

In Mexico, more than one million micro, small, and medium-size companies went bankrupt

Over the last 17 months, 1 million 10 thousand 857 out of almost 5 million businesses had to close, according to data from the Economic Census conducted in 2019.



SUMMARY

During the COVID-19 pandemic, many families were affected as some of their members lost their jobs because many companies had to close permanently. The ones currently active made some employees redundant, and only 5% of people who work have directive positions in companies.

More than one million micro, small, and medium-size companies (called MiPymes) closed permanently over the last 17 months due to the sanitary contingency in the country and around the world, the National Institute of Statistics and Geography (INEGI) revealed.

4.9 million MiPymes appeared in the Economic Census in 2019, and it is estimated that about 1 million 10 thousand 857 businesses closed permanently. That is to say, 21% of the total number of companies listed in the second edition of the Survey on the Impact caused by COVID-19 in Companies (ECOVID-IE), and the Studies on Business Demographics 2020 (EDN).

That survey revealed that the businesses that closed permanently had more than three million people working there. However, the businesses that are still open had to make redundant about 1.15 million employees.

On the other hand, the study also revealed that 17 months after conducting the survey, about 619 thousand 443 new micro and small businesses opened, which means that 1.23 million people were hired.

Considering the information that INEGI gathered, we can observe that among a total number of 14.66 million, 11.77 million people still have a job; which means a decrease of 19.68% in contrast with the number of people who used to work in May 2019.

Unemployment in 2021

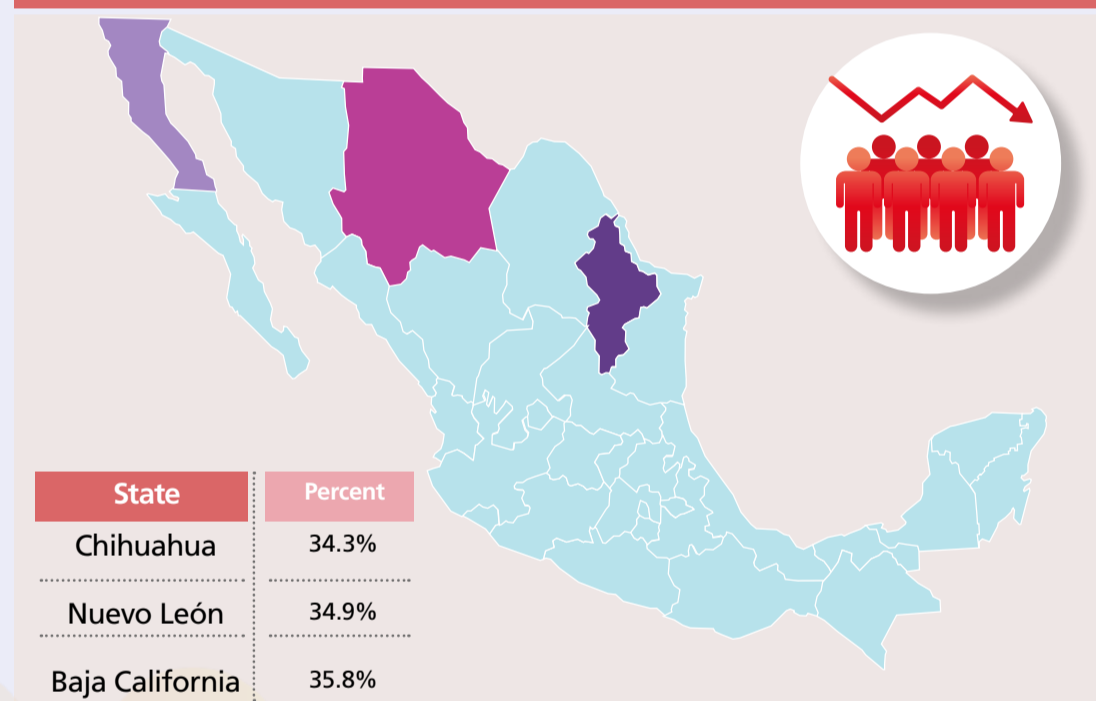
Currently in Mexico 2.3 million people do not have a job. In May 2021, the number of people without a job increased to 388,000 thousand people, compared to the numbers in May 2020. There was a decrease of 1.6 million economically active people (PEA), as there were 57.38 million before, and now we have 55.4 million people in that status.

While the number of people in charge of tertiary activities decreased by 1.9 million, the business sector had the biggest impact as 712 thousand jobs disappeared in that area. Businesses related to restaurants and accommodation services also had to lose about 656 thousand jobs.

Numbers by state

The analysis was also made by state, and the results showed that during the first trimester in 2021 the states with the highest rates of informal employment were Oaxaca with 79.7%, Guerrero with 76.1%, and Chiapas with 74.2%. In contrast, the lowest rates of informal employment were found in Chihuahua with 34.3%, Nuevo León with 34.9%, and Baja California with 35.8%.

States with the lowest rates of informal employment



Numbers during the first trimester in 2021.

In this sector there was an active participation of men, and the official rate numbers were 75.4% of men, and 43.9% of women. That means an annual increase of 14.3 percentage points for men, and only 8.6 for women.

Although businesses were severely affected by unemployment, they are still the main source of employment for people with a rate of 64.2%, industries have 25.1%, primary activities 12%, and 0.6% do not specify the area they work in.

An interesting fact was that 68.2% of people who currently have a job work in subordinate positions, 22.7% are independent workers or freelancers who do not hire people, and only 5% own a business.

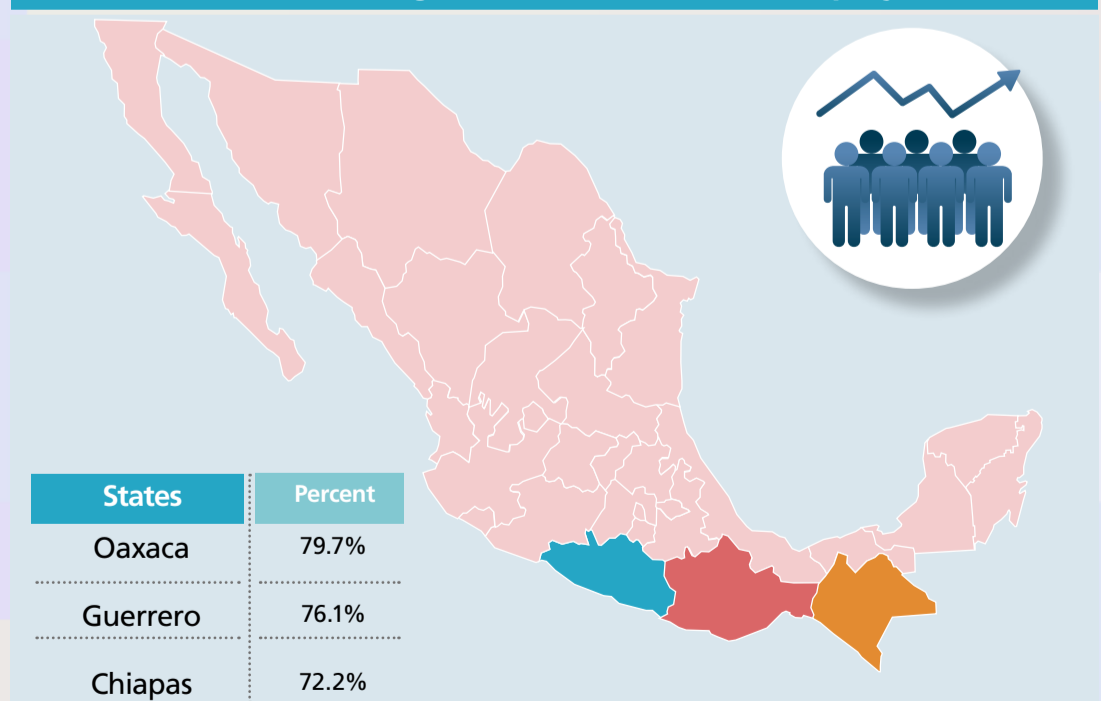
CMT and the vulnerable sectors

Unemployment, businesses in bankruptcy, and the sanitary contingency caused by COVID-19 are the main reasons why thousands of Mexican families have difficulties to fulfill their basic needs at home, which also affects their health.

Congregación Mariana Trinitaria (CMT), through 11 networks in its Welfare Ecosystem Model, helps people whose economy is currently being affected so, it implements different social programs in communities to combat social backwardness all over the country.

For instance, through the Network of Productive and Financial Inclusion, Congregación Mariana Trinitaria A.C. aims to contribute and increase the access to financial and productive mechanisms, especially the ones focused on infrastructure, supplies, and equipment in order to help people and families who need support. This way, they all will be able to have more opportunities to get incomes and therefore, improve their quality of life.

States with the highest rates of informal employment



Numbers during the first trimester in 2021.