

STATEMENT TO THE MEXICAN PARLIAMENT ON THE PROPOSAL TO BAN STAFFING SOLUTIONS ('SUBCONTRATACION LABORAL') IN MEXICO

Brussels, 13 April 2021 – This week, the Mexican Parliament will debate a revised legislative proposal on (1.) the ability for Mexican companies to use outsourced services only and (2.) a ban on staffing solutions ('subcontratacion laboral'). The World Employment Confederation, the global professional association representing private employment services, calls for the members of the Mexican Parliament to shape regulation for temporary agency work. Failing to do so will have a detrimental impact on job creation, labour market inclusion and formalisation of work.

Across the world agency work supports people in finding a job. It provides a first steppingstone for millions of people to work, allows people to gain work experience easily and quickly in different sectors and jobs, and/or serves as a flexible job to gain (extra) incomes for students, family-caregivers and many others. These statements are backed up by independent research from countries across the world and the OECD area.

It is for this steppingstone role that most OECD countries have recognised agency work in law. Appropriate national regulation has been adopted to create an easy pathway to the labour market. This is backed by the numbers: 73% of agency workers are still in employment 12 months *after* they started an agency work job. Moreover, on average a third of agency workers comes from informality, unemployment or inactivity. This highlights the role that agency work plays for labour market activation and inclusion.

Agency work is a regulated employment relationship that recognises the interests, rights and protections of workers as they temporarily work in different jobs, tasks and sectors. At the same time, the employment agency is responsible for employer obligations such as paying the correct wages, taxes and social premiums. In this respect, most OECD countries explicitly require equal pay provisions. This ensures that agency workers earn as much as a comparable worker at the user-firm and agency work cannot be used to undercut working conditions.

With economies growing evermore dynamic and uncertain because of globalisation, digitalisation and the Covid-19 pandemic, workers will need to transition more often. For this, they need all the support they can get. Agency work can be an easy access to enter a new job and gain work experience in new sectors. This will allow people to make a safe labour market transition.

Labour market intermediation is a labour market reality. The World Employment Confederation recognises that rogue traders trick vulnerable jobseekers into informality and illegality. This leads to abuse, informal work, and forced and bonded labour. This will grow even further as risks for bogus self-employment are on the rise. The World Employment Confederation stands side by side with any government that seeks to root out malicious actors and informality. But this can only be done successfully if the quality alternative for flexible employment exists; an alternative that provides a pathway out of informality and into sustainable labour market participation. Agency work is that alternative.

Finally, agency work allows businesses to be agile in an uncertain economy. Through this, they grow and maintain jobs. Given the protections addressed above, this is done in a responsible and sustainable way; thus enabling security and agility to the economy and labour market.

To conclude, agency work is a well-recognized and regulated form of work across the world. This is done for a vast set of reasons. Some of which are listed above. Mexico stands on the crossroads of its response to a changing world of work and the economic fallout from the Covid-19 pandemic. Mexican workers need all the labour market support and job opportunities they can get. Through agency work, private employment services provide the grease to gears that makes the labour market run.

As such, the World Employment Confederation urgently calls upon the Mexican Parliament to recognize agency work in Mexican law in a way that fits the country's reality and labour market needs. The World Employment Confederation, together with its Mexican Member AMECH, stands ready to support Mexican legislators on doing so.

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About the World Employment Confederation

The World Employment Confederation is the voice of the private employment services industry at a global level, representing national federations as well as large international workforce solutions companies from across the world. Members of the World Employment Confederation represent a wide range of HR services, including agency work, direct recruitment, career management, Recruitment Process Outsourcing (RPO) and Managed Service Provider (MSP).

The World Employment Confederation works to broaden recognition of the positive economic and social role which the private employment services industry plays in enabling work, adaptation, security and prosperity. This role involves building networks with relevant stakeholders such as policy makers, social partners and the academic world; setting high recruitment and employment standards and practices; acting as a thought-leader shaping futureproof and competitive labour markets and providing strategic data on employment issues.

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