

Impact of Employment in Export Activities on the Economy of Aguascalientes, Mexico

Abstract

This study examines the effect of employment in the manufacturing industry of Aguascalientes on the local economy, given that manufacturing has become the most important economic activity in the state following the establishment of the NISSAN plant in the late 1980s. The arrival of this plant triggered a pull economy, as subsidiary firms providing inputs for automobile assembly subsequently located in the region. In this way, the transnational companies supplying NISSAN invested in the state and hired additional workers to develop their products. The income received by these workers in the manufacturing sector was then transferred to non-exporting firms, as the population—having higher incomes—demanded a greater volume of goods and services for local consumption. This process stimulated the growth of local firms and multiplied the demand for goods and services in the region. Consequently, non-exporting companies also faced greater labor demand to meet the increased consumption generated by workers employed in export activities, driving the inflow of externally sourced income into the local economy.

It is essential to consider global value chains as a transversal axis promoting foreign direct investment through the establishment of production plants owned by transnational firms in various countries, with the objective of reducing production costs and enhancing organizational competitiveness in productive activities. Aguascalientes represents a clear example of this phenomenon in Mexico. Following the arrival of NISSAN, the state underwent a transformation in its economic structure, shifting its focus primarily toward manufacturing—especially the automotive sector—which, in turn, promoted the expansion of other sectors such as logistics, responsible for transporting vehicles to international markets, with the United States as the main destination. The strategic geographic location of Aguascalientes in central Mexico, along with its well-connected land transportation infrastructure, facilitated access to North American markets and enhanced the competitiveness of the automotive industry.

Using data from the 2024 Economic Censuses, the export-employment multiplier for the manufacturing sector is calculated through the Export Base Method. This approach allows identifying the number of workers demanded in the non-exporting sector as a result of hiring an additional worker in the exporting sector. Recognizing this relationship is essential for promoting actions that ensure the availability of the necessary workforce to meet labor market demands in local firms or to explore migration alternatives from other Mexican states to fill vacancies and maintain an adequate supply of labor. Such measures are crucial for sustaining the state's appeal to foreign direct investment and for preventing an economic collapse caused by insufficient human resources to serve the needs of the population and local firms.

The results reveal the impact of export activity on non-exporting sectors through their respective multipliers, representing the number of jobs generated in the local economy for each additional worker hired in the manufacturing sector. These findings reflect the broad economic growth experienced by Aguascalientes, evidenced by steady population increases following the installation of the NISSAN plant. This growth generated greater demand for

essential goods and services, accompanied by increased state tax revenues stemming from the expanding taxpayer base. Although this provided the state government with additional fiscal resources, it also entailed greater responsibility, as the rise in population simultaneously increased the demand for public goods and services. Therefore, the allocation of public resources must respond effectively to the population growth within the state.

The study concludes by emphasizing the importance of government participation in designing public policies that promote foreign direct investment and strengthen the export sector. Export activities have significantly influenced the state's economic trajectory, shifting its productive orientation from previous specialization in agricultural and textile activities toward the automotive industry. It is thus crucial to consider the benefits derived from this sector, including employment generated both at NISSAN and among its suppliers, as well as the wage income transferred to workers. Nonetheless, it remains necessary to address the human capital requirements of these firms, as workers must be properly trained to carry out productive activities. Strengthening the linkage between firms and educational institutions is therefore essential to ensure that student training aligns with industry needs. This presents a major public policy challenge for the state government, particularly in aligning the educational and business sectors and promoting the development of professionals able to access higher-paying positions and improve their standard of living. Currently, manufacturing firms predominantly hire workers with lower education levels to maintain lower wage costs; thus, expanding opportunities for highly skilled professionals is essential. Furthermore, it is important to explore alternative productive activities beyond the automotive sector. Should the automotive industry face a collapse or should NISSAN relocate its plant to another country, Aguascalientes would be left vulnerable, risking severe disruption to the local economy. For this reason, the creation and promotion of alternative productive sectors are necessary as a strategic response to potential crises within the automotive industry.

Keywords: Employment, public policy, foreign direct investment, wages.