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

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)

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

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.)

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)

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.

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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