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Industry Paper: Employment Services
The experience of its measurement in Mexico
ISIC Rev. 4 N 78 - NAICS Mexico 2018 5613

Industry Session

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Content

1. Introduction

Employment services in Mexico include establishments dedicated to providing personnel to other establishments, which assume the employer and tax obligations before the authorities regarding the personnel they provide, but the day-to-day work instructions are given directly by the client. These establishments are known as personnel administrators and are created specifically as subsidiaries of the economic unit that hires them.

In the 2018 Mexican version of the North American Industrial Classification System (NAICS 2018), employment services are in industry group (four-digit) 5613, within sector 56: Administrative and Support and Waste Management and Remediation Services[1]. In the International Standard Industrial Classification (ISIC Rev. 4), these services are classified in section N, division 78, under the category of Employment Activities[2].

The Monthly Services Survey (EMS) 2018 series of Mexico, includes the measurement of employment services and is essential for several reasons. In the first place, both respondents and users have a high interest in the behavior of measurement variables because the sector is one of the sectors that contributes the most to the total revenue of private non-financial services in the survey with 17.1 %. Second, there was a constitutional reform on labor outsourcing implemented in Mexico in April 2021, which bans the transfer of workers to other companies to carry out activities that are part of the corporate purpose or the main economic activity of the contracting company, restricting them to providing only specialized services. This regulatory change has generated a greater demand for information from policymakers and researchers, who require updated data to analyze the evolution of this activity.

This industry document aims to describe how the evolution of employment services in Mexico is measured through EMS. Section 2 describes the market conditions and characteristics of employment services; the results for employment services in the 2024 Economic Census are summarized within section 3; classification and its difficulties are examined in section 4, section 5 deals with the output measurement: sampling, sampling methods and estimation; section 6 presents the measurement of the quality of information and, finally, section 7 explains the conclusions and future work.

2. Description and characteristics of the industry

Sector 56 related to business support services, for the EMS Series 2018, is fundamental for the Mexican economy, as it provides valuable information on essential services for the operation of companies in other sectors and contributes to environmental management and sustainability. In addition, it generates a significant number of jobs and actively participates in the evolution of the country's private non-financial services.

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[1] North American Industrial Classification System, Mexico. NAICS 2018.
[2] International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4.

This sector includes establishments that provide administrative support services, temporary employment services, travel agencies, investigation and security services, cleaning, waste collection and treatment, and environmental remediation, among others.

Within sector 56, at the national level, the following 8 domains of study correspond to EMS:

5611 Office Administrative Services
5613 Employment Services
5614 Business Support Services
5615 Travel Arrangement and Reservation Services
5616 Services to Buildings and Dwellings
5617 Cleaning Services
5619 Other Support Services
562   Waste Management and Remediation Services

These domains allow the survey to provide a detailed analysis of the economic dynamics of the industry groups that comprise the sector, including information on revenue, employment, remuneration, and other key indicators.

2.1 Definition of the industry: Employment Services in Mexico

The results of the 2019 Economic Census, for industry group 5613 Employment Services, presented the following design characteristics in 2021, the year of design of the EMS, Series 2018:

Table 1
CHARACTERISTICS OF INDUSTRY GROUP 5613 EMPLOYMENT SERVICES
(2021 survey design year)

Variable	Value	Share of total private non-financial services
Economic units	4 398	0.22 %
Employed personnel	1 398 247	11.75 %
Revenue	14 887 774 266 (USD)[1]	6.55 %

[1] Average exchange rate for the period. Economic Information System, Bank of Mexico.

Therefore, it ranks among the industry groups with the highest demand for labor in the business support services sector.

Industry group 5613 Employment Services comprises establishments primarily engaged in supplying temporary employees to work under the supervision of the client (temporary employment agencies), placing or recruiting workers for employers (employment agencies) and providing outsourcing or subcontracting services.

2.2 Market conditions and constraints

The current situation of industry group 5613 in Mexico has been subject to regulatory reforms, particularly in relation to labor subcontracting. As of April 2021, the Outsourcing Reform limited this type of service to specialized companies registered with the Ministry of Labor and Social Welfare through the Registry of Specialized Services Providers (REPSE). Companies that continue to operate in this sector must comply with strict tax and labor requirements.

Even with these restrictions, sector 56 continues to be relevant for activities such as logistics, manufacturing, technology and administrative services, due to the revenue that these activities generate, which confirms its structural contribution to the economic dynamics of the sector.

2.3 Specific characteristics of the industry

The graphs by main variables are presented below, to visualize the impact of the reform on labor outsourcing implemented in 2021. These graphs show the variations in key indicators such as personnel employed, revenue, and remuneration in the *5613 Employment Services industry group*. The changes reflect both the regulatory adjustment and the structural transformation that the sector has undergone since the reform came into force.

Graph 1
Employment Services Revenue Index
January 2018 to June 2025
(2018=100)

INEGI. Monthly Services Survey. EMS. 2025.
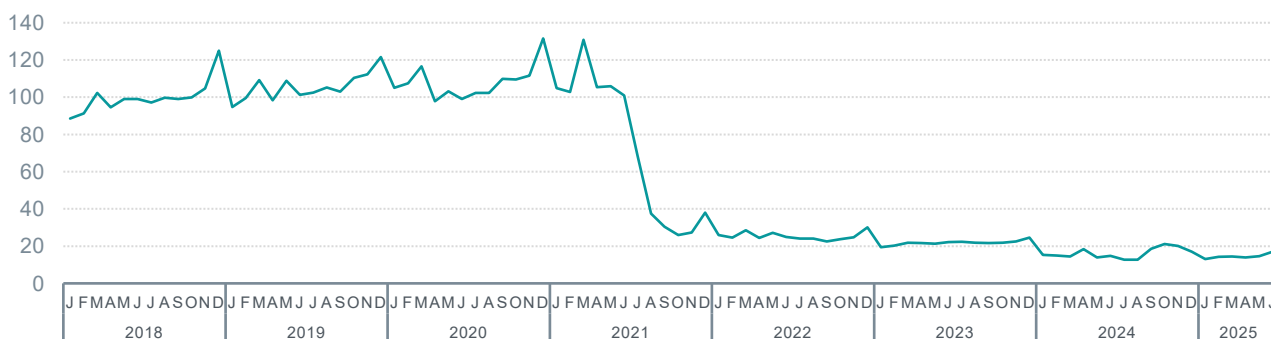
Graph 2
Employment Services Employed Personnel Index
January 2018 to June 2025
(2018=100)
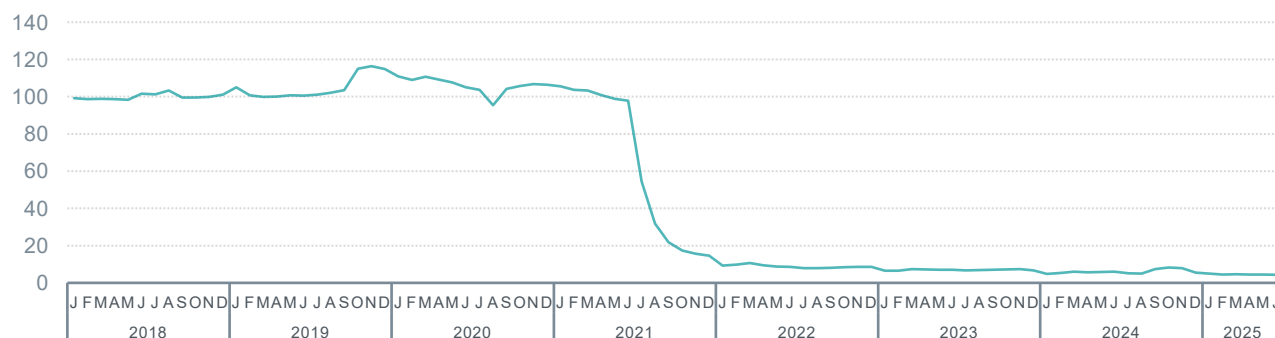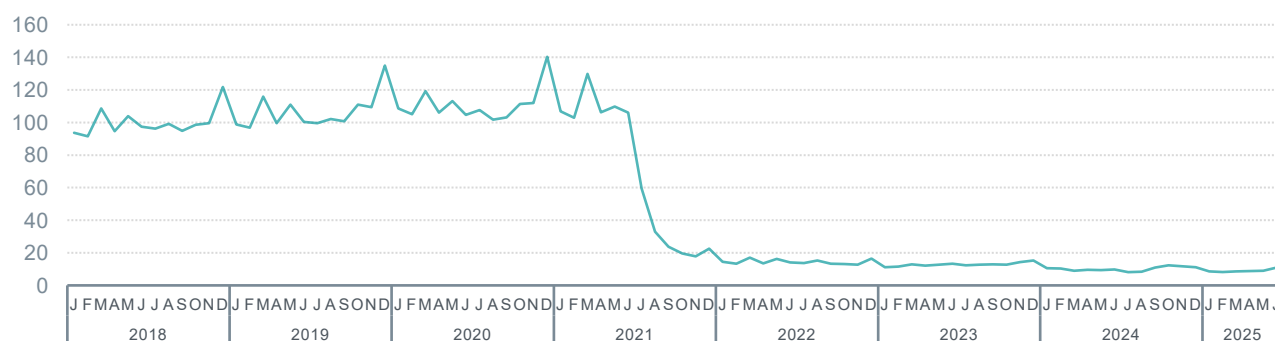

INEGI. Monthly Services Survey. EMS. 2025.

Graph 3
Employment Services Remuneration Index
January 2018 to June 2025
(2018=100)

INEGI. Monthly Services Survey. EMS. 2025.

3. Results for Employment Services in the 2024 Economic Census

According to the 2024 Economic Census, 5613 Employment Services presented a significant reduction compared to the 2018 Census, associated with the effects of the Labor Subcontracting Reform. Economic units decreased by 56.5 %, Employed personnel by 90.5 %, Revenue by 80.8 %, and Remuneration showed the same downward trend with 89.0 %. These results show the reconfiguration of the sector and provide key information to understand the recent transformations in the country's labor market.

Table 2
CHARACTERISTICS OF INDUSTRY GROUP 5613 EMPLOYMENT SERVICES IN ECONOMIC
CENSUS

Variable	Census year 2018	Census year 2023	Census change (%)
Economic units	4 344	1 889	- 56.5
Employed personnel	1 376 458	131 085	-90.5
Revenue	14 535 231 (USD)[1]	2 786 069 (USD)[1]	-80.8
Remuneration	5 516 010 (USD)[1]	607 272 (USD)[1]	-89.0

INEGI. Automated Census Information System (SAIC).
[1] Average exchange rate for the period. Economic Information System, Bank of Mexico.

4. Classification

As mentioned above, NAICS 2018 sets the classification for employment services within Sector 56. Tables 3 and 4 describe the comparison between the NAICS Mexico 2018 and ISIC Rev. 4 classifiers.

Table 3
COMPARISON TABLE
NAICS Mexico 2018 - ISIC Rev. 4

56 ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES			
NAICS Mexico 2018		ISIC Rev. 4	
Code	Name	Code	Name
561310	Employment agencies	7810	Activities of employment placement agencies
561320	Temporary employment agencies	7820	Temporary employment agency activities
561330	Supply of permanent personnel	7830	Other human resources provision

Comparative tables. NAICS Mexico 2018 - ISIC Rev. 4

Table 4
COMPARISON TABLE
NAICS Mexico 2018 - ISIC Rev. 4

ADMINISTRATIVE AND SUPPORT SERVICES ACTIVITIES			
ISIC Rev. 4		**NAICS Mexico 2018**	
Code	Name	Code	Name
7810	Activities of employment placement agencies	561310	Employment agencies
7820	Temporary employment agency activities	561320	Temporary employment agencies
7830	Other human resources provision	561330	Supply of permanent personnel

Comparative tables. NAICS Mexico 2018 - ISIC Rev. 4

4.1 ISIC *N 78* Employment activities[3]

7810 Activities of employment agencies.

This class includes listing employment vacancies and referring or placing applicants for employment, where the individuals referred or placed are not employees of the employment agencies.

7820 Activities of temporary employment agencies.

This class includes supplying workers to clients' businesses for limited periods of time to temporarily replace or supplement the working force of the client, where the individuals provided are employees of the temporary help service unit.

7830 Other human resources activities.

This class includes provision of human resources for client businesses. This provision of human resources is typically done on a long-term or permanent basis and the units classified here may perform a wide range of human resource and personnel management duties associated with this provision.

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[3] International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4.

4.2 NAICS *5613* Employment Services[4]

561310 Employment agencies.

Economic units primarily engaged in the recruitment, selection, and placement of personnel.

561320 Temporary employment agencies.

Establishments primarily engaged in supplying their own workers to clients to support or supplement the workforce for a limited period.

561330 Supply of permanent personnel.

Establishments primarily engaged in supplying their own workers to clients on an indefinite basis. These establishments assume employer and tax obligations for the personnel provided; however, day-to-day work instructions are directed by the client.

4.3 Classification issues

In Mexico, the classification of employment services faces challenges similar to those found in other countries. Although many groups of service activities are clearly defined, we face some difficulties in differentiating between Supply of Permanent Personnel within NAICS and Other Human Resources Activities within ISIC. Part of the problem stems from variations in terminology and the lack of concordance between international standards and local practices.

Companies dedicated to the supply of personnel, also known as employment agencies or outsourcing companies, play a crucial role in human resource management for various industries. The main activities carried out by these companies are detailed below:

- Recruitment and selection of personnel
- Payroll and benefits administration
- Personnel training and development
- Temporary and project personnel management
- Legal and administrative compliance

It is important to note that, since the 2021 labor reform, the outsourcing of operational, administrative, and production personnel is prohibited in Mexico. Companies may only subcontract specialized services that are not part of the main corporate purpose of the contracting company. For example, a manufacturing company cannot outsource its operations, but it can hire technology services or external consulting.

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[4] North American Industrial Classification System, Mexico. NAICS 2018.

The problem of terminology is very relevant because the classification does not always accurately reflect the differences between the main activities of companies. In many cases, the term "outsourcing" is used to refer to companies that oversee personnel in terms of payroll, taxes, and other fiscal and human resources aspects, but are not in charge of the management or supervision of the work of those personnel; This definition does not align well with reality in the case of Mexico.

Compared to the United States, Canada and Europe, outsourcing in Mexico shows relevant differences, both in the legal framework and in its practical application.
As mentioned above, companies that offer specialized services must register in REPSE; This register is comparable, in formal terms, to the Register of Accredited Companies in Spain, under the Ministry of Labour and Social Economy. However, in the case of Spain, this register is more focused on the construction sector and risk prevention, without been applied to all specialized services. When registering with the REPSE, companies must prove compliance with their tax and social security obligations. Failure to do so can result in administrative sanctions, substantial fines, and even criminal consequences.

In this context, outsourcing regulation *varies* between countries, but in general, it is allowed under certain conditions that protect labor rights. For example, in countries such as Spain, Temporary Employment Agencies (ETT) must guarantee equal working conditions between subcontracted workers and direct employees; European legislation tends to focus on worker protection and avoiding job insecurity, while in Mexico reforms have been implemented to restrict and strictly regulate outsourcing, focusing on the protection of labor rights.

5. Output measurement

In 2021, the statistical design of the EMS was based on a sampling framework made up of the Statistical Business Registry of Mexico (RENEM), updated with the results of the 2019 Economic Census. The national framework included more than 1.8 million economic units and considered a sample of 9,693 economic units across 61 study domains: 48 with a probabilistic sampling scheme and 13 with a non-probabilistic scheme.

5.1 Sampling frame

In the construction of the sampling frame, criteria were used that prioritize the coverage, selecting those economic activities with the highest participation in total sector revenue. This approach guaranteed coverage of 86.3 % of the revenue of the target universe, through 61 study domains, which include both subsectors and industry groups of economic activity.

This framework was built from the RENEM which was updated with the final results of the 2019 Economic Census. This integration ensures an up-to-date and broad representation of the study universe corresponding to private non-financial services. For the 2018 Series, the framework at the national level included more than 1.8 million economic units, distributed

among the various sectors that make up private non-financial services. The economic units were classified according to NAICS Mexico 2018, allowing a precise segmentation by subsector (3 digits), industry group (4 digits) and national industry activities (6 digits).

This framework allows the representativeness of the results at the national level, thus complying with the criteria established by the Law of the National System of Statistical and Geographic Information and the INEGI Standard for the Quality Assurance of Information.

5.2 Sampling scheme

The sampling frame was the basis for designing both the probabilistic and non-probabilistic schemes, depending on the study domain. In probabilistic cases, rigorous statistical methods were used to define strata and sample sizes, in order to obtain accurate estimates with controlled error levels.

For the probabilistic scheme, sample sizes were calculated by domain, considering coefficients of variation between 2 % and 9 %. The non-probabilistic design selected units with a higher revenue share until coverage was covered, which is greater than 80 % for each domain.

5.3 Sample

The units were grouped into strata based on revenue and employed personnel variables, with techniques such as *Mahalanobis distance* and principal component analysis (PCA). The sample size was calculated to reliably estimate the totals of the revenue and employed personnel variables. From these, the variable with the highest value was chosen to define the final sample size.   Sample allocation was calculated using the *Neyman method*, adjusting for variability within the strata.

Table 5
PROBABILISTIC DESIGN

Statistical Design	Economic units	
	Frame	**Sample**
National (61 domains)	1 813 334	9 693
Total probabilistic (48 domains)	1 803 796	9 040

Monthly Services Survey. EMS. Methodological synthesis. 2018 Series. National Economic Surveys.

Table 6
NON PROBABILISTIC DESIGN

Statistical Design	Economic units			Economic variables					
				Employed personnel			Revenue		
	Frame	Sample	Coverage (%)	Frame	Sample	Coverage (%)	Frame (USD)[1]	Sample (USD)[1]	Coverage (%)
National (61 domains)	1 813 334	9 693	0.53	10 493 654	10 357 474	98.70	195 937 243	192 157 819	98.07
Total non-probabilistic (13 domains)	9 538	653	6.85	489 480	353 300	72.18	42 108 876	38 329 452	91.02

Monthly Services Survey. EMS. Methodological synthesis. 2018 Series. National Economic Surveys.
[1] Average exchange rate for the period. Economic Information System, Bank of Mexico.

5.4 Sampling weights

Data expansion is performed to calculate the value of the population estimate of the variables under study in the survey (monetary and non-monetary) based on the data reported by the economic units of the sample. Sampling weights were applied to each sampling unit to project the sample results to the total universe of the target population. In EMS, these factors allow us to estimate nationally representative economic indicators.

For the 2018 series, the sampling weights were calculated in two stages:

For the design: They are obtained as the inverse of the probability of selection of each economic unit within the probabilistic scheme, considering its stratum of belonging.

Adjusted: They are adjusted each month to compensate for the non-response of some units, ensuring that the estimates remain valid and representative. The adjustment was made by redistributing the weight of the non-responding units among those that did provide information, within the same stratum.

The use of these factors allows:

- Produce reliable aggregate estimates
- Correct non-response bias
- Ensure the representativeness of the results

These factors are applied during data processing, to obtain population totals from the data collected by sampling.

5.5 Estimators

An estimator is a function calculated from the data of a sample, which is used to approximate a population parameter θ that represents a characteristic of the entire population.[5]

In EMS, the parameters are estimated by applying adjusted sampling weights, which allows the information observed in the sampled economic units to be projected onto the entire population. These estimators are used to obtain total values of variables such as revenue, remuneration, employed personnel, among others.

5.6 Index construction

Once the real terms values of each study domain are obtained, the index numbers are calculated.

The EMS uses the *Simple Aggregation Method*, which consists of the sum of the variables under study in each period. One of the periods will be the base period, that is, on which the index will be set. In this case, the base is composed of the average of the months of 2018 for the variables under study, according to the selected domain.

For sector-level (2 digits) indices and the aggregate index of sectors, i.e. the Non-Financial Private Services index, a *Laspeyres-type* weighted index is calculated, with a fixed base and weighting (census relative weights).

In the case of the weighted index of Private Non-Financial Services, the index is the weighted average of the weighted indices of each domain sector, using as a weighting the relative structure of the weights of each sector within the aggregate of services, in accordance with the structure of the 2019 Economic Census, for the aggregate variables of Employed Personnel, Revenue, and Remuneration.

6. Evaluation of measurement

The dissemination of statistical products is accompanied by indicators of statistical accuracy. These indicators are key tools that allow us to assess the quality of the information and evaluate how reliable the results of the survey estimates.

6.1 Statistical accuracy indicators

Statistical accuracy indicators play a critical role in providing a quantitative measure of the certainty or uncertainty of the results.

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[5] Sändarl, Carl-Erik. Model Assisted Survey Sampling. Springer Series in Statistics. 2003.

These indicators are especially important in surveys based on probabilistic designs, i.e., those where each observation unit has a known probability of being selected. This allows inferences to be made about a wider population from a representative sample. However, estimates obtained from a sample will always be subject to some degree of error.

The main indicators of accuracy include standard errors, confidence intervals, coefficients of variation, and coverage of the design variable for surveys with non-probability sampling. These indicators help users of statistical products to correctly interpret the results, understanding the possible ranges in which true population estimates can be placed.

7. Final remarks

- The Reform of labor outsourcing in Mexico represented a challenge for the classification of companies and the collection of information, requiring the incorporation of new legal provisions and the adaptation of methodologies. Despite the reduction of the sampling frame, the adjustments and probabilistic design ensured the reliability of the results.

- The 2024 Economic Censuses confirm a drastic decrease in the Employment Services industry group compared to 2018: (-) 56.5 % in economic units, (-) 90.5 % in employed personnel and (-) 80.8 % in revenue, reflecting the disappearance of the supply of permanent personnel and the reconfiguration of the labor market.

- With the upcoming update of the 2023 Series, it will be possible to see more clearly the reconfiguration of the labor market and the way in which economic units have adjusted to the new regulation, in a context where the supply of permanent personnel practically disappeared.

- The Mexican experience shows the need for flexible statistical processes and sampling frameworks based on recent censuses, as well as current methodologies and indicators of statistical accuracy, to adequately capture structural transformations and provide confidence in the results. This is a recommendation applicable to other countries facing similar reforms.

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