working women with children between 1-4 years of age. The program essentially gave access to subsidized care at PEI-qualified childcare centers and targeted mothers who were working, actively looking for a job, or studying, and were not covered by Mexican social security system.

²⁵ Programa de Escuelas de Tiempo Completo (ETC).

WHY IS CHILDCARE POLITICALLY SUPPORTABLE?

Women's equality is a priority on the symbolic agenda for the government, but it is neither a part of the broader development agenda nor has it translated into substantive action outside the government's official narrative. INMUJERES published Proigualdad²⁶ at the end of 2020, the national program for Equal Opportunities and Non-Discrimination Against Women. At the current stage, Proigualdad is a symbolic document that contains a comprehensive diagnosis of the problem. Still, it does not provide indicators and an actionable blueprint towards substantive equality for women.

With respect to a childcare system, we identify discordance within the government as an area where additional advocacy efforts may be required to build support and cultivate political will.

There is substantial support across all sectors given the previous track record of efforts by the government as well as independent actors to provide care for children. However, in the current political landscape in Mexico, there are both champions and opponents at different sections and levels of the government. The champions need to be identified, convened, and facilitated to build additional support and coordinate efforts.

Champions exist across party lines, including the ruling party. The following are some examples:

- In November 2020, the Plenary of the Chamber of Deputies approved a Constitutional Reform to establish the right to dignified care and create the National Care System.²⁷ Even though this initiative was led by members of the ruling party, MORENA, the Constitutional Reform has not yet been published, assigned a budget, and created new institutions for implementation.
- In June 2021, representatives from the Movimiento Ciudadano Party led an initiative to reform four laws regarding the National Care System with the purpose of equitable responsibility between women and men. While ongoing, the reforms convey substantive specificity that the broad constitutional reform lacks.
- The President of the Commission for Gender Equality in the Senate, from the ruling party, presented an initiative to issue the General Law of the National Care System and to create the "National Board of Care." This proposal was signed by senators from different parliamentary groups, and there are ongoing efforts as the forum on "Dialogue on the National Care System" which was hosted in April 2021.

Independent efforts at the state and municipal levels are taking precedent. With the withdrawal of federal support of PEI, state and local governments are stepping in to underscore the importance of an effective public childcare provision for women and children. Some states like Colima have continued the PEI program despite the withdrawal of federal support. In April 2021, the first comprehensive care policy project in the municipalities of Mexico was presented as a proposal to start strengthening care services promptly. As part of the project, CSOs and research institutes worked with INMUJERES to develop a diagnosis at the local level for Manzanillo in Colima state (INMUJERES, 2021).

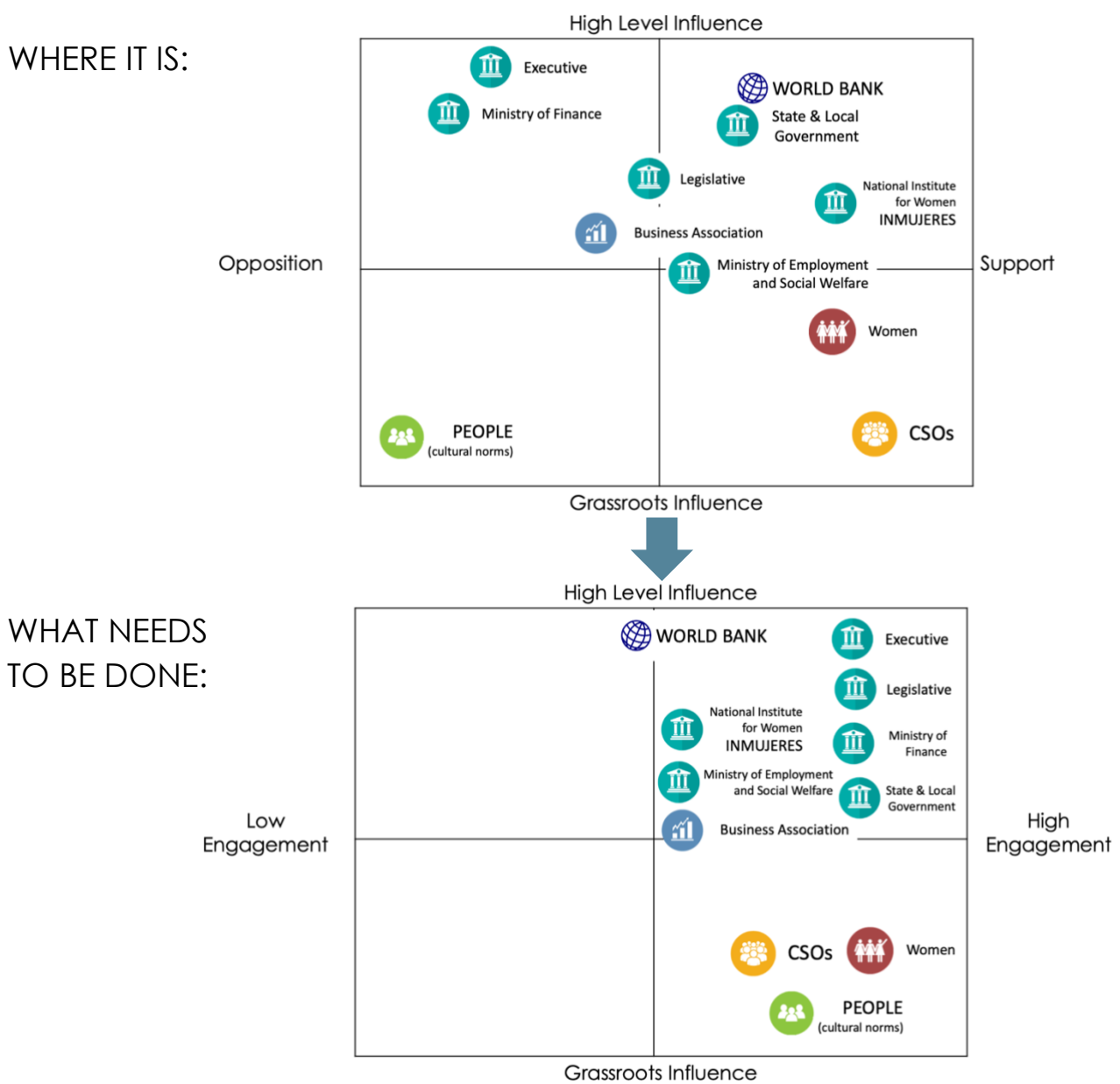
²⁶ Proigualdad outlines six priority areas out of which two are to "promote the economic autonomy of women" and to "generate the conditions to recognize, reduce and redistribute domestic and care work between families, the State, the community and the private sector."

²⁷ The proposal for the National Care System prioritized people with illnesses or disabilities, children, adolescents, and older adults, as well as people in conditions of extreme poverty.

Finally, CSOs are leaning in to understand better and develop local solutions to redistributing the care burden. CSOs are active in the discussion and implementation. Think tanks, such as IMCO, have documented the effect of the COVID-19 pandemic on unpaid work and discussed the importance of care policies (IMCO, 2021). Oxfam has increasingly become active and is currently leveraging local knowledge to provide better nuance to the concept of care in the diverse Mexican context (OXFAM, 2019).

As demonstrated above, the political supportability for a national childcare policy is varied across stakeholders and requires a facilitated emergence approach to build political support. A stakeholder analysis, illustrated in Figure 16, presents where support and opposition currently are; and where engagement is required to foster political support.

FIGURE 16. STAKEHOLDER ANALYSIS



WHY IS CHILDCARE ADMINISTRATIVELY FEASIBLE?

Recent estimates find that a childcare system to cover children from 0 to 5 years is economically viable given a 5-year implementation strategy (UN Women, 2020a). The study focuses on a potential triple dividend: increased well-being, direct and indirect job creation, and higher tax collection and earnings.²⁸ Under prospective scenarios, an additional expenditure of 1.16% of the GDP would translate into an annual average increase of 1.77% in GDP. This would include an annual average increase of 4% in employment compared to the employed population in 2019. The private sector would benefit from an increased recruitment pool, and more resilient career progression of female workers. Over five years, the financing gap would represent 0.58% of GDP considering that the current investment represents approximately 0.45% of GDP and the potential for additional tax collection per year is 0.29% of GDP.

Current public spending is mostly focused on children, and the Mexican government has experience on childcare and care provision. In 2021, the public expenditure on care represented 0.4% of the federal budget and 0.1% of GDP of which 79% targeted children (Mondragón and Villa, 2021).²⁹ Therefore, there are existing resources which can be directed to developing coordinated efforts towards the system. In addition, the former system, which comprised services for beneficiaries of the social security system and the informal sector, covered at least 1 million children (Altamirano and Campos, 2020). Based on this figure, estimates use the framework provided by the Mexican Social Security Institute (IMSS) – currently the major provider – and estimate a cost between 0.42 and 1.12 % of GDP. Finally, the necessary investment would decrease over time supported by the demographic dynamic as the investment in early childhood and increased female empowerment would translate in economic and social benefits.

Existing infrastructure and partnering with private stakeholders can alleviate the investment costs and increase support. In 2019, there were 12,587 registered childcare centers in Mexico, including public and private providers (Inchauste et al., 2021). This number included the over 9,000 centers that were part of the PEI program until 2019, pointing to the existing capacity and infrastructure that can support the delivery of childcare services. Additionally, given the diverse realities of women and childcare needs in Mexico, we need to consider the care infrastructure to support other childcare arrangements or community-based strategies. Therefore, care infrastructure comprises childcare centers, installations that support care activities, and public infrastructure, including transport (UN Women and ECLAC, 2020). This landscape would also benefit the private sector as the demand for private provision would increase.

²⁸ The system would contribute to the professionalization and certification of care workers- which are mostly women. Thus, increasing their skills, earnings and productivity.

²⁹ Importantly, these resources decreased 34% between 2012 and 2017 partly driven by the substitution of PEI for a direct transfer program (Mondragón and Villa, 2021).

The Mexican government can develop the required capabilities to develop a public childcare system. Existing technical and implementation capabilities from delivery of direct transfer programs can be applied to develop institutional coordination and information management systems. The experience from the Mexican Social Security Institute (IMSS) in providing services to more than 253,000 children in 1,414 units, including training, monitoring, and evaluation to ensure adherence to quality, safety, and care standards (IMSS, 2021).³⁰ The leadership from INMUJERES can be paired with the programmatic experience from the Welfare Secretariat and the Education Secretariat, as well as with the National Employment Service to provide training. Finally, technical support from the World Bank and NGOs' local knowledge can support the capacity and learning needs. For example, in the case of Mexico City, the ILSB created an inventory of policies on care policies with a gender lens.

The policy recommendation will require an additional budget, which should be considered an investment that can translate into lasting and sustained benefits. The necessary financial resources can be partly redirected from existing programs – as there are already efforts directed to childcare and supporting gender equality. The policy recommendation would have a triple dividend (UN Women, 2020a). It can lead to more hours worked by working women and the entrance of currently unavailable women to the workforce. Estimates suggest that if an additional 8 million women enter the labor force by 2030, the GDP could increase by 15% (IMCO, 2021). The economic value of unpaid work in care activities is equivalent to 7.7% of the national GDP, which is carried out mostly by women (INEGI, 2021). If they were part of the remunerated sector, we assume that their productivity would increase as well as their well-being and economic empowerment. Finally, the system would represent a high return investment in early childhood, supporting the current lagging child well-being outcomes in Mexico compared to OECD peers (OECD, 2017).

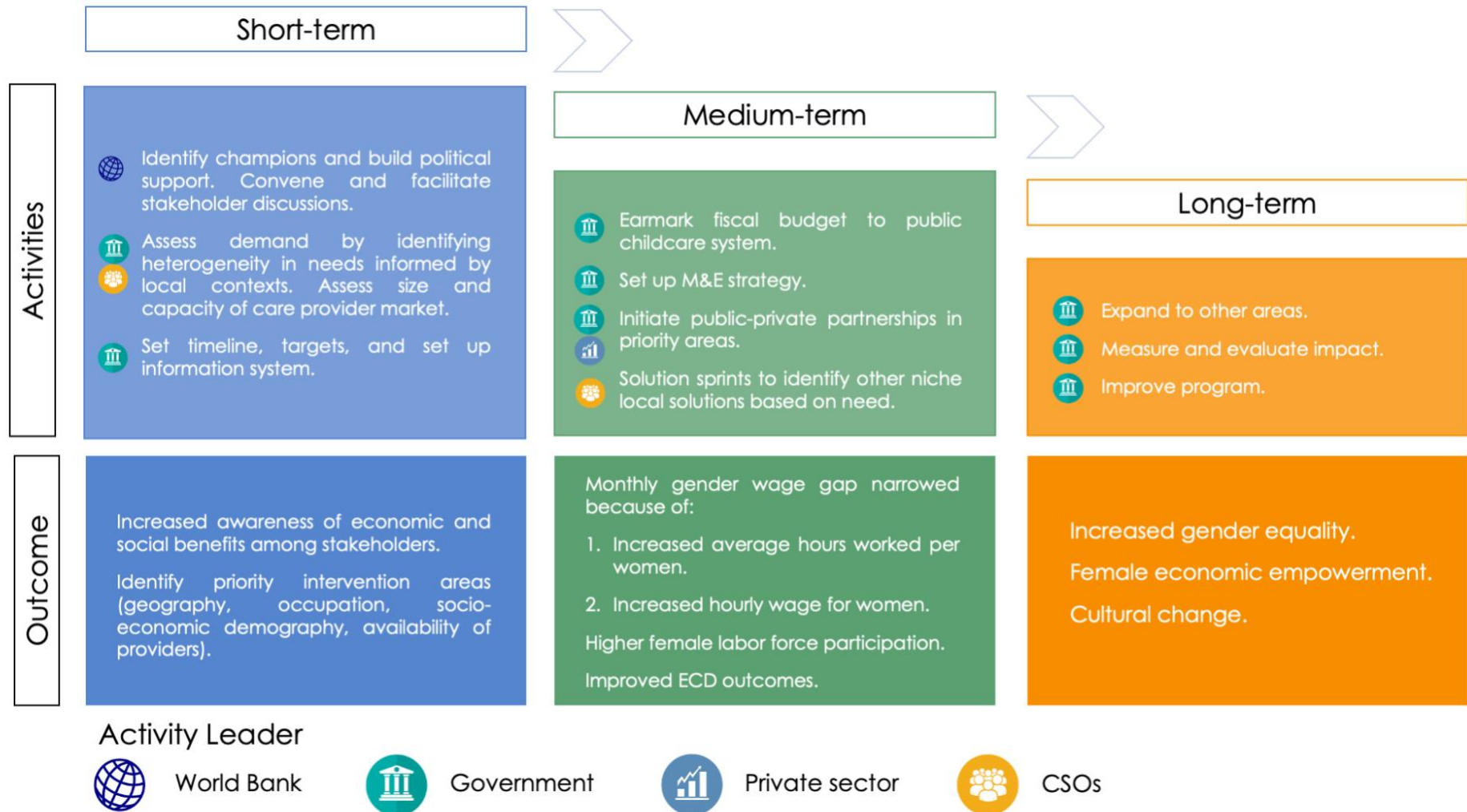
IMPLEMENTATION ROAD MAP

A comprehensive public childcare policy in Mexico would need to be implemented in a staggered manner with short-, medium-, and long-term goals. At every stage, women and communities should be involved for the program to be effective and transformative so that the impacts transcend beyond the labor market.

Figure 17 illustrates the implementation overview and the stakeholder that would lead each broad activity. The first segment of implementation should focus on building and consolidating political support by identifying and engaging champions of the cause in the government as well as private and civil spaces. We recommend using the facilitated emergence approach to bring the champions together to assess the demand for and supply of childcare services and identify early intervention areas. The working group should also estimate the budget and timeline as well as a system for monitoring, evaluating, and iterating the program. The medium-term segment should focus on earmarking the funding from relevant ministries and launching operations in early intervention areas. Over time, with support from evidence, the program should be scaled-up and improved.

³⁰ IMSS provides the service directly in 130 direct provision units, and 1,284 under indirect provisioning (IMSS, 2021).

FIGURE 17. IMPLEMENTATION OVERVIEW



CONCLUSIONS AND NEXT STEPS

Achieving gender equality in the labor market and beyond is a complex challenge that will need coordinated and sustained efforts from all stakeholders, emphasizing the potential synergies from public and private actors. The COVID-19 pandemic has affected women disproportionately, and additional measures are required – the needed average years to reach gender parity increased from 99.5 to 135 years (WEF, 2021). In addition, individual actions seeking to tackle gender bias and increase awareness are likely to contribute to long-term societal and cultural shifts.

As we move forward, we want to highlight the importance of generating evidence to understand better the barriers faced by women. First, to understand when does the gender gap begins. For example, only 3 out of 10 science, technology, engineering, and mathematics (STEM) graduates are women (IMCO, 2022). This gender gap can be influenced by individual, family, and social factors. Gender gaps are found in parents' expectations as 35% of parents expect their sons to work in STEM occupations, while only 13% expect the same from their daughters (OECD, 2015). Second, existing evidence regarding the private sector focuses on the formal sector's experience in advanced economies. Therefore, is it necessary to continue developing information about women in the informal sector, and the direction of self-segregation in the labor market. Finally, how can we support the return to work after COVID-19? In some settings, this represents more pressure on employers to provide flexible work arrangements, but in other sectors, gendered occupational segregation can inform policy solutions.

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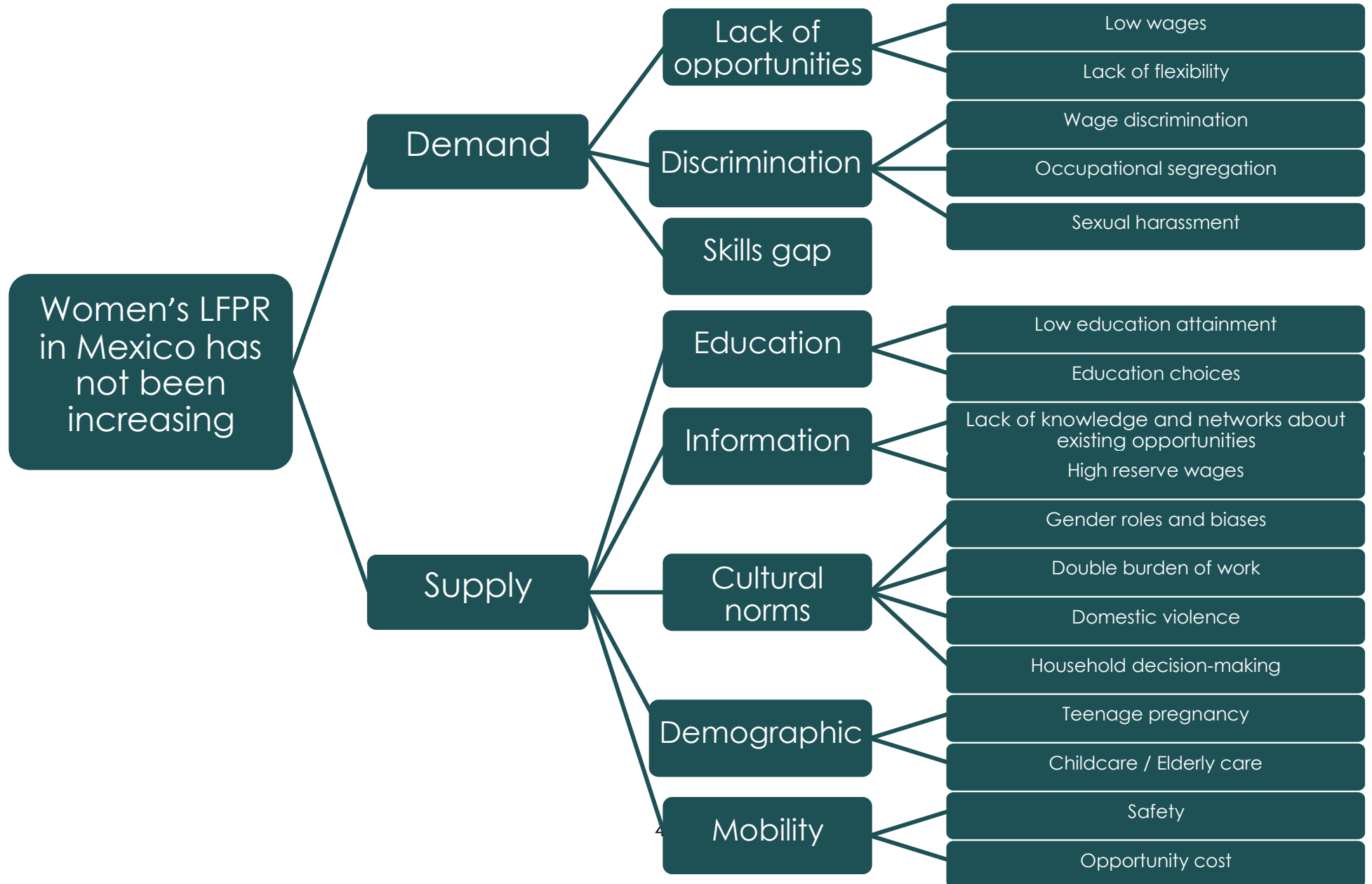
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APPENDICES

APPENDIX A: DIAGNOSIS TREE



APPENDIX B: ENOE - ADDITIONAL FIGURES

TABLE B.1 SINCO EMPLOYMENT CLASSIFICATION

SINCO Division	Name	Short Name
1	Officers, directors, and heads	Officers and directors
2	Professionals and technicians	Professionals and technicians
3	Auxiliary workers in administrative activities	Administrative support
4	Merchants, salesclerks, and sales agents	Merchants and sales
5	Workers in personal services and surveillance	Personal services and surveillance
6	Workers in agricultural, livestock, forestry, hunting and fishing activities	Primary sector
7	Craft workers, in construction and other trades	Craft production
8	Industrial machinery operators, assemblers, drivers, and transport conductors	Industrial machinery operators
9	Workers in elementary and support activities	Elementary activities

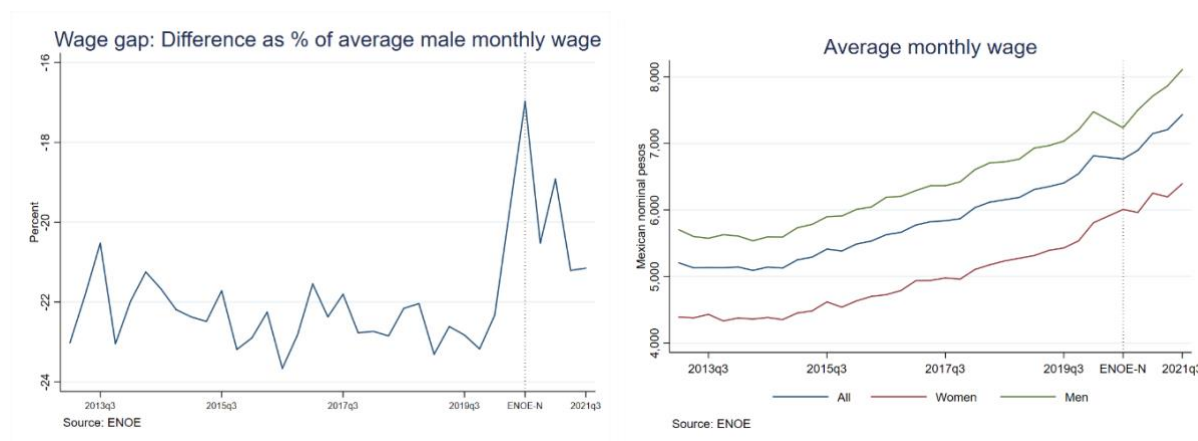


FIGURE B.1 TIME TRENDS ON AVERAGE MONTHLY INCOME AND GENDER WAGE GAP



FIGURE B.2 GENDER COMPOSITION OF EMPLOYMENT BY SINCO 1-DIGIT



FIGURE B.3 EVOLUTION OF GENDER WAGE GAP BY SINCO DIVISION

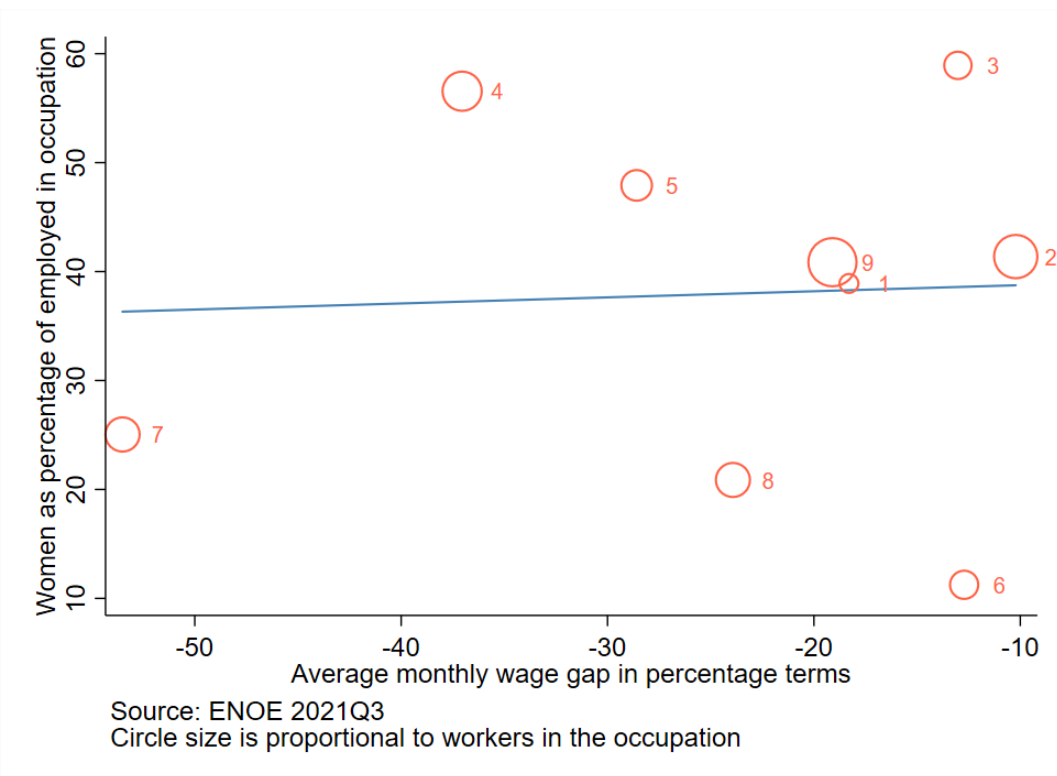


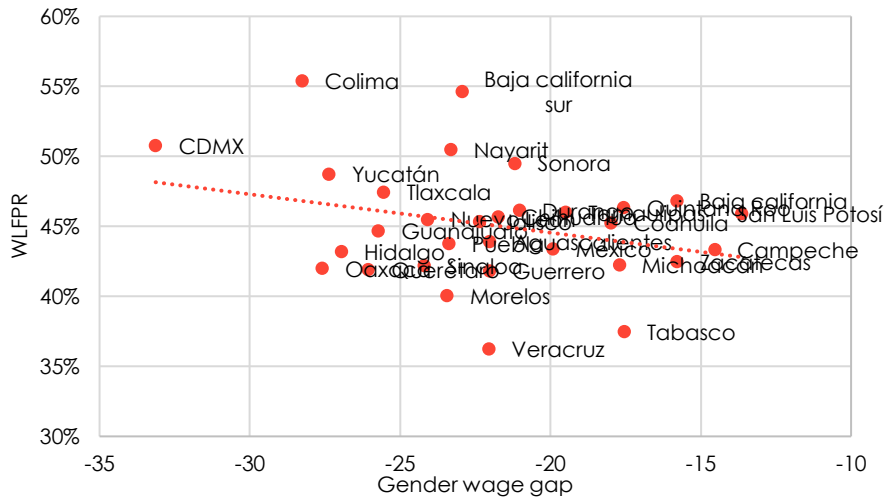
FIGURE B.4 CORRELATION: OCCUPATIONAL REPRESENTATION AND WAGE GAP, SINCO 1-DIGIT

TABLE B.2 EMPLOYMENT AND DEMOGRAPHIC INDICATORS BY SINCO 1-DIGIT DIVISION

	Occupation Classification: SINCO 1-DIGIT Division								
	1	2	3	4	5	6	7	8	9
Women	38.9%	41.4%	58.9%	56.6%	47.9%	11.2%	25.0%	20.9%	40.9%
Age	42.1	39.7	36.7	39.5	39.6	47.9	43.3	38.4	37.8
Prime Age	44.6%	54.5%	60.4%	52.0%	50.9%	37.2%	41.0%	54.1%	51.4%
Age - 14 to 24	4.2%	9.3%	17.6%	19.9%	18.3%	10.4%	9.7%	16.2%	25.9%
Age - 25 to 44	54.0%	56.6%	55.0%	43.1%	44.2%	33.2%	43.1%	51.4%	39.5%
Age - 45 to 64	38.4%	31.3%	25.8%	31.0%	32.6%	38.2%	40.8%	30.3%	29.6%
Age - 65+	3.3%	2.8%	1.7%	5.9%	4.9%	18.2%	6.4%	2.1%	4.9%
Married	62.0%	57.1%	47.6%	54.7%	56.4%	74.3%	69.4%	65.1%	52.3%
Years of educ Completed secondary	14.9	14.6	12.8	10.6	10.1	6.3	8.5	10.0	8.2
Upper education	11.0%	14.8%	26.4%	35.7%	40.6%	26.3%	40.0%	48.4%	40.3%
	86.0%	81.2%	69.8%	45.3%	38.6%	11.9%	21.8%	34.3%	20.1%
Urban	70.3%	63.6%	66.0%	52.8%	52.3%	3.1%	44.7%	56.5%	37.5%
CDMX	13.7%	12.1%	11.7%	9.1%	8.5%	0.3%	5.3%	5.9%	6.0%
Mexico	11.8%	15.2%	17.2%	16.6%	14.3%	5.5%	14.0%	15.5%	13.9%
Jalisco	7.7%	7.4%	7.2%	7.0%	7.6%	5.4%	6.9%	7.2%	5.9%
Formal	86.8%	72.8%	79.3%	36.0%	41.3%	16.0%	21.0%	66.5%	19.4%
Has a contract	90.7%	83.8%	82.3%	50.0%	53.6%	21.2%	29.4%	70.7%	22.5%
Aguinaldo	77.3%	65.6%	83.3%	28.5%	41.7%	7.2%	17.9%	66.8%	23.7%
Subordinate and paid workers	82.5%	78.2%	96.4%	49.7%	68.3%	27.2%	45.6%	87.4%	76.0%
Employers	13.7%	4.0%	0.4%	5.9%	5.8%	9.3%	13.4%	1.2%	1.2%
Self-employed	3.2%	17.0%	1.7%	36.4%	24.3%	60.1%	39.6%	11.0%	12.2%
Unpaid workers	0.6%	0.8%	1.4%	7.9%	1.6%	3.5%	1.4%	0.4%	10.7%
Workers - 1	2.4%	16.5%	1.5%	29.2%	22.2%	43.6%	34.9%	11.6%	20.8%
Workers - 2 to 5	14.3%	15.0%	13.3%	44.4%	34.3%	40.1%	41.7%	17.8%	52.0%
Workers - 6 to 10	10.6%	8.5%	10.6%	8.1%	8.7%	5.3%	8.2%	5.6%	7.5%
Workers - 11 to 15	6.1%	5.6%	5.6%	3.3%	4.2%	2.4%	3.1%	2.7%	2.6%
Workers - 16 to 50	19.8%	18.3%	22.3%	7.2%	11.5%	4.5%	5.5%	11.4%	6.5%
Workers - 51 +	46.8%	36.1%	46.7%	7.8%	19.1%	4.2%	6.5%	50.9%	10.6%
No establishment	3.6%	14.0%	2.8%	27.1%	23.5%	33.4%	58.7%	24.2%	49.6%
With establishment	15.0%	16.9%	12.6%	47.4%	29.6%	17.8%	27.1%	7.4%	18.4%
Small establishment	28.4%	30.7%	28.4%	12.8%	24.5%	15.0%	7.0%	14.7%	14.2%
Medium establishment	20.1%	14.1%	24.2%	10.0%	7.5%	17.7%	3.8%	18.1%	9.0%
Big establishment	20.5%	15.4%	14.3%	2.5%	4.7%	7.2%	2.5%	34.4%	6.9%
Government	12.3%	8.9%	17.8%	0.2%	10.2%	8.8%	0.9%	1.2%	1.8%
Monthly income, average	17,447.6	11,776.8	8,155.5	6,471.3	6,794.5	4,577.2	7,169.8	7,998.2	4,921.3
Income per hour, average	97.6	84.8	49.8	42.2	42.9	29.1	45.6	41.0	33.7
Hours worked, per week	46.6	39.7	43.4	45.1	45.6	40.1	41.9	50.2	38.3

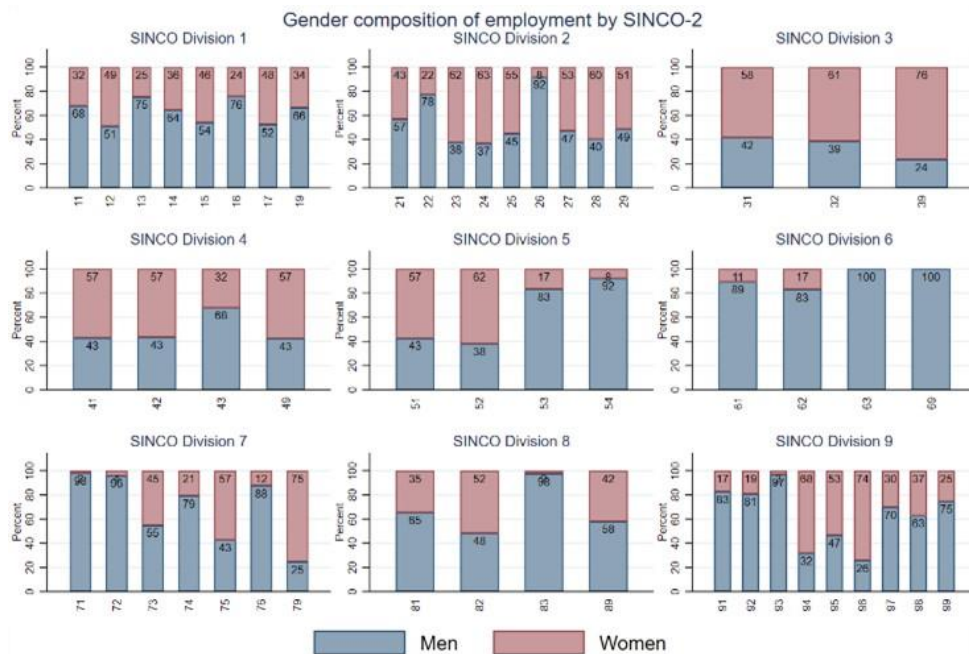
Source: ENOE 2021 Q3.

Table B.2 shows differences across occupations. Divisions 1 and 2 concentrate workers with upper education, with 86% and 81.2%, respectively, as well as an overall higher concentration in urban areas. Conversely, Division 6 is mostly concentrated in rural areas as only 6.3% is in urban areas, followed by Division 9. Regarding formality (measured as access to social security), Divisions 1,2,3, and 8 register higher levels of formality, while Divisions 4,5,6,7 and 9, record lower levels. Regarding establishment size measured by the number of workers – there is no pattern by sex, but Division 1, 2, 3, and 8 concentrates in more workers, while Division 4, 5,6,7, and 9 in establishments between 1-5 workers. For example, Division 3 concentrates 69% of employment in establishments with 16+ workers, while Division 4 concentrates 73.6% of employment in establishments with 1-5 workers.



Source: ENOE 2021 Q3.³¹

FIGURE B.5 CORRELATION: WOMEN'S LABOR FORCE PARTICIPATION RATE (WLFPR) AND WAGE GAP (PERCENT)



Source: ENOE 3Q 2021

FIGURE B.6 EMPLOYMENT DISTRIBUTION BY OCCUPATION (USING SINCO-2) AND SEX.

³¹ The scatter plot excludes Chiapas which registered a positive wage gap of 16.2% and the lowest WLFPR with 30.6%.

APPENDIX C: WAGE DECOMPOSITION

TABLE C.1. AVERAGE OBSERVABLE CHARACTERISTICS BY GENDER, 2021Q3

	Men	Women
Age	39.68	39.66
	<i>14.92</i>	<i>13.93</i>
Years of education	9.76	10.46
	<i>4.18</i>	<i>4.31</i>
Urban	0.42	0.47
	<i>0.49</i>	<i>0.50</i>
Marital status (1=married)	0.66	0.51
	<i>0.47</i>	<i>0.50</i>
Job formality (1=formal)	0.43	0.42
	<i>0.49</i>	<i>0.49</i>
Hours worked per week	45.47	37.93
	<i>16.06</i>	<i>17.59</i>

Source: ENOE. Standard deviations in italics.

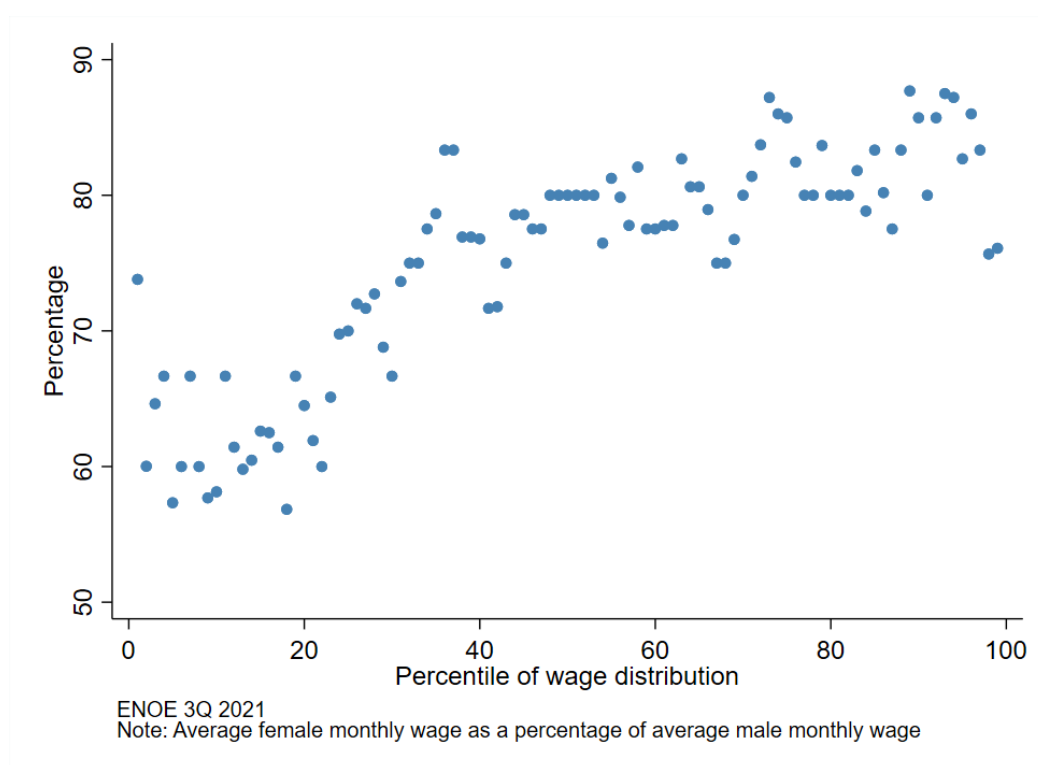


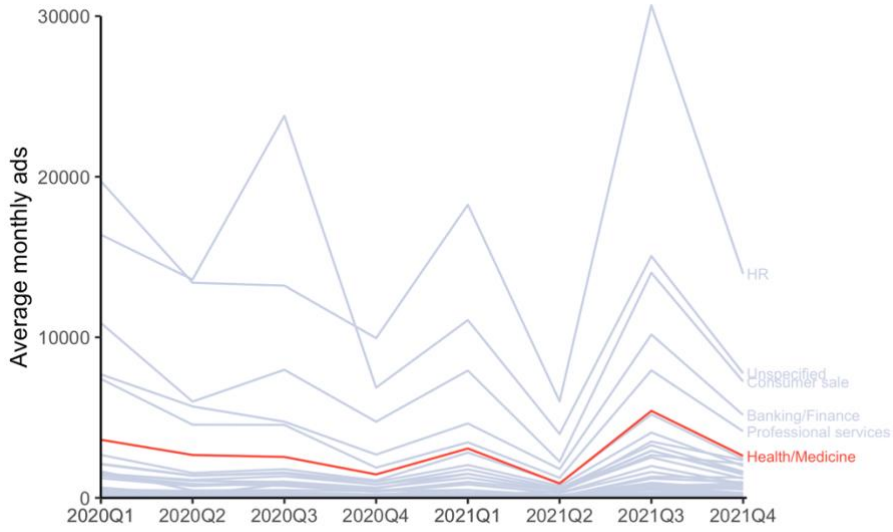
FIGURE C.1 RELATIVE GENDER WAGE GAP BY PERCENTILES

TABLE C.2. UNEXPLAINED GENDER WAGE GAP AND OVERLAPPING SUPPORTS, MEXICO, 2021Q3

<i>Control variables</i>	Δ	Δ_0	Δ_M	Δ_F	Δ_X	<i>% of males matched</i>	<i>% of females matched</i>	<i>Std. Error</i>
Age, education	0.28	0.35	0.00	0.00	-0.07	0.99	1.00	0.01
Age, education, marital status, urban, job formality	0.28	0.31	0.00	-0.01	-0.02	0.94	0.97	0.01
Age, education, marital status, urban, job formality, state	0.28	0.31	0.02	-0.04	-0.01	0.49	0.56	0.01
Age, education, marital status, job formality, state	0.28	0.31	0.02	-0.03	-0.03	0.65	0.70	0.01
Age, education, marital status, urban, job formality, SINCO 1-digit	0.28	0.28	-0.01	0.00	0.01	0.71	0.81	0.01
Age, education, marital status, state, job formality, SINCO 1-digit	0.28	0.29	0.03	-0.01	-0.04	0.25	0.32	0.01

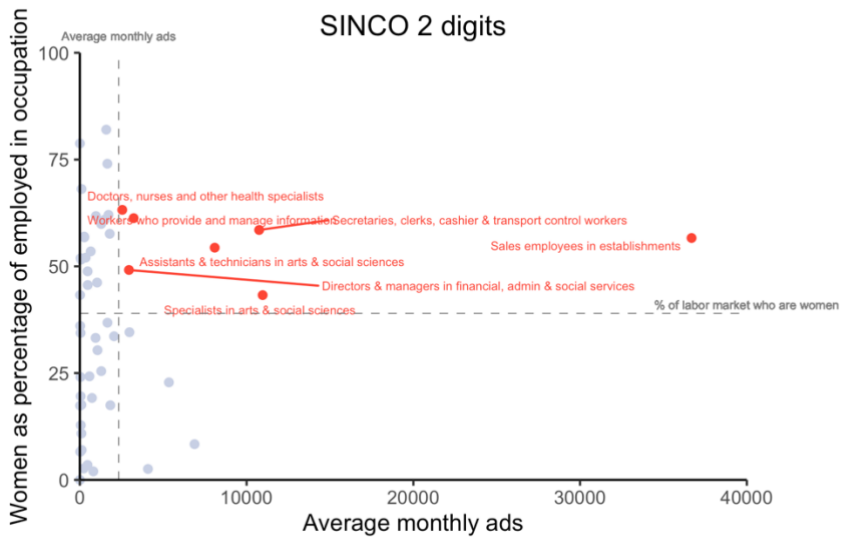
Source: ENOE 2021Q3

APPENDIX D: JOB ADS



Source: Job Ads Data

FIGURE D.1 TRENDS IN JOB ADS BY PROFESSION



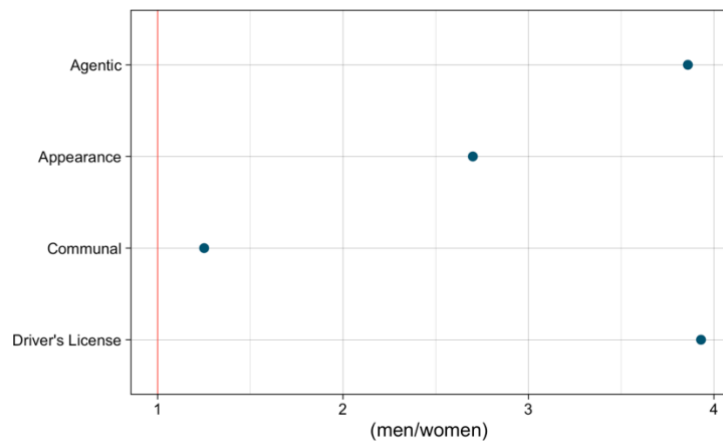
Source: ENOE, Job Ads Data

FIGURE D.2 AVERAGE MONTHLY JOB ADS AGAINST WOMEN EMPLOYED IN OCCUPATION (SINCO-2) IN 2021Q3



Source: Job Ads Data

FIGURE D.3 AVERAGE MONTHLY GENDER-TARGETED JOB ADS (ABSOLUTE) BY OCCUPATION (SINCO 2-DIGIT) 2021Q3



Source: Source: Job Ads Data

FIGURE D.4. RATIO OF MOST COMMONLY USED CATEGORIES (2021Q3)

APPENDIX E: CURRENT LAWS PERTAINING TO GENDER EQUALITY AND EMPLOYMENT

Mexico has made significant strides in passing relevant laws and legislation according to the women's labor market from the World Bank's Women, Business, and Law (WBL) database.

TABLE E.1 WOMEN, BUSINESS, AND LAW LEGAL EQUALITY CRITERIA

	Criteria	Law/Legislation
✓	A woman can get a job in the same way as a man.	Código Civil para el Distrito Federal, Art. 169 There is law that prohibits discrimination in employment based on gender: Ley Federal del Trabajo, Art. 133
✓	Women are able to work in the same industries as men.	There are no restrictions found for mining, construction, factories, agriculture, energy, water, transportation, and other.
✓	There is legislation on sexual harassment in employment.	Código Penal Federal, Art. 259 bis; Ley Federal del Trabajo, Arts. 3.Bis y 133(XIII); Ley General de Acceso a las Mujeres a una vida libre de Violencia, Arts. 10-11 y 13:
✓	There are criminal penalties or civil remedies for sexual harassment in employment.	Criminal penalties: Código Penal Federal, Art. 259 bis; Ley Federal del Trabajo, Arts. 133(XIII) y 994(VI) Civil remedies: Ley Federal del Trabajo, Arts. 51(II) y 52
✗	The law mandates equal remuneration for work of equal value.	
✗	There is wage and employment transparency law.	

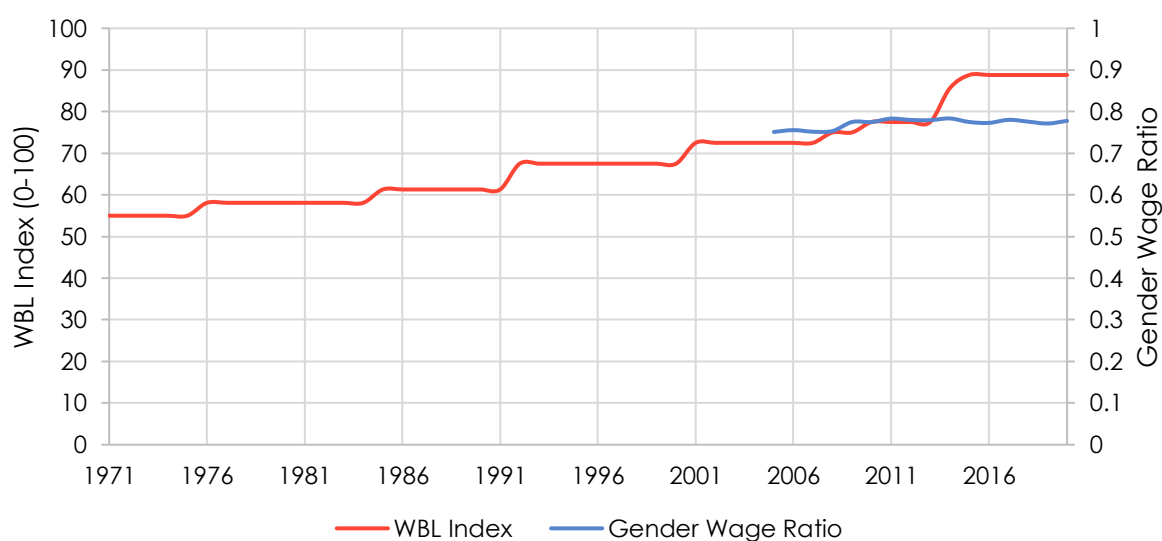


FIGURE E.1: WOMEN, BUSINESS, AND LAW INDEX AGAINST GENDER WAGE RATIO (WORLD BANK; ENOE; AUTHOR'S CALCULATIONS)

APPENDIX F: LEGISLATIVE PROPOSALS

TABLE F.1. LEGISLATIVE PROPOSALS ON EQUAL PAY AND NON-DISCRIMINATION BETWEEN WOMEN AND MEN

	Proposed Reform
1	Amend articles 6 and 11 of the General Law on Women's Access to a Life Free of Violence
2	Add article 70 of the General Law of Transparency and Access to Public Information
3	Add articles 5 and 34, and modify articles 5, 6 and 33 of the General Law for Equality between Women and Men
4	Reform articles 29 and 34 of the Law of Business Chambers and their Confederations
5	Add articles 15 and 251 of the Social Security Law
6	Reform articles 2, 14 and 42 of the Law of the Professional Career Service in the Federal Public Administration
7	Modify articles 20, 33, 34, 50 and 51; and add articles 32 and 33 of the Federal Law of Workers in the Service of the State
8	Regulation of Section B) of Article 123 of the Constitution; amend articles 66 and 70, and add article 70 of the Federal Budget and Treasury Responsibility Law
9	Reform articles 3, 111 and add article 4 of the Federal Law on Remuneration of Public Servants
10	Regulation of articles 75 and 127 of the Constitution
11	Modify articles 2, 3 bis, 86, 132, 133, 164, 530, 540, 541, 892 and 994, and add articles 2, 3 bis, 116 bis, 132, 133, 172 bis, 540 and 541 of the Federal Labor Law
12	Add articles 1, 9 and 20 of the Federal Law to Prevent and Eliminate Discrimination
13	Add article 40 of the Organic Law of the Federal Public Administration
14	Modify article 81 and add articles 14 bis, 81 and 191 bis of the Organic Law of the Judicial Power of the Federation

Source: Own elaboration based on United Commissions on Labor and Social Welfare for Gender Equality and Legislative Studies (2020)

