

Uruguay's domestic workers boosted by minimum wage policy



Uruguay **DOMESTIC SECTOR**



99% women workers
13% of total female employment
Undervalued:
low wages & high informality

→ **46% have no social security coverage**



Recommendations for policymaking

- **Application of broad labour policies** that include not only wage fixing but also the inspection of working conditions and awareness campaigns
- **Formalisation campaigns should address the geographic differences** in compliance with regulations, as well as the **most vulnerable groups** to informality i.e. young women.

2006 policy introduces rights for domestic workers

Law 18.065, the Labour Code for Domestic Workers

Led by **Tripartite Commission for Equal Opportunity and Treatment in Employment (CTIOTE)**

- Regulations on working hours,
 - Mechanisms for inspecting working conditions
 - Collective wage bargaining,
- ➔ **Introduction of minimum wage**

Local researchers assess impact of introducing minimum wages for domestic workers - over 2006-2016 period

Findings

Positive effect on wages

20% of domestic workers (formal and informal) increase their wages.

Migration of formal workers to the informal sector

Especially for young women, and workers outside capital city. However, secondary data shows that complementary policies (including labour inspections and awareness campaigns) help to mitigate.

Employment in domestic sector decreases by 3%

Coincides with period of economic growth and improved working conditions, favoring migration to other sectors (rather than generating unemployment)

Method: Dual-economy density discontinuity (Jales, 2017) to analyse cross-sectional data from the 2006-2016 National Household Surveys.

Focus on domestic workers with lower incomes - i.e. greater potential effects of minimum wage on salary and mobility.

Also assess impacts for different population subgroups (age, region, ethnicity, etc.)

Informing national policy debates

Throughout project, team consulted with:

Tripartite Commission for Equal Opportunity and Treatment in Employment (CTIOTE), incl.

- Ministry of Labour and Social Security
- National Institute of Women
- Corporate Chambers
- PIT-CNT - National Labour Organization

Single Union of Domestic Workers (SUTD)

Social Security Institute (BPS)

UNDP country office

September 2018

Team presents findings at **Regional Meeting of Domestic Workers Rights in MERCOSUR** - with policymakers, trade unions and CSO representatives from 4 member states

November 2018 - team organises **PEP national policy conference** in collaboration with **CTIOTE & UNDP**

Involving high-level representatives of all consulted institutions, including **Minister of Labour**

All acknowledged importance/will to use findings to inform relevant policy debates/decisions, such as:

- CTIOTE negotiation regarding implementation of 2006 Labour Code, (especially gender perspective)
- Formalisation of domestic work services/ payments (e.g. via income tax returns)
- Territorial references of the National Institute of Women

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