

Closing the gender pay gap

Strategies for its eradication in Mexico

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Mexico requires effective mechanisms to close the gender pay gap.

Despite progress on gender equality, the gender pay gap persists in Mexico. Women tend to earn <u>15% less than men</u>. As part of the <u>initiatives promoted</u> by President Claudia Sheinbaum, the definition of the gender pay gap has been incorporated into the legal framework, and efforts are underway to establish mechanisms for its elimination. However, these mechanisms do not yet exist in the country, and Congress still has pending the development of secondary legislation for their implementation.

This context presents an opportunity to move toward greater gender equality in the labor market. For this reason, the Mexican Institute for Competitiveness (IMCO), with support from the British Embassy in Mexico, presents seven mechanisms to eliminate the gender pay gap in the country, aimed at both the public and private sectors. Highlighting these actions will help leverage the current legislative momentum and public interest to achieve tangible progress within companies in Mexico.

Key actions for the public sector

1. Standardize the measurement of the gender pay gap. It is essential for federal authorities to define a standardized methodology that allows for the accurate and comparable measurement and interpretation of the gender pay gap across different companies and sectors. To achieve this, it is necessary to:









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- Develop regular indicators to identify pay disparities by gender and hierarchical level.
- Establish pay gap thresholds that trigger compensatory measures when significant wage differences are identified.
- **2. Move toward pay transparency.** Lack of salary transparency within companies perpetuates inequality. It is essential to establish mechanisms for companies to disclose and analyze their gender pay gaps by job level. This requires:
- Mandatory reporting of gender pay gaps in financial and sustainability reports, or alternatively, the provision of salary information upon employee request and the publication of salary ranges in job postings.
- Starting with companies with more than 250 employees, as they typically have greater internal management capacity and workforce stability.
- Gradual implementation to ease adoption and allow consultation periods. Begin with publicly listed companies, or prioritize specific economic sectors to promote collective transparency.
- **3. Strengthen the National Care System (Sistema Nacional de Cuidados SNC).** The lack of care services limits women's participation in the labor market. The International Labour Organization (ILO) estimates that investing in care policies could reduce the gender pay gap by 4.5% by 2035 in Mexico. To accelerate the system's implementation, it is necessary to:
- Consider extended parental leave, financial benefits, and access to health and childcare services.
- Expand care service coverage and ensure access for all workers, regardless of employment status.
- Allocate sustainable funding and investment, along with monitoring mechanisms to assess the SNC's impact on narrowing the gender gap.

Key actions for the private sector

- **4. Establish inclusive recruitment and promotion processes.** The gender pay gap often begins at the hiring stage, where women tend to receive lower starting salaries than their male peers. Companies can:
 - Implement gender-neutral job descriptions with clear requirements and promote blind recruitment by removing demographic information to avoid unconscious bias.
 - Conduct interviews focused on skills and experience, and avoid questions about family plans or salary history.
 - Establish clear promotion criteria and mentorship programs specifically designed to support women's career advancement.







- **5. Design standardized pay scales.** Having structured salary bands helps reduce discretion in pay decisions and ensures that wages are based on objective criteria. It is recommended to:
 - Establish clear salary ranges by job level, conduct regular reviews to identify and correct gaps, and ensure equal pay for work of equal value.
- Implement effective complaint mechanisms and carry out regular monitoring to detect inconsistencies.
- **6. Conduct pay audits and obtain gender equality certifications.** External audits help identify inequalities within organizational structures. Companies can adopt gender equality certifications, such as the <u>Mexican Standard on Labour Equality and Non-Discrimination</u>, which contribute to closing the gap, attracting and retaining female talent, and strengthening corporate reputation.
- **7. Promote and institutionalize inclusion policies.** Flexible work arrangements and shared responsibility for care and household duties have a direct impact on women's economic participation. To support this, it is important to:
 - Provide subsidies or care-related support.
 - Establish <u>paternity leave equivalent</u> to maternity leave.
- Encourage flexible work policies for all employees.
- Engage senior leadership in the commitment to gender equity.

Implementing these mechanisms will help create more inclusive and competitive workplaces, ultimately <u>benefiting the economy</u>. Standardizing the measurement of the gender pay gap, ensuring salary transparency, and institutionalizing care policies are key actions that can generate positive impacts on labor equality. Both the public and private sectors have a crucial role to play in reducing the gender pay gap and promoting equality in the labor market.

For more information on mechanisms to reduce the gender pay gap, consult the report: "How to close the gender pay gap? Strategies to eradicate it in Mexico."

Access the full report here.

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