



International
Labour
Office

Remuneration in Domestic Work

International Labour Office

Asian Knowledge-Sharing Forum: Realizing Decent Work for Domestic Workers

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Why provide remuneration safeguards for domestic workers?

The remuneration of domestic workers is among the lowest of any occupation (see Figure 1). Estimates based on available statistical data suggest that domestic workers sometimes earn less than 20 per cent of average monthly wages – despite frequently working longer hours (see Briefing Note No. 2). While such low levels of remuneration can partially be explained by the low levels of formal qualifications amongst domestic workers (ILO, 2010), it cannot account for the full extent to which domestic workers are harmed as a consequence of low pay. In practice, domestic work is still not perceived as real work nor does its socio-economic value achieve proper recognition.

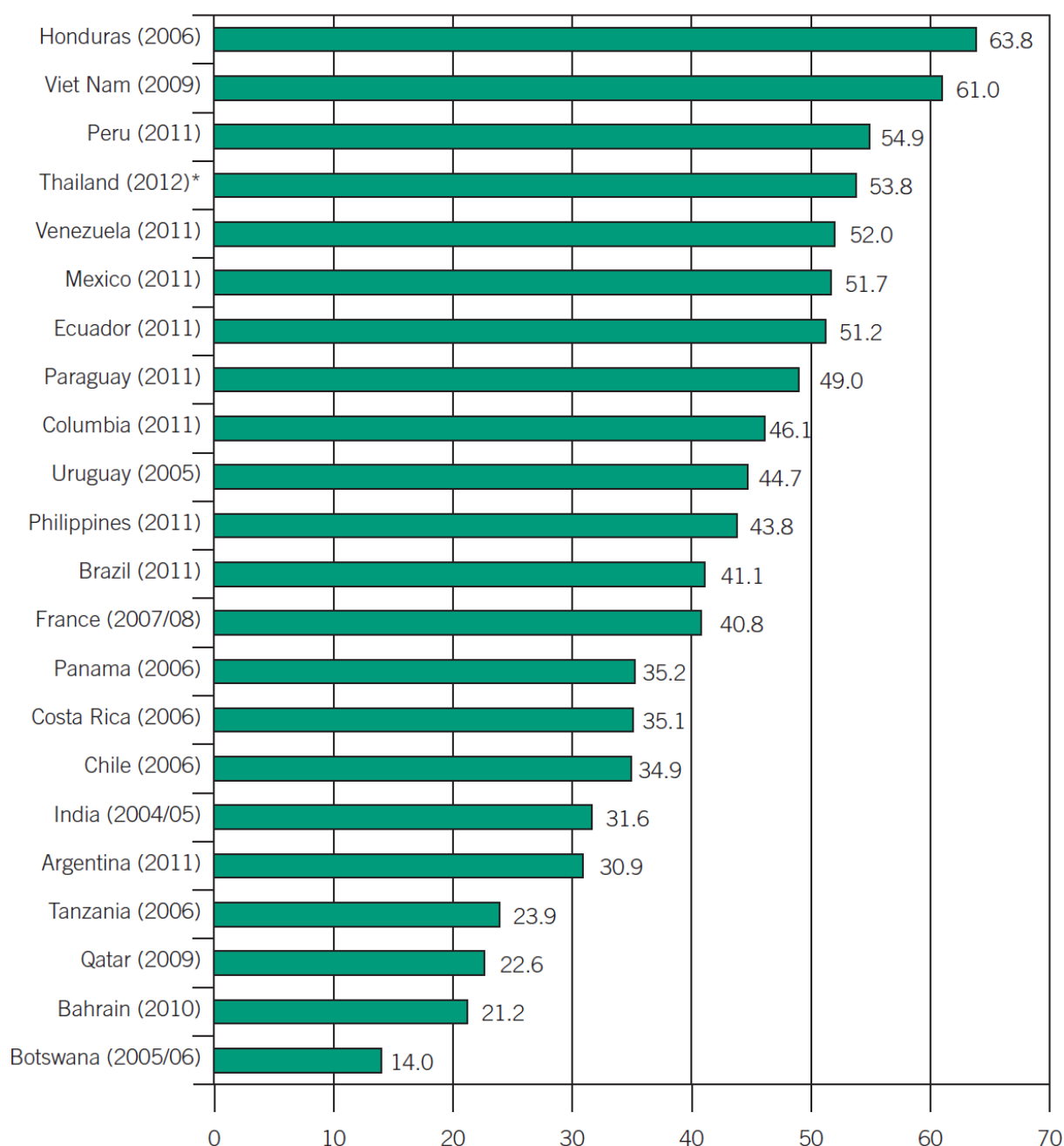
There are those who argue that women's contribution to the home and general social good is immeasurable – it is valuable and precious and any effort to put a price on its value only demeans the contribution. Such a gender-biased argument has resulted in the effective and systematic marginalisation and undervaluing of domestic work. Indeed, domestic work involves, to a large extent, tasks that generations of

women have traditionally performed in the home without pay, such as cleaning, cooking, shopping and caring for children and elderly or disabled household members or others in need of care. A common perception that the relevant skills required for such work are of an innate nature (as opposed to the formally acquired) persists.

Overall, such attitudes and perceptions tend to result in the undervaluation of domestic work as compared with jobs predominately performed by men when it comes to wage-setting.

Research carried out in Indonesia evaluated the typical skills requirements, qualifications, working environment and typical responsibilities of different groups of domestic workers in Jakarta as well as some male-dominated sectors such as construction and the automotive industry. The authors found that, on average, domestic workers (of different skill sets) received less than half the remuneration of workers in male-dominated sectors with comparable job evaluation levels (Savitri and Fajerman, forthcoming).

Figure 1. Average wages of domestic workers, in per cent of average wages for all paid employees (latest available year)



* Excludes agriculture from the comparison wage; refers to the first semester of 2012.

Note: All data refer to mean monthly wages, except the Philippines, which refer to mean daily wages and France, which refer to median wages.

Sources: Wage data for Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay and the Bolivarian Republic of Venezuela are from ILO/SIALC (Labour Analysis and Information System for Latin America and the Caribbean, Panama); data for Bahrain are from the Labour Market Regulatory Authority (LMRA), Bahrain Labour Market Indicators (BLMI), Table B. Estimated average basic wages by citizenship and sector, online; data for Botswana are from the Central Statistics Office (2008), 2005/06 Labour Force Report, Gaborone; data for France are from the Insee Enquêtes Emploi 2007 et 2008; figures for India are based on own computations from the NSSO Employment-Unemployment Survey 2004–05; data for the Philippines are from the Bureau of Labor and Employment Statistics, Current Labor Statistics September 2012, Table 22 – Average Daily Basic Pay of Wage and Salary Workers by Major Industry Group, online; data for Qatar are from the Qatar Statistics Authority, Labour Force Sample Survey 2009, Doha; data for the United Republic of Tanzania are from the National Bureau of Statistics, Ministry of Planning, Economy and Empowerment (2007), Analytical Report for Integrated Labour Force Survey 2006, Dodoma; data for Thailand are from the National Statistical Office (2012), The Labour Force Survey (Whole Kingdom), Quarter 2: April –June 2012, Bangkok; data for Viet Nam are from the Ministry of Planning and Investment General Statistics Office (2010), Report on Labour Force Survey Viet Nam 1/9/2009, Hanoi.

More broadly, the social and economic value of domestic work is often not fully taken into consideration when wages are determined. This undervaluation is linked to a perception of domestic work as 'unproductive' and with little market value. Non-compensated overtime work, improper deductions, and disproportionately high deductions for payments in-kind also take away domestic workers' rights to just and favourable remuneration.

Another reason that domestic workers' wages are low is their weak bargaining position towards their employer. Given that their workplace is within a private household, domestic workers largely perform their duties in relative isolation from other workers, often having to negotiate with two or more different employers. Domestic workers who live inside the households for which they work ('live-in workers') face particular isolation from other workers, leaving them even more vulnerable. Domestic workers often have no co-workers, and long and unpredictable hours of work may make it exceptionally difficult for them to meet up with fellow workers in order to exchange experiences and information and to organise collectively.

Foreign domestic workers, in particular, have little influence on wage formation.

Recruited through intermediaries in one country for employment in another, they have no opportunity to engage with their employing household and thus little chance to make their skills and motivation part of the equation when it comes to remuneration. Once inside the country of employment, language barriers and socio-cultural factors increase domestic workers' vulnerability towards abusive pay practices. Some workers find themselves receiving wages lower than what they previously agreed upon whilst others face complete non-payment of wages.

This briefing note seeks to provide a global and regional overview regarding minimum wages; in-kind payments and deductions; and employment contracts for domestic workers. It also highlights the main factors that influence and effect domestic workers' remuneration.

Universal Declaration of Human Rights

Article 23

The Universal Declaration of Human Rights affirms the right of everyone who works, without any discrimination, to "equal pay for equal work" and to "just and favourable remuneration ensuring for themselves and their family an existence worthy of human dignity".



A housekeeper carrying out domestic chores in India, Copyright ILO, 2008.

What is the global and regional situation regarding remuneration for domestic workers?

Minimum Wages

Fixed minimum wages are widely used to protect workers, including domestic workers, who are affected by low pay and to help address gender-based and other forms of discrimination with respect to remuneration. Minimum wage rates for domestic workers should be determined in relation to a specific timeframe (e.g. a monthly rate calculated on the basis of 'x' hours per week). The term 'minimum wage' refers to the lowest level of remuneration legally permitted and enforceable under threat of sanction. The Domestic Workers Convention, 2011 (No. 189), highlights the importance of ensuring that domestic workers are covered by a minimum wage.

Domestic Workers Convention, 2011 (No. 189)

Article 11

Each Member shall take measures to ensure that domestic workers enjoy minimum wage coverage, where such coverage exists, and that remuneration is established without discrimination based on sex.

Many countries have already instituted minimum wages legislation to set a wage floor for domestic workers. In this, they typically use one of two principal options: (1) to include domestic workers into the coverage of a generally applicable national minimum wage; or (2) to approach it as a sector and fix a separate minimum wage for domestic workers alone.

As shown in Figure 2, more than half of all domestic workers are already covered by minimum wages under one of the various mechanisms in place. Some 26.9 million domestic workers (or 51.3 per cent of the total) are entitled to the same minimum wage as all other workers, whilst another 3.1 million (or 5.9 per cent of the total) are entitled to a separate minimum wage below the general level (ILO, 2013), which is sometimes very substantially lower than the general level.

Nevertheless, domestic workers are frequently excluded from minimum wage coverage – despite the fact that some form of minimum wage legislation is almost universally in place within different countries. For instance, Indonesia's minimum wage legislation

is only applicable to enterprises and hence excludes private households as employers from the remit of the law. Likewise in Thailand; despite the rather recent extension of certain key rights; domestic workers remain excluded from the application of the new national minimum wage of 300 THB per day (about US\$ 10) and frequently receive wages much below this threshold.

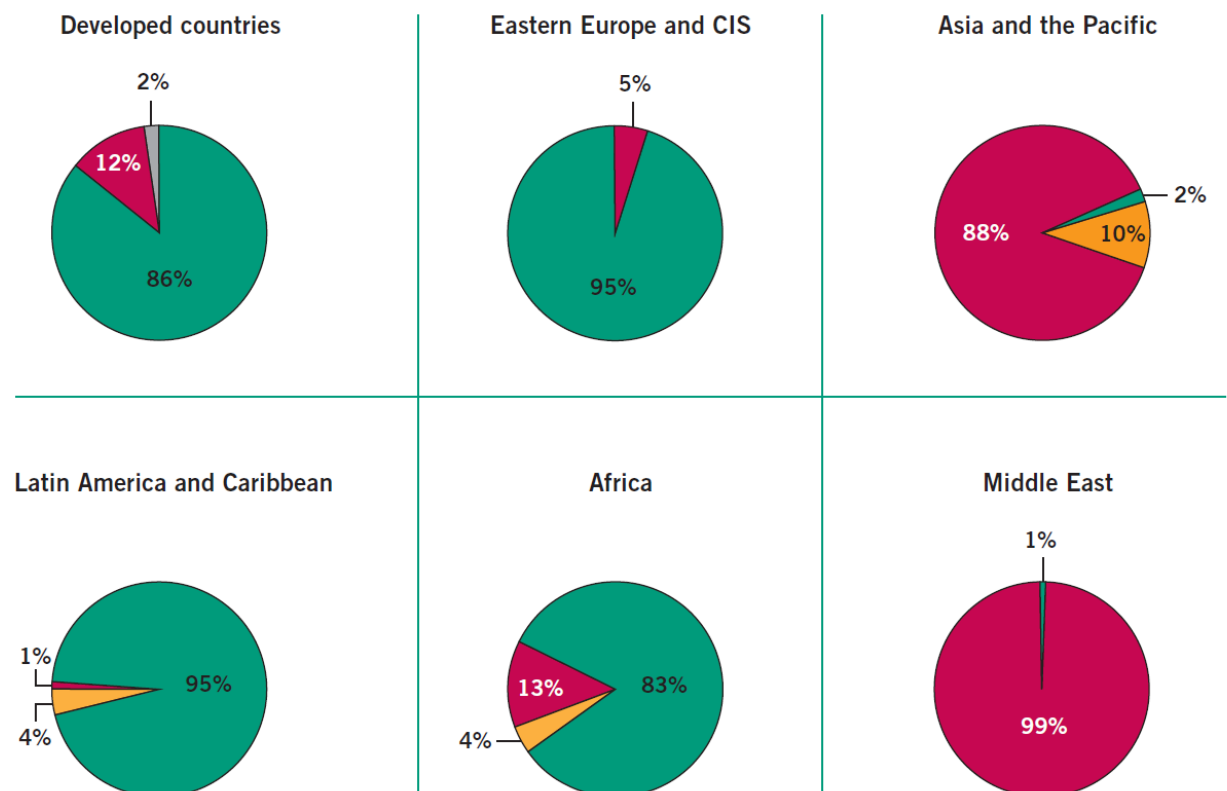
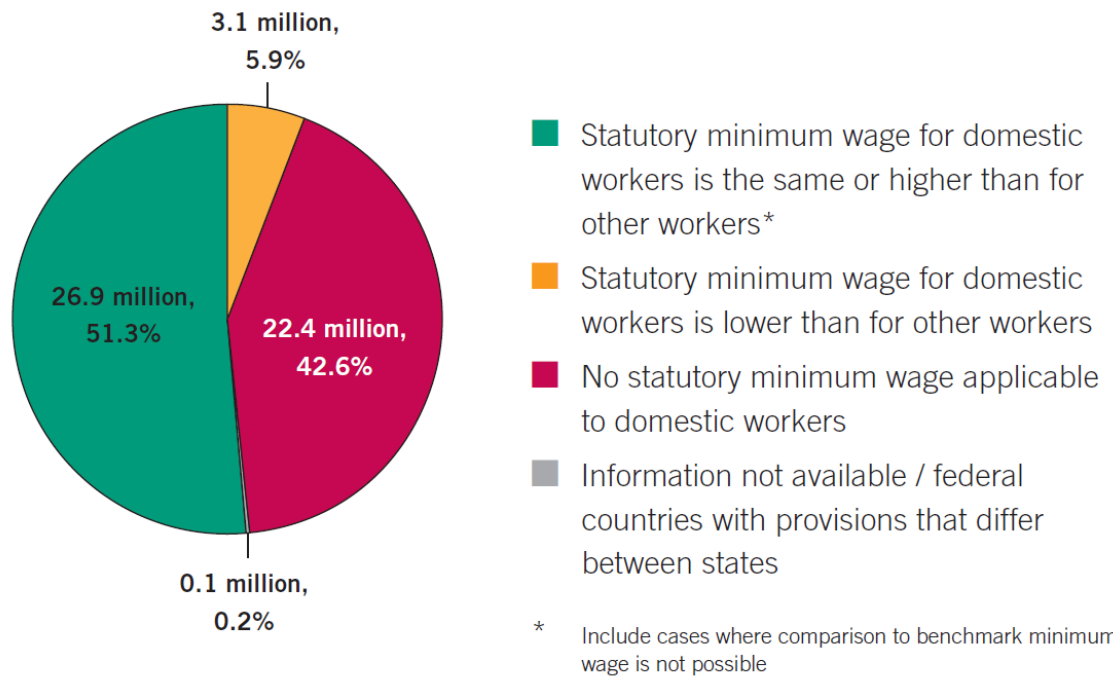
Such exemptions result in significant gaps in protection: some 21.5 million domestic workers are not covered in countries where that have minimum wage regulations in place. By contrast, only 0.8 million domestic workers lack coverage because they work in a country without any such provision of a minimum wage. In total, some 22.4 million domestic workers (or 42.6 per cent of the total) are not entitled to any minimum wage and remain vulnerable to abusive wage practices (ILO, 2013).

The overwhelming majority of domestic workers in Asia (88 per cent) and the Middle East (99 per cent) remain unprotected in this respect (ILO, 2013). However, the situation is slowly beginning to change. For example, Indian domestic workers have traditionally not been covered by minimum wage legislation at the central level although some key progress has been achieved over the past decade in several states including Andhra Pradesh, Rajasthan, Karnataka, Kerala, Bihar, Orissa and Dadra and Nagar Haveli. In these states, domestic workers have been added to the list of scheduled employments, thus securing them a minimum wage.

In the Philippines, the minimum wage for domestic workers had become obsolete over time as inflation has eroded its purchasing power in the absence of adjustments. However, the new Domestic Workers Act significantly increases their minimum wage and – more importantly – also makes certain key provisions for regular future adjustments administered by Regional Tripartite Wages and Productivity Boards (RTWPBs).

Likewise, Hong Kong's minimum allowable wage (MAW) for so-called 'foreign domestic helpers' is adjusted on a regular basis. However, migrant domestic workers there remain excluded from the scope of the statutory minimum wage, which; unlike the MAW; is calculated on an hourly basis (ILO, 2013).

Figure 2. Minimum wage coverage for domestic workers, 2010



Source: ILO (2013), *Domestic workers across the world: Global and regional statistics and the extent of legal protection*, p. 78.

In-kind payments and deductions

Regardless of existing remuneration levels and provisions, domestic workers are particularly vulnerable to abusive practices with regard to the actual payment of their wages. Payment in-kind continues as customary in the domestic work sector in many parts of the world, particularly in the form of accommodation and food. While this may well be in the interests of workers and their families, in-kind payments bear an inherent potential for abusive practices – especially when the value attributed to the in-kind payments is unreasonably excessive or when such payments are unilaterally imposed by the employer. In particular, residing within an employer's household might be a condition imposed by an employer that primarily serves their own ends (i.e. a desire to receive around-the-clock services) without necessarily being the optimal choice for the worker.

Excessive deductions can also greatly reduce the already low amount of wages paid as money and hence undermine domestic workers' economic independence as well as their autonomy to spend their earnings as they might see fit.

The conditions governing payments in kind; which should not be less favourable than those of other workers; ought to be laid down in national laws and regulations. In addressing this issue, the Domestic Workers Convention, 2011 (No. 189), aims to put domestic workers on an equal basis with other workers.

Domestic Workers Convention, 2011 (No. 189)

Article 12

1. Domestic workers shall be paid directly in cash at regular intervals at least once a month. Unless provided for by national laws, regulations or collective agreements, payment may be made by bank transfer, bank cheque, postal cheque, money order or other lawful means of monetary payment, with the consent of the worker concerned.
2. National laws, regulations, collective agreements or arbitration awards may provide for the payment of a limited proportion of the remuneration of domestic workers in the form of payments in kind that are not less favourable than those generally applicable to other categories of workers, provided that measures are taken to ensure that such payments in kind are agreed to by the worker, are for the personal use and benefit.

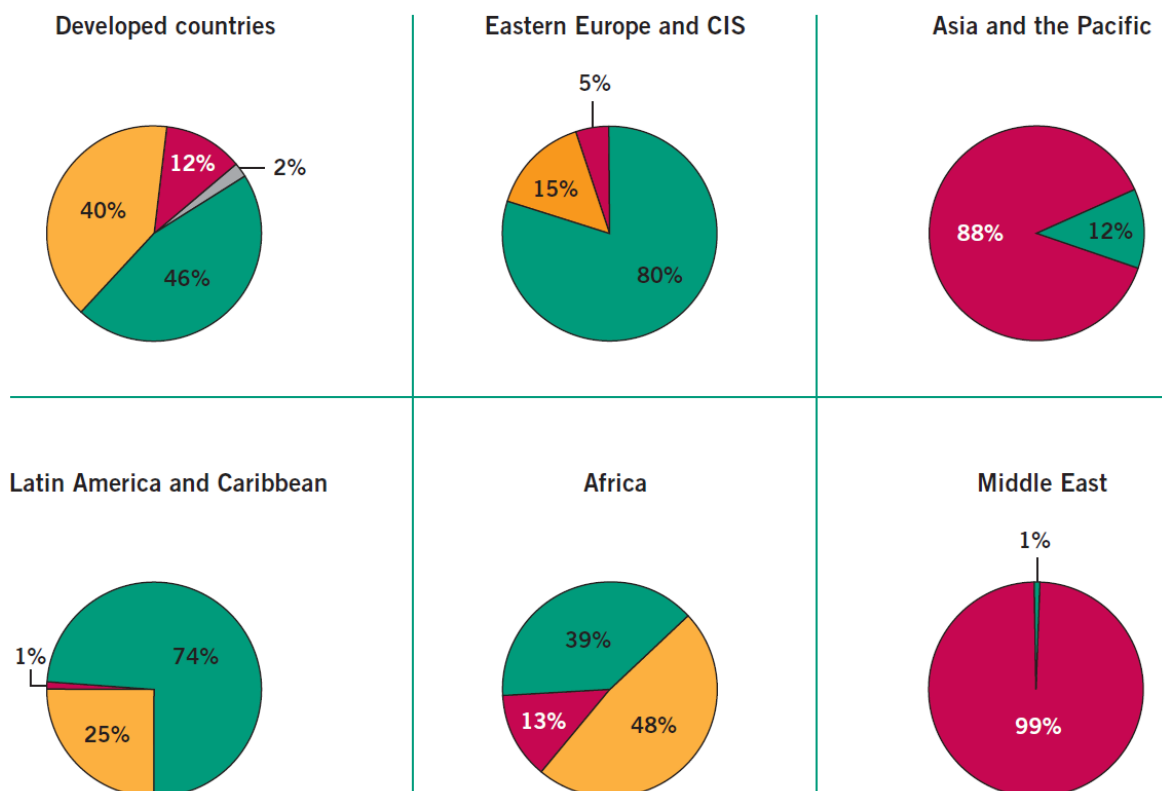
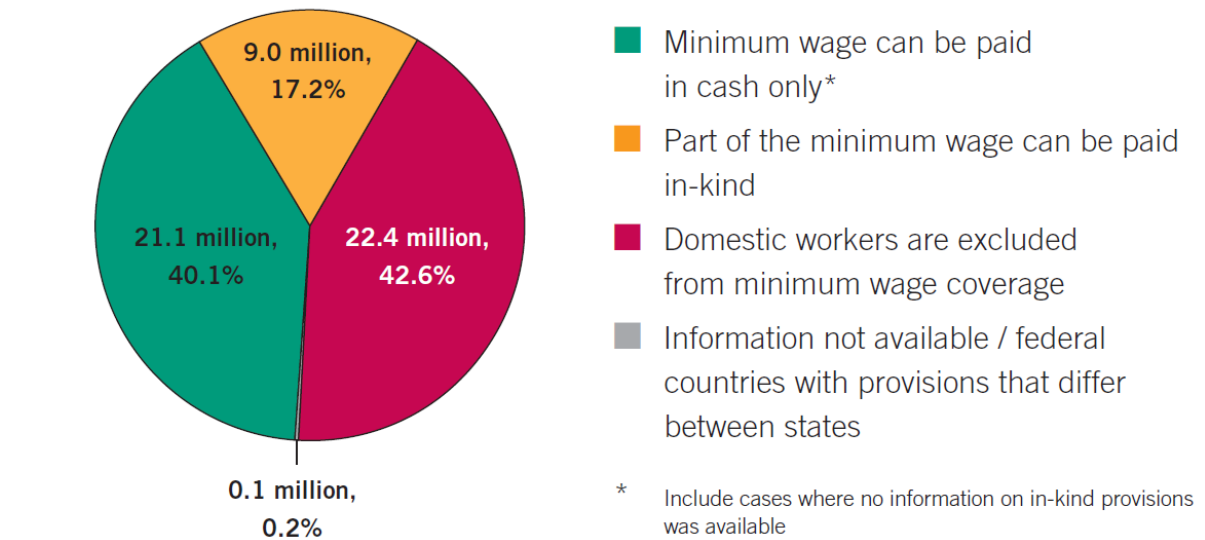
In total, some 21.1 million domestic workers worldwide (or 40.1 per cent of the total) are entitled to receiving the entire value of a minimum wage in cash. On the other hand, some 9.0 million (or 17.2 per cent) are liable for deductions from their minimum wage rate for in-kind payments. Finally, a further 22.4 million domestic workers (or 42.6 per cent) are excluded from minimum wage provisions altogether and hence receive no protection whatsoever over the cash content of their wage.

Once more, we observe a substantial regional variation regarding this issue. While in-kind payments subtracted from the minimum wage are frequently permitted in the developed countries and in Africa, the minimum wage is much more commonly guaranteed as a cash payment for domestic workers in Latin America and the Caribbean (74 per cent) as well as in Eastern Europe and the CIS countries (80 per cent). Due to a more general lack of minimum wage coverage, such guarantees are usually not typically applicable in Asia and the Middle East.

One approach taken by Hong Kong has been to specify the cash component and in-kind entitlements separately within the minimum wage itself. As of September 2012, the Minimum Allowable Wage for foreign domestic workers of HK\$3,920 per month obliges employers to provide food and accommodation to their domestic worker free of charge or deduction. However, employers can instead choose to provide a food allowance in lieu of this down to a value of not less than HK\$875 per month.

As such, establishing standards for regulating deductions – if these are to be permitted at all – can and should be envisaged. As a general principle, deductions should not be made without the prior consent of the worker. No deductions should be made for fees charged by private employment agencies nor items related to the work performed, such as uniforms or protective equipment. As is the case with the enforcement of minimum wages, violation of a wage protection standard should be subject to sanctions and effectively enforced with compliance mechanisms that are accessible to workers.

Figure 2. Minimum wage coverage for domestic workers, 2010



Source: ILO (2013), *Domestic workers across the world: Global and regional statistics and the extent of legal protection*, p. 82.

Employment contract

To ensure that domestic workers' actual payment of remuneration is protected, contracts of employment should be used that contain explicit terms and conditions regarding remuneration and working hours. These should include indications of the normal hours of work, overtime and/or standby requirements; the remuneration and how it is calculated and the intervals at which it is paid; and agreed payments in-kind or set deductions, if there are any. Such information should be made available to the domestic worker in a language she or he understands.

Domestic Workers Convention, 2011 (No. 189)

Article 7

Each Member shall take measures to ensure that domestic workers are informed of their terms and conditions of employment in an appropriate, verifiable and easily understandable manner and preferably, where possible, through written contracts in accordance with national laws, regulations or collective agreements, in particular:

- (a) the name and address of the employer and of the worker;
- (b) the address of the usual workplace or workplaces;
- (c) the starting date and, where the contract is for a specified period of time, its duration;
- (d) the type of work to be performed;
- (e) the remuneration, method of calculation and periodicity of payments;
- (f) the normal hours of work;
- (g) paid annual leave, and daily and weekly rest periods;
- (h) the provision of food and accommodation, if applicable;
- (i) the period of probation or trial period, if applicable.

Including such particulars in an employment contract serves to clarify the employer's obligations, informs the worker of her or his entitlements regarding remuneration, and may be used as a key reference point in case of any dispute (recording working time and payments made may also be helpful in this regard). In several countries, such as the Philippines, employers of domestic workers are required to issue payslips. Additional rules defining the permitted methods of payment (e.g. electronic transfer to a bank account), can also contribute to ensuring full and regular payment of the remuneration due.



Looking after the children in Ho Chi Minh City, Copyright ILO, 2002

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