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Authors

Denham, Diana
Tilly, Chris

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Entrepreneurial dreams, harsh realities: Aspirations and mobility in informal and formal retail jobs in Mexico

Diana Denham

Urban Studies

Portland State University

Chris Tilly

Institute for Research on Labor and Employment

University of California, Los Angeles

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Introduction and literature

Retail jobs in Latin America straddle formal and informal employment, extending from global retail chains to self-employed street vendors. Retail employment thus presents an ideal setting for exploring two much-debated questions about the contrast between formal and informal work. First, under what circumstances is informal work to be preferred, and even actively chosen, over formal work? Second, what is the nature of transitions between formal and informal work, and how do people navigate and experience these transitions? In this paper, we use a three time-point (2006, 2007, 2008) longitudinal survey of retail workers in the state of Tlaxcala, Mexico, to address these questions. Using the longitudinal data, we can compare trajectories, not just point-in-time outcomes, of workers. A qualitative portion of the survey allows us to compare people's experiences with their aspirations, and follow how those aspirations themselves shift over time.

Informal work is subject to varied and evolving definitions. We define informal work as work that creates legal goods or services, but does not offer the standard terms, conditions, and benefits specified for jobs under law—either because the law does not cover these particular jobs, or because the law is not effectively enforced. This definition follows Castells and Portes (1989), and has since been widely adopted (e.g. Tardanico 1997, Cross 1998, Hussmanns 2004, Agarwala 2009). However, in their research on Mexican migrant workers in Portland, Oregon, Cobb, King and Rodriguez (2009), replace the dichotomy often assumed between formal and informal work with the concept of a *spectrum* of formality. These researchers consider four aspects of formality including consistency of wage reporting, adherence to labor laws, steadiness of employment, and legality of working status, noting that a range of combinations can be observed. Temkin (2008), in an analysis of Mexico, similarly defines three levels of informality, defined by having one, two, or all three of the characteristics of working without a formal contract, lacking social security, or working in establishments that do not issue official receipts. Many of the jobs undertaken by the Mexican migrant workers in their study are what Cobb, King, and Rodriguez call “semi-formal” workers and Temkin would classify at levels 1 or 2 of informality, combining elements of formality and informality. We apply a similar framework to range retail workers across a spectrum of formality.

Informal employment is typically viewed as inferior employment to which workers are relegated by the absence of other options (e.g. Fields 2004, Tokman 2008). Most Mexican researchers have reported results corresponding to this view, showing the inferiority of informal employment by various criteria (Levy 2008, Negrete 2012, Pacheco 2004). There is some evidence that informal workers themselves agree: Temkin (2009), analyzing an opinion survey of Mexican workers, finds informal employees report feeling less satisfied and in control of their work and lives than formal employees, but that the informal *self*-employed are the most unhappy of all. However, a growing literature posits that informal work is often superior. De Soto (1989) argues that much informal business activity is simply entrepreneurship driven underground by excessive regulation, an argument that has been widely criticized; but even if one rejects De Soto's central premise, an accumulation of empirical evidence suggests that characterizing all informal employment as low quality and exploitative is an oversimplification. For one thing, according to some data, higher income individuals, especially business owners, are *more* likely to conceal economic activity (Waldinger and Lapp 1993). But even at the lower end of the labor market, informal employment may offer higher wages, greater schedule flexibility, or other advantages that make it preferable (Itzigsohn 2000, Maloney 2004).

Particularly notable in tackling these questions is a set of studies of longitudinal data in Mexico (Bargain and Kwenda 2009, 2011, Maloney 1999, 2003, Gong and van Soest 2002, Gong, van Soest, and Villagomez 2004), Brazil (Bargain and Kwenda 2009, 2011, Ulysea and Szerman 2006), Chile (Joubert 2011), and Central America (Funkhouser 1996, 1997) that track transitions between formal and informal employment and examine the supply- and demand-side determinants of ending up in one or the other sector. While shedding new light on labor market trajectories, it has generated continuing debate about the relative quality of formal and informal

employment. Maloney (1999, 2003a,b, and Bosch and Maloney 2007) reports that informal workers do better, whereas Bargain and Kwenda (2009-2011) distinguish between *salaried* work, in which formal workers fare better, and *self-employment*, in which, at least in Mexico, informal proprietors earn more.

This longitudinal literature also generates estimates of the frequency of transitions between formal and informal employment. For example, Gong *et al.* 2004 estimate that as many as 20 percent of Mexican men and 10 percent of women who started out in the informal sector had moved to the formal sector as of one year later. These levels of mobility suggest that for many, informality may not be a trap, but just one stop in a longer trajectory. Interestingly, while Gong and co-authors find mobility in and out of informal jobs more rapid than for formal ones, Ulysea and Szerman conclude that, at least in Brazil, there is an “informality trap” that sharply reduces exit from informality after the first several months.

Despite these important recent exceptions, most literature on informal employment is cross-sectional in nature, remaining largely silent on the question of mobility over time. Moreover, the longitudinal analyses cited above are strictly quantitative, drawing on a rich set of descriptive variables, but none that capture individuals’ perspectives, aspirations, or strategies. Our strategy in this research was to conduct in-person interviews in order to learn about these more qualitative aspects of the work experience. Our Mexican sample was small and non-representative, but stratified to include various sectors of retail.

Mexico, and its retail sector in particular, are of interest for a number of reasons. In Mexico in 2010, an estimated 61 percent of the employed worked informally, in the sense of working in non-registered businesses or in formal businesses but without enjoying basic worker rights (de la Garza 2012; see also International Labour Organization 2002 for globally comparable data). Varying definitions and measurement approaches generate differing estimates, but many researchers put the percentage at half or more of the workforce (see, e.g., Levy 2008). The high level of informality in Mexico is often attributed to an extensive set of labor regulations, the lack of unemployment insurance, and relatively slow economic growth (Gong *et al.* 2004). Retail is of interest because, as pointed out above, it includes extensive formal and informal labor components, with giant, modern retailers such as Walmart dominating the formal portion, while street vendors anchor the informal end (Tilly 2006). Retail is also the largest single employment sector in the Mexican economy: about one Mexican worker in five works in retail (Álvarez and Tilly 2006). Among informal workers, more than one in three works in informal retail (de la Garza 2012). Despite this, the retail workforce as a whole remains understudied. There are notable studies of street vendors (e.g. Cross 1998, Olivo 2009, 2011), but only a few of workers in formal retailers, most of which focus on Wal-Mart (e.g. Álvarez and Tilly 2006, Carré and Tilly 2013, Hernández 2011, ProDESC 2009, Tilly and Álvarez 2006). The workforce turnover rate in formal retail is estimated at 120 percent by ANTAD, the Mexican retailers’ association, suggesting that longitudinal study is particularly appropriate in order to be able to follow workers who pass through retail employment.

We find that on average, formal retail workers earn more and in most cases have greater earnings growth than informal ones. However, much of the earnings advantage disappears when we exclude formal retail supervisors and managers and focus on rank-and-file workers. Only a minority of workers made any transition about of their initial jobs, and mobility to a different retail sector or out of retail altogether are rare indeed, and particularly rare for workers starting out in informal jobs. The workers in our sample had relatively modest aspirations—above all, to open or expand one’s own business. Most made some progress toward those aspirations over the two-year study period, but typically the progress was extremely limited, and quite a few workers slipped backwards. Confronted with these harsh realities, many lowered their expectations over time.

The rest of the paper is organized as follows. In our next section, we summarize methods and data. We then review findings in four sub-sections: aspirations, earned income, earnings changes and mobility, and finally degree of realization of aspirations. We close with a brief conclusion.

Methods and data

We gathered a convenience sample of 91 people working in food retailing in the state of Tlaxcala, Mexico in spring 2006. Tlaxcala is Mexico's smallest state, located about 100 kilometers east of Mexico City in central Mexico. We sampled workers by walking and driving through the commercial areas of the major cities of Tlaxcala, entering retail establishments, and inviting workers to participate in the study. Workers were concentrated in the capital city of Tlaxcala and its twin city, the commercial center of Santa Ana Chiautempan. However, we also included workers in several smaller cities in the state. Although we report numbers and percentages, it is important to keep in mind that due to the convenience nature of the sample, the statistics are only descriptive of the sample itself, and cannot be used for inference about a larger population.

Table 1: The sample and its sub-sectors

<i>Sub-sector</i>	<i>Description</i>	<i>Degree of formality</i>	<i># in 2006 sample</i>	<i># with follow-up interview(s)</i>
Chain stores	National and regional chains of multiple stores	Highly formal	38 (including 21 supervisors and managers)	24
Supplier services	Includes commission wholesale salespeople and <i>promotores</i> marketing products to consumers in the store	Relatively formal	8	5
Mom and pop stores (<i>abarrotes</i>)	Small, individually owned stores in fixed, fully enclosed locations	Moderately formal	18	11
Public market	Stands in open areas of enclosed public markets	Moderately formal	7	6
<i>Tianguis</i> (weekly markets)	Stands that set up in weekly markets that locate in a different place each day of the week	Relatively informal	8	8
Independent street vendors	Selling out of house or on the street, not in fixed location markets or <i>tianguis</i> . Includes some purely self-employed and some selling branded goods such as popsicles.	Highly informal	12	10
TOTAL			91	65

We intentionally sampled from six sub-sectors covering every channel of food retail in Mexico. Table 1 details the sample. From most formal to least formal, the sub-sectors are chain stores, supplier services, mom and pops and public market stands (both with about the same degree of formality), *tianguis* (weekly street market)

stands, and independent street vendors. This order is based on our assessment of their degree of compliance with legal regulations, and in particular accurate reporting to government authorities. Importantly, as the McKinsey Global Institute (2003) points out, most food in Mexico is exempt from the value added tax, so formal chains have little incentive to underreport food sales—a common form of tax evasion among chains in Brazil.

The initial (2006) interview gathered information on work history, the retail job, earnings from that and other jobs, household structure, household income sources, and aspirations for one year and five years in the future. The questionnaire was semi-structured, but interviewers were careful to elicit answers to all major questions. In the two subsequent waves, we re-asked all of these questions except that we only covered work history since the previous interview. We also asked about progress toward aspirations stated earlier. In these later interviews, we asked about the *current* job, regardless of whether it was in retail. However, as we shall see, very few respondents left the retail industry.

In the initial interview, we gathered varied contact information (job location, home address, own phone, family member's phone, email) in order to be able to re-contact workers in future years. We were able to re-contact 65 (71 percent) of the original 91 respondents in spring 2007, spring 2008, or both. We reached all but 6 of those 65 in 2008. Interviews were recorded and transcribed.

To obtain quantitative totals across all retail sectors, we weighted the means or proportions from each sector by weights based on employment estimates from the 2009 Economic Census for stores, suppliers, and public market stands, and based on the 2012 Encuesta Nacional de Ocupación y Empleo (ENOE) for *tianguis* mobile market stands and ambulant street vendors (we thank Enrique de la Garza Toledo for ENOE tabulations; contact authors for details of weight estimation).

Because the narrative refers to some chains by name, Appendix Table A offers capsule descriptions of the chains in the sample.

Beginning in 2007 and continuing into 2008, the US economy sank slowly into recession (the financial crisis exploded later in 2008, after these surveys were conducted), and the Mexican economy correspondingly slowed down as well. The unemployment rate and other indicators of labor market distress show that Tlaxcala's labor force was hit moderately hard by this deepening downturn (see Appendix Table B). Therefore, the period captured by this survey corresponds to one of economic slowdown.

Findings

We first review worker aspirations. Then we turn to income levels, income changes and mobility, and finally examine the degree to which people achieved their aspirations.

Aspirations

Worker aspirations, for each sub-sector and for the total, are shown in Table 2. Every worker expressed at least one aspiration, and the great majority expressed more than one. By far the most frequent goal expressed by the food retail workers interviewed was to open their own business. Over half of all workers hoped to open a business within the next one to five years. The most common kind of business that people imagined opening was a small grocery store in front of their homes. In addition, most of those who already owned a business (and almost one-third of the total sample) hoped to expand or improve their business.

Table 2. Distribution of Aspirations by Sub-Sector (Percentage expressing each aspiration)

	<i>Open Business</i>	<i>Find another Job</i>	<i>Improve Business</i>	<i>Move up</i>	<i>Study</i>	<i>Invest in House, car, furniture</i>	<i>Save Money</i>	<i>Family</i>	<i>Migrate*</i>
<i>Chains</i>	63%	29%	4%	67%	21%	13%	8%	8%	42%
<i>Chains Supervisorial</i>	75%	25%	0%	92%	8%	8%	0%	8%	58%
<i>Chains-Non-supervisorial</i>	50%	33%	8%	42%	33%	17%	17%	8%	33%
<i>Supplier Service</i>	100%	40%	0%	60%	0%	0%	0%	20%	20%
<i>Mom & Pops</i>	36%	45%	36%	0%	18%	18%	9%	18%	55%
<i>Public Market</i>	33%	33%	67%	0%	17%	50%	0%	0%	33%
<i>Tianguis</i>	38%	25%	63%	0%	13%	63%	13%	0%	63%
<i>Independent Street Vendor</i>	64%	18%	55%	0%	18%	18%	0%	0%	9%
TOTAL	55%	31%	31%	29%	17%	23%	6%	8%	40%

*Aspirations were elicited by asking an open-ended question about the respondent's aspirations for 1 year and 5 years in the future. The one exception was migration; nobody volunteered that as an aspiration, but respondents were asked separately if they had thought about migrating to the USA.

Workers expressed two main reasons for wishing to open a business. First, many, even those formally employed at large chains, who might expect to receive a pension, saw opening their own business as a sort of social security. One employee of a retail chain explained his reasons:

When you're born, you're strong, but as time goes on, your strength isn't the same after 50 years. When I get that old, I imagine that a company wouldn't give me a job. So my idea, when that time comes, is to have a way to survive.

Another mom and worker, Yésica [all names are pseudonyms], echoed this concern. Despite her own struggling business and a Sam's Club warehouse store opening down the road, she didn't consider it an option to look for a job at the Sam's.

At my age...you don't see anyone over 50—even 40—who gets hired. We don't have a culture that includes older people. I went to Europe and there you see lots of employees in retail who are my age. But in Mexico, you can work until you're 40, but after that they put up a barrier and don't hire you anymore.

Second, many expressed a preference for self-employment. Francisco, who rated his sales job in supplier services a 10 on the scale of 1 to 10, and considered it very well-paying, still said he planned on quitting as soon as he had enough money to invest in a small grocery store: "Working for someone else is good, but having your

own business is much better. When I open my business I'll be working there.” Ekaterine, despite ascending rapidly through the ranks of management in a Soriana hypermarket, stated, “My dream has always been to have an internet café. Something that’s mine, mine, all mine. That’s my dream that I hope to achieve some day...” But she added a pragmatic postscript: “...After I become a manager.”

Getting promoted to a higher level position was an objective of most retail workers in chains and vendor services, though not relevant to the less formal retail sectors. Two-thirds of chain store employees hoped to move up. However, this breaks down to almost every supervisor and manager, and less than half of the line employees. It is interesting to note that moving up the career ladder was an aspiration most often named in conjunction with, rather than exclusive of, opening one’s own business. Three-quarters of those who aimed to move up also hoped to open their own business, presumably in order to hedge their bets in the case of firing, complement their incomes, or guarantee their security in old age as described above.

Studying—including high school, college, English or computer classes, or further job training—was one of the least likely aspirations to be named. About one in six retail workers expressed a desire to study more. Non-managerial chain store employees were most likely to state this goal.

Some workers simply expressed goals of purchasing durable goods such as a house or car, saving money, or undertaking the expenses to start a family or help family members advance. About one-fifth expressed an interest in making purchases. Though saving money was only named as a specific goal by a few, it is an important measure of people’s means to achieve their stated aspirations. Around half of retail workers were able to save money at least one year, but very few people reported saving money all three years.

Finally, forty percent of workers had thought about migrating to the United States. Interestingly, high percentages of workers expressed this thought among retail managers (mostly college-educated), but also among mom and pop and *tianguis* workers.

In short, workers across all sectors expressed varied aspirations for the future. Aspirations were particularly common where they were most appropriate: employees of large chains hoped to move up, owners of small businesses hoped to expand, and those without a small business hoped to open one.

Income levels

Retail work, in general, pays much better than minimum wage. However, at around \$6.50 per day (in purchasing power U.S. dollars), workers who depend exclusively on this daily minimum wage live in extreme poverty. In this study, 10 percent of workers earned at or below the minimum wage during at least one year. Mexican pesos have been converted to U.S. dollars using the Purchasing Power Parities provided by the OECD.

As shown in Table 3, retail workers and worker-owners in our sample earned an average of 596 dollars per month (\$25 daily) from 2006 to 2008. In the aggregate, more workers in more formal businesses—chain stores and supplier services—earned substantially more than those in more informal formats. Chain store workers averaged \$34 a day and \$823 a month, with supplier service workers earning even more. In contrast, workers in the less formal formats were clustered around \$15-20/day and \$350-500/month. Each of these averages conceals a wide range: as shown in Appendix Table C, the ratio of lowest to highest monthly pay rates ranged from about 3:1 for supplier services to nearly 9:1 for the *tianguis* market.

However, once we separate chain supervisors and managers from everyday employees, the picture shifts. Whereas managerial employees have earnings similar to those in supplier services (the highest earner, the

owner-manager of an Oxxo convenience store, earned \$2000 a month), non-managerial chain store workers have lower earnings than workers in any of the less formal formats (with the lowest earner, stocking electronics at a Gigante superstore, earning only \$139/month).

Table 3: Annual Monthly and Daily Income (in US dollars) by Sub-Sector (averages across the three waves)

	Monthly	Daily
<i>Chains</i>	\$823	\$34.31
- <i>Chains-Supervisory</i>	1,186	49.41
- <i>Chains-Non-supervisory</i>	383	15.95
<i>Supplier Services</i>	1,261	52.54
<i>Mom and Pop stores</i>	407	16.94
<i>Public Market</i>	510	21.26
<i>Tianguis</i>	391	19.53
<i>Independent street vendors</i>	410	17.06
Total Average	565	23.94

Note: All numbers in Purchasing Power Parity U.S. Dollars

Supplier services show stratification of earnings by job category as well. The wholesale salespeople (all men) earned considerably more than the store-based *promotoras* (all women) promoting products to customers. Serena, who promoted dairy products, and described her responsibilities as “waiting on customers, receiving product and checking expiration dates” earned the least of the supplier services workers, with an average monthly salary of \$433 in 2006.

The higher average level of daily earnings of supervisors, managers, and sales personnel in more formal retail channels is tied to certain competitive advantages. Unsurprisingly, formal businesses (chains and supplier services) with prime locations, larger formats, and investments in equipment and systems, were able to sell larger volumes and provide higher pay to their upper level workers. Also, it’s not surprising that supervisory and management positions, which typically require at least some college, pay more than line worker positions in the chain stores.

Different competitive advantages also distinguish the various less formal channels. The public market—well-known, centrally located, and open every day—provided the highest incomes after retail chains, and within the public market, owners of larger or multiple stalls earned more than those with smaller, single stalls. For example, one higher-than-average earner in the public market was José Luis, an owner of three separate fruit and vegetable stands. By owning more space, he was able to take advantage of economies of scale and hire others to work for him at lower wages than an owner-worker would expect. Mom and pop stores enjoy the advantages of week-long operation in a fixed site, but are less centrally located and typically just serve customers from a single neighborhood.

In contrast with the public market and corner stores, *tianguis* weekly street markets circulate to different locations each day of the week, limiting their ability to make capital investments or build up a faithful clientele. Vendors in our sample typically specialized in one type of product (for example fruits, vegetables, cheese or seeds) and had a very small assortment. Even so, as part of large and varied street markets, *tianguis* stands are likely to have a larger following of local shoppers than mom and pops selling to very localized markets. Because of the licensing system and the time needed to travel from one market to another, vendors at the rotating street markets typically have only four days to sell compared to all other businesses, which are open at least six days a

week. The *tianguis* also tend to be open fewer hours. One vendor was able to work only three days a week though he wished to work more: “What I need is money to buy permits for other locations.” She was unable to earn enough at these three stands to pay the rent for a fourth in another location. In many cases, *tianguis* vendors traveled longer distances in order to work at more than one of these street markets. As a result, they ran much lower volumes than other retail worker-owners.

Independent vendors have the smallest scale and the least capital. Their situations varied, with most preparing their own merchandise (sweets or potato chips, for example) and selling them on the street or in a corner of the market without a formal stand. One self-employed vendor sold fruit and vegetables from a stand in front of her house. Another worker—one of the highest earners among the mobile vendors—sold popsicles supplied by the BonIce brand. Nicolás earned the most all three years (an average of \$818) as an ambulant vendor with a cart selling sweets who circulated around the public market and the largest weekly *tianguis*. Despite occasional such stories of success, these businesses were typically constrained by their size; control of only a very small space and lack of storage capacity limited the quantity and assortment of merchandise to what they could expect to sell in a given day. Even so, their earnings were comparable to (and slightly above) their mom and pop counterparts.

Though *earnings* of formal retail workers benefit from their business’s competitive advantages of central locations and economies of scale, informal workers have access to other strategies to increase *total household income*. Perhaps most importantly, less formal family businesses typically deploy unpaid family workers. Most owner-workers in the sample hired family members or otherwise depended on their free labor. For example, José Luis, the fruit and vegetable seller in the public market mentioned above, worked with his wife and depended on the help of his four children who worked without pay. Such arrangements can be understood as mainly an issue of opportunity cost. Children would be unlikely to make much money in an alternative line of work. Chronic underemployment in Mexico means that family members may not have other good job prospects, so working for a proprietor relative may be the best alternative available. Furthermore, families tend to pool their resources. Employing family members is, then, much cheaper than hiring off the street. Finally, trust is likely to be an important factor. Owners trust family members not to steal from the business and to work in its best interest. This fact is appreciated by the major convenience store franchise Oxxo, which has a strong preference for leaving their stores in the hands of teams of family members rather than other business partners for this reason. In calculating monthly and weekly earnings in family businesses, we divided by the number of adults working, to avoid inflating earnings estimates. (We only adjusted for the number of non-adult children working when we had very explicit information about their hours of work, since we suspect that children most likely work sporadically and at low productivity.) Given this adjustment, adult unpaid family workers add nothing to the per-adult earnings we report, but in terms of household survival strategy they add to total family income without any added out-of-pocket cost.

Another strategy to increase total income is holding multiple jobs. Particularly common is the case of people who hold a formal job, but add a flexible, informal job to supplement their income. For instance, Carlos worked as a university professor, but also operated first one, then multiple corner stores. Miguel described his decision to open a small store as a desire to use a locale that he already owned and a way to earn money in his spare time: “It’s a tradition in our family to run small businesses, especially corner stores.... We had some free time and wanted to take advantage of this space that we owned.” His salaried job gave him more funds to invest in merchandise than his fellow shop-owners.

Earnings changes and mobility

Real earnings among Tlaxcala retail workers rose by 13 percent between 2006 and 2007, but only by 2% between 2007 and 2008 as the slowdown in the US economy rippled through Mexico. The changes in earnings are summarized in Table 4. The net growth was concentrated in the more formal sectors: chains, vendor services and public markets. In chains, non-managerial workers gained more than managers in the upturn, but lost more in the downturn. Surprisingly, public markets were the only sector where earnings continued to grow even during the economic downturn that began to affect retail in 2007. This sector's 68 percent increase in income over three years was the highest of any sector, followed by supplier services at 59 percent and chains at 20 percent. The rest of the less formal sectors all saw negative growth rates. Mom and Pops and independent street vendors and saw a drop in income of 15 percent and 6 percent, respectively, over two years. Eighty-two percent of independent street vendors and 64 percent of mom and pop workers and owners saw an income decline. Losses in the *tianguis* rotating street market sector were even more dramatic: 100 percent of vendors saw an income decline each year. The average drop in income was extreme: 47 percent between 2006 and 2008.

Table 4: Percent Change in Earnings by Sector

	% change 2006-2007	% change 2007-2008	% change 2006-2008
<i>Chains</i>	21%	-1%	20%
- <i>Chains-Supervisory</i>	13%	-1%	12%
- <i>Chains-Non-supervisory</i>	34%	-9%	22%
<i>Supplier Services</i>	35%	18%	59%
<i>Mom and Pop stores</i>	-1%	-13%	-15%
<i>Public Market</i>	49%	12%	68%
<i>Tianguis</i>	17%	-47%	-37%
<i>Independent street vendors</i>	-7%	1%	-6%
<i>ALL Retail Workers</i>	13%	2%	15%

Note: Includes only workers who stayed in the same retail sector. As documented below, this is the overwhelming majority of workers.

Worker-owners blamed competition that cut into already low profits. The biggest culprits they pointed to are the chains, particularly the gigantic *autoservicios* offering variety and convenience. Melisa, a public market worker, reported that with the opening of Aurrera in 2003, her sales dropped immediately by as much as \$6.50 per day—the equivalent of her daily income in 2007. Laura, another produce vendor in the public market, highlighted the same phenomenon:

We would sell more if there were no Gigante, Aurrera and all that. Of course, it doesn't affect us that much in produce, because, for example, when the price of tomatoes went up, they sold them in the chains for a lot more...they compete with the market in meat, dairy and clothing.

In spite of saying that the produce business wasn't as impacted by the competition, Laura admitted that her sales were down.

Some street market vendors reported an increase in hours in order to try to recoup this loss of income. Despite increasing their hours, the rising price of inputs and low rates of consumption prevented a corresponding rise of income. David, who sold fruit and DVDs at the street markets, worked four days a week in 2006, five days in

2007 and seven days in 2008. At the same time he saw his income drop from \$612 to \$407 to \$348 over the same years—a total decline of 43%. This pattern was noted by people in all of the less formal retail sectors. Workers in small and informal businesses reported working increased hours but being paid less by their employers, and worker-owners reported earning less despite long hours. Working more for less was a common theme of their employment. Due to declining incomes, many worker-owners in retail lack the ability to save and, in turn, are unable to expand or purchase more merchandise to sell.

Yet large chains are not the only source of competition. As the economy worsens, informal retail is one of the most common industries that workers turn to. Very small-scale informal workers who have no overhead costs sometimes create another important source of competition that small-business owners face. Public market vendor Melisa attributed her dramatic drop in income not only to Aurrera, but also to the emergence of more informal vendors. She described a new local government policy to expand the vending zone around the public market in order to offer more economic opportunities for the unemployed. As she pointed outside to a whole new section of the market where people sold the same goods as her and the other workers-owners around her, she said: “I think there are too many of us. So much competition now...Every year we sell less and less. Now just about anyone sells vegetables.” Maura, who worked at a mom and pop owned by her brother-in-law, found the competition posed by ambulant vendors to be unfair:

In Mexico City and here, in Puebla and the cities around here, the people who make the most money are the ones who sell tacos as ambulant vendors. Why? Because they don’t pay rent, they don’t pay electricity, they don’t pay any tax. In a stationary business, if people come, good, but if they don’t you still have to pay rent, electricity, water, television if you want to put in cable, the employees, plus what you have to buy, the food...

When asked about the disadvantages of her job, Elizabeth, a *tianguis* worker-owner, replied: “The disadvantage is the competition. There are a lot of vendors... *tianguis* vendors, ambulant vendors. It seems like there are almost more vendors than shoppers these days.”

Table 5: Transition Matrix of Retail Workers, 2006-08

<i>Destination</i>	<i>Remain in same retail job</i>	<i>Moved up in same company</i>	<i>Same sector but different employer</i>	<i>Moved to a different retail Sector</i>	<i>Moved outside of retail</i>	<i>Non-employment</i>
<i>Origin</i>						
<i>Chains</i>	38%	33%	17%	8%	4%	0%
<i>Chains-Supervisory</i>	50%	25%	25%	0%	0%	0%
<i>Chains-Non-supervisory</i>	25%	42%	8%	17%	8%	0%
<i>Supplier Services</i>	60%	20%	20%	0%	0%	0%
<i>Mom and Pop stores</i>	45%	0%	9%	0%	27%	18%
<i>Public Market</i>	83%	17%	0%	0%	0%	0%
<i>Tianguis</i>	100%	0%	0%	0%	0%	0%
<i>Independent street vendors</i>	64%	9%	9%	18%	0%	0%
<i>ALL Retail Workers</i>	57%	17%	9%	8%	6%	3%

Workers attempted to improve or at least preserve their earnings by changing jobs. However, as Table 5 shows, the majority—57 percent—of retail workers remained in their original jobs over the two year span of this study. Most who changed jobs did so within the same company. We saw very few cases of workers departing retail

altogether. The smallest number of all were those who left the work force outright: all of them were women who did so because of family obligations, and all were located in the mom and pop sector.

In general, less formal retail channels had more stable employees. Four out of five public market worker-owners, and *all* of the *tianguis* workers, were in the same job two years later. David, who worked at his parents' *tianguis* stand and operated his own stand next door, suggested that the informality of the *tianguis* actually allowed for more earnings opportunities without moving. "There's more [stability] here because if you're here working, there's always someone who will come by and ask if you'll help a little with loading, and they'll give you 50 pesos just for a little time."

At the other extreme, only one-quarter of non-supervisory chain store employees occupied the same job. Among less formal formats, mom and pop stores had exceptionally high mobility, but this was entirely due to a group of women who left their jobs to care for children.

Table 6: Job Transitions and Income Changes

	<i>Any Job Change</i>	<i>Change that Resulted in Higher Income</i>
<i>Chain</i>	63%	80%
<i>Chains-Supervisory</i>	50%	83%
<i>Chains-Non-supervisory</i>	75%	78%
<i>Supplier Services</i>	40%	50%*
<i>Mom and Pop stores</i>	36%	50%**
<i>Public Market</i>	17%	100%*
<i>Tianguis</i>	0%	--
<i>Independent street vendors</i>	36%	50%
<i>ALL Retail Workers</i>	40%	69%

*These estimates are based on one to two observations, so they are particularly unreliable.

**This estimate only includes people who continued doing paid work, and does not include several women who left the paid workforce.

Table 6 shows the percentage changing jobs within each sector, and the percentage of changers who gained earnings via the change. Most job changes resulted in earnings increases, but there was substantial variation. For example, chain store workers were more likely to change jobs than their managers, but the changes were slightly less likely to result in improved earnings. In general, opportunities for upward mobility were greater in the formal chain stores.

Transitions between formal and informal modes of retail were relatively rare. Among the less formal retail formats, from mom and pops to independent street vendors, only two people, 6 percent of the total, move into formal jobs—and both outside retail. In the reverse direction, a slightly higher 10 percent of chain and supplier service employees (three people) relocated to less formal jobs. These frequencies are considerably lower than those estimated by Gong *et al.* (2004).

Though movements between formal and informal jobs were unusual, workers pursued five other main strategies in changing jobs: climbing the corporate ladder, job-hopping, starting a business, moving from retail into wholesale, or migrating. In some cases they combined more than one strategy.

i) Climbing the corporate ladder

Moving up within a company can be rewarding, but many workers, especially women, run into limits to such mobility. Ekaterine was a success story. By the first interview in 2006, she had already moved up through the ranks at the Soriana supermarket to become an assistant manager. By 2007, she had become Operations manager, in which she supervised 120 people. Her income rose from \$1390 to \$1625, and she reported working sixty hours per week. Her goal to continue moving up looked positive, as Soriana was helping her complete a university degree through online coursework.

On the other hand, Delfina's story was more mixed. When she was first interviewed in 2006, Delfina had been working for five years at the same Soriana market, in various departments: office supplies, toys and books and magazines. She started out as a line worker, moved up to assistant in a year and in two more years became department supervisor. She started out earning around six dollars a day as a line worker, a wage that doubled with each promotion. Though she was satisfied with many things about Soriana, she also had frustrations, especially about working overtime without pay. By 2007, Delfina had left Soriana to run a 24-hour Oxxo mini-mart franchise. Despite a demanding schedule, she aimed to treat employees better than she had been treated by Soriana:

I was an employee in Soriana and it's horrible. They have you working without paying overtime. I pay overtime. I don't treat workers like Soriana treated me. There are many bosses who say, 'It's your obligation to help me' and they don't pay.

Her own earnings nearly doubled and she preferred it to Soriana: "It's better here because I have no boss." Yet she found that Oxxo was overly demanding, and was saving money to open her own business.

Eleanora promoted Nestlé products for thirteen years without moving up. Though she wished to be supervisor, she knew she would never be offered the job because it required a university degree. In 2008, she found a similar job promoting products for a national dairy company. Despite a lower wage, she took the job hoping she would be promoted on the basis of experience rather than educational level. And Diego, a floor worker at a Gigante supercenter, also felt stuck:

I'm all alone in my department... I'll stick around until I'm finished paying off my INFONAVIT [federally subsidized housing purchase] loan, then I'm leaving because I've been here nearly two years and I haven't gotten a raise. For my level of responsibility it's not worth it. When there is a possibility of moving up, they might give you the job, but they won't give you the corresponding salary. They'll string you along, promising a raise. Even if they offered me a job in another department, I wouldn't take it because I know how it will be. They'll increase my responsibilities, but not my wages.

ii) Job-hopping

Delfina and Eleanora ended up job-hopping to another employer, along with more than one-fifth of the sample. Some form of job-hopping is the most common strategy for improving earnings. But job-hopping, too, has its limits. Maura, working at a mom and pop, when asked about opportunities to find a better job, responded, "Right now there are very few. If you don't know someone who works at the business, they won't give you a job. Jobs are given more on the basis of contacts than skills." She didn't plan on studying beyond high school "because you can finish a degree but it's a little more difficult to find work in what you studied."

iii) Starting a business

As noted above, starting a business is the most common aspiration. Some retail workers turned this aspiration into a reality during the two-year period. But for most, this move did not prove a quick road to riches. After leaving the textile factory where he had worked for ten years but saw no future there, and being fired from a formal job with a transportation company, Daniel found a job selling popsicles, juice, and yogurt on the streets for BonIce in 2006. He was looking for better jobs, with companies such as the Aurrera and Soriana supermarkets and Coca-Cola; at the time of the first interview he had been refused by Coca-Cola because, at 33, he was told he was too old. At BonIce, Daniel averaged seven to eight dollars per day. “The salary is very low. We’re not happy, that’s why we’re looking for a new job.” He was also unhappy with his treatment by the woman who owned the franchise. By 2007, he was among fifty vendors who had left the franchise that year. He began selling belts and bags, spreading his wares out on the sidewalk, earning an average of 135 dollars weekly for sixty hour weeks—the same hourly income as before. Though he was struggling, he considered his new job an improvement over BonIce. “Compared to last year, I’m doing better this year. Last year I just sold juice, I worked for a company. But now I have my own business and that’s a good thing. I’ve come up.”

Maura, the mom-and-pop employee who was discouraged about the prospects for finding a better job, was pessimistic about the possibilities of starting a new family business. She hoped to one day own her own mom and pop, but she knew it would be difficult. “It used to be easier than it is now. If you look around, there is a business every five steps. Today, it’s harder for a business to get off the ground fast.”

iv) Moving from retail into wholesale

Some of those struggling to make a living in family businesses, particularly entrepreneurial young men, saw income potential in moving further back on the supply chain. During the interview period, Rubén was an employee at a family business in the public market that produced and sold cheese. Rubén earned nearly \$400 per month from working at the stand, and by 2007 he also worked three hours per day producing cheese for the same business, increasing his salary to \$650 per month. The livelihood strategy of Rubén’s family was to create their own supply chain for the product they sell. Rubén’s immediate family owned a four hectare parcel of land where they produced the corn that was fed to the cows that produced the milk his uncle used to make cheese. Yet Rubén had originally dreamed of something different. He noted that with the opening of Aurrera, business had gone down, and that, in general, the state of the economy prevented him from finding a job in the area of his Bachelor’s degree in agronomy. Rubén’s uncle had invited him to work at his business when he was unemployed. He also saw retail as a challenging business. “Today, retail has gotten very difficult because of the huge competition that there is. It used to be that there weren’t so many establishments, but I guess with unemployment what it is people like me have ended up in businesses like this one. We can’t know for sure, but there are probably more people that have a degree and find themselves in a retail business that doesn’t have to do with what they studied.” Though he still aspired to find a job in his area of study, he meanwhile hoped to focus on distribution (developing a cheese delivery service) and producing new kinds of cheese:

Specifically, [I aim to] produce other kinds of cheese like manchego and mozzarella...not necessarily in my own business because it is very complicated to get a loan from the government to buy the equipment. So since I work for my uncle, and he likes it that I produce new cheeses...I used to think about having my own business, but it seems harder and harder. The economy is very difficult around here...There are too many little stores and you can see now that the people who are benefiting are the distributors, so that’s why I want to be a manufacturer, to then be a distributor and not have to depend on a store. You could say that that would be my strategy for growth, for development.

Eric and his wife were the most successful of the independent street vendors, opening a franchise for the company whose product they had sold as ambulant vendors. Eric and his wife grew up in farming families, and

left their village to come to the city at around the age of 18. In 2006, the couple had four small children and was struggling to make ends meet. Before the interview period, Eric had worked in a small clothing manufacture company for a neighbor, and when there was no more work, the same neighbor helped him get a job selling clothing in a street market. He stayed in the clothing retail business for only six months, but it didn't go well for him. "Without capital, I couldn't get the business of the ground," he said. Eric was 50,000 pesos in debt when he heard about Bonlce, the popsicle business. In 2007, after working for a year as ambulant Bonlce vendors, he and his wife were able to open their own franchise, with help from his two older children on the weekends. They had taken out loans from family and friends, but in 2008 were still not able to make full payments on them. They were, however, able to buy a lot on which they planned to eventually build their home. Income varied greatly by season. During the three hottest months sales were good, but they dropped by half during the rainy season and winter. When sales dropped, vendors also left. "Sometimes we have the problem that there are no sales and there is no one willing to sell. People get discouraged." Eric reported having twenty vendors on average, but only twelve during the rainy season. Given the challenges of the franchise, Eric's bigger dream was to open his own business in soda wholesale. In 2007, he said:

I'm working here because the opportunity arose and here we are, but I aspire to have my own business. Lately I've thought about being a soft drink wholesaler. Here in Mexico, we consume a lot of soda, so I'd like to have a wholesale company.

Miguel owned a sweetshop in the city center that he had inherited from his father. Before managing the sweetshop, he worked as a weaver in a textile factory owned by the family, but his family eventually sold the business and all its equipment. He had misgivings about the job at the sweetshop, concerned about increased competition from large chains and lower and lower sales given the time invested. "You have to spend a lot of time here, get here earlier and earlier. But sometimes, since we have other work, we can't do as much at the business as it needs. We also work the land, that's where our food comes from." The family owned 1 hectare of land, producing corn to eat, and to feed their sheep and chickens; they also sold around one ton per year, bringing in \$400 to \$550 per year. Miguel wished to open a less risky, rent-free sweetshop. By 2007, his family had opened another sweetshop, run by his mother out of her house, where neighbors knew to ring the doorbell for service. Given the context of the competition they faced, he hoped to be a sweets distributor. At the time of the second interview, he was using a vehicle owned by his family to try out the business by distributing sweets to colleagues several Sundays per month. He hoped to obtain a loan for a new van to dedicate himself more and more to distribution and less to retail.

David, who had worked at a fruit stand in the *tianguis* markets since he was 11, did successfully move into wholesale. He was 18 at the time of the first interview, and reported complementing the family fruit business with his own pirated DVD and CD stand (see Alba Vega 2012 for more in-depth discussion of contraband vending in Mexico). In 2006, he had just quit selling CDs and DVDs after running the stand for seven years.

We quit selling because of the police operations. They would take away our product and that was it... They would confiscate it and ask for money. My brother didn't want to sell anymore either. [The police] were always watching us, they had us identified... There were times that they took our photos at our stand... They took a lot of our things—the TV, the DVD player, the merchandise, the cases, everything. That's why there came a time that we couldn't work anymore. In the past, there weren't any police operations. But now it's harder than ever.

Despite closing the stand, David and his brother used their knowledge of the industry to open a distributing business:

Now we just distribute to all the other stands... just to people who already know us.... I have to buy the cases, labels, the blank disks. I have to copy and everything. I don't copy them myself. I take it to a place to have them copied, and I have to pay for that.

He estimated selling 20 boxes of CDs and 20 boxes of DVDs, with total sales of around \$6000 per month, and profits of around \$275. In 2006, he rated his job a 10 on a scale of one to ten. Yet he found his income steadily eroding despite increasing the amount of time he worked, and by 2008 his rating of his job had changed to an 8: "Because it never goes well enough. It's not going to go well every day. You live from day to day; there's always going to be something that goes wrong."

v) Migration

Some saw opportunity on the other side of the border. David, just mentioned above, pursued this avenue. With an uncle who worked in pizza delivery in Florida, David had always thought about migration. He migrated to the United States in 2006, but was deported after just a short time in the country. By 2008, he was trying to once more save enough money to pay for the border crossing to go later that year. Nearly 40 percent of all people interviewed had considered migrating to the U.S. at some point. However, others said that they might have considered migration, but were concerned about the violence along the border, the threat of U.S. border patrol and immigration officers, and exploitation on the job. One *tianguis* worker said, "An immigrant suffers to get across the border, and the truth is, they look on us as strange insects. We're not valued in the U.S.... Mexicans give away their work there." Another *tianguis* worker echoed this concern, "The truth is I wouldn't because it's hard to cross and Mexicans are treated very badly there."

vi) Multiple strategies

Many workers, particularly younger ones, combined various strategies, simultaneously or in sequence. Noë pursued his goal to continue studying, despite adversity that included juggling complicated work schedules and pressure from his family to quit school. He had helped his family with their store since he was seven years old. He earned his first wages working for a mechanic and worked for a tailor shop during secondary school as a delivery boy on a bike. After high school, he worked at a jeans factory. When the factory moved him up without increasing his salary he found work at a Waldo's convenience store, where he was an area lead worker in 2006. He studied public accounting, and found it difficult to find a job that would accommodate his school schedule; even at Waldo's, scheduling was challenging. Waldo's saw high turnover, Noë believed, because of the extreme variation in schedule during any given week. "I study. Monday I'm here nights and leave Tuesday morning, and have to run to school. On Tuesdays, I'm often on the afternoon shift, so from school I come back here and I haven't slept in a day. It's a terrible disequilibrium." He couldn't move up because of the same scheduling issues. By 2007, he hoped to open an accounting firm and, with his parents, a clothing factory. In 2008, he was taking steps to make it happen by doing a short-term, part-time internship with an accounting firm. At the same time, he was working for a workshop that made boxes, continued at Waldo's, and kept studying.

Many of these stories suggest the gendered nature of mobility. Esmeralda, who sold products for the large snack company Sabritas in an Aurrera supercenter, saw her opportunities as limited both by education and gender.

Any company, any vendor services company...if there is a man, they make him supervisor. At Sabritas, it's the same. In fact, a boy who came in out of nowhere, they gave him a position just because he had gone to college. Because he's a man and he has a certain educational level. I've seen it. There was a woman who worked with us who also had studied... and it was obvious that she was the one who should move up, but they did something, they hired a boy who had his B.A. and they left her in the lower position. She quit. That's why I tell you that they give preference to men.

Trainings, similarly, didn't promote mobility, in her view. "My first course was sales. The other courses are about self-esteem, physical and moral development, and then they just repeat. They do the same trainings, but with different names."

In addition, it was only women who left jobs to care for children. Even when care duties were compatible with a job, they could foreclose further education. Carolina, the supervisor of the babies department at Aurrera, acknowledged: “I probably can’t move up because I would have to study more, but I can’t because I have to be with my kids too.” And working mothers often had to take less formal jobs in order to gain necessary schedule flexibility. Maura, employed at a Mom and Pop owned by her brother-in law, appreciated the flexibility allowed by working at a family business, where she could take care of her children while working.

In other jobs, you can’t have your kids there. They don’t let you, for example, pick up your kids from school at one o’clock in the afternoon the way I do. From the time you go in to the time you leave, you don’t get any permission for anything. So here, maybe because it’s my family, I can have my children here with me and everything.

However, another gender-bound event forced her to leave this job: divorce. By 2008, she had separated from her husband, and had started working at a taco restaurant, where she earned worked longer, less flexible 13-hour days, six days per week for a slightly lower hourly wage.

Meeting aspirations, or abandoning them?

To what extent did people make progress in achieving their aspirations over time? Table 7 shows that overall, there was only progress toward meeting one-quarter of total aspirations, and less than half of respondents made progress toward *any* aspiration. Once again, chain store managers and supplier service workers were particularly privileged, with well over 50 percent succeeding in advancing toward their aspirations. On the other hand, *tianguis* vendors and independent street vendors languished; one in six or fewer made progress. In this case, mom and pop shop and public market workers lined up more closely with their formally employed counterparts.

Some respondents fully met their aspirations, but such success was exceptional. One particularly successful case was Leonel, who promoted credit cards based at large retailers. Like others in supplier services, he hoped to open his own business. Unlike others, he was able to do so within the two-year study period. He doubled his credit card promotion income between 2006 and 2007. His high salary, family capital, and entrepreneurial attitude made him able to achieve most of his rather ambitious goals: between 2006 and 2008, he finished his four-year university degree, switched to a more lucrative job in the same field, *and* opened a hotel and a corner store in houses owned by his family.

But overall, despite the frequency with which people aimed to open their own business, very few people made any progress towards achieving this goal over two years. In fact, only three of the 34 people who aimed to open a business reported to be taking steps in that direction. Six more were saving money, though not necessarily for the business. More typical than Leonel is the case of Claudia. Claudia was a popsicle vendor whose strategy was to guarantee the income of her two small children and husband by depending on several sources of income, rather than just one. She strove to continue studying medicine while selling popsicles, and, as much as becoming a doctor, she hoped to open her own taco restaurant. During the study period, she continued studying, but was unable to save money towards other future enterprises. Similarly, although more than 60 percent of *tianguis* vendors hoped to expand their business, only one person was able to take steps to do so over two years. In fact, this *tianguis* proprietor—who was putting money aside to open a fruit stand—represents the *only* steps towards stated goals achieved by any *tianguis* worker (of a total of 17 aspirations named).

People who already had businesses and wished to invest in them or expand them—concentrated in the less formal or informal sectors— were more likely to make progress over two years. Almost half of the 41 percent of

the sample who wished to expand or invest in the businesses they already had were successful. In some cases, these investments were somewhat modest, such as enclosing a small outdoor stand or increasing product variety. In other cases, they were somewhat more substantial, such as buying a vehicle to facilitate distribution. Still, the majority of this group, as well, were not able to advance toward their goals. Francisca, a public market vendor, dreamed of opening her creamery as a store somewhere outside the market, frustrated that her stall was small and not many people visited. Her husband, co-owner of the creamery, disagreed, and the couple stayed in same market stall during the study period. She also hoped to build her house and buy a car, but the couple was unable to save any money over the three years. Her son, who worked in the U.S., may have been the only chance to achieve these goals, but it wasn't clear whether she was receiving remittances.

Table 7: Aspiration Achievement by Sub-sector

	Chains	Chains- Supervisorial	Chains- Non- supervisorial	Supplier Services	Mom and Pops	Public Market	Tianguis	Indep. Street Vendors	Total
% of people with some progress toward any aspiration	54%	50%	58%	60%	55%	50%	13%	18%	42%
% of total aspirations on which there was progress	33%	32%	33%	40%	35%	17%	6%	11%	25%

Employees in larger businesses (chains and supplier services), two-thirds of whom hoped to move up, were more successful. A full half of them did move to a better job during the course of this study. For example, Luís, who started out managing a small Super D convenience store, moved up to assistant manager of a store that was twice as large in one year, and then to managing the store a year later (though he still had his eye set on a regional manager job), and opened a bar as he had planned. Mauricio, working at a Farmacia Guadalajara drugstore, was able to advance from staffing a counter to becoming assistant store manager, though his hope of opening his own metal-working shop had receded from a one-year goal to a five-year goal by the end of the study. But Carmina, also at Farmacia Guadalajara, who had already spent four years as assistant manager at the time we first interviewed her, still had not landed a desired store manager job by two years later. By the last interview she had set a longer timeline for achieving her goal, stating that she hoped to become a manager in two or three years.

Indeed, even over a two-year period, many respondents deferred or even abandoned cherished dreams. Micaela, an owner of a mom and pop during 2006 interviews, is representative. Micaela had gotten loans from family members to open a small grocery store in a locale owned by her husband's family, but found that she couldn't make ends meet. In 2006, she had hoped to open a second store and make her business a chain, but a few weeks before the interview in 2007, she had closed the store. Part of the reason was a shift in priorities. She closed the business "because I had my baby and I don't have anyone I can leave him with, so I have to take care of him." Her husband's stable, relatively well-paying salary as a graphic designer in the textile industry also helped make her decision not to work outside the home possible. But she also went on to highlight the low sales:

And besides that, on this street you don't sell well; there just aren't enough sales. And the products go bad, so there wasn't any point. I thought I would earn some money. But I didn't expect this. People simply bought very little product. So there I have the business closed with merchandise that's going bad.... This neighborhood is ignored. The municipality doesn't do anything for the area and cars go around it, and almost never pass by here.

When Micaela started earning less than 13 dollars per day, she stopped opening the store. In 2007, she wished to put her baby in a daycare, take practical courses in computers that would help her get a stable job, and make crafts to sell, but as of her last interview in 2008, she had been unable to do any of these things.

Particularly common was giving up on education in order to deal with economic necessity. Aminta, who worked at a Super6 franchise mini-mart that her mother ran when she was first interviewed, aspired to finish her university degree and open a restaurant or bar. By 2008, however, she was no longer studying and was selling barbecue in front of the Super6 where her mother had begun to work again. Yeremi, who had worked with his mother at her homemade sweets stand in exchange for an allowance, hoped to keep studying in 2006, but by 2007 had discontinued his studies and began a job at a paper factory where he earned 67 dollars/week for 54-hour weeks. In 2007, Jorge, an employee of a retail chain, said he would like to study medicine, but by 2008 he decided he preferred to open an internet café.

Instead of spending money to study at the university, it's better to keep working, to earn money and start a business. It would be almost the same thing because lots of people finish university and can't find any work. I have friends who have studied, but they keep working in a store. So I think it's better to save the money I would spend on school and put it into the business.

An owner of a public market stand, though beyond school age himself, expressed a similar viewpoint:

My children study and I teach them to work and how to grow the produce we sell in our greenhouse. Because the way I see it, you have to do two things: you have to study and you have to know other things because of the situation. If one day you graduate and you don't find work.... In Mexico, if you're well-connected you'll have a job, but if not, you won't. That's the situation.

Finally, some retail workers were so discouraged that, in later years in the sample, they declined to state any aspirations. This was particularly widespread among *tianguistas*, of whom half expressed a kind of grim resignation when asked about the future of their livelihood. These vendors voiced a sense that sales continued to worsen and the outlook for the future wasn't good. When asked what she would like to be doing in five years, *tianguis* worker Karina replied in 2008 "Well, I'd like to do a lot of things, but none of them will happen. Sales are stagnant because of the problem happening in the oil industry or because of the economic crisis. Things just keep getting worse." Many of the self-employed workers expressed a similar perception. When asked in 2008 to describe her goals for a year down the road, Cristina responded, "I'll just be doing the same thing, selling even if it's just to keep eating." To questions about the advantages of her job she said, "More than advantages, there are disadvantages. I'll tell you again, we don't sell any more like we used to. We're just selling enough to scrape by." Melisa, who worked at her parents' public market fruit stand and remembered better times, likewise didn't name any aspirations by 2008. She saw her real income deteriorating over three years and, in 2008, when asked what her hopes for the future were, she responded: "This year, we didn't do anything. It's very dead here. I get bored because even if it's a holiday, we're here working away."

Even goals of making major purchases or setting aside savings proved elusive. Of the twenty percent of retail workers who hoped to build their homes, buy a car or buy furniture, only a third of them made any headway. Those who did were chain retail workers assisted by loans available as part of their benefit packages. Somewhat more than half of all people were able to save something during at least one of the three years that they were interviewed, but only 30 percent of the sample was able to save all three years.

Despite all these setbacks, hope dies hard. Even in 2008, as the economy weakened, the vast majority of respondents—93 percent, even including most of the *tianguistas* expressing resignation—continued to nurture one or more aspirations.

Conclusions

The findings in this study speak to many of the central debates on informal employment, but in ways that point to complexity rather than simple dichotomies. Though our sample is not statistically representative, it is qualitatively representative of variation in urban retail employment in the small Mexican state of Tlaxcala. Within this slice of the Mexican retail sector, workers in formal retail formats—chain stores and supplier services—did better, in general, than their informal counterparts. They earned more on average, saw bigger increases in earnings over the two year period, and achieved more of their aspirations (particularly moving up within their companies). At the other extreme, a glut of retail supply seemed to particularly depress earnings of vendors in the informal *tianguis* weekly street markets.

However, when we separate managers from line workers in the chain stores, we discover that the formal pay advantage accrues only to managers and supervisors; ordinary workers earn a bit less than the workers and worker-owners in the informal sector. In addition, public market vendors, a semi-formal category, enjoyed larger earnings growth than their colleagues in more formal settings. Moreover, possibilities of advancement were more constrained for women, due to a combination of child care responsibilities and what some perceived as discrimination.

Thus, we do find a pay advantage for formal workers, but within the world of retail this premium accrues only, on average, to managers, supervisors, and wholesale salespeople. Employees in formal retail chains were better able than most groups of workers in informal retail settings to increase their earnings over the two year period, though somewhat surprisingly workers in the public market gained the most of any group.

Mobility rates were somewhat lower than those reported by Gong *et al.* (2004), with—over a two year period—74 percent staying at the same employer, and only 14 percent moving to employment in a different retail sector or outside retail altogether. Informal workers were especially stable, with 100 percent of *tianguis* and public market workers and nearly two-thirds of independent street vendors remaining in their original jobs. This immobility looks like a trap for *tianguis* workers, with low and falling pay, but a reasonable choice for public market workers, who enjoyed high and rising earnings. Of those who did make a move, more formal workers were far more likely to score earnings gains from the move. However, within the chain store category, managerial workers were much more likely to gain earnings from a job change than line workers, lending credence to Gigante clerk Diego's lament that "they'll increase my responsibilities, but not my wages."

The contrasts between managers and frontline workers, and between *tianguistas* and public market vendors illustrates a broader point: while there are some differences between formal and informal workers, in many ways they are overshadowed by inequalities *within* each of these categories. The wide pay ranges within each sector, tabulated in Appendix Table C, underline these disparities. While the formal/informal distinction is important in some ways, the gap between managers and line worker in formal retail chains, or the gap between public market workers and those in *tianguis* stands and mom and pop stores, are the differences that jump out. Given the latter gap, the rapid exodus from mom and pops (only 45 percent of workers were in the same employer, and only 54 percent were still in the mom and pop sector, compared to 74 percent and 83 percent on average across the sample) is not surprising. Presumably there is no corresponding flight from the *tianguis* because, while corner stores are typically supplemental income sources for middle class families—like those of

Micaela, married to a graphic designer in the textile industry, and college professor Carlos—the *tianguis* is typically the main source of support for proprietors and their households.

Indeed, perhaps the strongest thread through these findings is one of polarization. There is polarization between formal workers, with better pay and more opportunities to increase their earnings, and informal ones. Even the semi-formal public market workers seem to enjoy advantages over the *tianguistas* and independent street vendors. Within the formal workforce, there is polarization between managers and line workers. Many managers have a college education, and they enjoy far higher pay, whereas line workers, earn even less (and have less chance of earnings growth) than informal retail workers,. There is polarization between men's opportunities and those of women, between those with education and those without.

A unique aspect of this study is the collection of information on workers' aspirations. Our sample of Mexican retail workers had big dreams, especially goals of starting their own business, moving up in a company (for employees of large companies), or expanding their existing business (for worker-owners). We find that such aspirations are universal across both formal and informal retail jobs, and all categories within each. Not surprisingly, the goals differed by employment setting: majorities of employees sought both to move up within their companies and to open their own business; pluralities of proprietors hoped to expand or improve their businesses. Those hoping to find a different job were less numerous, although that aspiration was most common in the struggling mom and pop sector.

But though aspirations were ubiquitous, reality was not very cooperative during the two-year period of economic sluggishness in which we followed these workers. Only half of those seeking a promotion attained one, fewer than half of the growth-aspiring owners were able to expand their businesses, and only one in ten of those hoping to open a business took concrete steps toward that goal. Many turned to other advancement strategies, such as job-hopping or combining multiple jobs. Some lowered their expectations, or gave up on hope altogether. Again, outcomes differed widely by sector. Here *tianguistas* and mobile vendors were the big losers, with only 13-18 percent of people making progress on *any* aspiration (compared to a range of 50-60 percent in all other sectors), and with progress on only 6-11 percent of stated aspirations (compared to 17 percent for public market vendors, and 32-40 percent for all other categories).

It is striking that the 55 percent of the sample who hoped to start a business were for the most part expressing a hope to enter one of the two most troubled sectors we studied: mom and pop stores and *tianguis* stands (public market slots are scarce and expensive, and few aspired to become street vendors). Indeed, quite a few of our respondents voiced a clear-eyed analysis of the destructive competition facing small retailers, but simultaneously voiced a hope to open a business, or to add another *tianguis* stand or sell at another day's mobile marketplace. In total, there was only progress toward one-quarter of all aspirations stated. In point of fact, then, these hopes and plans for economic success proved wildly unrealistic, and are perhaps better interpreted as psychological sources of comfort than practical strategies for the future.

Thus, a second powerful thread in these results is that of entrepreneurialism. Even when facing steep odds, the large majority of these workers hope for, and make plans for, a better life. They hustle to start or expand a business, to get access to a better job within their company, to move from retail into wholesale, to study on top of one or often more than one job. When one strategy fails, they try another. The examples of vendors who have succumbed to despair and surrendered their dreams, are striking because they are exceptional, not because they are typical. Despite the harsh realities of the Mexican economy in the early 21st century, the large bulk of these workers persist in their entrepreneurial dreams.

Appendix Table A: Descriptions of retail chains

Chain	Description
Aurrera	<i>Autoservicio</i> (hypermarket/supercenter) selling food, clothing, and a wide range of other goods, owned by Walmart
California Vinos y Licores	Liquor stores
Comercial Rivera	Medium-sized supermarket
Extra	Convenience store
Farmacia Guadalajara	Drugstore, selling food as well as standard drugstore items
Gigante	<i>Autoservicio</i> (hypermarket/supercenter) selling food, clothing, and a wide range of other goods
ISSSTE	State-owned and -operated medium-sized supermarket
Mini Com	Convenience store
Oxxo	Convenience store
Productos Populares	Medium-sized supermarket
Soriana	<i>Autoservicio</i> (hypermarket/supercenter) selling food, clothing, and a wide range of other goods
Super 6	Convenience store
Super Che	Convenience store
Super D	Medium-sized supermarket
Waldo's	Variety store, somewhat larger than a convenience store, selling food as well as other items

Appendix Table B: Indicators of labor market distress in the state of Tlaxcala, Mexico, 2006-2008

	Second quarter of:		
	2006	2007	2008
Unemployment rate	3.6%	4.9%	5.5%
Underemployment rate		16.2	17.3
Informal sector employment rate		39.3	37.5
% of paid workers who lack access to social benefits		56.3	57.5

Source: INEGI (2012).

Note: Indicators other than unemployment rate not available for 2006.

Appendix Table C. Minimum and maximum income by retail subsector (3-year averages)

	Monthly Min.	Monthly Max.	Daily Min.	Daily Max.
Chains	145	1,863	6.05	77.61
Chains-Supervisory	373	1863	15.55	77.61
Chains- Non-supervisory	145	550	6.05	22.91
Supplier Services	671	1,767	27.95	73.63
Mom and Pops	145	907	6.03	45.33
Public Market	173	815	6.17	33.94
Tianguis	95	887.83	3.98	44.39
Mobile or self-employed vendors	163	818	6.81	34.10

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