

CONCEPTUALIZING THE ROLE OF INTERMEDIARIES IN FORMALIZING DOMESTIC WORK

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Motivation

Observations:

- Diverse reputation of intermediaries in domestic work
- Clear potential, but also many risks
- Diverse types of organizations intermediating (and growing)
- Parallel systems in a single country

Questions:

- What are some of the ways domestic workers are being placed?
- What is the potential for intermediaries to help formalize?
- What are the conditions under which they can promote formalization?
- How do different types of intermediaries affect outcomes across the sector?

Goals and Structure

Phase 1: Construct a conceptual framework

- ✓ Framework for analyzing the role of intermediaries in the transition from the informal to the informal economy
- ✓ Test the framework on existing examples
- ✓ Draw initial conclusions

Phase 2: Country case studies

- ✓ Application of the framework to conduct a cross-sectoral analysis of the domestic work labour market at country level
- ✓ Draw recommendations on the conditions under which intermediaries can promote formalization

I. Constructing the Framework

The typology identifies:

1. Types of intermediary, highlighting their legal status and defining characteristics;
2. Services they provide; and
3. Typical employment relationships with which they are associated

Typology

Type of intermediary	Functions			Employment arrangements		
	Recruitment	Training	Personnel services	Direct	Indirect	Self-employ (incl. disguised)
Recruitment and employment agencies	x		x	x	x	x
Public or quasi-public authorities	x	x	x	x	x	
Not for profit enterprises	x	x	x	x		
For-profit enterprise	x		x	x		x
Workers' cooperative	x	x	x	x	x	
Trade unions	x	x		x		

Indicators of Formality

Dimensions	Indicators
Labour rights legal framework	<ul style="list-style-type: none"> • Legal recognition of employee status with associated entitlements as an employee (all occupations that fall within the definition of domestic work as per C189) • Compliance (eg with MW, where it exists) • Average working hours • Etc.
Social security rights legal framework	<ul style="list-style-type: none"> • Legal recognition of social security coverage of domestic workers. Note: Exclusions may still occur due to differences in entry and eligibility requirements (for example in case of exclusion of some categories of part-time workers, those with multiple employers, or those who work less than a certain number of hours per employer.)
Declaration and registration with public authorities	<ul style="list-style-type: none"> • Social security registration • Payment of contributions to the social security system • Registration with administrative unit (depends on national regulations)
Formal employment practices	<ul style="list-style-type: none"> • Employment contract with terms of employment (tasks, wage, hours) • Record of payment; payslip
Creation of formal jobs	<ul style="list-style-type: none"> • Number of formal jobs created in the sector
Right to freedom of association	<ul style="list-style-type: none"> • Union density • Number of unions • Existence of collective agreements • Extent of coverage of collective agreements

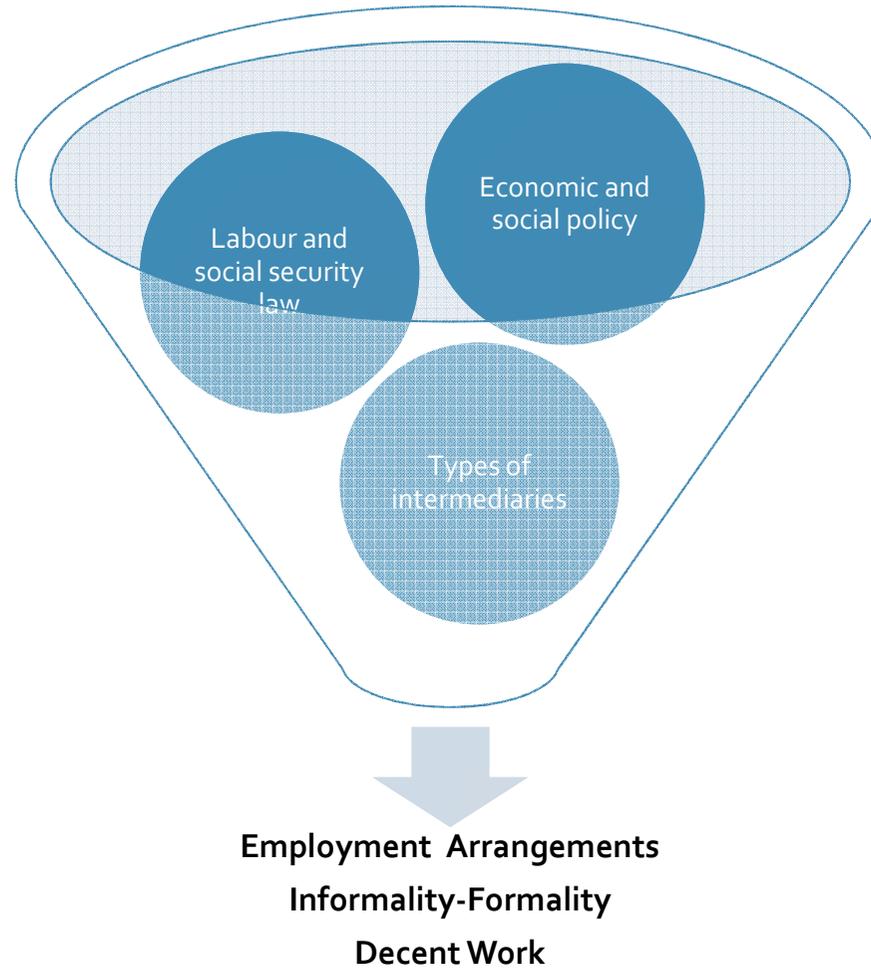
Regulatory Context

Social and Economic Regulation

- Social policy – social care and child care – privatization, vouchers
- Immigration policy
- Tax policy
- Business regulation (especially for intermediaries and cooperatives), including licencing and monitoring requirements, etc.

Labour and Social Security Law

Conceptual Framework



II. Application of conceptual frame

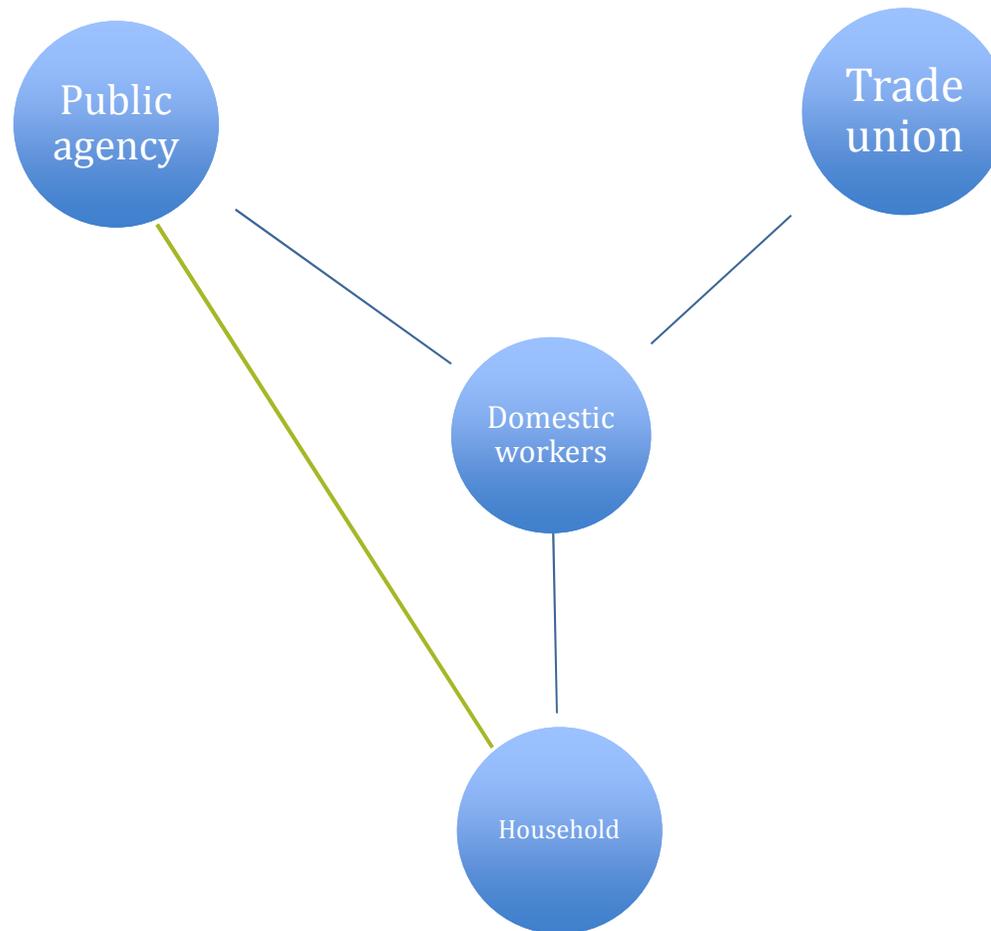
1) Private recruitment and employment agencies

- Most simply match domestic workers to employers.
- Heavily dependent on agency regulation and enforcement
- Dependent on whether they are doing cross-border recruitment
- Practice of charging fees can lead to serious violations

Eg.

- **China:** domestic workers placed by EAs are excluded from definition of employee = informal employment
- **Ghana:** licensed and registered EAs place domestic workers into formal and direct employment relationships with household = formal employment

2.1 Public authorities/agencies as employer



Example of California

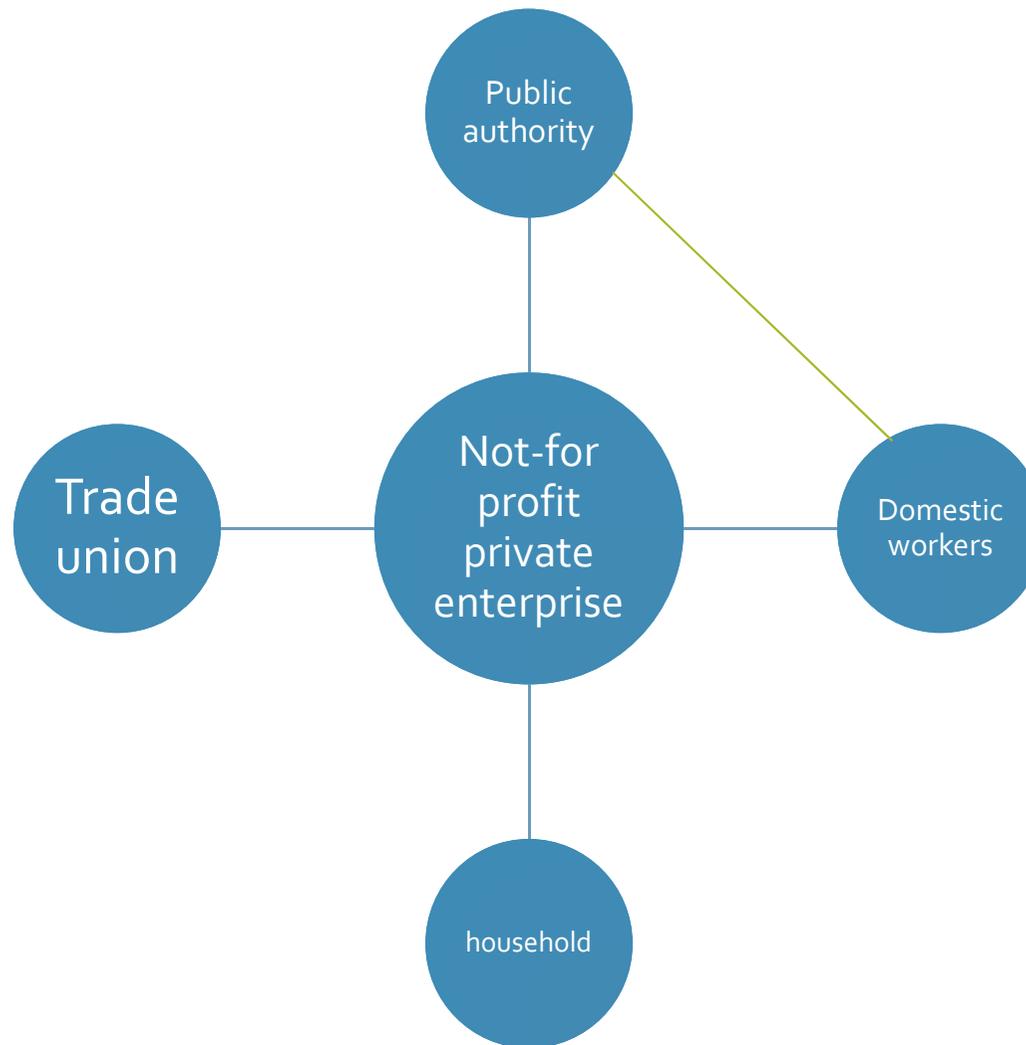
Facts

- Home caregivers are unionized
- Public financing of the service for those households in need
- Public authority serves as employer of record
- Terms set through collective agreement between the public authority and the union at county level
- Care recipient has the power to hire and fire the domestic worker
- Possibility of hiring relatives

Outcomes

- **Formality/Informality:** Formal employment arrangements, collective bargaining, social security coverage
- **Decent work:** studies show improvements in working conditions following CBA

2.2. Public-Private



Example: Quebec, Canada

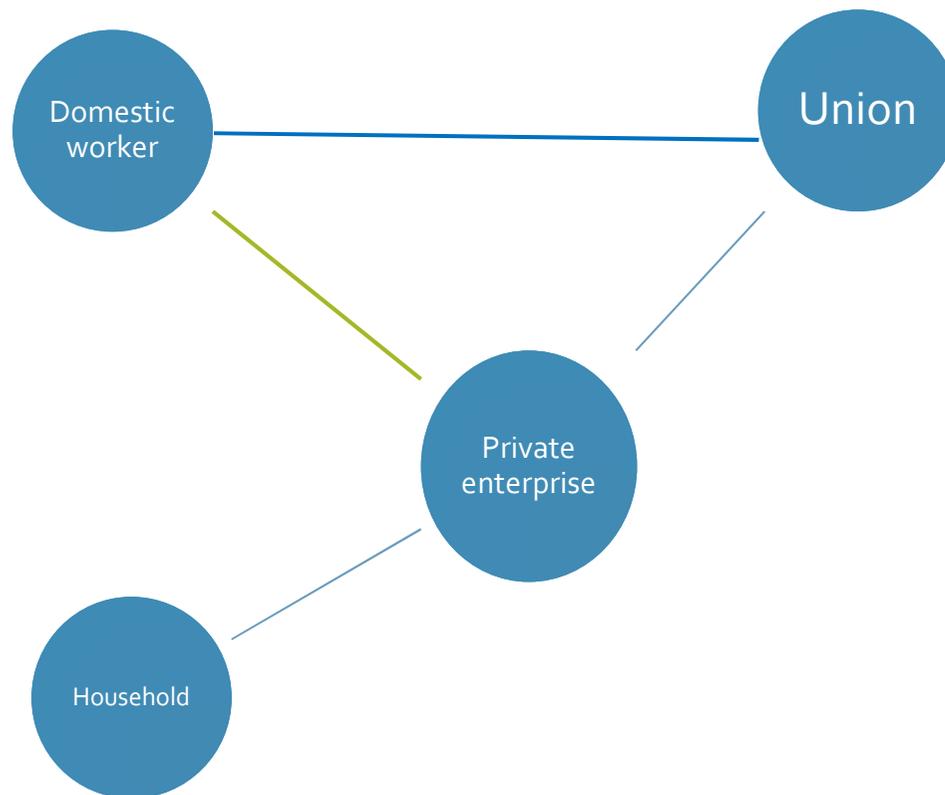
Facts

- Public agencies coordinate home support services (personal and home help)
- Public agencies contract non-profit organizations and cooperatives to deliver services
- Non-profit/coop directly employs workers who provide short-term care services
- Unions negotiate collective agreements directly with each non-profit/coop.

Outcomes

- Formality/informality: formal employment relationships, unions, collective bargaining, social security
- Decent work: contracts include many unpaid periods of compulsory availability

3.1. Private Enterprises



Example: France

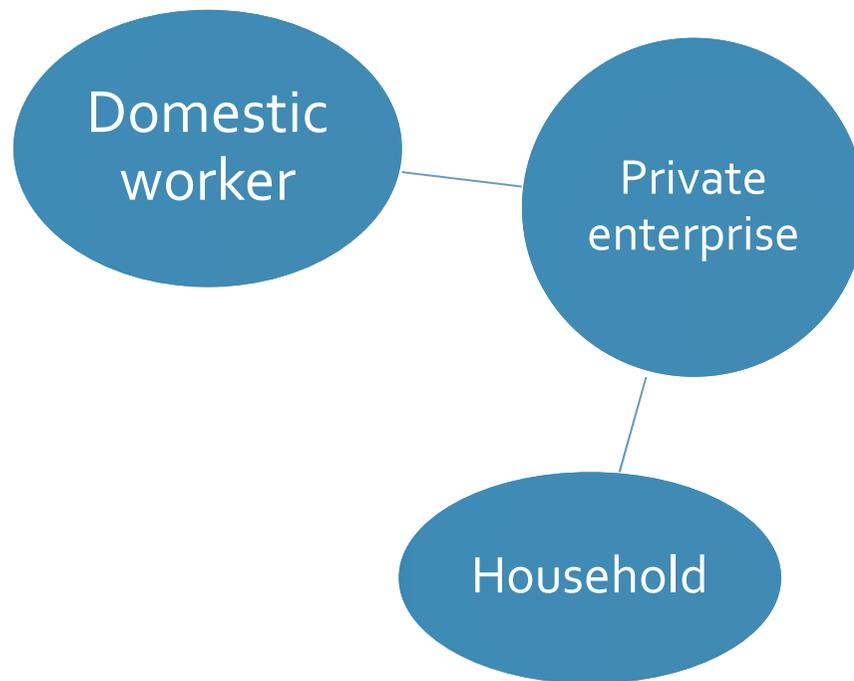
Facts

- Unionized For-Profit Private Enterprise as Direct Employer: France
- Private householders can purchase domestic services from a private sector, licensed company
- Employment relationship is between the company and the domestic workers
- Unions represent the workers and bargain with the companies

Outcomes:

- Formal employment relationship, union, collective bargaining
- Access to labour and social protection

3.2. Private Enterprises



Example: China

Facts:

- Domestic service enterprises directly employ domestic workers
- Dispatched to households
- Enterprise charges a management fee, sets wages based on a Domestic Service Agreement (with the client).
- Enterprise provides free training, social insurance (subsidized), settles disputes.

Outcomes:

- Formal employment
- Labour and social security coverage
- Access to social insurance
- MW during breaks between jobs

4) Cooperatives

Facts:

- Employment relationship either with household or with cooperative (see Quebec)
- In others, such as in the Quebec example discussed above, the cooperative is the direct employer of the domestic workers.
- Provide education, training, child care, access to housing, dispute resolution (India, South Africa)

Outcomes:

- Employment relationship
- Access to social security
- Voice and representation

5) Unions

Facts:

- Some unions train and act as a “hiring hall”
- Employment relationship not with union
- Hong Kong Domestic Workers General Union (HKDWGU) members set terms of employment
- DWGU provides training through CTUTC, where workers are hired
- DWs not covered by labour or social protection

Outcomes:

- Signed contracts promote formal practices
- Improved terms and conditions
- Still no coverage

6) Digital platforms

For-profit platforms

- Facilitate the access of consumers to a range of services.
- Increase transparency of recruitment-related payments
- No responsibility for decent work outcomes
- Employment relationship sometimes unclear
- Not always regulated as an agency would be

Cooperatives and platforms

- Opportunities for organizing domestic workers through aggregation
- Coopify lets users select service through cooperatives, enhancing members' competitive advantage

III. Factors of formalization/decent work

- State subsidies
- Transparent, simple and effective regulation of the various forms of intermediaries
- Intermediaries that are accountable and give voice to domestic workers
- Intermediaries that directly employ domestic workers
- Intermediaries that respond to the needs of both domestic workers and households by reducing transaction costs, simplifying employment and registration procedures, and providing value to households (such as training for domestic workers)
- Clear employment relationship tests and attributing responsibility to combat sham self-employment.
- Labour and social security laws that include all domestic workers within their ambit promote formalization.
- Regulation of digital platforms
- Extension of labour and social protection to all domestic workers (no thresholds)