

Domestic work in Switzerland

Calculation of the prevailing wages in the domestic services sector in Switzerland in
consideration of the establishment of a standard contract

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Chapter 1: Introduction

This report was conducted through a research mandate received from Switzerland's State Secretariat for Economic Affairs (SECO) through the University of Geneva's University Observatory for Employment (OUE). It aims to identify domestic workers in order to better understand the characteristics of these individuals with the goal to consider the establishment of a contrat-type (standard contract) at the national level.

The particular circumstances surrounding domestic workers should legitimately raise concerns. Indeed, it is well known that this is an area where recourse to the informal sector is common. This suggests that wages are likely to be lower than the formal sector and that both social contributions and coverage are likely insufficient and/or completely absent. Given these factors, developing a contrat-type for domestic workers at the federal level, as has been done in the canton of Geneva, could be envisioned as a possibility for these workers.

Although domestic work is recognized as a formal type of employment, the domestic sector is also known to draw an ample supply of its work force from the informal economy as well (non declared work). A previous report published by this Observatory states that "Although the black market represents, quantitatively, a relatively modest size in Switzerland (8.6% of GDP versus 15.2% in France and 27.1% in Italy in 2000), its size has increased over the course of the last few years (from 6.7% of Swiss GDP in 1990 to 8.6% in 2000, and 9.3% in 2001)..."¹. As such, it should be recognized that data concerning the informal sector of the domestic economy are limited and attempts to characterize the entirety of the domestic economy's active population (formal and informal) using *formal* sources are likely to underestimate the size of its population. The analyses are also subject to potential biases in statistical analyses of wages.

This report is organized in three parts. The first part briefly outlines the methodological approach adopted, potential obstacles, and the national surveys used for analyses. Additionally, this section discusses the definition of domestic workers. The second section will discuss the overarching characteristics of domestic workers, specifically in comparison to the entire active population. This chapter aims to identify defining characteristics of domestic workers in order to correctly project their potential wages in the formal sector. Finally, the last part uses wage data in order to calculate the prevailing wages for this category of workers.

Chapter 2: Methodological considerations

In order to most effectively examine the primary concerns of the SECO, the OUE proposes to use several statistical databases: the SLFS, the census, and SWSS (described more thoroughly in detail in following sections). In the first part we use a descriptive *approach* to present a maximum amount of information for this group of the population in comparison to the entire active population. In the second part, we use an econometric *approach* in order to estimate the prevailing wages for these workers as a function of their previously identified characteristics and their general opportunities in the labor market. Although data regarding this population are particularly limited,

¹ Flückiger Y., Pasche C., *Analyse du travail clandestin dans l'économie domestique à Genève*, Report from the University of Geneva University Observatory of Employment N° 16 July 2005, p.2.

indeed biased due to the informal dimension of this particular sector of the economy, it is nonetheless possible to obtain relatively clear estimations of the prevailing wages in this domain.

In the descriptive approach, we have attempted to characterize domestic workers in Switzerland using both the census and the SLFS. These sources have enabled us to identify several profiles of domestic workers by: their highest level of education obtained, nationality, age, civil status, profession learned, and employment status. This section also enables us to respond to the following questions:

- Does domestic work primarily concern young people in need of temporary employment?
- Are domestic workers professionally overqualified for the work they perform?
- Does domestic work primarily concern immigrants who have recently arrived in Switzerland?
- Is domestic work more prevalent among certain types of family households (for example, single parent homes)?
- Does employment status (independent, employee) among domestic workers vary by region or canton of residence?

In the econometric portion, we apply results obtained from the descriptive analyses. In order to determine the characteristics of domestic workers, a sample of domestic workers is extracted from the census and the SLFS and, as a function of the characteristics of these individuals, they are matched with like individuals available in the SWSS (or the same individuals in the SLFS). Given the wage data available in the SWSS and SLFS, it is possible to determine potential wages for these individuals. Specifically, we estimate wage equations that enable us to determine the prevailing wages, holding all other factors constant, for workers who are part of the same segment of the labor force in which domestic workers are found.

The characteristics that we have analyzed are: the highest level of education obtained, nationality, permit type, civil status, and age (or professional experience). Additionally, the SWSS enables us to disaggregate the results by region. However, given that the typology of domestic workers reveals that there is not a significant difference between cantons with regards to the presence of domestic workers, we have chosen not to use this variable in wage estimations.

It is plausible that the actual wages of workers in the domestic sector are lower than those which we have estimated in the cadre of this analysis. This risk is particularly marked given that this type of work consists of those whose wages are not necessarily reported. Nonetheless, given that the establishment of a contrat-type represents an attempt to converge the working conditions of domestic workers to those in other sectors of the economy, the analysis of a potential salary seems quite pertinent.

2.1 Summary of individual surveys and the limitations associated with each dataset.

In the first step, the descriptive analysis of domestic workers in Switzerland is based primarily on the census 2000, and the Swiss Labor Force Survey (SLFS) 2001 – 2006. In the second step, we use the information obtained in the first part to estimate the prevailing wages for domestic workers with the Swiss wage structure survey (SWSS) 2006 (or “Lohnstrukturhebung”, LSE).

The census is a survey conducted by mail and sent to the resident population in Switzerland once every ten years. Although the most recent year available is 2000, one advantage of the census is its comprehensive examination of the entire population. On the other hand, the SLFS is conducted

annually by telephone however, with approximately 30,000 people². The SLFS also allows for longitudinal analyses since the same individuals are called for a period of five years. Each year, three fourths of people in the survey are included the previous year and one fourth are new to the survey. In contrast to the census, the SLFS allows for a more recent examination of the Swiss population, but with the additional consequence of using statistical techniques (like weighting) to ensure that the sample is representative of the entire population.

A study of the wages of domestic workers, even if they have officially declared their work, is particularly difficult to conduct as a result of limited data possibilities. Wage data are only available in the SWSS and the SLFS. In regards to the former, it is a survey conducted every two years since 1994 that provides a comprehensive sample of the employed population in the private sector³. Data are obtained directly from companies thereby providing a reliable source of information. Unfortunately, domestic workers are often hired by private households and not by companies registered with the registry of commerce. Nevertheless, as will be evident in following sections in this report, the SWSS can be used in order to determine the prevailing wages within this sector. The SLFS contains information on all types of workers, irrespective of their employers. The primary difficulty associated with using the SLFS is the limited number of domestic workers within the survey. Without considering missing values in variables necessary to our analyses (e.g. education), the SLFS contains approximately 250 observations per year for domestic workers. Even once domestic workers are aggregated across all years between 2001 – 2006, the sample remains quite restricted. Moreover, these workers vary with regards to their employment status (e.g. independent or employee) and it is impossible to determine whether they are legally employed or undeclared.

The SLFS survey is also limited by nature of its panel structure. Within panel data, the extent to which an individual should be represented in relation to the total population depends on the selection design. Similar to cross-sectional data, the probability that an individual will be selected from the total population is calculated. Then, the probability that an individual will respond to the survey in years following the first response is considered (this is also known as attrition). Statisticians account for both of these probabilities using weight measurements within the survey. The intent of research becomes particularly important when deciding which weight to use. If the career path of individual workers is the most important factor (e.g. determine how often certain individuals change jobs) it would be necessary to use the longitudinal weight. However, in the context of this mandate, the cross sectional weight is more appropriate. The cross sectional weight allows for comparison of groups of the population over time (instead of individuals).

The SWSS is a survey conducted every two years with a particular category of the population: employees in companies. The largest difference between this survey, the census and the SLFS is the SWSS is sent directly to approximately 46,300 companies representing about 1.6 million employees⁴. Companies provide information about the salaries earned by their employees, the size

² "L'enquête suisse sur la population active (ESPA), Concepts - Bases méthodologiques - Considérations pratiques." Swiss Federal Statistic Office. 2004. Swiss Federal Statistic Office. p 15.

³ The SWSS also contains public sector data, however these data are excluded from our analyses.

⁴ "Fiche signalétique: Enquête sur la structure des salaires." Swiss Federal Statistic Office. 2008. Swiss Federal Statistic Office.

of the company and some descriptive information about its workers regarding their job or their education/training.

Requesting salary data directly from companies is a way to ensure that the most accurate information is obtained. Unfortunately, the SWSS does not capture salary data from individual households with employees (which constitutes the case for a majority of domestic workers). As a result, although people who work for *companies* and perform domestic work are included, wage and descriptive information concerning those who work in *private households* are not. Nonetheless, wages for individuals who work in private households are presumably lower than the wages received by people performing similar jobs in the formal sector. It is for this reason that using the SWSS is justifiable; the goal being to establish a just salary for domestic workers on the basis of what they may have earned doing similar work in the formal sector.

The SLFS database is also used to examine wages of domestic workers. However, this database is only used to a limited extent given the small sample size of domestic workers available in each year. Furthermore, since the SLFS is conducted with individuals by telephone, the data are more subject to error. For example, a person could easily over or underestimate his monthly salary and/or hours worked thereby increasing the margin of error in wage analyses. In conclusion, domestic workers will be identified using the census and the SLFS, whereas the prevailing wages of these workers will be estimated using the SWSS (and to a marginal degree with the SLFS).

2.2 Definition of domestic workers and the domestic sector.

Analyses regarding the domestic sector rest contingent on how the workers and sector are defined. Before defining the domestic sector however, two groups of the active population are excluded: individuals younger than 15 years old and apprentices. Apprentices have wages that are set by varying authorities by region and are therefore not considered in the typology or wage calculation for domestic workers as their wages do not reflect those of the labor market. In order to establish the definition of unskilled work in private households, two variables from the census are used to identify individuals who work in the domestic sector and perform unskilled work. The first variable used is based on the Swiss classification of professions (PBER) and the second on the international standard classification of occupations (ISCO established by the International Labor Organization). Within these two definitions, domestic work is initially defined by using the Swiss classification of professions (PBER).

Within the list of PBER codes, one category chosen that most closely resembles domestic work is “profession de l'économie domestique” (professions within the domestic economy). This category includes two groups of workers: *intendants de maison* and *employés de maison* (house intendants and employees). In order to verify that workers in this group actually perform domestic work, employees within the profession de l'économie domestique are cross-referenced with the ISCO code. By cross-referencing the two professional variables, individuals who designated themselves as officers (*cadre*) are removed from the sample of domestic workers.

In an attempt to isolate individuals who perform domestic work within *households* from those who perform domestic work for a *private company*, two groups of domestic workers are established using the *forme juridique* (legal form) of the company noted by individuals for the census database. Within the census, two groups are established using the *forme juridique*. Domestic workers in the first group are defined as those workers with one of the following *formes juridiques*: *raison individuelle*, *forme juridique inconnue* (unknown), or *sans indication* (without indication). The

creation of the first group aims to target those domestic workers who work specifically in a household. The second group of domestic workers includes all domestic workers irrespective of forme juridique. In this report, we categorize the group of domestic workers limited by forme juridique “group 1” and those who are not as “group 2”.

Initial analyses using both groups show that there is not a significant difference between groups of domestic workers when the forme juridique is considered. For this reason and the reality of the restricted sample size of domestic workers within the SLFS database, all formes juridiques are included when the SLFS domestic workers are examined. Domestic workers in the SLFS database are defined using the professional variables previously described.

We have also identified a second group of domestic workers (similar workers) in the active population in an attempt to compare their characteristics and wages to those of domestic workers. A comparison of their characteristics and wages will enable a comparative analysis of the wages domestic workers might earn should they enter the fields in which similar workers work. More precisely, similar workers are defined as individuals working in professions that do not necessarily require extensive training and could reasonably be substituted as work performed by domestic workers.

Similar workers are selected using the following PBER codes:

- Professions related to the hotel and restaurant industries and the domestic economy
- Professions related to cleaning and maintenance
- Assistants who work in industries related to the care of individuals

Similar workers are further limited to subgroups within the PBER codes listed above. Finally, these professions are cross referenced with their ISCO code in order to eliminate professions requiring extensive training or higher education (e.g. chef, officers (cadre), and nursing staff). Although the selection of professions within the similar workers category necessitates a degree of subjectivity, their methodological selection does allow certain professions in which domestic workers are unlikely to have access to be excluded.

2.3 Limitations associated with the chosen definition of domestic workers.

Given that both surveys (census and SLFS) are conducted with the *resident* population, both are likely to underestimate the size of the population of domestic workers, particularly to the extent that domestic workers are not part of the resident population (e.g. without a permis de séjour). Nonetheless, both surveys are likely to capture some of the black market for domestic workers. For example, an individual can legally have the right to be in Switzerland, but not have the legal right to work, or simply not declare the work he does. However, given the limited amount of information available about the informal domestic sector, the extent to which this sector is underrepresented is unclear.

Chapter 3: Domestic Workers: Who are they?

In order to establish a salary scale for individuals who perform domestic work, defining characteristics of domestic workers must be established. As previously mentioned, characteristics of domestic workers will be determined using two national surveys: the census (2000) and the SLFS (2001 – 2006). Domestic work is defined as explained in the previous section and includes any person that worked in the sector as a primary occupation in the census and at any time between 2001-2006 as a primary or secondary occupation using the SLFS.

3.1 Women are disproportionately represented among those who perform domestic work.

The dispersion between men and women who perform domestic work clearly demonstrates that women represent nearly all of domestic workers in Switzerland. According to the census (as illustrated in the graph below), women represent 91% of domestic workers when all formes juridiques are included and 94% of domestic workers when the forme juridique is restricted to independent workers⁵. Given that women represent approximately 43% of the entire active population, this clearly demonstrates that women are overrepresented among those who perform domestic work.

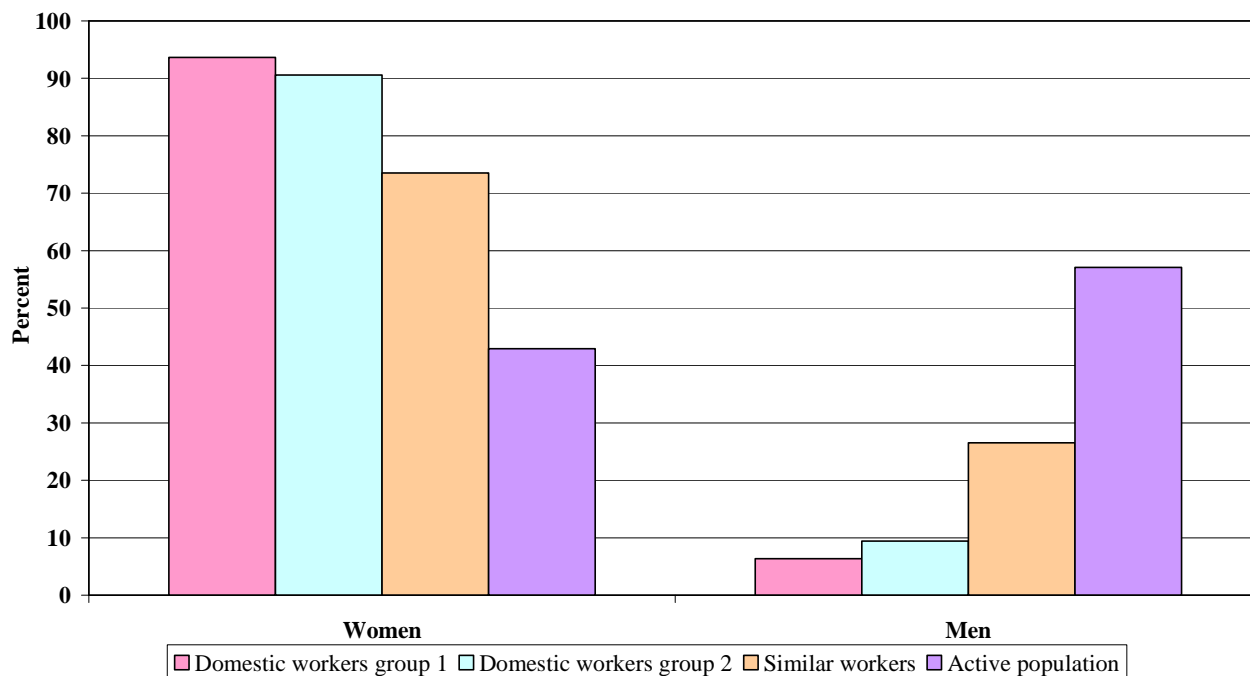
Women are equally overrepresented among similar workers (in comparison to the active population) as well. In this case, women represent 74% of similar workers. These findings are further corroborated by figures calculated using the SLFS database. Between 2001 – 2006, women represent between 44-45% of the active population whereas they represent between 86-93% of domestic workers and approximately three fourths of similar workers⁶.

⁵ Flückiger Y., Pasche C, p. 20. Interestingly, another report published by OUE indicates that nearly 94% of clandestin domestic workers in Geneva are women. This provides evidence suggesting that the disaggregation of domestic workers does not necessarily change in response to the sector (formal vs. informal).

⁶ See appendix tables 3.1a, 3.1b, 3.1c.

**Domestic workers
By sex**

2000



Notes: Professions that cannot be exercised, individuals part of the non active population, people less than 15 years old, and apprentices have been excluded.

Domestic workers group 1 is defined as domestic workers who indicated one of the following formes juridiques: "raison individuelle", "forme juridique inconnue" or sans indication.

Domestic workers group 2 includes all domestic workers, irrespective of their indicated forme juridique.

Source: 2000 Swiss census

3.2 Families in more precarious situations are overrepresented among domestic workers.

Given that domestic and similar work are performed predominantly by women, this naturally raises questions about who these women are. For example, is domestic work largely relegated to women by nature of the historical precedent associated between them and domestic tasks? Rather, is domestic work ever present among women in precarious familial situations (e.g. divorce, widows)? Another possibility rests with the classification of domestic work as a part-time occupation. If domestic work is largely completed at part-time, perhaps women's overrepresentation in the domestic sector is a reflection of their omnipresence in the part time job market.

In order to answer these questions, an exploration of domestic workers by civil status reveals that although the vast majority of domestic workers are married, domestic work does indeed affect a disproportionate share of the population in more precarious familial situations. An analysis of the civil status of domestic workers and of their civil status in conjunction with the presence of children will facilitate an understanding of the extent to which these families are overrepresented in comparison to the active population.

As previously mentioned, married individuals have the highest representation among all groups analyzed (active population, domestic workers, and similar workers). Both the census and the SLFS show that between 53-67% of domestic workers are married. Although married workers are the most represented group among domestic workers, they are not overrepresented in comparison to the active population. Among the active population, married individuals also represent the largest group. The SLFS and the census similarly indicate that within the active population, the percentage of married individuals ranges between 57-60%. Similarly, within the similar workers category, married individuals represent the largest group. However, within the subgroup of similar workers, the percentage of married workers exceeds that of both the domestic workers group and the active population. For example, both the SLFS and the census indicate that within the similar workers group, married individuals represent between 66 -71%⁷.

Single individuals represent the second largest group across all three groups of comparison. In comparison to the entire active population however, single domestic and single similar workers represent a smaller percentage of their subpopulations in comparison to the active population. The reduced percentage of single people seems to be a result of a wider distribution between other types of civil status (e.g. widows and divorcés). For example, among the entire active population, both the census and the SLFS indicate that single people represent between 30-32% of the population, divorcés about 8%⁸ of the population, and widows 1-2%. In contrast, among domestic workers, the percentage of single people ranges between 16-33%, divorcés between 9-13%, and widows between 4-7%. This is also the case for similar workers who range between 17-21% of single people, 8-9% of divorcés, and 3-4% of widows. These results indicate that individuals in potentially precarious familial situations (e.g. widows, divorcés) are overrepresented among domestic and similar workers in comparison to their respective representation in the active population.

The presence of children adds an additional element of understanding with regards to the make-up of families by civil status. When the entire active population is compared with the domestic workers and similar workers group, there is a slightly higher percentage of domestic and similar workers who have children. Both the SLFS and the census show that there are children present for 53-57% of the active population. In contrast, there are children present for between 52-66% of domestic workers and 60-70% of families in the similar workers group⁹.

The presence of children by civil status shows that among individuals who have children, married individuals represent the largest group. Among the active population, between 72-74% of people who have children are married, followed by single people at 20-21%, divorcés at 5-6%, and separated and widows at 1% or less each. There is an analogous trend apparent among similar domestic and domestic workers, however the trend is not surprising once the size of these groups as a percentage of the entire population is considered. (SLFS)

In order to determine if individuals in presumably more precarious situations (e.g. divorcés, single people, etc) have a higher percentage of children in comparison to the active population, the presence of children by each civil status is examined. In the active population, 2 out of 3 married

⁷ See appendix tables 3.2a, 3.2b, 3.2c, 3.2d.

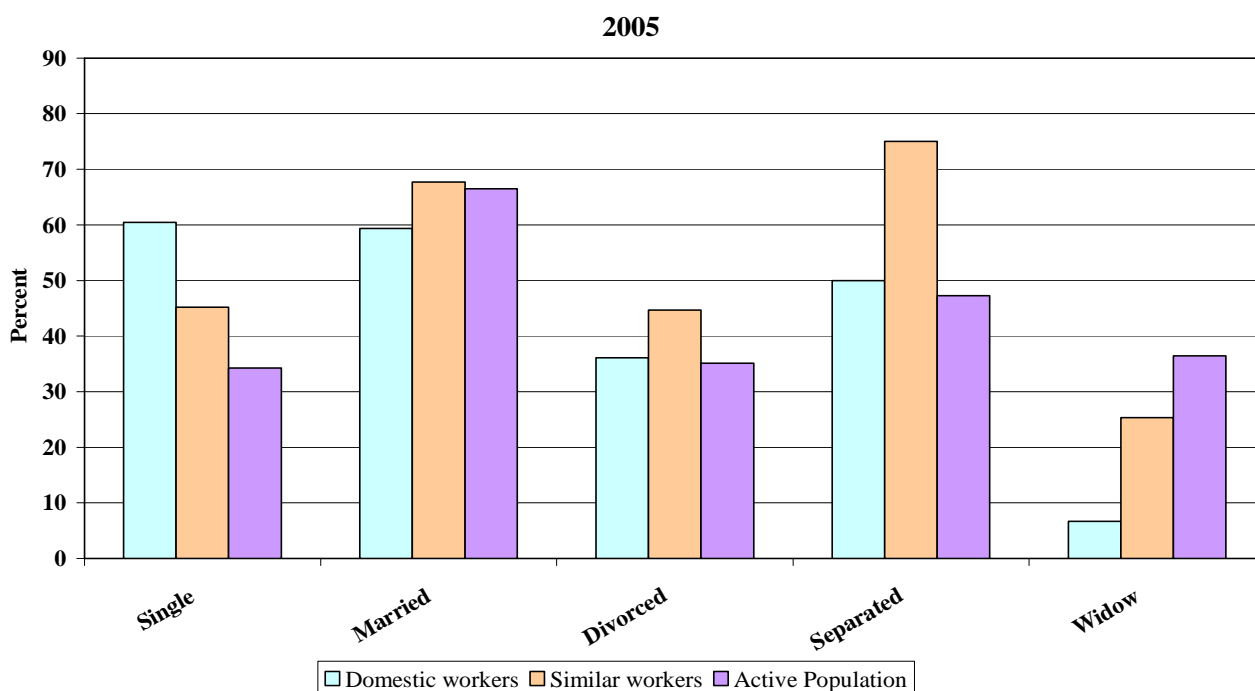
⁸ Unlike the census, the SLMS considers those who are legally separated as a distinct category. Across all years for which we have used SLMS data, there are approximately 1% of individuals who consider themselves as part of this category across the entire active population, 1-2% among domestic workers, and 1-2% among similar workers.

⁹ See appendix tables 3.2e, 3.2f, 3.2g, 3.2h.

people have children while slightly more than one third of single and divorced people have children. For those individuals who are separated, the proportion ranges between 42-50% and for widows between 25-37%. When the domestic workers group is considered, the percentage of single, divorced, and separated domestic workers with children (as a percentage of each civil status subgroup) is *larger* than (or equal to) the percentage of people in those groups of the active population for every year except 2006 (in 2006 only divorcés have a smaller percentage than the active population). Interestingly, the percentage of domestic workers who are married and have children is always *less* than the percentage of married individuals who have children in the active population. (SLFS)

These findings indicate that domestic workers in presumably more precarious situations (single, divorced, separated) have a higher proportion of children in comparison to the active population. The following graph illustrates this using the SLFS data for 2005. Furthermore, domestic workers in more stable relationships (e.g. married) have a smaller percentage of children in comparison to the married active population. Similar workers exhibit trends akin to those of the domestic workers with the exception of the married similar workers population. The married similar workers category has a larger proportion of children in comparison to the married active population as well¹⁰.

**Percentage of individuals with children
By civil status**



Note: Individuals younger than 15 and apprentices are excluded from the population.

Source: Swiss labor force survey (SLFS), 2005

¹⁰ See appendix tables 3.2i, 3.2j, 3.2k.

3.3 *Nearly half of domestic workers have only completed their scolarité obligatoire.*

As evinced through previous analyses, domestic workers are most likely to be women in presumably precarious situations. However, there are clearly other factors, like a person's education, which also influence one's professional choices. For example, although domestic work is considered to be unskilled labor, there could be certain educational tracts that are more likely than others to lead to work in the domestic sector.

As clearly indicated on the following graph, both the census and SLFS indicate that that nearly half of domestic workers have only completed their scolarité obligatoire¹¹. This suggests that the majority of work completed in the domestic sector is done by unskilled workers. These results are particularly marked in comparison to the active population where only 14-15% of the population have only finished their scolarité obligatoire. Similar results occur when the similar workers population is considered. Between 35-41% of individuals in the similar workers population have only completed their scolarité obligatoire¹².

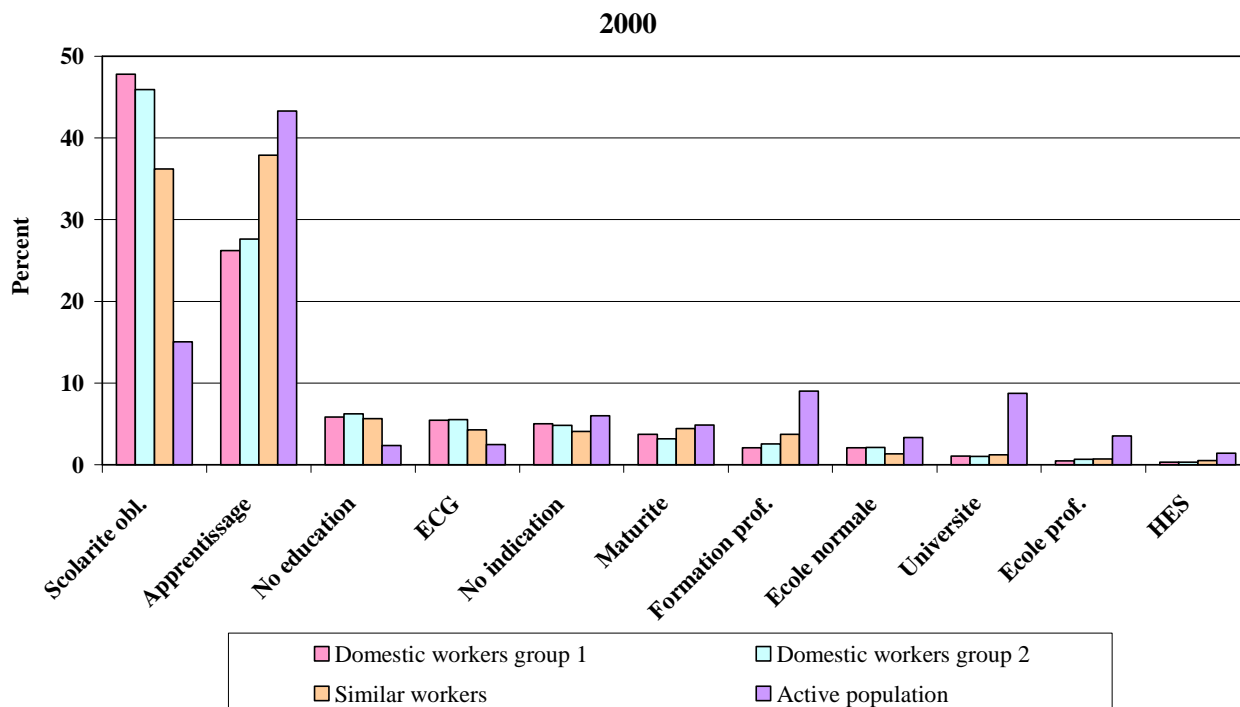
The results in the following graph clearly indicate that people who perform domestic work or similar work are an example of unskilled jobs being performed by unskilled workers (instead of an overqualified, perhaps temporary, displacement in the labor market). This is further substantiated by analyses examining the type of training currently being pursued by individuals who work in the domestic and similar domestic fields. Among domestic workers, between 80-92% are not currently pursuing a form of higher education. Among similar workers, the percentage ranges between 86-88%. The census indicates that an even higher percentage of domestic and similar workers are not pursuing some form of higher education¹³.

¹¹ The census indicates that the percentage of domestic workers who have only completed their scolarité obligatoire is between 46 – 48%. Figures calculated using the SLFS database indicate that the percentage is between 46-54% between 2001 – 2006. Scolarité obligatoire also includes the category formation élémentaire which only exists in the SLFS database.

¹² See appendix tables 3.3a, 3.3b, 3.3c.

¹³ See appendix tables 3.3d, 3.3e, 3.3f.

**Domestic workers
By the highest level of education obtained**



Note: See notes on table domestic workers by sex.

Source: 2000 Swiss Census

Although nearly half of domestic and similar workers completed their education with the *scolarité obligatoire*, the remaining half who continued their education are most likely to have done so through an apprenticeship. Within the active population, between 40-43% of the population pursued an apprenticeship and among both domestic and similar workers this ranges between 23-38% and 35-41%, respectively. The relatively high percentage of domestic and similar workers who chose to pursue this type of training necessitates an analysis of the apprenticeships that eventually lead to jobs in the domestic and similar domestic sectors.

When the fields studied by individuals who pursued apprenticeships are examined, it is clear that these individuals are likely to have completed their apprenticeship in a domain closely related to domestic work. Among individuals who chose to pursue an apprenticeship within the active population, one in two chose to pursue one in the following fields (*métier appris* according to the SLFS):

- “Professions de l’usinage de métaux et de la construction de machines” (factory and metal professions and the construction of machines)
- “Professions de l’électrotechnique, de l’industrie horlogère, de la construction de véhicules et de l’outillage” (professions related to electrotechnology, clock making, construction of vehicles and equipment)
- “Professions de la construction” (construction related professions)

- “Professions commerciales et de la vente” (sales related professions)
- “Professions commerciales et administratives” (commercial and administrative related professions)
- “Professions de la santé” (Health related professions)

In comparison to the similar domestic and domestic workers groups there are some fields that overlap in terms of popularity with the active population. Domestic workers are equally well represented in the following professions:

- “Professions commerciales et de la vente”
- “Professions commerciales et administratives”
- “Professions de la santé”

However, in addition to the aforementioned represented fields that domestic workers share with the active population, they are also well represented in:

- “Professions de l’hôtellerie et de la restauration et de l’économie domestique” (professions related to the hotel and restaurant industry and the domestic economy)
- “Professions de l’industrie textile et de l’industrie du cuir” (professions related to the textile and leather industry)

(Also in some years):

- “Professions de l’agriculture, de l’économie forestière, de l’élevage et des soins aux animaux” (professions related to agriculture, forestry, rearing, breeding and care of animals)
- “Professions du nettoyage, de l’hygiène et des soins corporels” (professions related to cleaning, and personal care and health).

Similar workers are well-represented in the same fields as domestic workers with the exception of « Professions de l’agriculture, de l’économie forestière, de l’élevage et des soins aux animaux » and « Professions de l’industrie textile et de l’industrie du cuir ». Additionally, unlike domestic workers, there is between 6-10% of similar workers who participate in « Professions de la construction ». The results above indicate that although the vast majority of similar and domestic workers have only obtained their *scolarité obligatoire*, the remaining who pursued an apprenticeship are likely to work in a field related to the apprenticeship they completed.

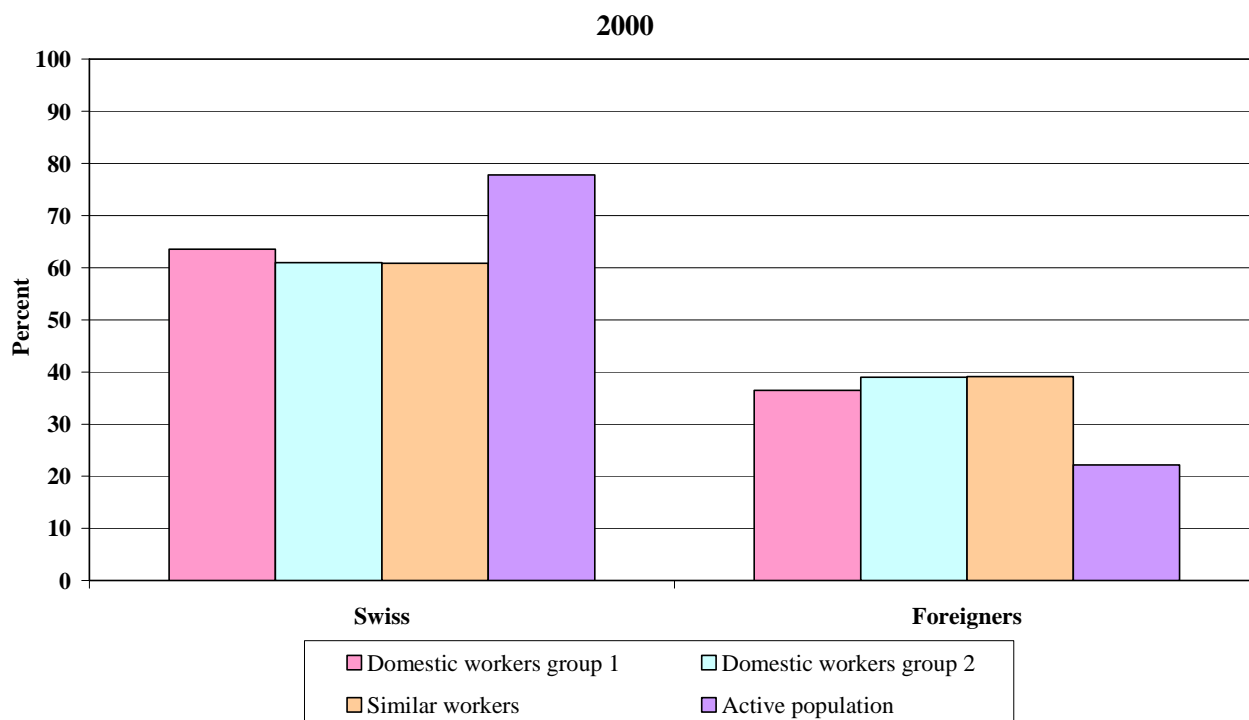
3.4 Although the vast majority of domestic workers are Swiss, foreigners are overrepresented.

Another important defining characteristic of domestic workers is their origin. For example, it is possible that domestic work serves as a part time solution for migrants who recently arrived in Switzerland. On the other hand, domestic work could be a long term vocation among migrants and/or Swiss citizens as a result of their relatively limited qualifications and/or knowledge of the local language. An analysis of both nationality and type of permit accorded to domestic workers will provide indication of the approximate duration of residence in Switzerland among foreign domestic workers and their origins.

Analyses of the domestic working population indicate that although the vast majority are Swiss, foreigners are overrepresented in comparison to the active population. Both the census and the SLFS indicate that between 78-79% of the active population are Swiss. When the citizenship breakdown among domestic workers is considered, the census and the SLFS show slightly different results. As illustrated in the following graph, the census suggests that approximately 61-64% of domestic workers are Swiss, whereas the SLFS implies a decreasing percentage of Swiss domestic

workers over time from about 77%-65%. According to both sources however, it is clear that foreigners are overrepresented among domestic workers in comparison to the active population. Among the similar workers group there is a similar trend in regards to the overrepresentation of foreigners. The census suggests that the percentage of similar foreign workers is about the same as the percentage of domestic foreign workers (39%). The SLFS corroborates the census data with a slightly wider range of similar workers over time between 34-39%¹⁴.

**Domestic workers
By citizenship**



Note: See notes on table domestic workers by sex.

Source: 2000 Swiss Census

Given the elevated percentage of foreigners among domestic workers, an analysis of their permits can reveal information about the duration of their stay in Switzerland. Although the census and the SLFS categorize permit holders in slightly different ways, both clearly identify B and C Permit types. Among the active population, C Permit holders represent between 14-16% of individuals, followed by B Permit holders (the second largest group) who represent between 5-6% of the population. Both surveys also indicate that domestic workers are overrepresented in these categories (a reflection of the overrepresentation of foreigners within the sample). Among domestic workers, between 21-29% have a C Permit and between 0-9% have a B Permit. The similar group permit disaggregation has similar results and roughly one fourth of them have a C permit. In every year except 2002, the percentage of similar workers with C Permit is slightly higher than domestic workers (SLFS). The percentage of similar workers with a B Permit is also higher than or equal to the percentage of B Permit holders within the domestic workers population. However, the slightly

¹⁴ See appendix tables 3.4a, 3.4b, 3.4c.

higher representation of permit holders among domestic and similar workers is likely a result of the higher representation of foreigners within the population¹⁵.

When permit type is analyzed as a percentage of the foreign population exclusively, the profile of domestic workers changes slightly from that of both the active population and the similar workers group. For example, the SLFS shows that within the foreign active population, C Permit holders represent approximately 67-75% of the population and Permit B holders approximately 23-30% of the population. Within the active population, all other permit types represent 2% or less of the population. When foreign domestic workers are considered, the population is overwhelming represented by C Permit holders (higher than the active population) and B Permit holders (but less than the active population). This trend also holds true for similar workers.

Interestingly however, among the similar group, the percentage of B Permit holders is always higher than the active population (except 2005). Since the duration of residence required to obtain a C Permit in Switzerland is five years, this seems to suggest that foreign workers in the domestic sector are most likely to have resided in Switzerland for at least this long. Although common among people who have recently arrived in Switzerland (as evinced by the sizeable percentage of B Permit holders), domestic work appears to be dominated by individuals who have lived in Switzerland for at least five years. These analyses indicate that domestic workers are largely Swiss or foreigners with a C Permit¹⁶.

3.5 Most domestic workers are between 25 – 54 years old. Young domestic workers are not overrepresented and tend to pursue higher education simultaneously.

Age represents another factor that shapes the identity of domestic workers in Switzerland. Specifically, a better understanding of the age brackets in which domestic workers fall will enable a better understanding of their current life stage. For example, as previous analyses have shown, domestic workers are most likely to have only completed their *scolarité obligatoire*. If domestic workers are overrepresented among young workers, the highest level of education could be a reflection of the limited time they have had to pursue higher levels of training.

As indicated on the following graph, the census shows that among domestic workers, the two largest groups (in percent) are between the ages of 25-54¹⁷. This is not surprising in comparison to the active population where these groups, 25 – 39 and 40 – 54, collectively represent the largest percentage of the active population. Among similar workers, there are similar trends apparent within the data.

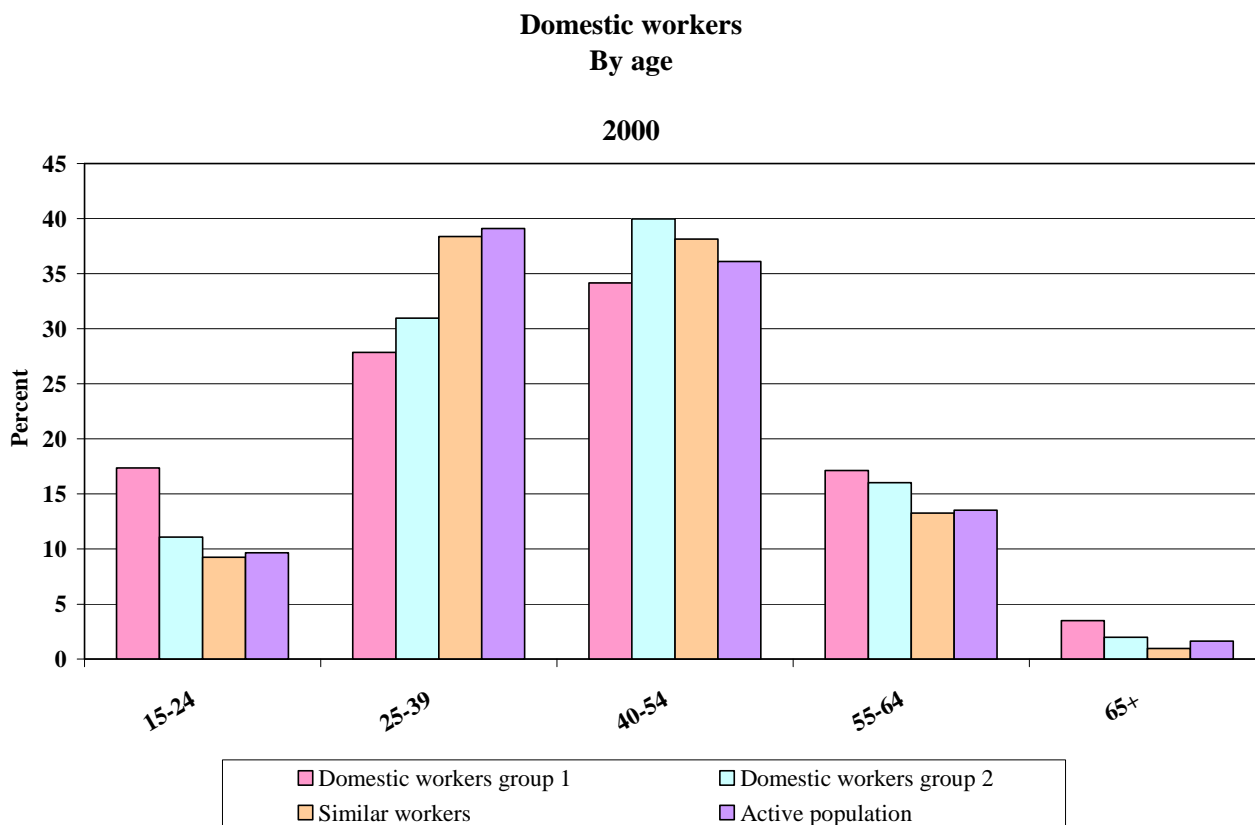
The results suggest that domestic work is unlikely to be a temporary situation prevalent among young workers (15-24). The census further confirms the proportional representation of young people among domestic workers in comparison to the active population. Young people represent approximately 10% of people within the active population, whereas they represent 11% of domestic workers (when all formes juridiques are included). The data in the SLFS are consistent with conclusions in the census within the active population. The SLFS indicates that from 2001 – 2006 the percentage of young workers in the active population between 15-24 years old is approximately 9%. With regards to young domestic workers however, the percentage increases over time from

¹⁵ See appendix tables 3.4d, 3.4e, 3.4f, 3.4g.

¹⁶ See appendix tables 3.4h, 3.4i, 3.4j.

¹⁷ Flückiger Y., Pasche C, p. 22. This report indicates that the majority of *clandestin* domestic workers in Geneva are also between the ages of 25-44.

roughly 6-15%. Although there is a discrepancy in the representation of young domestic workers between the census and the SLFS, this difference could in fact be a result of an increasing percentage of young domestic workers over time (the census is only available for 2000)¹⁸.



Notes: Age is calculated as of the year 2000, the year in which the survey took place.

See notes on table domestic workers by sex.

Source: 2000 Swiss Census

Despite the proportional presence of young workers in the domestic sector, their mere presence raises questions about who these individuals are. For example, do young domestic workers work in conjunction with, or as an alternative to, school? In reference to the active population within this age group, there are between 61-67% of people who are not currently pursuing some form of education (SLFS). When domestic workers within this age group are considered, there are between 20-49% (exception of 70% in 2006) of individuals who are not pursuing some form of education between 2001 – 2006 (SLFS). The results show that a higher percentage of young domestic workers *are* currently pursuing some form of education (as they simultaneously work) when compared to the active population in all years except 2006 (where a slightly higher percentage of domestic workers are not pursuing a form of education). Thus, despite an increasing percentage of young domestic workers over time (according to SLFS), the data indicate young domestic workers

¹⁸ See appendix tables 3.5a, 3.5b, 3.5c.

who pursue some form of education do so as a higher percentage of their population (except in 2006)¹⁹.

3.6 Domestic workers are overrepresented in Berne, Vaud and Geneva and are more likely to be employees or work in private households.

Geographic characteristics are also important identifying traits of domestic workers. Understanding geographic distribution of domestic workers could help to explain differences or variation in wages across workers. Furthermore, geographic analyses help to determine the extent to which the domestic sector is present in comparison to other sectors in the same canton and in comparison to other cantons.

Across all cantons in Switzerland, domestic workers represent less than 4% of the active population of each canton in any year (SLFS). On the other hand, similar workers represent as much as 12% of a canton's active population in any year (SLFS). Although the canton in which similar workers represent the highest percentage of the active population varies from year to year, the percentage of similar workers is consistently high within the Valais, Schaffhouse, and Tessin²⁰.

When active workers by canton are disaggregated, it is clear that the largest percentage of active workers are from the cantons with the largest populations (e.g. Zurich, Berne, Vaud, Argovie). In turn, when considering domestic workers it seems logical that a similar trend would appear however, this is not entirely the case. For example, active workers from Zurich account for approximately 17-18% of the active population in Switzerland, whereas they are almost always underrepresented among domestic workers (between 11-17%) (SLFS).

In contrast, among the larger cantons, domestic workers are always (or nearly always) overrepresented in Berne, Vaud and Geneva. Domestic workers are consistently underrepresented in Argovie and Tessin. Similar workers are always slightly overrepresented in Berne, the Valais, and Tessin. The data prove that while a relationship exists between the size of the active population and the size of its population of domestic workers, it is not the only relevant factor²¹.

When employment status is examined across all cantons, the two largest categories across all years are the independents and the employees. Across all years and all cantons, these two categories represent between 91-92% of the active population. The remaining percentage of the active population is distributed between the following categories: private households, employees of personal company, and family workers. When the employment status dispersion among domestic workers is considered, the breakdown is slightly different from the active population. Although employees remain the largest group, private households take the place of independents as the second largest group. Indeed, the percentage of domestic workers who work in a private household across all cantons ranges from 24-37% between 2001 – 2006 (SLFS). Employees represent between 56-65% of the remaining domestic population. Among similar workers there is a similar trend, however the percentage of active individuals who work in a private household is not as elevated as that of the domestic workers²².

¹⁹ See appendix tables 3.5d, 3.5e, 3.5f.

²⁰ See appendix tables 3.6a, 3.6b, 3.6c.

²¹ See appendix tables 3.6d, 3.6e, 3.6f.

²² See appendix tables 3.6g, 3.6h, 3.6i.

3.7 Around two thirds of all domestic workers work part time. Furthermore, a higher percentage of female domestic workers work part time in comparison to male domestic workers.

A known fact in Switzerland is the prevalence of part time work among women. Therefore, it would not be surprising to see part time work overrepresented in a sector dominated by women. Indeed, the distribution of full and part time work among domestic workers clearly illustrates that part time work is overrepresented in comparison to the active population. For example, among the active population 33-35% of people work part time. In contrast, between 65-72% of domestic workers work on a part time basis. When similar workers are considered, similar trends are exhibited. Between 61-66% of similar workers work part time²³. (SLFS)

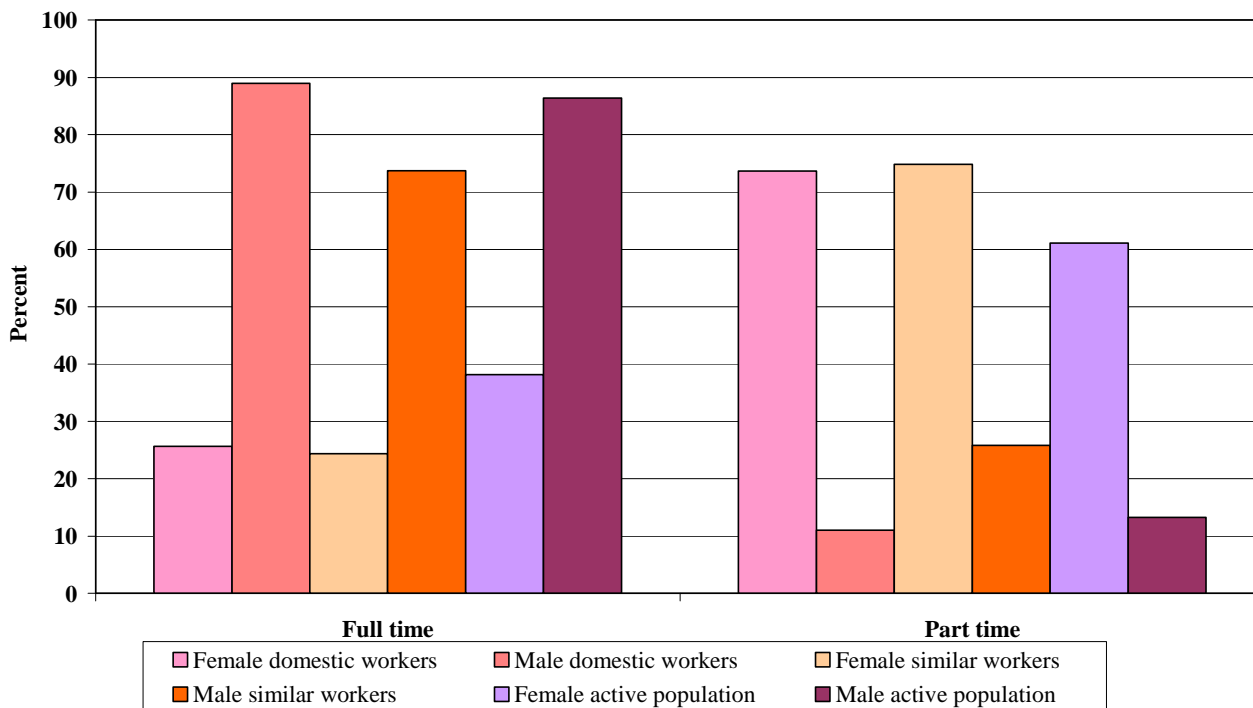
Examining working status by sex further demonstrates the omnipresence of part time work among female domestic workers in comparison to female workers in the active population. The SLFS shows that between 59-61% of the active female population works part time. Among domestic workers, the percentage of women working part time rises to between 71-76%. There is a similar trend among similar female domestic workers. Between 73-79% of similar female domestic workers do so part time. Not surprisingly, both domestic and similar domestic male workers are more likely to work in their respective fields full time. The following graph clearly illustrates this trend for 2006²⁴. (SLFS)

²³ See appendix tables 3.7a, 3.7b, 3.7c.

²⁴ See appendix tables 3.7d, 3.7e, 3.7f.

**Domestic workers
By working status and sex**

2006



Notes: People less than 15 years old and apprentices have been excluded.
No response and unknown individuals have not been included on the graph.
As a result, percentages may not round precisely to 100%.

Source: Swiss labor force survey (SLFS), 2006

Another important factor to consider is the number of hours associated with full and part time work. For example, perhaps domestic workers consider a full time work week to include more hours than the active population. On the other hand, perhaps domestic workers work fewer hours on a full time basis than the active population. When the number of hours is considered for those members of the active population who indicated they work full time, it is clear that at least 80% work between 31-50 hours a week. Among domestic and similar workers, the largest percentage of workers also falls within the 31 – 50 hour range. Furthermore, when those individuals who work more than 51 hours a week is examined, domestic workers and similar workers are almost always underrepresented in comparison to the active population. This evidence proves that in general, domestic and similar workers do not work a longer or shorter full time week in comparison to the active population²⁵. (SLFS)

When the number of part time hours among domestic workers is examined, the resulting conclusions are similar to those who work full time. Among domestic workers who work part time, the highest percentage work between 1-10 hours a week (between 28-39%). The remaining

²⁵ See appendix table 3.7g.

percentage of part time domestic workers are most concentrated between 11-30 hours a week. In contrast, among part time workers in the active population, the percentage of individuals is equally distributed between 1-40 hours a week (between 15-20% in each hour bracket). Conclusively, these analyses indicate that although domestic work is largely provided by women who work part time, domestic workers are not overworked in comparison to the active population at the full or part time level. (SLFS)

Chapter 4. Wage estimations for domestic workers.

4.1 Definition of domestic workers and the domestic sector for wage analyses.

As previously indicated, the SWSS is chosen to estimate wages for domestic workers as it provides one of the most comprehensive and reliable sources of wage data. Unfortunately, domestic workers are not indicated in the same manner as they are noted in the SLFS and the census (in part because the survey is sent to companies and not individuals). As a result, before the wages of domestic workers can be calculated, a targeted population of domestic workers in the SWSS must be established.

In order to identify domestic workers in the SWSS, characteristics of domestic workers identified in chapter three are considered. Then, using the information about the characteristics of domestic workers in chapter three, these characteristics are compared to the various occupations performed by individuals in the SWSS²⁶. This second step seeks to identify *occupations* in the SWSS, which as whole, resemble characteristics of domestic workers as defined in chapter three. Finally, the third step attempts to identify individual *industries* that resemble characteristics defining domestic workers. Since there is not an industry available in the SWSS that focuses on domestic services and because wages for one occupation can vary widely by industry, industries are selected using this third step in an attempt to isolate the industries that most closely resemble characteristics of domestic workers.

Using the aforementioned methodology, four industries and four occupations are chosen upon which a range of wages are estimated. Based on the characteristics identified in chapter three, the following four industries are selected:

1. Retail trade²⁷
2. Hotel and restaurants
3. Health and social activities
4. Personal services

In order to estimate the wages of domestic workers in these industries the following four occupations are used:

1. Hotel industry and the domestic economy
2. Medical needs and social assistance
3. Personal health, cleaning of clothes
4. Cleaning and public health

²⁶ Detailed definitions of both industries and occupations are provided in the appendix.

²⁷ It should be noted that 30% of the data for this industry have been excluded as a result of missing information. These observations also include some of the largest companies in the industry.

In addition to the use of general characteristics of domestic workers (e.g. education, age), the use of these four industries and four occupations provide the basis for the regression analyses conducted to estimate wages for domestic workers.

4.2 Explanation of regression model used to estimate wages for domestic workers.

Economists often use a statistical technique called regression analysis when a variable of interest is determined by several explanatory factors. Generally, there is one variable that they hope to explain; this variable is called the *dependent* variable and is placed on the left side of the equation. On the right side of the equation, they place *explanatory* or *independent* variables. For example, in the context of this mandate, the dependent variable is the wages of domestic workers. In order to determine the explanatory variables, one must consider factors (explanatory variables) that may influence the wages of domestic workers. In this case, defining characteristics like an individual's education, age, numbers of years spent at a company or occupation in a specific company are some of the factors (explanatory variables) that could influence the wages of domestic workers. For the purposes of this mandate, the following two models are constructed to project wages for domestic workers:

Econometric models constructed Wage estimation for domestic workers

Model 1

$$\begin{aligned} \text{Wages of domestic workers} &= \beta_0 & + \beta_1 \text{Age} & + \beta_2 \text{Years at job} & + \beta_3 \text{Difficulty of work} & + \beta_4 \text{Position in Company} \\ &+ \beta_5 \text{Education} & + \beta_6 \text{Occupation} & + \epsilon \end{aligned}$$

Model 2

$$\begin{aligned} \text{Wages of domestic workers} &= \beta_0 & + \beta_1 \text{Age} & + \beta_2 \text{Years at job} & + \beta_3 \text{Difficulty of work} & + \beta_4 \text{Position in Company} \\ &+ \beta_5 \text{Education} & + \beta_6 \text{Occupation} & + \beta_7 \text{Permit} & + \beta_8 \text{Gender} & + \epsilon \end{aligned}$$

Model 1 is the model used to project wages for domestic workers. This model does not account for the permit or sex of an individual in its specifications as doing so would result in salaries that penalize individuals (in terms of salary) on the basis of their gender or permit. Furthermore, including gender and permit creates a reference category as the dependent variable (e.g. Swiss men); this reference category is not representative of the entire population. The second model is conducted as an exploratory attempt to determine whether a difference exists between the wages earned, all other factors held constant, by male and female or foreign and Swiss domestic workers.

Three additional factors that are considered in the model design are the functional form, the inclusion of fixed effects by company, and the data limitation by industry. The dependent variable (wages of domestic workers) is actually the natural log of the wages of domestic workers. The natural log is taken for two reasons: (1) this allows for regression coefficients to generally be interpreted as the percentage change in a salary attributed to one explanatory variable and (2) using the natural log minimizes the impact of extreme wage values in the data.

The above models also use what is known as a fixed effects approach. This technique is best explained through example. Hypothetically, there are two workers, Joe and Jean, with identical descriptive profiles (e.g. education, age, number of years at a job, etc). Joe earns 5000 CHF a month, whereas Jean earns 3000 CHF a month. What could explain the difference? If Joe cleans windows for a multinational bank, with over 500 employees and Jean cleans windows for a beauty

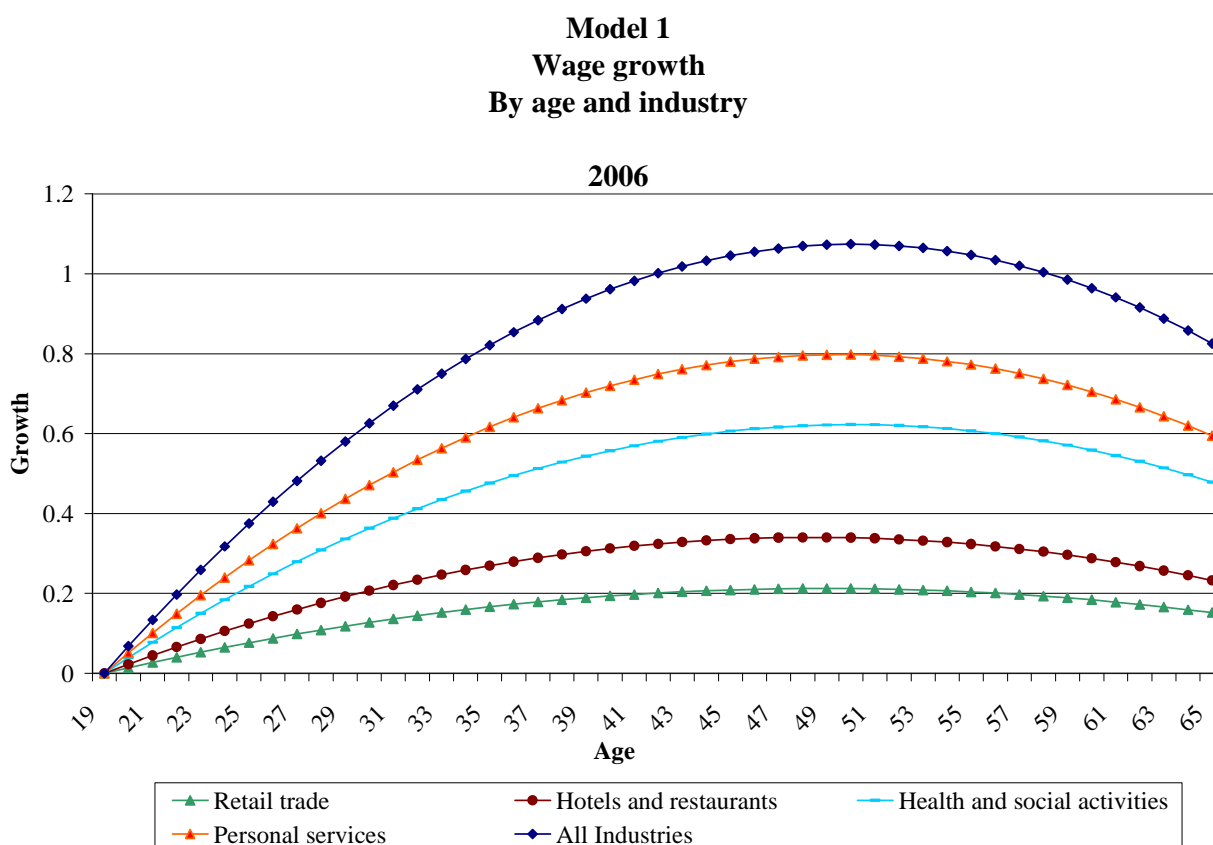
parlour, the wage difference is likely a result of the difference in resources between the two companies and *not* between the individuals. Using a fixed effects approach enables economists to eliminate the difference in wages attributed to the difference in *companies* and isolate the difference in wages to *individuals*.

Using the fixed effects approach, wage estimations are also projected by industry and across all industries. Estimating wages by industry and across all industries allows for an analysis of the wage variation one individual could experience performing the same job, but in a different industry. The analysis by industry and across all industries serves as a means to establish the range of wages earned by domestic workers.

4.3 Principal conclusions from wage regression analyses.

4.3.1 Wages increase over time, but by decreasingly smaller amounts.

Several important findings can be deduced from the wage regression analyses conducted²⁸. First, age is significant for both models and an individual's wages gradually increase over time across all industries. The graph below shows the change in the growth of wages over time. It clearly indicates that an individual's wages grow every year by an increasing amount until approximately 49 year old.



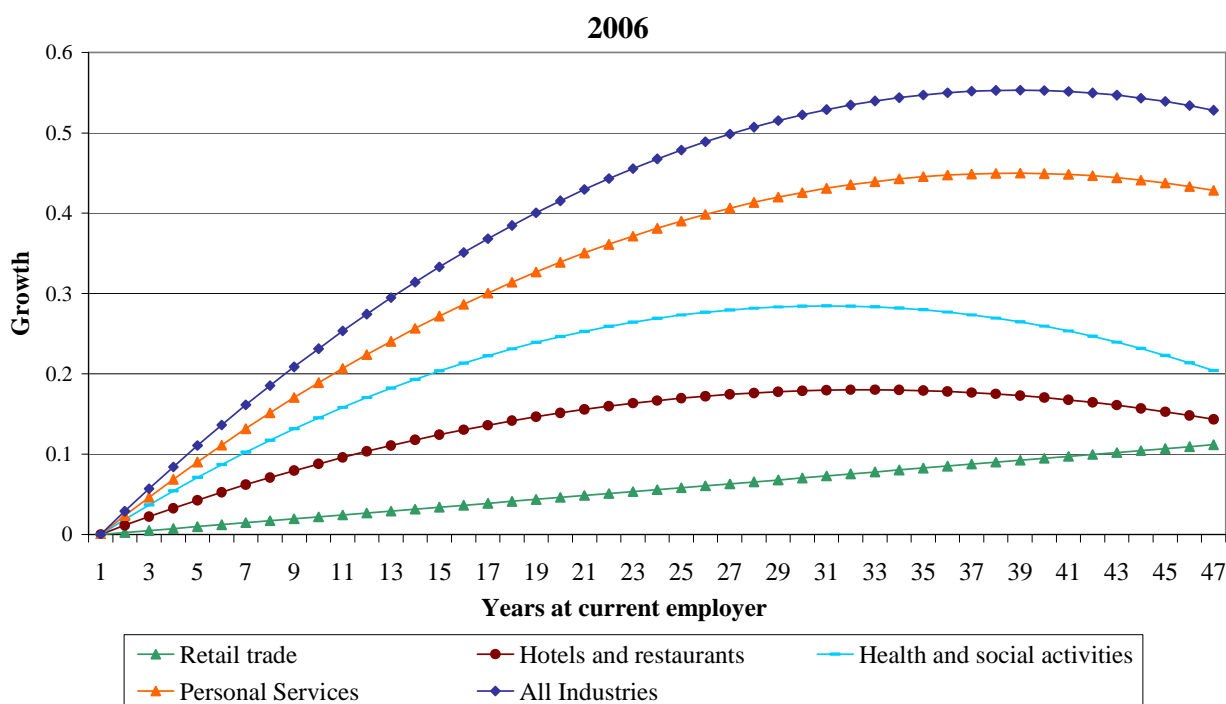
Source: Swiss wage structure survey, 2006.

4.3.2 Length of employment in one company is awarded by an increasing salary over time.

²⁸ The results from the regression analyses have been included in the appendix.

A similar trend appears when the number of years an individual works at a company is considered. As the number of years an individual works at a company increases, his or her wages increase as well. Interestingly however, the number of years someone works at a company is not consistently significant for all industries. Both age and the number of years an individual works at a company are constructed using two variables with different functional forms (linear and quadratic) to enable more flexibility with regards to the wages of the profiles estimated. The linear form of the number of years at a company is significantly different from zero²⁹ across all industries, whereas the quadratic form is significant in all industries except retail trade and personal services. As a result, this implies that wages continually increase at a constant rate if an individual continues to work for the same company over time in retail trade or the personal services industries. It should be noted however, that in the second model, the number of years an individual works for a company loses significance for both functional forms in the personal services industry. This result can be interpreted as follows: men (swiss) on average stay in the same company for a relatively longer period of time than women (foreign). As such, the omission of permit and sex in the first model biases parameters tied to the number of years an individual remains in a company and gives the statistical illusion that salaries increase as the number of years an individual works at a company increases.

Model 1
Wage growth
By years at current employer and year



Source: Swiss wage structure survey, 2006.

4.3.3 An increased difficulty in work and an increasing position of responsibility in a company

²⁹ Statistical tests allow us to conclude whether a parameter is significantly different from zero thereby confirming the viability of the results.

are associated with higher earnings.

When the difficulty of work and position in a company are considered, all results in both models are significant. In general, individuals who perform work that is simple and repetitive (such as that required for domestic work) earn between 7-12% (model one) less than individuals who perform work requiring specialized knowledge. In the second model, the difference is between 6-12% less. Furthermore, for both models, simple and repetitive work is the only subcategory with a negative coefficient. This implies that holding other factors constant, this type of work is the least valued in terms of compensation in comparison to those workers who perform a job requiring specialized knowledge, or the other categories (independent or difficult work). Similar conclusions arise from examining an individual's position in a company. In comparison to the category associated with domestic workers (without a cadre function), every other position is associated with positive and significant coefficients thereby suggesting that every other position has a higher salary, holding other factors constant.

4.3.4 Scolarité obligatoire (no professional training completed) is the form of education associated with the lowest earnings.

The typology in chapter three revealed that most domestic workers only completed their *scolarité obligatoire* or an apprenticeship. In the SWSS, *scolarité obligatoire* is most closely associated with individuals who have not completed any professional training. When individuals who have not completed any professional training are compared to those who completed an apprenticeship, it is clear they earn less than those who completed an apprenticeship and every other kind of education in the data, holding other factors constant. This holds true for both models and for each of the industries. The results show that individuals who have not completed any professional training earn 6-9% less than someone who completed an apprenticeship in model one and 5-9% less in model two.

4.3.5 When sex is accounted for in model two, women earn less than men.

In the second model, sex is also included to assess whether there is a statistically significant difference between the salaries of men and women. The results prove that depending on the industry, women earn between 4-14% less than their male counterparts, holding all other factors constant. The difference in wage attributed to sex is significant at a 1% level for each industry.

When the type of permit is considered in the regression, there are not any permit types that are significant across all of the different industries. Interestingly, individuals who work in the retail trade industry and are cross-border workers earn approximately 2% less than someone who is Swiss, holding all other factors constant. Furthermore, if an individual works in the hotel and restaurant industry and is a holder of an L or B permit, they earn approximately 3% less than someone who is Swiss.

4.4 Use of regression analyses to calculate a salary scale for domestic workers.

A salary scale for domestic workers is calculated using regression model one explained in section 4.2. In order to use the regression analysis to calculate a range of salaries for domestic workers, a given profile of a domestic worker is selected. Based on the typology for domestic workers conducted in chapter three of this report, the following characteristics form the profile of the domestic worker whose wages will be calculated in the retail trade, hotel and restaurant, health and social activities, and personal services industries:

Profile of domestic worker who forms the basis of wage estimations

Characteristic	Description
(a)	(b)
Ages	25 35 45
Number of years at current job	Zero
Difficulty of work	Simple and repetitive work
Position in the company	Without a cadre function
Highest degree	No professional training completed
Occupations of individual	Hotel industry Medical needs / social assistance Personal health Cleaning / public health

Based on the profile above, the following four tables show the range of wages calculated for a domestic worker who meets the criteria listed in the previous table.

As previously mentioned, the econometric model uses a fixed approach effect which enables differences between companies to be extracted from wage calculations. At the same time, the fixed effect calculation also allows us to show the difference earned by the same worker if he were to work in another company with different resources. If individual wages are ranked in ascending order, the lowest 10% of people will earn a salary not greater than that in the 10th percentile row. On the other hand, the 90th percentile separates the 10% of individuals who are the most well paid in comparison to everyone else.

In each table, the hourly wages for the 25th percentile of employees are highlighted to indicate our suggestions for the wage threshold to be used as a reference wage. The choice to use one of the wage thresholds is based on a proposition discussed between members of the OGMT³⁰. By focusing on the 25th percentile (instead of the median, 50th percentile), we can infer that only one in four individuals work in a company that pays less than the wage indicated in the 25th percentile. If the median is chosen (50th percentile), we must conclude that half of the population earn wages that are lower than the 50th percentile and that the wages of these workers necessitate an adjustment. Furthermore, the choice of a percentile enables us to account for the fact that the observed (actual) wages in the labor market do not necessarily represent what they may if the labor market were perfect. Indeed, the lack of information or mobility of workers between industries, regions, professions and/or companies may, to some extent, limit the job opportunities of workers in the labor market. However, given that, to some degree, the choice of the first quartile is arbitrary, the wage estimates could be considered as too conservative. As such, one could easily argue that the median wage, which provides the lowest wage rate earned by half of the population in a given industry and occupation, is the more appropriate wage to use. Furthermore, wage rates established

³⁰ Geneva Observatory for the Labor Market, Observatoire Genevois du Marché du Travail (OGMT).

in the *contrat-type*³¹ for domestic workers in Geneva ranges from 18.45 CHF an hour for unskilled workers (e.g. cleaning person) to 24.60 CHF for skilled workers (e.g. gardeners) who work part time³². Nonetheless, it is ultimately the decision of officials and authorities concerned to choose the most appropriate wage threshold. Furthermore, it should be noted that the number of domestic employees in the informal sector earn wages that are likely smaller than those which are estimated in this report³³.

Given that our regression analysis shows the wages of individuals increase as they age, the wages of the same individual at different ages are also calculated (25, 35, and 45). Since the defining characteristics of domestic workers established in chapter three indicate that more than half of domestic workers are between the ages of 25 – 54, the ages 25, 35, and 45 are chosen to represent this increase in wages over time. Furthermore, as explained in section 4.3.1, salaries increase over time until approximately age 49.

As previously mentioned in section 4.2, there is not a specified occupation in the SWSS that clearly defines domestic workers. The SWSS does provide categories of occupations however, these do not necessarily correspond to the list of professions used in the SLFS and census. Nonetheless, the variable categorizing the occupations shares the closest resemblance to the lists used in the other two surveys. As such, each of the following four tables represents a different *occupation* exercised by someone meeting the criteria for domestic workers listed in the previous table. There are several important details to mention concerning the salaries. First, there are instances within one industry where the salaries for different occupations are the same. For example, within the retail trade industry, the range of salaries is identical for two of the four occupations (personal health related jobs, and cleaning/public health related jobs). This is explained by the statistical insignificance of these occupational (dummy) variables in the original regression model in comparison to the category of reference. In this instance personal health, and cleaning/ public health related jobs do not earn significantly more or less than individuals who perform sales related jobs (the chosen category of reference). As such, these occupations have the identical salary as someone with the same characteristics who performs a sales job in the retail trade industry. The following provides a list of those occupations with the same wages within one industry:

1. Retail trade industry: personal health, and cleaning/ public health related jobs earn the same.
2. Hotel and restaurant industry: hotel, personal health, and cleaning/ public health related jobs earn the same.
3. Personal services industry: hotel, personal health, and cleaning/ public health related jobs earn the same.

³¹ Canton of Geneva. *Contrat-type de travail pour les travailleurs de l'économie domestique à temps complet et à temps partiel*. Geneva. 2004.

³² It is worth mentioning that wages are slightly higher in Geneva in comparison to the rest of Switzerland as a result of the elevated cost of living in the urban canton. The Swiss wage structure survey indicates that wages can be 2-6% higher than the average wages within all of Switzerland.

³³ Flückiger Y., Pasche C, p. 29. This report indicates that 25% of clandestin workers in Geneva earn less than 8.10 CHF an hour (54% less than declared workers), 50% earn more than 12.80 CHF an hour (31% less than declared workers), and 25% earn more than 20 CHF per hour (12% less than declared workers). These findings clearly show that clandestin workers, who are not considered in our wage analyses, earn wages lower than their declared counterparts who perform the same work.

**Predicted hourly wages
for an individual with predefined domestic worker profile¹ in hotel related jobs²
By industry
2006**

Age	Salary percentile ³	Industry ⁴				
		Retail trade	Hotel and restaurant	Health and social activities	Personal services	All Industries
(a)	(b)	----- (Hourly wages swiss francs ⁵) -----				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
25	10	15.60 CHF	15.80 CHF	16.70 CHF	13.20 CHF	16.10 CHF
25	25	17.80	17.30	18.40	14.80	18.30
25	50	20.20	18.70	20.10	16.30	20.70
25	75	21.10	20.20	21.40	18.30	23.50
25	90	22.70	21.30	22.80	20.40	27.40
35	10	17.10	16.70	18.70	14.20	18.00
35	25	19.50	18.20	20.60	16.00	20.50
35	50	22.10	19.70	22.50	17.60	23.10
35	75	23.10	21.30	23.90	19.70	26.30
35	90	24.80	22.50	25.50	22.00	30.70
45	10	17.80	17.10	20.00	14.70	19.10
45	25	20.30	18.70	22.00	16.50	21.80
45	50	23.00	20.20	24.00	18.20	24.60
45	75	24.10	21.80	25.50	20.40	28.00
45	90	25.90	23.10	27.20	22.80	32.60

¹ The salaries above have been calculated for an individual who is just starting at a given company, who performs a job related to the hotel industry, has not completed any form of higher education, does not have a management role, and who consistently performs simple and repetitive tasks. Age varies in the aforementioned description.

² "Hotel related jobs" describes the kind of activity that someone performs in a given industry. For example, this table should be interpreted as salaries earned by individuals performing hotel related jobs in one of the industries in the industry columns (e.g. Retail trade).

³ Salary percentile is defined by sorting all wages in an increasing order and separating them into two groups. The two groups are determined by the chosen point on the distribution of wages (10, 25, 50, 75, 90) with those wages above and those below. For example, if the wages of all 25 year olds, performing hotel industry work in the retail trade industry are sorted in ascending order, the 10th percentile wage equal to 15.60 CHF represents the highest wages received by the lowest 10% of individuals.

⁴ "Industry" can be defined as the type of job performed by the vast majority of people in a company. This differs from the aforementioned type of work in that "industry" describes the work of a company whereas type of work details the type of work performed by an *individual* in a given company.

⁵ In order to be able to compare the salaries of part time jobs with those of full time jobs, given salaries (with social taxes included) are standardized to monthly salaries based on 4 1/3 weeks of work at 40 hours per week. Gross salary includes: gross salary for the month of October (including contributions for social benefits, payments in kind, regular bonuses, sales contributions), in addition to allocations for work teams, Sunday work, or night work, a 12th or 13th salary, and a 12th special annual payment. Family and child benefits are not included. Monthly salaries are converted into hourly wages.

Source: Swiss wage structure survey, 2006

**Predicted hourly wages
for an individual with predefined domestic worker profile¹ in medical and socially related jobs²
By industry**

2006

Age	Salary percentile ³	Industry ⁴				
		Retail trade	Hotel and restaurant	Health and social activities	Personal services	All Industries
(a)	(b)	------(Hourly wages swiss francs ⁵)-----				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
25	10	16.30 CHF	16.80 CHF	18.10 CHF	15.10 CHF	17.40 CHF
25	25	18.60	18.30	19.90	17.00	19.80
25	50	21.10	19.80	21.80	18.70	22.40
25	75	22.10	21.40	23.10	21.00	25.40
25	90	23.70	22.60	24.60	23.40	29.60
35	10	17.80	17.70	20.30	16.30	19.40
35	25	20.40	19.40	22.30	18.40	22.20
35	50	23.10	21.00	24.40	20.20	25.00
35	75	24.20	22.60	25.90	22.60	28.50
35	90	25.90	23.90	27.60	25.30	33.20
45	10	18.60	18.20	21.60	16.90	20.60
45	25	21.20	19.80	23.80	19.00	23.60
45	50	24.10	21.50	26.00	20.90	26.60
45	75	25.20	23.20	27.60	23.40	30.20
45	90	27.10	24.50	29.40	26.10	35.20

Note: See footnotes on previous table.

Source: Swiss wage structure survey, 2006

**Predicted hourly wages
for an individual with predefined domestic worker profile¹ in personal health related jobs²
By industry**

2006

Age	Salary percentile ³	Industry ⁴				
		Retail trade	Hotel and restaurant	Health and social activities	Personal services	All Industries
(a)	(b)	------(Hourly wages swiss francs ⁵)-----				
(a)	(b)	(c)	(d)	(e)	(f)	(g)
25	10	15.30 CHF	15.80 CHF	17.00 CHF	13.20 CHF	16.50 CHF
25	25	17.40	17.30	18.70	14.80	18.90
25	50	19.70	18.70	20.50	16.30	21.30
25	75	20.70	20.20	21.70	18.30	24.20
25	90	22.20	21.30	23.20	20.40	28.20
35	10	16.70	16.70	19.10	14.20	18.50
35	25	19.10	18.20	21.00	16.00	21.10
35	50	21.60	19.70	22.90	17.60	23.80
35	75	22.60	21.30	24.40	19.70	27.10
35	90	24.30	22.50	26.00	22.00	31.50
45	10	17.40	17.10	20.30	14.70	19.60
45	25	19.90	18.70	22.40	16.50	22.40
45	50	22.50	20.20	24.40	18.20	25.30
45	75	23.60	21.80	26.00	20.40	28.80
45	90	25.40	23.10	27.70	22.80	33.50

Note: See footnotes on previous table.

Source: Swiss wage structure survey, 2006

The all industries column also provides an interesting measure of the wages of domestic workers across all of Switzerland. For example, if someone has complete geographical mobility and the ability to work in any industry, the all industry column provides a measure of the wages he or she could earn. Nevertheless however, the idea that an individual has complete geographical and occupational mobility is not necessarily realistic. Furthermore, calculating the wages across industries does not accurately reflect the wages of domestic workers who work in private households. As such, the potential wages calculated by industry provide more accurate representations of sectors in which domestic workers in private households are likely represented on the basis of their previously established defining characteristics.

4.5 Exploratory wage analyses using the SLFS data.

Although the primary wage calculations upon which estimations are based use the SWSS, there are also wage data available from the SLFS. Before these estimations are discussed however, it is necessary to reiterate the limitations associated with using the SLFS for wage analyses given the extremely small sample size of domestic workers. When the sample of domestic workers is limited to 2006, there are 256 domestic workers, 2,135 similar workers, and 27,943 people in the active population. Moreover, these figures do not account for variables with missing values in variables necessary to calculate econometric regressions which are dropped from the sample.

In order to analyze the wages available in the SLFS, we have used what is known as the Blinder-Oaxaca decomposition to determine the existence of a difference in salaries between domestic workers and those in the rest of the economy. This approach is based on similar wage estimations used to project the potential salaries of domestic workers. This method uses regression analysis between two groups of a population in order to:

1. Establish the difference in average wages between the two groups and determine the amount which can be explained by explanatory variables used in the regression.
2. To determine the difference in wages attributed to the manner in which the labor market compensates two different groups of the population using the same explanatory variables. Originally, this method was developed in an attempt to measure potential wage discrimination between two groups of which one group is usually a victim of prejudice (e.g. blacks/whites, women/men, etc.). In other words, this second part quantifies the portion of the difference in salaries between the two groups that cannot be explained by variables in the regression equations and equally variables that can be observed by employers but not statisticians (e.g. knowledge of a local language).

The variables included in the regression are: age, age squared³⁴, number of years in one company, number of years in one company squared, the highest level of education obtained, whether an individual works weekends or evenings, and the individual's professional status (e.g. employee, independent). In the cadre of this analysis, we have examined the following groups of comparison within the active population:

1. Domestic workers and non-domestic workers
2. Domestic workers and similar workers
3. All individuals who work in a private household and all individuals who do not work in a private household

³⁴ Age squared and the number of years in one company squared are included in the regression analyses to account for the potential non linear evolution of wages over time with respect to these two variables.

4. Domestic workers who work in a private household and domestic workers who do not work in a private household

The table on the following page clearly outlines the key findings of the Blinder Oaxaca decomposition conducted³⁵. Interestingly, when domestic workers are compared with workers in the active population, they earn approximately 7.30 CHF less than individuals in the active population. Of the 7.30 CHF average difference between the two groups, 4 CHF are not explained by the variables in the model. This suggests that there is some degree of unexplained wage difference³⁶ between domestic workers and non-domestic workers.

The difference in wages between domestic and non domestic workers is further substantiated by wage differential analyses between the similar workers group and the domestic workers group. In theory, the similar workers group represents employees who perform work that could be substituted for work performed by domestic workers. Since these two groups have similar characteristics (as evinced by the typology conducted at the beginning of this report), one might expect a marginal difference between the wages of individuals in these distinct groups. Although there is only a 2.00 CHF difference between the wages of individuals in these two groups, the difference represents nearly 9% of the wages earned by similar workers. Furthermore, this is particularly surprising as none of this difference can be explained by factors accounted for in the regression analyses.

As noted in the typology, domestic workers represent a higher percentage of individuals who work in private households in comparison to the active population. This is particularly important when the third and fourth groups are compared. As shown in the table on the following page, there is an approximate 29% (8 CHF) difference in the wages earned between *all* individuals who do not work in a private household and *all* individuals who do work in a private household. Moreover, nearly 19% (5.25 CHF) of this difference cannot be explained by variables considered in the regression. These findings are corroborated by the fourth group which is limited to domestic workers. Among domestic workers who work in private households and domestic workers who do not work in private households, there is a 10% (2.20 CHF) difference in their wages. None of this difference in wages can be attributed to factors considered in our analysis.

These findings indicate that domestic workers are, to some degree, penalized for the work they perform. Domestic workers earn average wages less than both the entire active population and similar workers. This remains true even once the average differences between domestic workers and all other workers in the economy are considered. Furthermore, their sizeable presence in private households is to their disadvantage. Individuals who work in private households earn less than those who do not work in a private household, irrespective of whether the individual performs domestic work. Although these results clearly indicate that there is a wage difference for domestic workers, it must be recognized that the unexplained wage “discrimination” only accounts for variables included in the regression analyses. As such, variables that are not included in our analysis could explain some of the difference between the wages of the different groups. For example, since foreigners are overrepresented among domestic workers in comparison to the active population, it is possible that an insufficient knowledge of the language spoken in a canton could negatively influence the wages earned. Moreover, foreigners often have reduced working mobility

³⁵ It should be noted that the unexplained and explained wage differences are statistically significant at a 1% level for the following groups of comparison : domestic workers versus non-domestic workers, and all individuals who work in a private households versus all individuals who do not work in a private household. In the remaining two comparison groups, only the *unexplained* wage difference is statistically significant at a 5% level.

³⁶ Some authors refer to this difference directly as discrimination or as a result of discrimination.

in comparison to Swiss citizens as employers may have more difficulties assessing their capabilities (unfamiliarity with foreign diplomas, with a foreigner's language proficiency, or of details regarding his prior work experience). This limited mobility could also be reflected in the difference in wages presented in the following table.

Wage differentials By group of the active population

2006

Group of population	Average hourly wage	Wage difference	
		Explained ¹	Unexplained ²
(a)	(b)	(c)	(d)
Non domestic workers	28.00 CHF	--	--
Domestic workers	<u>20.70</u>	--	--
Total wage difference between groups (CHF):	7.30	3.30	4.00
Percent difference in wages between groups:	26.1 %	11.8 %	14.3 %
Number of observations: 10957			
Similar workers	22.70 CHF	--	--
Domestic workers	<u>20.70</u>	--	--
Total wage difference between groups (CHF):	2.00	0	2.00
Percent difference in wages between groups:	8.8 %	0 %	8.8 %
Number of observations: 2242			
Non private household workers	28.00 CHF	--	--
Private household workers	<u>20.00</u>	--	--
Total wage difference between groups (CHF):	8.00	2.75	5.25
Percent difference in wages between groups:	28.6 %	9.83 %	18.7 %
Number of observations: 10957			
Non private household domestic workers	21.30 CHF	--	--
Private household domestic workers	<u>19.10</u>	--	--
Total wage difference between groups (CHF):	2.20	0	2.20
Percent difference in wages between groups:	10.3 %	0 %	10.3 %
Number of observations: 227			

Note: The following variables are considered to determine the average hourly salary for each of the groups above: age, age squared, number of years at one company, number of years at a company squared, highest level of education obtained, whether an individual works weekends or evenings, and professional status (e.g officer).

¹ Represents the difference earned between the two groups that is explained by the variables accounted for in the note above.

² Represents the percentage of the total wage difference that is unexplained by the variables accounted for in the note above to calculate the hourly wage. This can be considered the amount of discrimination between the two groups.

Source: Swiss labor force survey (SLFS), 2006

Chapter 5: Conclusion

Based on the analyses conducted in this report there are several conclusions which can be drawn. Domestic workers are overwhelming women who are likely to be in precarious familial situations. They are also most likely to have completed either their *scolarité obligatoire* or an apprenticeship and are unlikely to currently be pursuing additional training or education. Although the majority of domestic workers are Swiss, foreigners are overrepresented in the domestic population in comparison to the active population. Furthermore, there are a higher proportion of foreign domestic workers who have a C permit in comparison to the foreign active population thereby suggesting that foreign domestic workers are likely to have resided in Switzerland for at least five years.

Most domestic workers fall between the ages of 25-54 (consistent with the representation of this age range in the active population). Although young domestic workers (ages 15-24) are not overrepresented in comparison to the active population, young individuals who perform domestic work are likely to be pursuing some form of education concurrently. With regards to the canton of residence, domestic workers represent less than 4% of the active population of any canton. Additionally, there is a higher representation of domestic workers among those who work in private households in comparison to those who work in private households in the active population. Finally, nearly two thirds of all domestic workers work part time; a finding that is not particularly surprising given that part time work is known to disproportionately affect women. Furthermore, when the number of hours worked by domestic workers is considered, it appears that domestic workers are not overworked in comparison to the number of hours worked by the active population.

With regards to wage analyses, the wages of all workers generally increase with both age and the number of years an individual works in a company. Positions of responsibility within a company, an increase in the difficulty of work, and forms of higher education are all also associated with higher wages. However, given that nearly half of domestic workers have only obtained their *scolarité obligatoire* and these workers perform tasks requiring limited responsibility, it is improbable that domestic workers benefit from these returns on wages. Furthermore, women, who are disproportionately represented among domestic workers, earn between 4-14% (depending on the industry) less than their male counterparts.

Based on the wage analyses conducted using the SWSS, we suggest the use of the 25th percentile as the wage reference. Accordingly, if we consider that domestic workers are restricted to personal services, the reference wage falls between 15-17 CHF an hour for 25 year olds and 17-19 CHF an hour for 45 year olds. Alternatively, if we assume that domestic workers have the possibility of working in a different industry (e.g. health and social activities), then the reference wages are between 18-20 CHF an hour for 25 year olds and 22-24 CHF an hour for 45 year olds. However, as previously mentioned, we recognize that this threshold could be viewed as too conservative and it could reasonably be argued to use the median. Ultimately, it is the decision of officials and authorities concerned to choose the most appropriate wage threshold.

Imperfections within the labor market for domestic workers are demonstrated through wage discrimination analyses with the SLFS by using a methodological approach that shows the extent to which these workers are unjustifiably (or at least unexplainably) penalized (in terms of wages). There is an approximate 14% (4.00 CHF) unexplained difference between wages earned by domestic workers and non domestic workers that cannot be accounted for by factors considered in our analyses. Furthermore, domestic workers are disproportionately represented among individuals

who work in private households; there is an approximate 19% (5.25 CHF) difference between all workers who work in private households and all workers who do not work in private households. Nonetheless, as previously mentioned, this unexplained difference could be smaller if we had information about more relevant variables to include in our analyses that determine wage rates in the labor market. As previously mentioned, foreigners are overrepresented among domestic workers in comparison with the active population; it is possible that an insufficient knowledge of the language spoken in a canton could negatively influence the wages earned. Nevertheless, the wage difference analyses do reveal that domestic workers are to some extent penalized (in terms of their wages) for the work they perform.

Finally, it should be reiterated that these analyses are drawn from data from the resident population and directly from Swiss companies. As such, the analyses conducted in this report could, to some measure, underestimate the size of the domestic workers population and also the extent to which domestic workers are penalized (in terms of wages) for the work they do. For example, in the canton of Geneva alone, the Syndicat Interprofessionnel des Travailleuses et Travailleurs (Interprofessional workers union) estimates that there are approximately 5000 people who perform clandestine work in the domestic sector³⁷. Furthermore, analyses could underestimate the degree of wage dispersion that exists within the domestic sector. For example, as previously mentioned, in Geneva alone, 25% of clandestine workers earn less than 8.10 CHF an hour (54% less than declared workers), 50% earn more than 12.80 CHF an hour (31% less than declared workers), and 25% earn more than 20 CHF per hour (12% less than declared workers)³⁸. Nonetheless, these analyses do enable us to rely on *formal* sources to estimate *formal* wages for individuals who do not necessarily work in a regulated market.

³⁷ Flückiger Y., Pasche C, p. 15.

³⁸ Flückiger Y., Pasche C, p. 29.

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