# PEP research in action

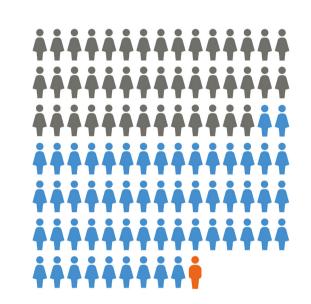
# Uruguay's domestic workers boosted by minimum wage policy



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## Uruguay **DOMESTIC SECTOR**



99% women workers

13% of total female employment Undervalued:

low wages & high informality



46% have no social security coverage



## Recommendations for poliymaking

- 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

Dual-economy Method: density discontinuity (Jales, analyse crosssectional 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.)

# 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)

# 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

#### Research team

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#### **PEP publications**

Working paper 2019-10 Policy brief 183

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