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Abstract

Using a newly assembled data set on procedures filed in Mexican labor tribunals, we study the determinants of final awards to workers. On average, workers recover less than 30% of their claim. We observe that most cases are settled and that workers recover larger proportions of their claims in settled cases. We find evidence that cases in which the worker exaggerates her claim are less likely to be settled. Finally, we find some evidence consistent with the hypothesis that wages are underreported to the social security agency.

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1 Introduction

With the growth of law and economics and new institutional economics, the current consensus in mainstream economics is that understanding institutional arrangements is key to modeling individual decisions and predicting market outcomes.¹ Perhaps the most important institutional framework in any economy is its legal system. In studying the effects of the legal system on economic behavior, it is crucial to distinguish between the letter of legal rules and their application or enforcement. Much of the evidence we have on how private law is enforced comes from legal disputes between private parties. The empirical analysis of legal disputes has focused disproportionately on cases litigated at trial, since almost all available data is on trial outcomes. Clearly, cases that are filed are not a random sample of the universe of underlying legal disputes, and cases litigated at trial are not a random sample of those filed. Therefore, the empirical study of legal institutions and their effects generally suffers from strong selection bias.

At an academic level, these questions have been the subject of extensive literature in both law and economics, relating to litigation, arbitration, settlement, and the selection of cases for trial. However, a main limitation of the empirical tests of theories in this literature has been the lack of data on settled legal disputes. At a policy level, the gap between written codes and the actual application of the law is a basic step towards evaluating how regulated markets operate. In the case of Mexico, the *Ley Federal de Trabajo* (LFT) constitutes very detailed legislation that on its face favors employees heavily. This had led on the one hand for many economic analysts to call for major labor law reform in order to reduce high firing costs and rigidities in the labor market. On the other hand, legal scholars and practitioners in Mexico often claim that the protections provided to workers in the law do not materialize in high payments to the workers, due to poor access to the justice system, inefficiency and delay in courts, as well as the corporativism of the Mexican system which causes labor courts to favor employers disproportionately.² Again, due to lack of adequate data, no study to date provides direct empirical evidence of how the LFT is applied in Mexico, particularly in the resolution of employment disputes.

We exploit the fact that Mexican labor law obliges parties to employment disputes to seek ratification of settlements, and also mandates that courts approve and record the details of settlements of filed lawsuits. We use a new data set from labor tribunals in Mexico that provides extensive information about settled cases as well as tried cases to test some implications of arbitration and case selection theory and to provide preliminary evidence of how labor law is applied in Mexico in the context of firing disputes.

The results presented in this paper provide evidence in support of several theoretical models in the literature, but contradict the implications of other models. In particular, we find that workers obtain significantly less than half of

¹See for example work by Douglass North spanning more than three decades, such as North (1971), as well as Milgrom, et. al. (2004).

²See Dávalos (2001) and De Buen L. (2003) as examples of these arguments.

the amount they claim, a result inconsistent with arbitration models which predict that an uninformed arbitrator will split the difference between the parties' initial postures. We also find that workers whose suits go to trial do significantly worse in terms of the final payment they receive. This result may be consistent with a model of symmetric information with a legal standard heavily skewed against one of the parties, or with a model in which one of the parties has private information about the quality of the case in dispute.

The fact that after being fired, workers much less than what they demand in compensation, may indicate that excessive protections provided to workers under Mexican labor law are not effective. However, since workers' optimal litigation strategy may imply exaggerating their initial demands greatly, we cannot draw conclusions about the level of effective protection provided to workers in the LFT without further research. We do know that on average cases that settle result in higher levels of compensation to workers, both in absolute terms and as a proportion of initial demands. Given that there is a large difference in average duration between cases that settle and those that go to court, and given that legal costs may be substantial, this means that going to court is associated on average with a much smaller benefit for the worker. We also report descriptive statistics on the relationship between worker tenure, gender, and industry and the settlement and recovery rates. Finally we link those cases in which employees identify with their social security affiliation number, in order to better understand the result of litigation for those plaintiffs who drop their lawsuit, and to attempt to measure possible under-reporting of wages to the Mexican social security administration.

The paper is organized as follows. Section 2 reviews two main strands of literature which our data can contribute to, the literature on bargaining in the context of litigation, and the literature on firing costs and labor market rigidities. Section 3 explains the relevant details of the legal environment, namely Mexican labor law relating to the type of lawsuits we examine, as well as rules governing the labor courts in Mexico. Section 4 describes the information available in the data set we use. Section 5 presents statistical analysis of the data. Section 6 concludes and offers recommendations for future work.

2 Previous Work

This paper is related generally to the literature on bargaining and dispute resolution, and more specifically to the work on arbitration and litigation. The usual framework in this area is a game theoretic model in which parties decide whether to settle a dispute privately or bring it before an adjudicator, which could be an arbitrator or a court. In an environment with complete information and costly adjudication, all disputes would terminate in private settlement. Hence the fact that a small but significant proportion of disputes do not settle can only be explained in the context of an incomplete information model. Assuming that settlement negotiations are less expensive than litigating the dispute to a final resolution, parties will settle all disputes privately unless they hold sufficiently

different beliefs about the expected benefits of going to court. Differing beliefs arise either in models of ex-ante symmetric information in which parties receive private signals about the quality of the case once it has been filed, or in models of ex-ante asymmetric information. In both types of models, persistent differences in the quality of underlying disputes can result between cases that settle and those that go to court.

A sizeable theoretical literature has focused on explaining why settlement negotiations fail in a significant proportion of legal disputes and on characterizing the selection effect of going to court. However, the lack of information on settlement amounts in most litigation data sets has been a major obstacle to testing and measuring the differences in success rates and compensation amounts between settled and tried disputes. Our data set provides an almost unique opportunity to test and measure differences between the outcomes of settled and tried lawsuits that result from firing disputes. To provide background for what we do, in this section we review previous theoretical and empirical work on litigation and settlement.

Priest and Klein (1984) propose a non-strategic model of the decision to settle a case, and focus on the selection effect of settlement. They show that under several assumptions the win rate for plaintiffs and defendants should tend to 50%, regardless of whether the law favors plaintiffs or defendants. They assume risk neutral parties that sue to decide a discrete issue³ with equal stakes. The parties have incomplete but symmetric information as to the merits of the case, and once a case goes to court, the judge observes the true merits and applies clear legal rules at judgment. Each party observes a noisy signal of the merits of the case, estimates her probability of winning at trial, and decides on a range of settlement amounts that would keep her out of court. Parties settle when their respective ranges of settlement amounts overlap. Priest and Klein show that as parties' signals become more accurate, cases that are litigated have fact patterns arbitrarily close to the legal cutoff for liability, and the plaintiff win rate therefore tends to 50%. In addition, as parties observe almost perfect signals of the merits of the case, the settlement rate should increase so that very few cases are litigated. Hence, the smaller the percentage of litigated cases, the closer to 50% is the win rate at trial.

Bebchuk (1984) proposes a model in which an uninformed party (the plaintiff) makes a take-it-or-leave-it settlement offer to the defendant. In equilibrium the settlement offer made by the plaintiff induces defendants who are relatively likely to lose in court to settle, while defendants who are relatively likely to win refuse to settle and go to court. Hence the quality of cases that settle is higher, on average, than that of cases that go to court. Bebchuk also studies the effects of increasing the stakes in the case, *i.e.*, the potential judgment against the defendant. He finds that as the stakes increase, the probability of settlement falls and settlement amounts increase. Nalebuff (1987) points out that Bebchuk's results depend on an assumption that the plaintiff's threat of

³For example, the parties in the original case selection model do not litigate the amount of damages that should be paid, but rather a single issue such as whether the defendant is negligent or not.

going to court is always credible. Once this assumption is relaxed, Bebchuk's result on the effects of increasing the stakes can be reversed. As the likely judgment at trial increases (stakes increase) the credibility constraint of the plaintiff may be relaxed, making her act less aggressively in settlement negotiations, and increasing the likelihood of a settlement.

Gibbons (1988) provides one of the earlier models of arbitration decisions. In this model the parties to the dispute observe equally noisy signals about the underlying merits of their dispute. The arbitrator observes a different and noisier signal; both parties know the distribution of the error in the arbitrator's signal but do not observe the signal directly. In equilibrium, the arbitrator learns from parties' offers and computes her ideal arbitration award, which is a function of the signal and of the average of parties' offers. When parties' offers differ more, these offers provide less precise information to the arbitrator and their average is assigned relatively lower weight in the arbitrator's ideal award.⁴ Also, as the parties' information about the case becomes relatively more important than publicly available information, the award places relatively higher weight on the average offer.

Boden (1992) works with data from 204 disability claims in Maryland, and estimates the adjudicated award as a function of the disability ratings proposed by the physicians of the claimant and the defense, as well as other known facts about the claimant and the injury. He finds that few facts relating to the case add explanatory power to the prediction of the adjudicated award, after including the parties' positions. Using data on settled claims, he finds that when parties settle they place even less weight on the facts of the case than an arbitrator would, so that the compensation paid is practically always the average of the parties' offers. Moreover, Boden finds that as parties' positions become more disparate, both adjudicated awards and settlements continue to place a large weight on the offers. Nevertheless, the data imply that physicians tend not to submit wildly different positions, perhaps because of reputation considerations, or because adjudicators would ignore physician's ratings that clearly contradicted known facts about the injury.

Gross & Syverud (1991) study 529 California civil jury trial cases in various areas of law. They observe settlement offers and judgments for cases that go to trial, but have no information on cases that settle. They find that the plaintiff win rate varies greatly across case types (*e.g.*, personal injury vs. commercial transactions). When plaintiffs pay their own litigation costs, the settlement rate increases and the plaintiff win rate at trial increases, indicating that higher quality suits are brought on average when plaintiffs must shoulder costs of filing and trial. Asymmetric stakes (such as repeat players on one side) cause the settlement rate to decrease and the win rate for the high-stakes player to increase. This could imply that high stakes litigants seek to establish a tough reputation by going to trial more frequently and exerting more effort to win

⁴Given a signal of the underlying facts received by the arbitrator and a position taken by the opposing party, the more aggressive a party's offer is, the lower the weight it will receive in computing the arbitrator's award, and the less likely it is to be chosen as the award under final-offer arbitration.

cases at trial. Finally, they find that in cases with high potential damages and rich defendants, the plaintiff success rate at trial decreases; this may be evidence that lower quality suits are brought when defendants are richer and potential damage awards higher.

Waldfogel (1995) develops the implications of the Priest-Klein model to show that the relationship between the settlement rate and the rate of plaintiff wins at trial depends on the relative cost of going to trial as opposed to settling, the position of the decision standard used by the court with respect to the distribution of parties' behavior, and the variance of the error in the signals parties receive about the merits of the case. Using data from federal civil cases in the Southern District of New York which are assigned randomly to judges in the jurisdiction, he is able to identify the effect that the judge (who affects the decision standard and the level of uncertainty faced by the parties) has on the relationship between the rate of settlement and the likelihood of plaintiff prevailing in court. He finds a strong relationship between the rate of settlement and plaintiff's win rate, and significant variation across judges in both, especially in disputes for which the law is perceived to be less clear.

Sieg (2000) uses data on medical malpractice suits in Florida to estimate an asymmetric information model similar to Nalebuff's. The data provide information about whether the dispute settles or not, as well as the amounts of compensation paid in court and in a settlement. He finds that the asymmetric information model can explain most observed empirical facts, in particular the fact that on average plaintiffs who settle receive a higher level of compensation, while those who do not settle receive a higher level of compensation if they win the case, but are very unlikely to win in court.

Farmer and Pecorino (2004) use a data set on final offer arbitration in Major League Baseball that contains information on offers from both parties, actual salary earned by the player after the arbitration process, and various statistics pertaining to the player's market value. They find that players who exaggerate their claims, by demanding a salary above their predicted market value, are more likely to reach the final stage of arbitration, and more likely to earn a lower ex-post salary. They conclude that these results are inconsistent with a bargaining model in which the player has private information about some unobservable characteristic related to risk preferences or future market value. In such a model, players who exaggerated their salary demands would tend to be those whose true market value exceeded the predicted market value from publicly available information, and therefore would tend to earn higher salaries after the conclusion of the arbitration process.

Part of the literature on labor market rigidities has focused on predicting the effects of high firing costs on employment turnover and on investment in human capital. Empirical studies in this literature have focused on measuring the effects of high firing costs on unemployment, productivity, and perceived firm costs. Here we mention the implications of a few important studies on labor market rigidities.

Hall and Lazear (1984) show in the context of two-sided asymmetric information between firms and workers that increased protection for workers in em-

ployment legislation tends to increase relationship-specific investment by both workers and firms, but also results in inefficiently low turnover rates. Loewenstein and Spletzer (1997) use a matching model in which the firm is imperfectly informed about the quality of the match and the propensity of the worker to change jobs. In this environment firms invest in the worker's human capital at a later date in the employment relationship than they would under perfect information. Adnett, et. al. (2004) consider an employment relationship which is enforced by a third party (a court) and allow renegotiation between workers and firms. They show that in this setup the trade-off identified by Hall and Lazear between efficiency in levels of investment and job separations is eliminated.

Botero, et. al. (2004) construct an index of the strictness of labor market regulations in 85 countries and test hypotheses about the effects of labor market regulations on production and employment. While they are not able to find a significant effect of labor market regulations on per capita GDP, they do find that increased levels of labor market regulation are associated with lower labor force participation and higher unemployment among young participants.

Javorcik and Spatareanu (2004) investigate the relationship between labor market flexibility and flows of foreign direct investment in 25 European countries during 1999-2001. They find a small but significant increase in foreign investment in countries with flexible labor markets relative to countries with inflexible labor markets. Pierre and Scarpetta (2006) use surveys of 17,000 firms worldwide to measure the effects of tighter labor market regulations on firm managers' perceptions of the stringency and compliance costs of regulations. They find that in countries with more stringent regulations, managers are more likely to perceive firing costs or other employment protections as affecting personnel decisions, including general hiring policies, the use of temporary employees, and on-the-job training. Also, they find that medium-sized firms are more likely to be affected by onerous labor market regulations than large firms.

3 Legal Environment

Mexican labor law regulates many aspects of the employment relationship.⁵ For the purposes of this paper, the most relevant rules concern the provision of fringe benefits, overtime, and the mechanics of firing. Fringe benefits are mainly composed of vacation time and pay and an end-of-year bonus. Each employee is entitled to a certain number of days of paid vacation depending on tenure at the firm. The worker must also be given a vacation bonus, so that she earns 125% of her salary during each day of vacation.⁶ Also, every employee is entitled to an end-of-year bonus of at least 15 days' wages.⁷

⁵ All regulations discussed here apply primarily to workers in the formal sector, which covers only around 60% of the Mexican work force. Informal workers can obtain some benefits from the labor law, but must be able to prove the existence of an employment relationship as well as facts about the employment contract.

⁶ Articles 76 and 80, *Ley Federal del Trabajo* (LFT).

⁷ Article 87, LFT.

A normal work-week cannot exceed 48 hours. If an employee works more than 48 hours, she is entitled to overtime pay. The law mandates double pay for up to 9 hours of overtime, and triple pay for any hours above 57 per week.⁸

Firing is classified under the law as justified or unjustified. Justified firing is limited to wrongdoing on the part of the worker. For example, an employer may justifiably fire a worker for three unexplained absences from work during one month,⁹ or for deliberately or negligently damaging the employer's machinery. Firing for other reasons, such as low worker productivity, or layoffs during a recession, is considered unjustified and implies a much higher firing cost.¹⁰

For either type of firing, the firm must cover all payments owed to the worker up to the firing date, including overtime, unpaid end-of-year bonuses, as well as the percentage of the worker's fringe benefits that corresponds to the proportion of the last year in which the worker was employed. Additionally, the worker is entitled to severance pay equivalent to 12 days' wage for each year worked, with wage/day capped at twice the minimum wage.¹¹

At the time of firing the firm must notify the worker of the exact cause of firing as defined by the *Ley Federal del Trabajo* (LFT),¹² often leading to a suit in which the worker disputes the firm's statement of cause. In all lawsuits related to firing, the firm carries the burden of proving that it fired the worker for just cause.¹³

For unjustified firings, which under the LFT constitute the vast majority of worker-job separations, the firm incurs much greater costs. To begin with, a worker who proves that she was fired without justification can ask to be reinstated in her job.¹⁴ For the majority of workers, the letter of the law indicates that unless the firm can prove justification for firing, it cannot defeat the work's plea for reinstatement.¹⁵ The firm may only refuse to reinstate for certain categories of workers mainly including temporary workers, those with less than one year's tenure, and workers considered to be at-will employees under Mexican law.¹⁶

⁸Articles 66-68, LFT.

⁹Nevertheless, "unexplained absence" is not defined in the LFT, and anecdotal evidence suggests that it is quite difficult for employers to fire their workers on this basis alone.

¹⁰Article 47, LFT.

¹¹Article 162, LFT.

¹²The worker is to be informed in writing of the cause of firing. Failure to notify in writing and in a timely fashion implies that the firing is considered unjustified under Mexican labor law, regardless of the underlying cause. Article 47, LFT.

¹³Article 48, LFT.

¹⁴In case the worker is reinstated, she receives only back-pay plus fringe benefits for the period of time from firing to reinstatement. Article 48, LFT.

¹⁵Considering that low worker productivity is not a valid cause to for firing, the right to demand reinstatement probably constitutes a large firing cost for employers, regardless of explicit monetary firing costs. Interestingly, in our data we find very few reinstatements. This does not, however, imply that the right to request reinstatement does not affect the bargaining power of workers.

¹⁶At-will employees - so called *trabajadores de confianza* - include two quite diverse types of employees. On the one hand they include managerial employees, such as supervisors, managers, directors, inspectors, and accountants, and on the other hand they include employees whose job implies direct contact with the employer, such as personal staff (for example secre-

Besides the payments owed to all workers separated from their jobs, all workers fired unjustifiably are owed two types of payments. First, they receive back pay including benefits covering the period between the date they were fired and the date at which the court's decision in the lawsuit is executed. Second, they receive three months' salary with benefits. In addition, those workers for whom the firm can refuse reinstatement are entitled to 20 days' wage plus benefits for each year worked, without any cap on the wage rate.¹⁷

Reducing a worker's nominal wage is legally equivalent to an unjustified firing.¹⁸ A worker whose wage is reduced may force the firm to give her full severance pay, including back pay, three months' salary, and 20 days' wage per year worked, even if the worker is not an at-will employee.¹⁹

A firm may also avoid having to reinstate workers it fires without just cause in the case of layoffs that are warranted given the economic situation of the firm.²⁰ A layoff is defined as a proceeding which the firm initiates before the labor courts, submitting proof including expert testimony in relation to the firm's economic position and the economic situation of the industry. The labor court must then conduct a public hearing in which workers and their representatives, including unions, can participate, as well as the firm's experts and experts appointed by the court. After this hearing the labor court declares whether the firm can lay off workers. If so, the firm avoids having to reinstate any workers laid off, and need not pay workers the additional 20 days' salary per year worked, although it must still pay three months' wages.²¹

Finally, a few words about the labor tribunals we study are in order.²² Labor courts in Mexico (called *Juntas de Conciliación y Arbitraje*) are in fact administrative courts that belong to the executive branch and enjoy limited independence from the Secretary of Labor. As their name suggests, these tribunals play the role of conciliators as well as adjudicators. Their organic statute mandates at least one conciliation hearing before proceeding to try a case. Federal labor courts have jurisdiction over all labor conflicts that involve a certain minimum amount in dispute in a wide range of industries.²³ Among the federal tribunals, jurisdiction is determined by industry.

Although the labor law openly promotes settlement of disputes, it takes an

taries). Article 49, LFT.

¹⁷ Articles 48 and 50, LFT.

¹⁸ Article 51-IV, LFT.

¹⁹ Article 52, LFT.

²⁰ Article 434-II, LFT.

²¹ Articles 900-919, LFT. In our sample we do not find any such layoff cases initiated by firms. However, we do find cases in which firms simultaneously fire large numbers of workers. Given how cumbersome and uncertain the procedure outlined in Articles 900-919 is, it is possible that firms almost never make use of the formal layoff procedure.

²² The following description of the rules governing the operation of the federal labor courts is based on Title 14 of the LFT.

²³ Article 600-IV, LFT, and *Reglamento de la Competencia de las Juntas Especiales que Integran la Junta Federal de Conciliación y Arbitraje*. Labor law in Mexico is federal, and jurisdiction over labor disputes is not determined by geographic location of the dispute. The local *juntas* are bound by the same substantive law although they may use simplified procedures.

extreme position against the confidentiality of settlements. All settlements that are not ratified by the relevant tribunal are not binding, so that an employee cannot credibly promise not to pursue a suit against his employer unless their settlement is approved by the court. Hence a large part of the data comes from filed settlements rather than lawsuits: employers and workers very often jointly submit a settlement to the labor court simply to obtain the ratification that makes the agreement binding.

Once a lawsuit is filed, the tribunal with jurisdiction over the dispute schedules a conciliation hearing. If that hearing concludes unsuccessfully, the tribunal schedules subsequent hearings for the presentation of evidence and for trial; however, at any point during the process the suit can be terminated by settlement, again provided the tribunal approves the agreement. In the data there is little evidence that tribunals reject settlements, although the law gives them the prerogative to do so. The approval of settlements mainly serves as a mechanism for notifying the tribunal and making the agreement binding at law. In addition to ratifying both filed settlements and settled lawsuits, the tribunals must record details about the settlement, such as the date of the settlement and the amount paid.

4 Data

We have assembled a data set comprised of a random sample of procedures filed between 1990 and 1998 in two tribunals in the Mexican federal labor court system. We sampled from tribunal 15, which covers the pharmaceutical, chemical, paper, automotive and auto parts industries, and from tribunal 6, which covers the textile industry.²⁴ For tribunal 15, we randomly selected 150 case files from each year from 1991-1998, with the exception of the year 1992 from which we sampled 215 case files. For tribunal 6, we sampled 75 case files from each year from 1990-1997.²⁵

There are two main types of procedures: filed settlements and lawsuits. For filed settlements, there is only one statement of facts made jointly by the employer and the employee, and resolution of the procedure is always settlement. Lawsuits contain the employee's claim, the employer's answer (if the employer chooses to answer), the terms of settlement reached if the case settles, and the terms of the court's ruling if the case is not settled. Many suits include multiple plaintiffs and are treated as correlated data points in the statistical analysis. In this section we describe the main variables relating to the lawsuit, worker and

²⁴These data were obtained by the authors using a new law governing freedom of governmental information in Mexico. Although some of the variables used in this study are considered to be public information under the law, other variables are not public information, and have been obtained under a confidentiality agreement between the Federal Labor Courts System and the authors.

²⁵For tribunal 15, the total number of case files was 973 in 1991, 951 in 1992, 1020 in 1993, 865 in 1994, 902 in 1995, 722 in 1996, 672 in 1997, and 795 in 1998. For tribunal 6, the total number of case files was 728 in 1990, 699 in 1991, 700 in 1992, 860 in 1993, 690 in 1994, 574 in 1995, 414 in 1996, and 403 in 1997.

employer information, and resolution of the conflict.

For all procedures filed in our sample, we observe the motive for filing,²⁶ the date of filing, the geographical location of the dispute, and whether the procedure is a settlement or a lawsuit. With respect to information collected from the worker’s filing, we have information about the type of job held,²⁷ the date the job started and ended, the salary with and without fringe benefits, hours worked per week, the worker’s demands,²⁸ as well as worker gender, date of birth, and sometimes the worker’s social security ID number.²⁹ With respect to the worker’s claims, we collect very detailed data that allow us to construct three variables: the actual amount of money claimed by the worker, an imputed claim assuming the dismissal was unjustified but based only on statements that we believe are easily verifiable, and an imputed claim of what the law would assign to this worker given justified firing, again based on statements that we believe are easily verifiable.

In order to calculate our imputed claims we assume that the worker is accurately reporting certain “easily verifiable” features of the case such as the wage and the dates when the worker was employed. We ignore certain other claims such as having worked an extraordinary amount of overtime or never having received constitutionally-mandated benefits despite the fact that the worker could have demanded these benefits prior to the current lawsuit.

For the employer we have a firm identifier, the location of the business, and the industry. In lawsuits to which the employer provides an answer, we also have the employer’s version of the facts cited by the worker in her claim, such as the worker’s job description, salary, and so on. Additionally we code other evidence submitted by the firm to establish that the worker was never hired or fired, was fired with some justification,³⁰ has received fringe benefits payment, or has already accepted a severance package from the firm.

In terms of the procedures’ outcomes, as explained before, a substantial proportion of the procedures filed arrive to the tribunals as a settlement, and are always ratified by the courts as such. For lawsuits, we observe three types of conclusions: dropped suits, settlements, and trials leading to a judgment by the court. We record the date of conclusion of the procedure, the payment received

²⁶Most procedures in our sample are related to a firing. A few suits do not dispute the firing decision but claim incomplete severance pay or incomplete payment of fringe benefits. There are also a few pension cases.

²⁷Although the claim specifies the actual job description, we only use this to classify workers as standard employees or as at-will (supervisory) employees, who are entitled to higher severance pay under the labor law.

²⁸In firing law suits, workers generally demand reinstatement, back-pay, overtime, fringe benefits, and severance pay.

²⁹The presence of the ID number allows us to link the data from the lawsuit to confidential data on the worker’s employment records available from the Mexican social security administration. The latter data tell us the wage reported for the worker since 1985, as well as an identifier for the worker’s employer, the industry and the location of the worker. For the present paper we have only used the social security data to verify wages reported in the lawsuits and to follow up on dropped cases.

³⁰In cases where the firm alleges having fired the worker justifiably, it provides evidence of one of the causes for justified firing described in the law.

by the worker, and any previous payments recognized by the court. For trials, we observe a trial result stated by the court,³¹ the votes of the parties in favor of or against the judgment,³² the facts of the case as recognized by the judge, the number of constitutional appeals filed,³³ and the number of judgments made by the court.

5 Statistical Analysis

In this section we report statistics on firing lawsuits in our sample. Firing lawsuits constitute the vast majority of lawsuits in the database. We do not use data from procedures filed as settlements, partially because filed settlements contain far less detailed information than do lawsuits. First we report the termination modes of the lawsuits, overall and broken down by gender, industry, and tenure. We then report statistics on worker claims and final payments, for lawsuits that settle, are dropped, or go to trial. On the one hand, these statistics reflect the level of success workers achieve in firing lawsuits, since we are able to calculate the percentage of the claim that is recovered. On the other hand we are also able to estimate the degree of exaggeration involved in making claims by calculating a conservative estimate of the amount owed to the worker using a conservative interpretation of Mexican labor law.

Next we exploit the presence of the social security ID number for some plaintiffs in the database to perform two exercises. The first exercise checks for misreporting of salaries while the second exercise attempts to discover what actually happens to individuals who drop their lawsuits, apparently without receiving compensation. Finally, we include kernel-density estimations that show the distribution of awards and the relationship between awards and claims. These figures, along with the tables that report success rates, show clearly that in Mexico workers who go to trial fare significantly worse in terms of the compensation they receive for being fired than those who settle their suits. Comparing the differences between claims made and our conservative estimate of the claims across cases that settle or go to trial, we conclude that part of the reason that plaintiffs who settle do better on average is a selection effect. Those workers who exaggerate their claims appear to have weaker cases, and therefore receive lower compensation when they go to trial.

Table 1 reports how lawsuits are resolved. Around 70% of lawsuits are settled, and among the 30% that are not, slightly more than half are dropped and slightly less than half go to trial. We find quite similar results in the two

³¹The court states whether its decision is in favor of the worker's claim, the employer, or mixed, in the sense that the judge concedes only part of the claim.

³²In order for a final judgment to be valid, at least one of the parties must 'vote' in favor of it, so that along with the court's vote they constitute a majority. We rarely find both parties to a conflict voting in favor of the judge's resolution.

³³In cases that proceed to a trial, it is common for one or both parties to file constitutional appeals, generally claiming violations of due process. For each successful appeal filed, the court must issue a new judgment, so that in some cases we observe several decisions by the court.

tribunals we study. Table 1, like all tables in the paper, is calculated using the inverse of the ex-ante probability of a lawsuit being included in the sample as weights. This is done to approximate what we would have estimated if we had included every lawsuit in the sample. This essentially adds more weight to lawsuits in years with more total lawsuits, since each sampled lawsuit in these years "represents" a larger number of lawsuits.

Table 2 shows that, on average, women are less likely to settle lawsuits. However, only in tribunal 15 do we find that the differences in average settlement rates between men and women are statistically significant. Table 3 shows how lawsuits are resolved across the industries included in this data set. Here we find no statistically significant differences across industries in terms of the likelihood of settlement. Tables 4 and 5 report resolution by worker tenure in each of the two tribunals. Logit models of the effect of the worker's tenure category on mode of termination show that in tribunal 15, controlling for the amount the worker asks for, workers with greater tenure are more likely to drop their claims, but cannot conclude that they are more or less likely to settle or go to trial. There are no statistically significant results on the effect of tenure on termination mode in tribunal 6.

Table 6 shows summary statistics for several variables, including the award received by the employee. The employee's claim simply measures the amount of money requested by the plaintiff in the lawsuit. We also include two estimations of what Mexican labor law would award to the worker based only on facts of the case that are verifiable relatively easily such as dates worked and salary.³⁴ Based on these easily verifiable facts, the first estimation assumes the worker was fired without justification, while the second assumes that the worker was fired with justification. Finally we report the percentage of the claim obtained by the employee. Note that employees receive substantially less than they ask for, in particular, we do not find that they receive on average half of what they request, as the literature on arbitration might suggest. Bearing in mind that when firms answer the lawsuit they often acknowledge some positive amount of money owed to the worker, the amount obtained by workers is far from what "splitting the difference" would suggest.³⁵

Tables 7, 8, and 9 show the same summary statistics on amounts claimed and amounts awarded for lawsuits that are settled, tried, and dropped respectively. Comparing tables 7 and 8, we see some interesting differences between lawsuits that end up being settled and lawsuits that go to a final judgement. First note that, in both tribunals, workers receive a higher percentage of what they ask for in lawsuits that are eventually settled. Also, in both tribunals, our conservative estimates of what the worker is entitled to based on relatively easily verifiable

³⁴This is a conservative estimate of what the employee is owed by law. For example, we do not include claims made by the employee of unpaid overtime hours or unpaid fringe benefits from previous years, as such claims are almost never substantiated by evidence.

³⁵Notice that average award is less than 10% of average claim in one tribunal, and around 23% in the other. However, the average percentage obtained by the worker is closer to 30%. This is because the percentage statistic computes the average of the percentage that each worker obtains of his claim, rather than the average award divided by the average claim.

facts is higher in lawsuits that eventually settle than in lawsuits that do not settle. Worker claims as a percentage of our conservative estimates of what the worker is entitled to, however, are larger in lawsuits that end up going to a final judgement. In fact, we see in the tribunal 15 that, despite the fact that our conservative estimates lead us to believe that the lawsuits that end up being settled are "stronger" for the workers, the workers in this tribunal ask for more in lawsuits that go to final judgement. Taken together, these results suggest that the lawsuits that get settled are the ones in which the worker is asking for a payment that is more in accordance with a conservative reading of Mexican labor laws.

We see from table 9 that dropped lawsuits typically involve claims that involve significant amounts of money. In both tribunals, for instance, the workers claims in lawsuits that eventually get dropped are higher than the averages for all cases. In tribunal 15, our conservative estimates of what the worker is entitled to based on easily verifiable facts are also higher for dropped lawsuits than for all lawsuits. One might wonder if these dropped lawsuits really represent ones in which the firm rehires the worker to convince the worker to drop the case.

In order to investigate this issue, we examined those workers whose social security ID number is recorded in the case file, and match the case file data with work history data from the Mexican Social Security Administration (IMSS) using the ID number. Some summary statistics on these workers are provided in tables 15 and 16. In tribunal 15, we observed 20 workers who dropped their lawsuits, 4 of which we observed to be working at the same firm after the lawsuit was dropped. For settled lawsuits (again for those workers for whom we observed the social security number) only 2 out of 99 workers were observed at the same firm after the lawsuit was settled. For lawsuits that went to trial, 3 workers out of 47 were observed at the same firm after the lawsuit ended. Unfortunately, sample sizes were too small to do meaningful comparisons in tribunal 6. Although the majority of dropped lawsuits appear to be situations in which the worker was fired, gave up on the suit, and received no compensation, it is true that a larger proportion of workers from dropped suits are observed working at the same firm after the lawsuit ends. Hence there is some evidence that some dropped lawsuits could be successes for the workers.

Tables 10 and 11 report the summary statistics on claims and awards for men and women separately. On average women ask for lower amounts and also have lower conservative estimates of their claims. In tribunal 15, they appear to recover a lower percentage of their claims. However, regression analysis that controls for the amount of the claim does not reveal a statistically significant effect of gender on the amount of compensation received by the worker.

Table 12 shows differences across industries in terms of awards and claims. Although we observe large differences across industries in terms of the percent obtained of a worker's claim, these differences turn out not to be statistically significant in regression analyses. Tables 13 and 14 divide workers into tenure categories for each of the two tribunals. Comparing average percentage of claim recovered across categories shows that workers with greater tenure obtain a

higher percentage of their claim, although we do not find that this effect operates through a higher probability of settling. In tribunal 15, we find a significant positive relationship between tenure and the final payment received by the worker when dropped lawsuits are excluded from the analysis. In tribunal 6, the relationship between tenure and final payment holds whether or not dropped cases are excluded. Recall that the only relationship between tenure and mode of termination was found in tribunal 15, in which workers with more tenure were more likely to drop their lawsuits.

We now turn to our graphical analyses. The first issue we address is how wages as reported by workers compare to the wages reported by the firm to the social security administration. For obvious reasons, we only conduct this analysis for workers for whom we observed their social security number in the case file. Figure 1 shows a kernel-density estimate of the log difference between the daily salary reported to the social security administration and the daily salary reported by the worker in the case file for the tribunal 15. Figure 2 shows the same kernel-density estimate for the tribunal 6.

Note that in both tribunals, there is a spike in the distribution corresponding to no difference between the two wage reports. In both tribunals, the left hand tail is fatter than the right hand tail, indicating that there are more cases in which the worker's reported wage exceeds the wage reported to social security. Instances in which the wage reported by the worker exceed the wage reported to social security may be explained by workers exaggerating their claims in the case file, firms misreporting wages to social security, or the appropriate exclusion of some components of compensation in the wage reported to social security.

We now turn to figures that illustrate important features about the final judgement amounts. Figure 3 shows a kernel-density estimate of the distribution of the log difference between the amount the worker asks for and the amount the worker receives for the tribunal 15.³⁶ Note first that the majority of the distribution lies in the negative region of the figure, indicating that nearly all workers receive less than what they were asking. Also note that the distribution is bimodal. We interpret the bimodal feature of the distribution as evidence that the worker either "wins" or "loses."

Figure 4 performs the same exercise for lawsuits that reach a final judgement, that is, for lawsuits that are not settled and are not dropped. Once again we see a bimodal distribution. Note that in this figure the "worker win" spike gets smaller and the "worker lose" spike gets bigger. These results are suggestive that workers will do relatively poorly in lawsuits that reach a final judgement. Figure 5 lends further evidence by examining lawsuits that eventually get settled. Note that this distribution is unimodal and that the spike of the distribution lies approximately where the "worker win" spike lies in the previous figures. Figures 6-8 are analogous to figures 3-5 but use data from the tribunal 6. Once again the overall distribution is bimodal, and once again lawsuits that reach a final judgement seem to give the workers a lower percentage of what they ask than do cases that get settled.

³⁶When the worker receives zero, we set the log of the payment equal to zero.

In summary, we find a number of strong results. More than two-thirds of lawsuits settle. Payments for the workers as a percentage of what they claim is higher in settled lawsuits than in lawsuits that go to trial. Furthermore, we find evidence that one of the factors that makes a lawsuit less likely to settle is that the worker exaggerates her claim. We also find some evidence that workers may be enticed to drop their lawsuits by offered reinstatement. Differences based on gender, worker tenure, and industry are less clear. Finally, we observe that many workers report wages that are quite close to the wages reported for them to the social security administration. When these wages differ, the worker tends to report a higher wage in the case file than was reported by the firm to the social security administration.

6 Conclusions

Although the labor-market rigidities and their effects on an economy have been an important topic in recent years, both in academic and policy circles, there exists scant evidence of how labor-market institutions work in practice. In this paper, we attempt to address this gap in the literature by analyzing labor courts in Mexico. We believe that an empirical analysis of how firing disputes are settled in Mexico is particularly important at this moment given the insistent calls for reforms that would make the labor market more flexible.

Several of our findings may have important policy implications. The fact that workers receive small percentages of what they claim suggests that the high severance payments mandated by Mexican labor law may not reflect the true costs of dismissal. The fact that workers who exaggerate their claims tend not to have their cases settled, combined with the result that cases that do not settle result in lower final payments, may suggest that the labor courts are effectively evaluating the claims they receive and not being persuaded by outrageous allegations. The consistency of our results across the two tribunals studied is also suggestive of a well functioning labor-courts system, one that is not affected by the whims of bureaucrats who happen to be in charge of the tribunal.

Our data also give us a glimpse into a potential abuse of the social security system. Since the health benefits received by workers registered with social security do not depend on the worker's wage, there might be incentives for firms to register workers at wages that are lower than their true wages. The fact that we typically observe that wage claimed by the worker is quite close to the wage reported by the firm to social security is somewhat comforting. The fact that we sometimes, however, observe that the worker-reported wage exceeds the wage reported to IMSS does suggest that fraud in the reporting of wages to social security, and the corresponding tax avoidance, may not be uncommon.

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Figure 1: Density of log difference between salary registered at IMSS and salary declared by worker in lawsuit. Tribunal 15: N=150; Mean=-.1058871

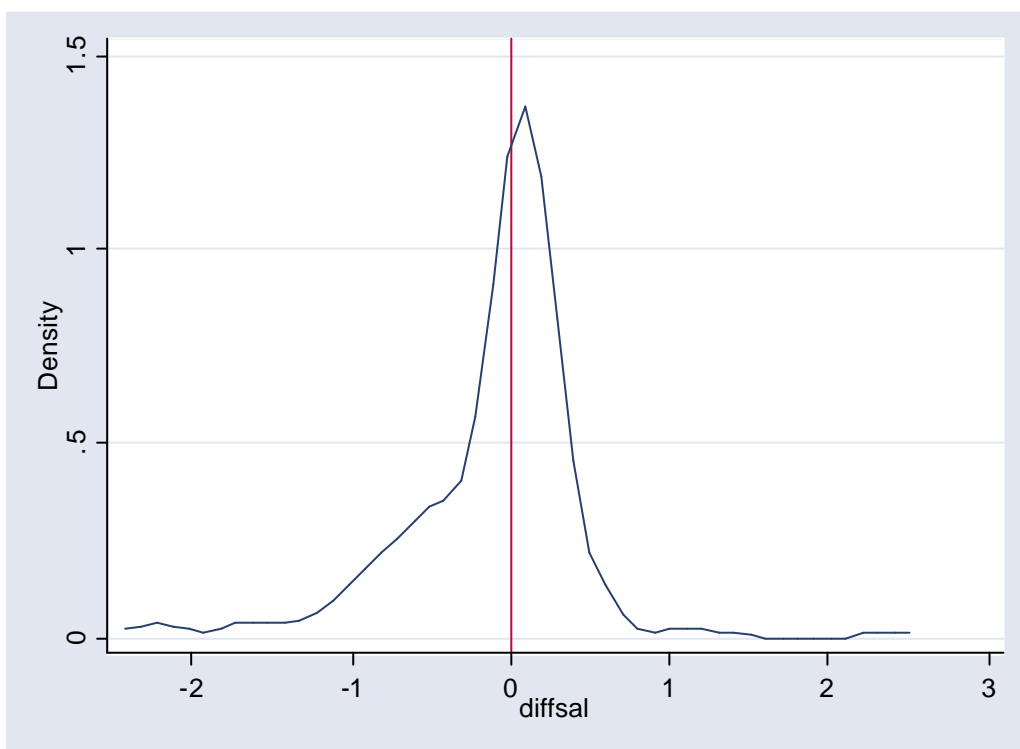


Figure 2: Density of log difference between salary registered at IMSS and salary declared by worker in lawsuit. Tribunal 6: N=67; Mean=-.1792156.

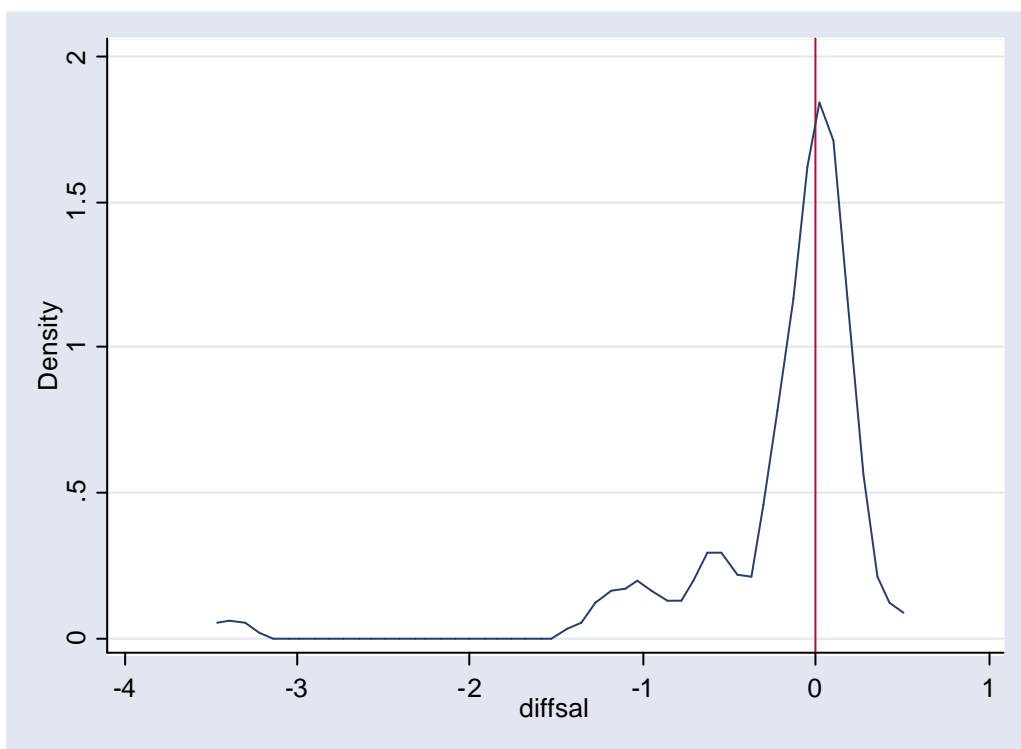
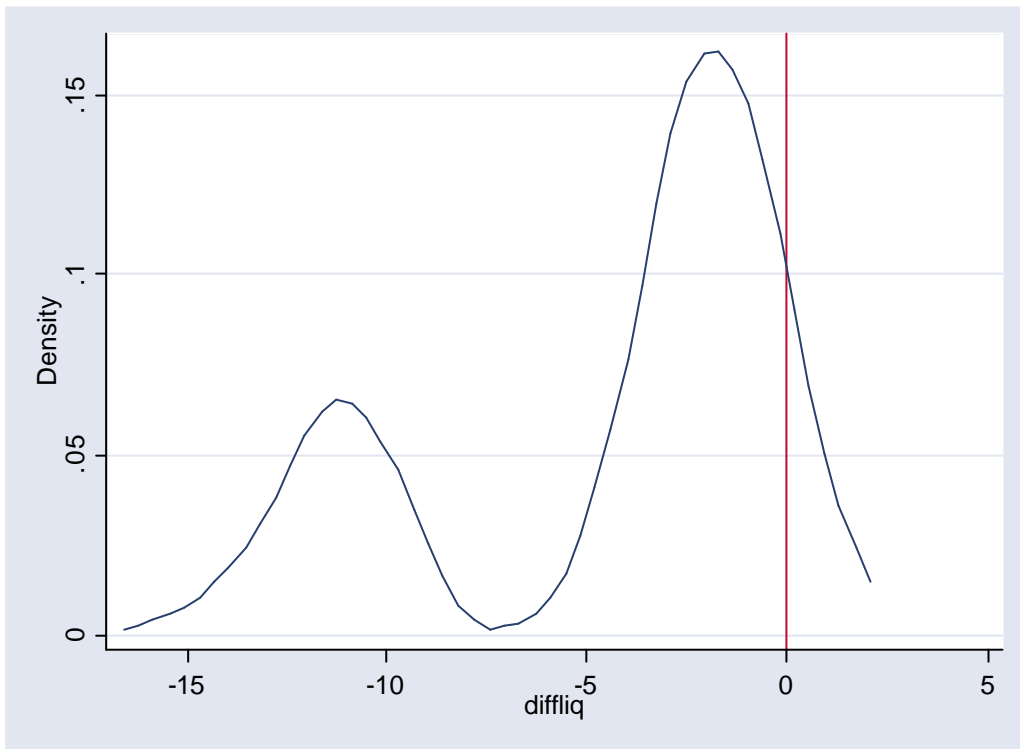


Figure 3: Log difference between payment and claim. Tribunal 15



**Figure 4: Log difference between payment and claim conditional on settlement.
Tribunal 15**

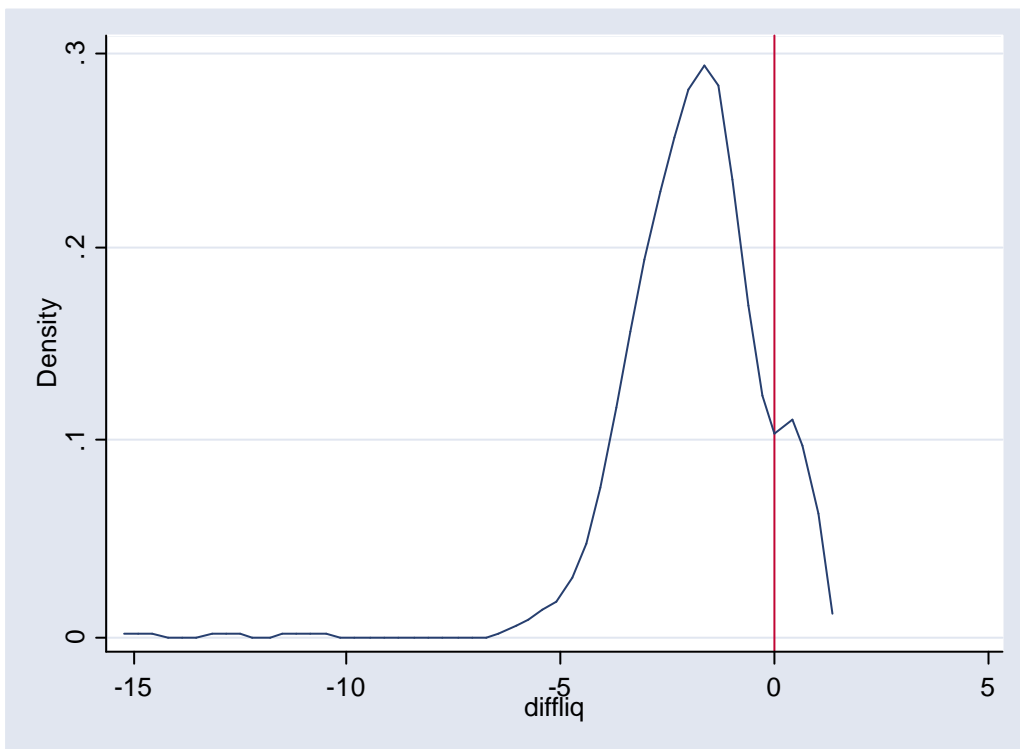


Figure 5: Log difference between payment and claim conditional on trial. Tribunal 15

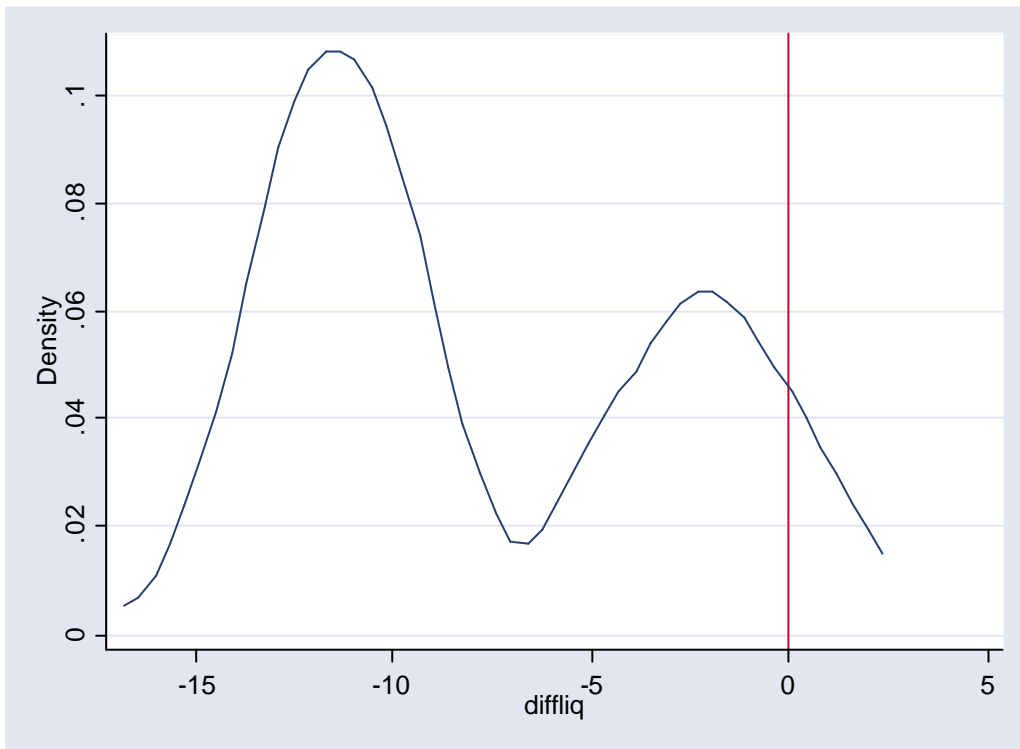
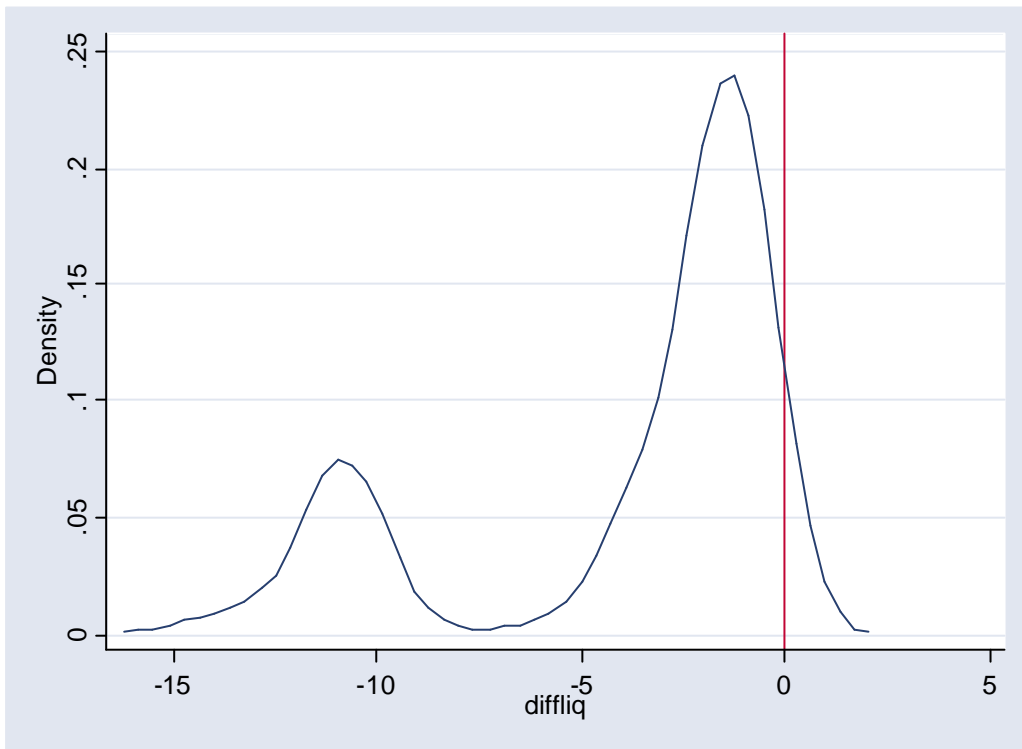


Figure 6: Log difference between payment and claim. Tribunal 6



**Figure 7: Log difference between payment and claim conditional on settlement.
Tribunal 6**

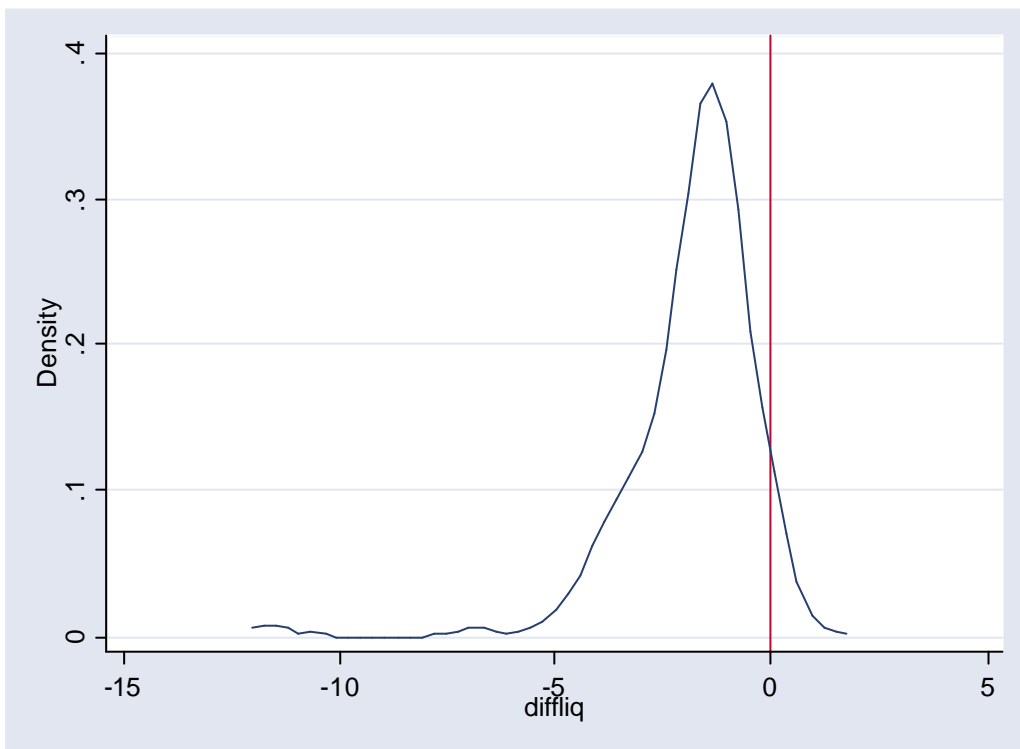


Figure 8: Log difference between payment and claim conditional on trial. Tribunal 6

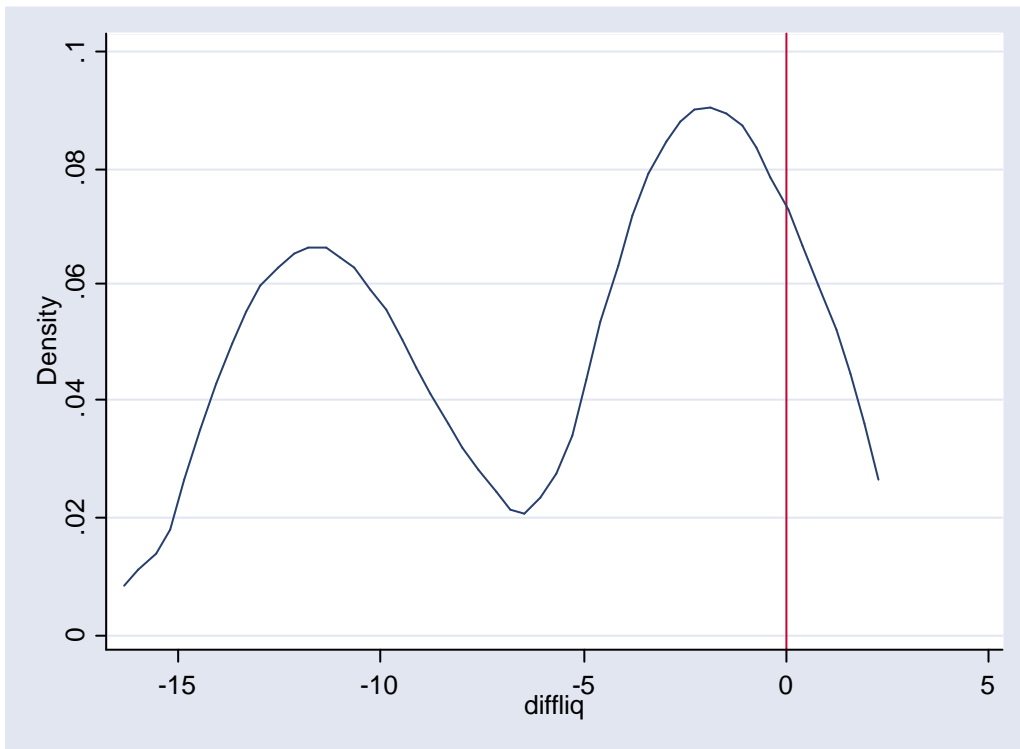


Table 1: Resolution of lawsuits

	Tribunal 15 (n = 1076)	Tribunal 6 (n = 547)
% Settled	67.6	70.5
% Tried	14.4	13.6
% Dropped	18.0	15.9

Table 2: Resolution of lawsuits by gender

	Tribunal 15 (n = 317)	Tribunal 6 (n = 138)
Women		
% Settled	60.5	66.6
% Tried	19.8	12.9
% Dropped	19.7	20.5
	Tribunal 15 (n = 759)	Tribunal 6 (n = 409)
Men		
% Settled	70.6	71.8
% Tried	12.1	13.8
% Dropped	17.2	14.4

Table 3: Resolution of lawsuits by industry

Industry	Automotive (n = 293)	Paper (n = 105)	Pharmaceutical (n = 664)	Textile (n = 547)	Other (n = 14)
% Settled	71.1	56.0	67.9	70.5	67.2
% Tried	12.5	10.4	16.0	13.6	11.2
% Dropped	16.5	33.6	16.1	15.9	21.6

Table 4: Resolution of lawsuits by employee tenure. Tribunal 15

Tenure	Less than 5 yrs. (n = 715)	5 to 10 yrs. (n = 191)	10 to 15 yrs. (n = 79)	15 yrs. or more (n = 91)
% Settled	68.2	69.3	68.0	58.9
% Tried	15.1	11.4	12.2	17.3
% Dropped	16.7	19.3	19.8	23.8

Table 5: Resolution of lawsuits by employee tenure. Tribunal 6

Tenure	Less than 5 yrs. (n = 272)	5 to 10 yrs. (n = 116)	10 to 15 yrs. (n = 69)	15 yrs. or more (n = 90)
% Settled	68.0	78.4	66.0	71.2
% Tried	14.8	9.4	12.5	15.7
% Dropped	17.1	12.1	21.5	13.1

Table 6: Claims and awards: all lawsuits

Tribunal 15	Obs	Mean	Std.	Min	Max
Award	1076	23,629.1	59,626.1	0.0	1,001,167.0
Claim	1076	259,609.7	704,420.6	6,746.5	11,700,000.0
Estimated award unjustified firing	1076	64,628.4	227,283.1	3,820.0	5,729,232.0
Estimated award justified firing	1076	39,354.3	215,905.0	209.6	5,718,458.0
Percentage of claim obtained	1076	29.4	52.5	0.0	297.6
Tribunal 6					
Award	547	56,387.3	412,703.5	0.0	4,760,639.0
Claim	547	239,368.3	884,063.1	3,042.7	11,600,000.0
Estimated award unjustified firing	547	116,493.1	712,851.8	2,037.8	11,600,000.0
Estimated award justified firing	547	95,009.3	679,282.4	348.1	11,600,000.0
Percentage of claim obtained	547	25.8	38.4	0.0	435.2

Table 7: Claims and awards: settled lawsuits

Tribunal 15	Obs	Mean	Std.	Min	Max
Award	729	27,133.4	54,438.1	0.0	1,001,167.0
Claim	729	224,530.1	674,030.2	6,746.5	11,700,000.0
Estimated award unjustified firing	729	64,522.4	263,099.3	3,820.0	5,729,232.0
Estimated award justified firing	729	40,425.5	254,523.2	209.6	5,718,458.0
Percentage of claim obtained	729	40.0	57.9	0.0	297.6
Tribunal 6					
Award	388	76,455.2	490,064.7	0.0	4,760,639.0
Claim	388	244,304.2	950,256.3	3,042.7	11,600,000.0
Estimated award unjustified firing	388	140,550.8	844,565.6	2,037.8	11,600,000.0
Estimated award justified firing	388	116,416.6	805,160.7	377.8	11,600,000.0
Percentage of claim obtained	388	33.1	41.6	0.0	435.2

Table 8: Claims and awards: tried lawsuits

Tribunal 15	Obs	Mean	Std.	Min	Max
Award	153	36,634.2	99,471.9	0.0	657,100.9
Claim	153	371,124.0	749,670.0	12,350.7	4,781,699.0
Estimated award unjustified firing	153	54,782.5	91,385.7	5,058.7	874,882.1
Estimated award justified firing	153	29,041.9	63,723.2	494.3	603,464.4
Percentage of claim obtained	153	16.4	40.2	0.0	218.3
Tribunal 6					
Award	69	18,338.5	32,976.8	0.0	186,292.6
Claim	69	172,743.3	288,102.7	32,519.2	1,894,045.0
Estimated award unjustified firing	69	56,536.8	101,839.4	8,997.1	710,332.7
Estimated award justified firing	69	41,223.9	88,467.3	1,101.4	611,823.8
Percentage of claim obtained	69	17.7	27.4	0.0	157.2

Table 9: Claims and awards: dropped lawsuits

Tribunal 15	Obs	Mean	Std.	Min	Max
Award	194	0.0	0.0	0.0	0.0
Claim	194	302,063.9	768,347.6	7,907.7	6,121,784.0
Estimated award unjustified firing	194	72,933.2	142,951.5	4,723.9	1,380,141.0
Estimated award justified firing	194	43,604.2	111,797.8	387.3	1,153,714.0
Percentage of claim obtained	194	0.0	0.0	0.0	0.0
Tribunal 6					
Award	90	0.0	0.0	0.0	0.0
Claim	90	274,188.9	919,378.3	7,216.4	5,731,157.0
Estimated award unjustified firing	90	61,089.3	135,145.4	4,261.1	840,863.3
Estimated award justified firing	90	46,079.0	127,729.4	348.1	797,791.6
Percentage of claim obtained	90	0.0	0.0	0.0	0.0

Table 10: Claims and awards: female plaintiffs

Tribunal 15	Obs	Mean	Std.	Min	Max
Award	317	19,496.4	52,137.7	0.0	596,870.2
Claim	317	199,954.2	423,108.7	7,393.3	4,064,574.0
Estimated award unjustified firing	317	45,818.7	60,036.9	4,723.9	372,900.7
Estimated award justified firing	317	26,191.0	46,274.1	325.1	344,126.3
Percentage of claim obtained	317	19.7	32.8	0.0	214.3
Tribunal 6					
Award	138	98,341.1	626,466.6	0.0	4,760,639.0
Claim	138	257,504.4	826,961.5	7,216.4	6,974,714.0
Estimated award unjustified firing	138	141,681.3	680,229.6	4,527.1	6,936,019.0
Estimated award justified firing	138	112,598.4	636,533.5	348.1	6,928,187.0
Percentage of claim obtained	138	23.1	33.8	0.0	158.2

Table 11: Claims and awards: male plaintiffs

Tribunal 15	Obs	Mean	Std.	Min	Max
Award	759	25,389.8	62,494.4	0.0	1,001,167.0
Claim	759	285,024.4	793,466.2	6,746.5	11,700,000.0
Estimated award unjustified firing	759	72,641.8	268,226.9	3,820.0	5,729,232.0
Estimated award justified firing	759	44,962.2	255,899.3	209.6	5,718,458.0
Percentage of claim obtained	759	33.5	58.4	0.0	297.5624
Tribunal 6					
Award	409	41,982.0	306,638.9	0.0	4,317,706.0
Claim	409	233,141.1	903,737.8	3,042.7	11,600,000.0
Estimated award unjustified firing	409	107,844.4	724,330.9	2,037.8	11,600,000.0
Estimated award justified firing	409	88,969.9	694,008.9	377.8	11,600,000.0
Percentage of claim obtained	409	26.7	39.9	0.0	435.2

Table 12: Claims and awards by industry

Automotive	Obs	Mean	Std.	Min	MaX
Award	293	23,816.4	36,124.8	0.0	243,442.3
Claim	293	271,507.2	642,232.9	7,907.7	6,121,784.0
Estimated award unjustified firing	293	58,542.6	98,035.4	4,837.5	874,882.1
Estimated award justified firing	293	27,308.6	56,923.9	209.6	603,464.4
Percentage of claim obtained	293	41.4	66.7	0.0	237.2
Paper	Obs	Mean	Std.	Min	Max
Award	105	15,738.0	32,030.8	0.0	247,054.9
Claim	105	139,903.7	227,830.6	14,228.0	1,509,366.0
Estimated award unjustified firing	105	41,544.6	89,346.6	5,227.3	964,866.0
Estimated award justified firing	105	23,531.3	63,261.3	707.5	675,843.5
Percentage of claim obtained	105	17.4	32.2	0.0	269.1
Pharmaceutical	Obs	Mean	Std.	Min	Max
Award	664	24,873.2	71,125.6	0.0	1,001,167.0
Claim	664	268,392.0	776,858.1	6,746.5	11,700,000.0
Estimated award unjustified firing	664	71,139.1	280,956.1	3,820.0	5,729,232.0
Estimated award justified firing	664	47,440.6	272,407.3	265.9	5,718,458.0
Percentage of claim obtained	664	26.2	46.9	0.0	297.6
Textile	Obs	Mean	Std.	Min	Max
Award	547	56,387.3	412,703.5	0.0	4,760,639.0
Claim	547	239,368.3	884,063.1	3,042.7	11,600,000.0
Estimated award unjustified firing	547	116,493.1	712,851.8	2,037.8	11,600,000.0
Estimated award justified firing	547	95,009.3	679,282.4	348.1	11,600,000.0
Percentage of claim obtained	547	25.8	38.4	0.0	435.2

Table 13: Claims and awards by employee tenure. Tribunal 15

Less than 5 years	Obs	Mean	Std.	Min	Max
Award	715	15,994.2	38,381.4	0.0	596,870.2
Claim	715	169,798.0	441,639.0	6,746.5	6,208,099.0
Estimated award unjustified firing	715	55,216.0	260,006.2	3,820.0	5,729,232.0
Estimated award justified firing	715	32,131.3	254,038.2	209.6	5,718,458.0
Percentage of claim obtained	715	26.2	48.5	0.0	297.6
5 to 10 years	Obs	Mean	Std.	Min	Max
Award	191	25,768.4	49,092.0	0.0	395,789.0
Claim	191	200,707.8	328,418.4	15,036.4	1,874,903.0
Estimated award unjustified firing	191	47,484.9	58,349.4	7,092.5	523,654.2
Estimated award justified firing	191	27,001.9	31,558.8	3,364.4	192,208.2
Percentage of claim obtained	191	33.2	56.1	0.0	234.6
10 to 15 years	Obs	Mean	Std.	Min	Max
Award	79	28,298.8	37,800.8	0.0	214,959.9
Claim	79	639,741.5	1,131,900.0	13,730.0	6,121,784.0
Estimated award unjustified firing	79	116,357.8	192,099.0	9,849.9	1,380,141.0
Estimated award justified firing	79	79,130.0	146,262.9	6,714.4	1,153,714.0
Percentage of claim obtained	79	36.9	63.3	0.0	289.3
More than 15 years	Obs	Mean	Std.	Min	Max
Award	91	75,638.1	146,187.5	0.0	1,001,167.0
Claim	91	767,728.3	1,615,814.0	27,096.3	11,700,000.0
Estimated award unjustified firing	91	130,713.2	180,312.0	12,035.4	964,866.0
Estimated award justified firing	91	88,308.2	135,919.4	3,426.0	675,843.5
Percentage of claim obtained	91	39.6	62.1	0.0	258.5

Table 14: Claims and awards by employee tenure. Tribunal 6

Less than 5 years	Obs	Mean	Std.	Min	Max
Award	272	24,612.3	226,900.0	0.0	3,496,291.0
Claim	272	151,599.4	759,680.4	7,216.4	11,600,000.0
Estimated award unjustified firing	272	84,428.0	736,192.8	4,261.1	11,600,000.0
Estimated award justified firing	272	68,633.1	734,489.0	348.1	11,600,000.0
Percentage of claim obtained	272	17.5	33.7	0.0	435.2
5 to 10 years	Obs	Mean	Std.	Min	Max
Award	116	14,598.8	17,313.1	0.0	73,749.5
Claim	116	175,229.1	678,414.5	3,042.7	6,974,714.0
Estimated award unjustified firing	116	112,332.2	669,301.6	2,037.8	6,936,019.0
Estimated award justified firing	116	100,247.3	669,434.9	1,014.4	6,928,187.0
Percentage of claim obtained	116	29.2	37.1	0.0	288.8
10 to 15 years	Obs	Mean	Std.	Min	Max
Award	69	190,638.6	877,049.6	0.0	4,760,639.0
Claim	69	295,480.3	641,480.9	24,661.8	3,318,268.0
Estimated award unjustified firing	69	136,343.3	447,717.4	16,574.1	2,509,751.0
Estimated award justified firing	69	91,801.8	291,526.6	8,783.9	1,637,082.0
Percentage of claim obtained	69	34.3	45.1	0.0	157.4
More than 15 years	Obs	Mean	Std.	Min	Max
Award	90	96,974.8	506,810.9	0.0	4,317,706.0
Claim	90	522,853.9	1,392,677.0	9,858.5	8,523,614.0
Estimated award unjustified firing	90	197,294.7	847,750.0	12,094.7	7,173,470.0
Estimated award justified firing	90	165,506.6	735,871.9	1,981.2	6,206,604.0
Percentage of claim obtained	90	38.6	42.0	0.0	168.9

Table 15: Observed reinstatements. Tribunal 15

Lawsuit termination	Total # w/ IMSS data available	On the job more than one quarter after lawsuit ends	On the job more than one quarter after claimed ending
Settled w/o reinstatement	97	2	24
Tried w/o reinstatement	42	2	9
Dropped	20	4	7
Settled w/ reinstatement	2	0	0
Tried w/ reinstatement	5	1	1

Table 16: Observed reinstatements. Tribunal 6

Lawsuit termination	Total # w/ IMSS data available	On the job more than one quarter after lawsuit ends	On the job more than one quarter after claimed ending
Settled w/o reinstatement	31	6	6
Tried w/o reinstatement	28	4	6
Dropped	7	2	2
Settled w/ reinstatement	3	0	1
Tried w/ reinstatement	0	0	0