Day labor, worker centers and the regulation of contingent work

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Day labor in a restructuring economy
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- Growth and decline
  - Initial rounds of workforce growth accompanied the expansion of the construction industry, but also was associated with deteriorating labor standards
  - Subsequent rounds of workforce growth occurred alongside a steep decline in construction industry activity, as well as the continued erosion of labor standards

- Contingent work
  - The availability of day labor allows employers to closely calibrate their demands for both labor and skills to the variable rhythms of the construction industry
  - While at the same time cutting labor costs through on-call hiring arrangements and below-market wages
Day labor in a restructuring economy

- From ad hoc hiring to strategic employment
  - In the context of the ready availability of workers who can be employed at below-market rates, especially in a volatile economy, employers have increased their reliance on day laborers
  - Increased the intensity of cost-based competition in the construction industry, leading employers to cut labor costs when and where they can

- Absence of market leadership in a competitive industry
  - In industry sectors with numerous enterprises, low barriers to entry, a high degree of inter-firm substitutability, and few dominant price-setting firms, competitiveness typically relies on price-cutting
Day labor in a restructuring economy

- Worker centers are the principal intervention into unregulated day labor markets
  - Hiring halls
  - Wage setting and job allocation
  - Redressing nonpayment of wages
Do worker centers raise wages?

- Gonzalez (2007) *Day Labor in the Golden State* found that hourly wage rates for day laborers in California are higher at informal hiring sites than at worker centers
  - Worker Centers: $10.76  
  - Informal sites: $11.55

- Theodore et al. (2008) “Day Labor and Workplace Abuses in the Residential Construction Industry: Conditions in the Washington, DC Region” found that wage rates were higher at worker centers than at informal hiring sites
  - Worker Centers: $13.26  
  - Informal sites: $10.62

- Melendez et al. (2013) “Worker Centers and Day Laborers’ Wages” *Social Sciences Quarterly* found that worker centers are associated with higher hourly wage rates
  - Worker Centers: $10.55  
  - Informal sites: $10.38
Research design

- Census of day laborers at four informal hiring sites and one worker center
- Face-to-face surveys
- Administered in English and Spanish
- 127 surveys completed, 92% response rate
Largely immigrant workforce

- Mexico 58%
- Guatemala 13%
- El Salvador 9%
- United States 7%
- Honduras 6%
- Peru 3%

Foreign-born workforce: 93%
Day labor work

- Top occupations
  - Landscaping
  - Painting
  - Construction
  - Moving
  - Digging
  - Cleaning

- Unstable work
  - Short hours: average of 5.7 hours (at informal hiring sites)
  - Infrequent employment: less than three days per week
  - Daily unemployment rate of 56%
## Day laborers’ wages by occupation

<table>
<thead>
<tr>
<th>Informal hiring sites</th>
<th>Casa Latina</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$16.74</td>
<td>$16.61</td>
</tr>
<tr>
<td>Painting</td>
<td>$15.57</td>
<td>$15.58</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$14.12</td>
<td>$14.40</td>
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<tr>
<td>Moving</td>
<td>$15.39</td>
<td>$16.54</td>
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<tr>
<td>Digging</td>
<td>$14.73</td>
<td>$16.31</td>
</tr>
<tr>
<td>Cleanup</td>
<td>$12.67</td>
<td>$15.30</td>
</tr>
</tbody>
</table>
Wage theft

Informal hiring sites
- Workers reporting nonpayment of wages in prior two months
  - 34%
- Average amount of most recent instance of nonpayment
  - $178.33
- Percentage of workers indicating they do not know where to report wage theft
  - 64%

Casa Latina
- Workers reporting nonpayment of wages in prior two months
  - 7%
- Average amount of most recent instance of nonpayment
  - $91.75
- Percentage of workers indicating they do not know where to report wage theft
  - 38%
Day laborers’ work experiences

- First job in US
  - Day laborer 45%
  - Other job 55%
- Type of first job
  - Construction and landscaping 25%
  - Farmwork and fishing 26%

Years worked as a day laborer

- More than 4 55%
- 3 to 4 15%
- 1 to 3 20%
- Less than 1 10%
Last non-day labor job held

- Most common jobs
  - Construction
  - Fishing industry
  - Landscaping
  - Factory work

- Median hourly wage
  - $8.50

- Percentage paid less than $7.00
  - 25%

Year worker last held a non-day labor job

- 2012
- 2011
- 2010
- 2009
- 2008
- 2007
- Before 2007
Last non-day labor job held

Reasons for leaving job

- Laid off/project ended/business closure: 58%
- Immigration status problem: 9%
- Seasonal work: 27%
- Quit/Fired: 6%
Conclusions

- Employers are drawn to day labor markets as a way to control labor costs in price-competitive industry segments, especially those with low barriers to firm entry. Day labor hiring has been a strategic response to these conditions.

- Workers are drawn to day labor markets for many reasons, and there is considerable geographical, temporal and macroeconomic variation in how these markets operate.

- Casa Latina, a day labor worker center, has established a regulatory presence in a growing and restructuring Seattle day labor market, raising the wages and improving labor standards for workers in the informal economy.