

# 11. Country Report of Mexico<sup>1</sup>

## 11.2 Current Status of Women Entrepreneurs of Mexico

Although women graduate more than men from undergraduate and graduate studies and are half of the global talent, there is a gender gap in the workforce of 34 percentage points in Mexico, which is above global average (25 percentage points). The participation rate of Mexican women in the workforce is of 45.5% vs. 79.5% of Mexican men<sup>2</sup>.

If women were equally represented in the workforce as men in Latin America, the region could experiment GDP growth of US\$ 2.5 trillion by 2025, as highlighted by the McKinsey Global Institute<sup>3</sup>. In the case of Mexico, the national GDP could grow by 43%, or US\$ 810 billion by 2025.

Levelling the playfield on gender equality requires a proactive multi-stakeholder agenda and a real sense of urgency. Women in Mexico only occupy 18% of senior management positions, 4 of CEOs seats and 5.8% of boards' slots<sup>4</sup>. Women demand mentoring & sponsoring support, equal pay and flexible work schemes for advancing their careers and preparing a diverse talent pipeline in the corporate world<sup>5</sup>.

As entrepreneurs or business owners, the situation is slightly different. Around 30% of formal employers in Mexico region are women, and 1 out of 4 entrepreneurs is a woman. However, they face some internal barriers associated to gender stereotypes, and others which are common to SMEs such as professionalization, access to mentors and business opportunities, internationalization, consistent growth, funding at accessible rates, etc.

Mexico has a long way to achieve gender parity and effectively integrate women in its economy and decision making. Although in 2014 the country elevated parity in candidacies to National Congress and Local Legislatures to a constitutional rank, which had a positive impact on political empowerment of women, it is quite behind in gender indicators.

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<sup>2</sup> ILO (2017). World Employment and Social Outlook: Trends for women 2017. Geneva: ILO.

<sup>3</sup> McKinsey Global Institute (2015). The power of parity: How Advancing Women's Equality can add \$12 trillion to Global Growth.

<sup>4</sup> ACT/EMP (2017). La mujer en la gestión empresarial: Cobrando impulso en América Latina y el Caribe. Geneva: ILO.

<sup>5</sup> Strategy& PwC (2016). Mujeres ejecutivas. Lo que ellas quieren de las empresas en México. Mexico: Strategy&.

The Global Gender Gap Report 2017 produced by the World Economic Forum ranks Mexico in the 88 position out of 144 countries. Together with Brazil, Mexico registered the widest reversal in its progress since 2013, particularly in the Health and Survival Gender Gap and equal pay for equal work (gender pay gap is about 17%, but it increases up to 50% in the financial sector, for example)<sup>6</sup>. Women dedicate 28.8 hours per week to care work, whereas men only spend 12.4 hours a week, according to the 2014 Mexico's National Survey on the Use of Time.

The 'macho' culture is very much embedded in Mexico, in daily and family life, and gender stereotypes and bias are very much present in the business and corporate world. Mexican top business associations (ie. Consejo Coordinador Empresarial, Consejo Mexicano de Negocios) and big Mexican companies are still organized in a very patriarchal manner, which informs how they take decisions for including (and mostly not) women talent.

The landscape is gradually changing, and there is growing awareness on the need of mainstreaming gender on public policies, including budgets, and advance women in the corporate pipeline as well as guaranteeing their quality participation in the economy provided the implications of the Fourth Industrial Revolution.

In its 2017 Skills Strategy Policy Note: Mexico, the OECD recommended Mexico to intensify efforts on educating and developing the necessary skills for the workforce given the technological change, where women have a key role to play.

However, the main challenge relates to effective implementation and measurable actions. Nowadays there are not real incentives for advancing women in decision making in the private sector nor robust legal obligations towards that purpose.

In March 2017, for example, a modification to the Law on Stocks Market was introduced for requesting listed companies to apply a gender perspective and have at least 20% of women on boards. The modification was not accepted as such. However, from August 2017, listed companies, following up recommendations by OECD, have to publicly inform the gender composition of boards and decision making bodies.

Regarding women entrepreneurs, they are increasingly participating in the Mexican economy but one of the biggest challenges they face is growth. In 2010, a study by the World Bank and the IDB found out that micro and small companies run by women were less productive than those run by men but that the playfield was levelled when they enter the next level.

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<sup>6</sup> WEF (2017). Global Gender Gap Report 2017. Geneva: WEF.

In Mexico, 29% of companies led by women are micro, 19% small, 6% medium and 7% big, according to the 2015 National Survey for Enterprise Financing. In the ICT sector, for example, only 9 out of 100 technological startups have a woman CEO and only 20% have a partner woman.

Talent diversity and women are a valuable asset for seizing equality, sustainable development and economic growth in the 21<sup>st</sup> century. Redefining traditional work structures, distribution of unpaid care work and parental policies as well as fostering women in STEM careers and providing quality business opportunities and access to finance for entrepreneurs and business women are some of recommended actions for accelerating the potential associated to women's economic empowerment.