

IMPROVING WORKING CONDITIONS FOR DOMESTIC WORKERS IN CHILE

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SYPA Policy Brief



In Chile, domestic workers often work informally and are vulnerable to exploitation, despite existing legal protections.

In 2014, Chile enacted Law 20.786 to protect the labor rights of domestic workers, promote formal employment, and improve working conditions. Nevertheless, most domestic workers still work informally, leaving them without adequate protections such as minimum wage and pensions.

Persistent informality is due to the fact that the law's design: (1) does not recognize existing budget and capacity constraints facing the state's inspection agency, (2) overestimates workers' power to negotiate fair working conditions with their employers, and (3) does not adequately consider employer attitudes or domestic workers' incentives.

Legal protections have a limited impact because they overestimate state enforcement capacity and worker power in the employment relationship.

Three policy initiatives can improve the state's enforcement capacity and increase domestic workers' power to advocate for formal employment and adequate working conditions.

- 1 An initiative to send 'threat-to-inspect' messages to non-compliant households, improving enforcement and realign employer incentives.
- 2 A small-scale awareness campaign about domestic workers' rights to generate support for a larger multi-year awareness program.
- 3 A pilot skills training program to provide domestic workers with qualifications that are valuable both to private households & firms.

THE CHALLENGES OF DOMESTIC WORK IN CHILE

Domestic workers play a fundamental, yet undervalued role in the economic backbone of Chilean society. Yet despite their crucial role, domestic workers were long excluded from labor protections provided to other types of workers and to this day still face social discrimination associated with their gender, class, and ethnicity.

On average, domestic workers are older, poorer, and less educated than other workers. Domestic workers also typically work alone, hidden behind the closed doors of a private home. This isolation, combined with socioeconomic vulnerability and pervasive discrimination, perpetuate **deep-rooted barriers to fair working conditions.**

In 2014, Chile passed the Law 20.786, the latest in a series of reforms aimed at achieving more equal labor rights for domestic workers. Among other goals, Law 20.786 was specifically designed to encourage greater formal employment among domestic workers.

Despite the law's intention, in practice domestic work continues to be highly informal and vulnerable to exploitation. Roughly half of domestic workers do not have a formal contract with their employer, leaving them without adequate protections such as a minimum wage, maximum working hours, and pensions.

Despite Chile's legal reforms to promote formal employment among domestic workers, why does informality persist?

*Domestic workers are defined as "being employed by and providing services for a private household."**
*Domestic workers "sweep and clean, wash clothes and dishes; shop and cook; care for children or the elderly, sick, and disabled; or provide gardening, driving, and security services"****

300,000 domestic workers in Chile



97%
women



78%
40 years or older

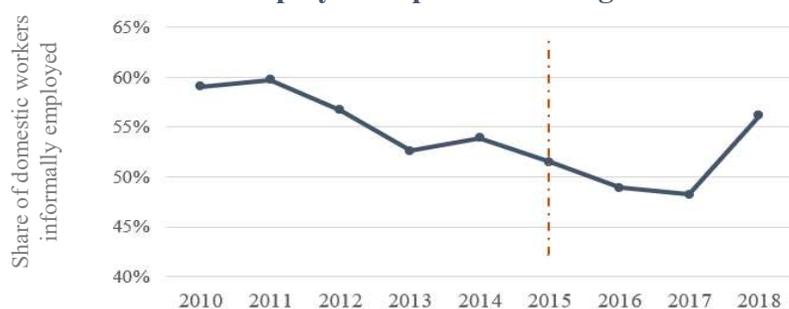


43%
without secondary education



56%
informally employed

Informal employment persists among domestic workers



*International Labour Office. (2013). *Domestic workers across the world: global and regional statistics and the extent of legal protection*. Geneva: ILO.

** Chen, M. (2011). *Recognizing domestic workers, regulating domestic work: Conceptual, measurement, and regulatory challenges*. *Canadian Journal of Women and the Law*, 23(1).

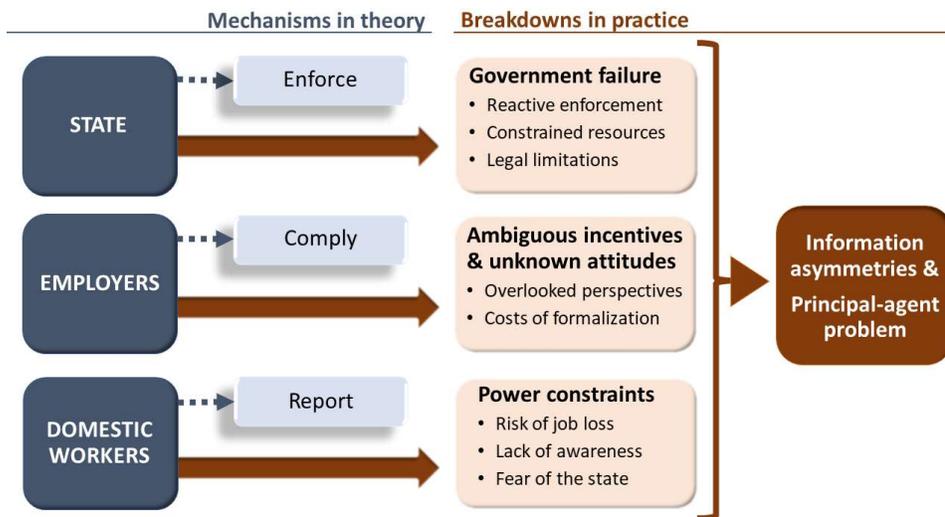
PROBLEM ANALYSIS: CAUSES OF PERSISTENT INFORMALITY

Persistent informality among domestic workers is due to the fact that the design of Law 20.786 does not recognize existing budget and capacity constraints facing the key enforcement agency, overestimates worker power in the employment relationship, and does not adequately consider employer attitudes or workers' incentives.

The law's major enforcement mechanism relies on complaints filed by domestic workers regarding employer abuse or non-compliance. However, it is easy for employers to identify who filed the complaint. This reality means that domestic workers who file complaints may risk their jobs. As a result, enforcement often breaks down, leaving implementation of the law highly dependent on employer discretion.

"...if you report an employer, obviously you'll lose your job"

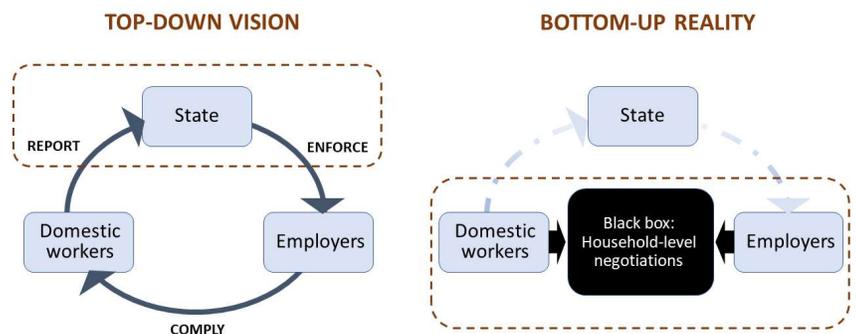
- Chilean domestic worker



This situation presents a typical principal-agent problem of asymmetric information: the state (the principal) wishes for the employer (the agent) to comply with all labor regulations for domestic workers, but the employer may not wish to comply and the state cannot easily monitor whether the employer is behaving as desired.

As a result, working conditions are still largely negotiated on a case-by-case basis between employers and workers within each household.

Within this black box of household-level negotiations, data analysis and interviews with domestic workers reveal that their power to advocate for better working conditions is especially constrained when they have severe economic needs, few job alternatives, and are unaware of their labor rights. Employers' attitudes also matter, and are influenced by social norms and costs associated with formal employment



RECOMMENDATIONS: INCREASING FORMAL EMPLOYMENT

Given the complexity of persistent informal employment among domestic workers, policymakers should take a multidimensional approach to strengthen government enforcement, influence employer attitudes, and bolster domestic workers' bargaining power so that they are better able to negotiate for proper working conditions.

Problem: The enforcement agency cannot visit enough households to generate a true enforcement threat

Response: Strengthen government enforcement via low-cost behavioral methods

Chile's inspection agency, the DT, should send 'threat of inspection' messages (letters/emails) to employers who are likely to be non-compliers.

1. Identify households that are likely to have a domestic worker but do not have a registered contract
2. Send messages informing employers that they will likely receive an inspections visit soon to verify that they are complying with labor laws
3. Evaluate impact of messages through an experimental design using only a sample of employers; adjust methods as needed and scale up if effective

What is the value-add?

The DT has yet to use this type of low-cost behavioral method to extend its reach in a sector that is difficult to monitor.

Problem: Employers assume informality is normal & domestic workers lack knowledge of labor rights.

Response: 'Demo' awareness campaign to influence attitudes/knowledge

Chile's domestic workers unions should spearhead an integrated multi-actor, multi-channel awareness campaign as a 'demo' for a larger recurring awareness campaign program.

1. Unions should create a coordinating body, identify a target municipality for the 'demo' campaign, and organize working groups to plan the campaign
2. Key feature is that working groups include government agencies and civil society groups. This collaboration will break down siloes and pool resources
3. Launch the campaign, monitor impacts (i.e. changes in formal contracts) and plan strategies for scale-up into a larger recurring awareness program

What is the value-add?

While different government agencies and unions have sponsored awareness campaigns for domestic workers, these efforts have been sporadic and siloed. This initiative shows the power of an integrated awareness campaign.

Problem: Few alternative employment options limit domestic workers' ability to negotiate formal employment

Response: Pilot job training program for domestic workers

Chile's National Service for Training and Employment, SENCE, should pilot a skills training and certificate program specifically tailored to part-time domestic workers.

1. The SENCE should identify a target municipality for the pilot and develop the program (content, schedule, recruitment) in collaboration with other stakeholders.
2. Key feature is that the program provides clearly marketable skills and an official certificate valuable both to private households *and* to formal firms.
3. Evaluate impact of program through an experimental design using only a sample of eligible domestic workers; adjust program as needed and scale up if effective

What is the value-add?

Current job training programs either do not accommodate the schedules of domestic workers or do not offer credentials that are valued by households and formal firms.