Wages in El Salvador

Wage Indicator survey 2012

MSc Janna Besamusca , Dr. Kea Tijdens
University of Amsterdam, Netherlands

Silvia Irene Palma and Luis Edgar Arenas, INCEDES

WageIndicator.org

About WageIndicator Foundation - www.wageindicator.org

The WageIndicator concept is owned by the WageIndicator Foundation. The Foundation is a non-profit organization. Its Supervisory Board is chaired by the University of Amsterdam/Amsterdam Institute of Advanced labour Studies, the Dutch Confederation of Trade Unions (FNV) and Monster career site. Start: September 2003. The WageIndicator operates globally through a network of associated, yet independent regional and national partner organisations like universities, media houses, (trade unions- and employers organisations and individual (legal, internet, media) specialists, with whom the WageIndicator engages in long lasting relationships. WageIndicator Foundation has offices in Amsterdam (HQ), Ahmedabad, Bratislava, Buenos Aires, Cape Town, Maputo, Minsk. WageIndicator websites are there in 65 countries. In 40 countries the WageIndicator website has a so called 3 pillar structure. In that case the site can be called an online up to date library on Wages, Labour Law and Career. In 20 countries the WageIndicator websites are supported with offline actions like paper surveys, fact finding debates and media campaigns. The independent WageIndicator Foundation aims for transparency of the labour market by sharing and comparing wage and labour conditions data.

Address: WageIndicator Foundation, Plantage Muidergracht 12 - 1018TV Amsterdam, The Netherlands - office@wageindicator.org

About University of Amsterdam/Amsterdam Institute for Advanced Labour Studies - www.uva-aias.net

The University of Amsterdam is a 350-years old research university. Its Amsterdam Institute for Advanced Labour Studies (AIAS) is an interdisciplinary research institute focusing on labour issues, particularly industrial relations, organisation of work, working conditions, wage setting, labour-market inequalities, employment and labour market governance. AIAS maintains a large portfolio of internationally funded research projects and international data bases and data collections. Since 2003, AIAS chairs the Supervisory Board of the WageIndicator Foundation. Kea Tijdens (sociologist) is a Research Coordinator at AIAS and a professor of sociology at Erasmus University Rotterdam. She is the scientific coordinator of the WageIndicator web-survey on work and wages. She has analysed the data concerning the wage ranking of health care occupations in 20 countries, the impact of short-time arrangements in Germany and the Netherlands, and the relationship of collective bargaining coverage and wage brackets. Janna Besamusca is a PhD candidate at the University of Amsterdam, researching the position of women in the labour market worldwide.

INCEDES INSTITUTIONAL INFORMATION

The Central American Institute for Social Research and Development -INCEDES- is a civil association based in Guatemala, founded in 2005. With influence throughout the Central American region, it is dedicated to applied social research, specifically the study, promotion, and negotiation of the following issues at both the legislative and social levels: the behavior and characteristics of regional migration and their link to economic and social development, human security, the analysis of inter-regional labour markets, ensuring comprehensive protection of rights for migrants and their families, and the negotiation and promotion of these issues by citizens and legislators, among others. It has completed studies in collaboration with other entities such as the Wage Indicator union with which it conducted the Central American Labor Survey.

Special thanks to

Funding partners: CNV Internationaal. **Project partners**: Central Autónoma de Trabajadores Salvadoreños (CATS), Confederación Sindical de Trabajadores y Trabajadores de El Salvador (CSTS) , Instituto Centroamericano de Estudios Sociales y Desarrollo (INCEDES), Wage Indicator Foundation. **Team members**: Luis Edgar Arenas, Janna Besamusca, Angelica Flores, Lorena Ponce de leon, Tomáš Mamrilla, Irene Palma, Paulien Osse, Kea Tijdens, Sanne van Zijl.

More information: WageIndicator org, Tusalario.org/Elsalvador.

Table of contents

Table of Graphs

1 Management summary

This *WageIndicator Data Report* presents the results of the face-to-face WageIndicator survey in El Salvador, conducted between 17 January and 9 February 2012. The survey aimed to measure in detail the wages earned by Salvadoran workers, including the self-employed. In total 1363 persons were interviewed. The sample is largely concentrated in Salvador's capital region San Salvador.

About two thirds of the workers have some kind of high school education. Sizable groups of employees have primary education (16%) or an undergraduate university degree (16,4%). Groups of around 5% each hold either no education or the masters degrees. Women are significantly higher educated than men.

Four in ten people work in an organization with 10 or fewer employees and another three in ten in an organization with 11-50 employees. Two thirds of the respondents work either as managers and professionals (22%), service and sales workers (26%), or in elementary occupations (21%). Women are twice as likely as men to be managers and professionals and dominate the clerical occupations. Men are much more likely to be in agriculture or elementary occupations. Nearly two in ten workers are self-employed. About half of the workers are employees with permanent contracts, 14% hold a fixed-term contract and 15% are workers without a contract.

The Salvadoran labour market appears strongly segregated. Over three quarters of the workers in the sample work either in very informal (30%) or very formal (48%) jobs. Those in formal jobs are most often employees on permanent contract, who are entitled to social security, have agreed working hours and receive their wages in a bank account rather than as cash in hand.

The median net hourly wage of the total sample is 1,5 US Dollar. Almost three in ten workers earn less than 1 dollar per hour, whereas two in ten earn more than 2,5 dollar. Managers and professionals have the highest wages, whereas agricultural workers earn the lowest wages. More than half of the workers with no formal education and 46% of workers without a contract earn less than one dollar per hour. Three out of ten workers on permanent contracts earn more than 2,5 dollar.

Eighty-three per cent is paid on or above the minimum wage threshold. Workers in very small firms are more often paid under the minimum wage threshold, so are workers without a contract, those in informal jobs and workers below the age of 29. Workers in elementary occupations (28%), services and sales (27%) and plant and machine operators (21%) are regularly paid below the minimum wage. Men are about 5% more likely than women to be paid the minimum wage. The more educated a worker is, the more likely they are as well to be paid on or above the minimum wage threshold.

Only 8% of respondents are covered by collective agreements, but 68% agree that it would be important to be covered. Less than one per cent of respondents report participating in health care, pension or day care schemes. Bonuses and allowances are more common. Thirteen per cent of workers receive overtime bonuses and 7% receive a holiday allowance. Nine in ten employees report receiving their wage on time and three in ten employees receive their wage cash in hand.

While El Salvador has a standard working week of 44 hours, the average working week of the respondents is slightly longer at 45 hours. Craft and trades workers work longest (49 hours), followed by workers in services and sales (48 hours). Managers and professionals indicate having the shortest working hours: 38 hours per week. Employees on fixed term contracts work the longest hours (51 per week), self-employed work the shortest (41).

One in ten respondents, regularly works in the evening. Nearly three out of ten people work on Saturdays and 65% report working Sundays. On average, the workers in the sample work nearly six days a week. While employees on permanent contract reported much longer working hours than the self-employed, the opposite takes place with regard to the number of working days.

The survey includes a question about satisfaction with life-as-a-whole, to be judged on a scale from 1 – dissatisfied - to 10 – satisfied. On average, respondents score an 8 on the happiness scale, with 92% of people rating their satisfaction with life at a seven or higher. Workers on permanent contracts are about half a point more satisfied than self-employed and workers without contracts. The lowest earners are about half a point less satisfied than the highest earners.

2 Introducing the survey

Aim of the survey

This *WageIndicator Data Report* presents the results of the face-to-face WageIndicator survey in El Salvador, conducted between 17 January and 9 February 2012. The survey aimed to measure in detail the wages earned by Salvadoran workers, including the self-employed. In total 1363 persons were interviewed. This survey is part of the global WageIndicator survey on work and wages. These surveys are posted on WageIndicator websites. The continuous, volunteer WageIndicator web-survey is an international comparable survey in the national language(s). The survey contains questions about wages, education, occupation, industry, socio-demographics, and alike.[1] Once a WageIndicator survey is created for use on a national WageIndicator website, a paper-based questionnaire for face-to-face interviews can be drafted from the web-survey. These paper-based surveys supplement the web-based surveys in countries with low internet access rates.

The questionnaire

The WageIndicator survey was adopted from the global standard questionnaire to the Salvadoran setting. Most of the questions were retained without changing the intended purpose. The questionnaire was conducted in Spanish.

Table 1 Number of respondents and language of the survey

	Number of respondents	Percent
Spanish	1,363	100%

Source:WageIndicator face-to-face survey El Salvador, 2012, unweighted data

Sampling and fieldwork

The sampling of the respondents was done by the *Instituto Centroamericano de Estudios Sociales y Desarrollo* (INCEDES). Part of the interviews were done in the workplace, with permission from the employer, some outside offices. Most of the interviews were done in the San Salvador metropolitan region, although interviews with agricultural workers were conducted in rural areas. During the field work the cooperation of interviewees was good and no major problems were encountered. INCEDES also took responsibility for the data-entry. The data-entry took place in the *WageIndicator* web-based data-entry module using a range of validity checks. The data-entry typists were trained for this data-entry work. A 5% double check was conducted.

Weighting

Sampling is critical in reaching a national representative survey. ILO's Estimates And Projections of the Economically Active Population (EAPEP 6th edition) was used for weighting according to gender and age. The table shows the weights, indicating to what extent the gender/age group in the face-to-face survey was over- or underrepresented in comparison to the labour force estimates. If a weight is lower than 1, the group is overrepresented. If the weight is larger than 1, the group is underrepresented. In this paper, all graphs and tables are derived from weighted data. Because two respondents did not provide their age, the weighted analysis will be performed for a sample of 1361.

[1] See for more information about the survey Tijdens, K.G., S. van Zijl, M. Hughie-Williams, M. van Klaveren, S. Steinmetz (2010) *Codebook and explanatory note on the WageIndicator dataset, a worldwide, continuous, multilingual web-survey on work and wages with paper supplements*. Amsterdam: AIAS Working Paper 10-102. www.wageindicator.org/documents/publicationslist/publications-2010/codebook-and-explanatory-note-on-the-wageindicator-dataset.pdf

Table 2 Weights for the El Salvador survey according to age and gender distribution

	Weight	N
Male 14-29 years	1.59	210
Male 30-39 years	0.75	229
Male 40-80 years	0.70	408
Female 14-29 years	1.48	136
Female 30-39 years	0.98	150
Female 40-80 years	0,97	228
Total	1,00	1361

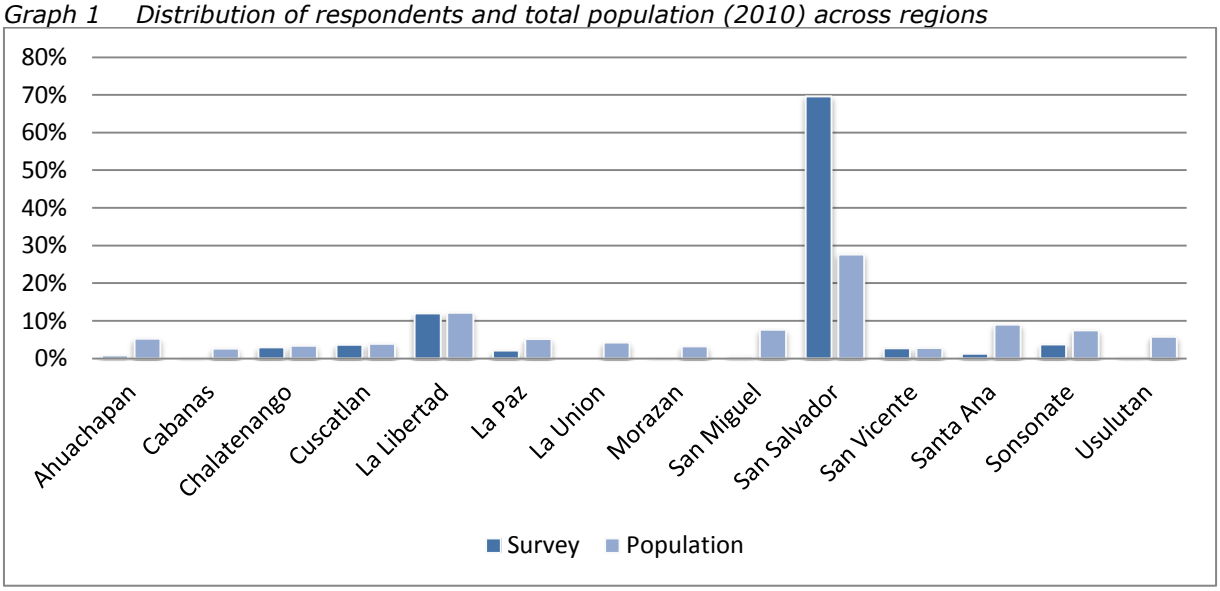
Source: The weights are based on the labour force estimates for 2012, derived from the Estimates And Projections Of The Economically Active Population (EAPEP 6th edition) database of the International Labour Organization (ILO).

3 Socio-demographic characteristics

Regions

In the sample, all departments in El Salvador were covered, except La Unión. The sample, however, is largely concentrated in Salvador's capital region San Salvador, the major commercial city employing the largest share of workforce. It represents nearly 70% of the sample, as opposed to 27% of the population. The department La Libertad had the second-largest number of interviewees, 12%, which corresponds with its population share. The departments in Eastern El Salvador (La Unión, Morazán, San Miguel, Usulután) and Western Salvador (Ahuachapán, Santa Ana, Sonsonate) were much underrepresented and the information in this survey, therefore, should first and foremost be interpreted as an overview of wages in Central El Salvador. About 66% of the sample lived in cities of over 100,000 inhabitants, 26% in small cities and 8% lived in small villages and rural areas.

Graph 1 Distribution of respondents and total population (2010) across regions

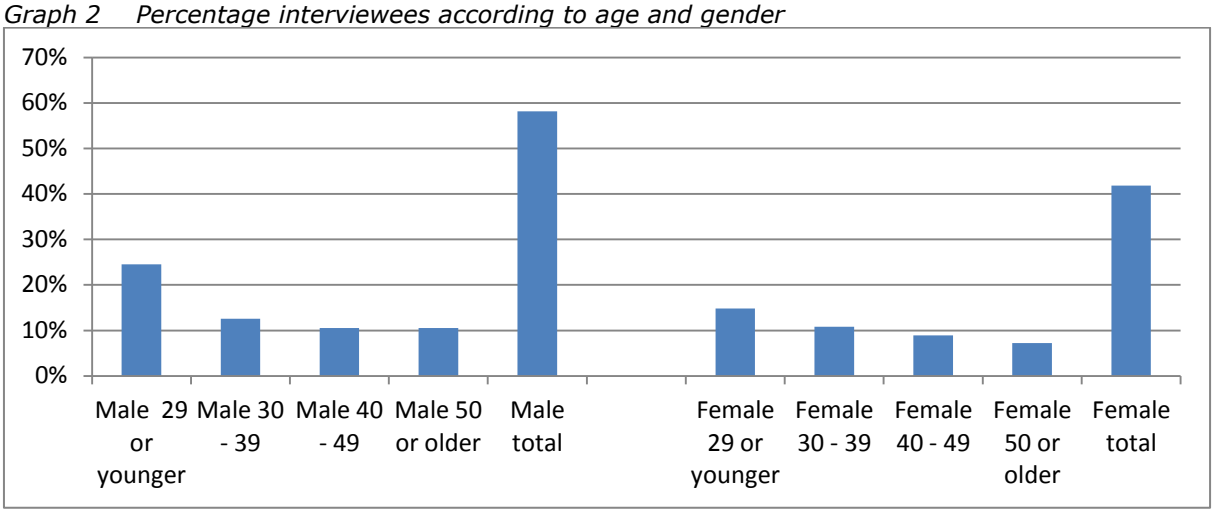


Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1361, of which 2 missing cases)

Age and gender

More male than female workers were interviewed (58% versus 42%). Compared to older workers more young workers (men and women) aged 29 or under were interviewed (39%).

Graph 2 Percentage interviewees according to age and gender

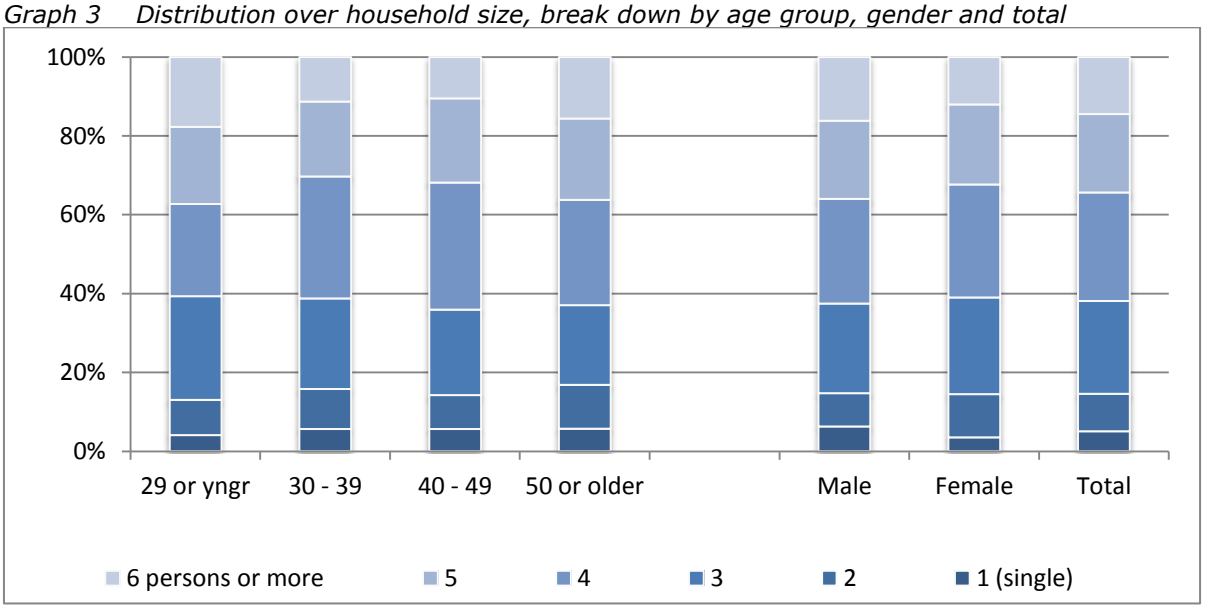


Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 missing cases)

Household composition

The workers in the survey live in households with on average almost 4 members, including themselves. Graph 3 shows that only 5% of workers live in a single-person households, whereas nearly 15% live in a household with 6 members or more (see bar total). Surprisingly, younger workers more often live in a 6-person household and less often in a single-person household. Men are more than twice as likely than women to live alone.

Graph 3 Distribution over household size, break down by age group, gender and total

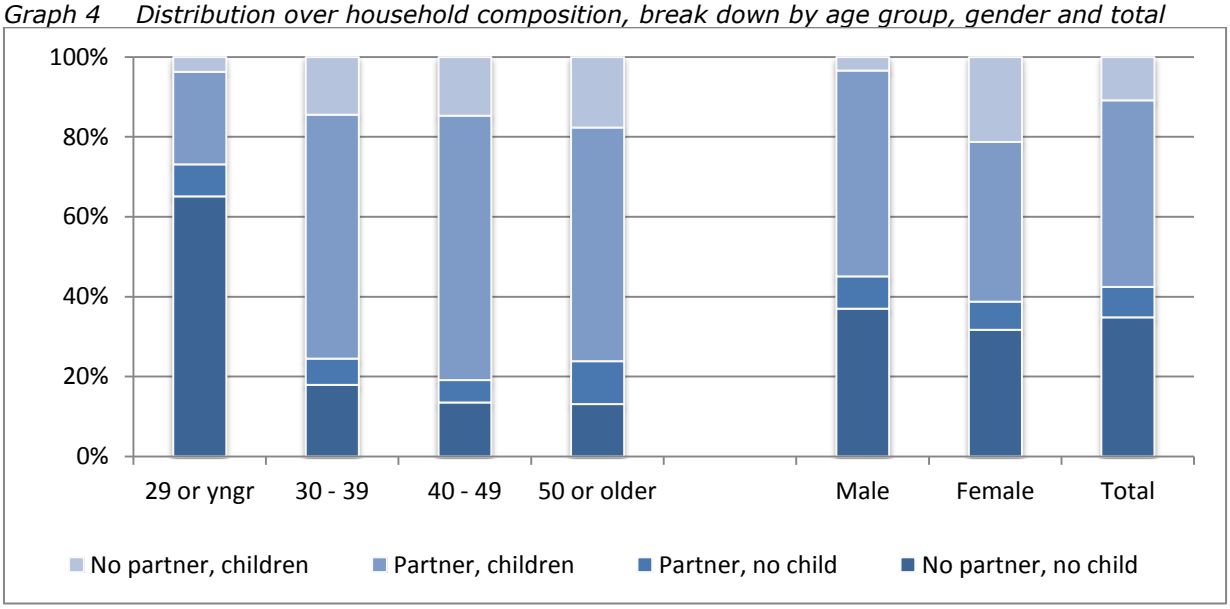


Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 missing cases)

Living with partner and children

As Graph 4 shows, six in ten men and nearly five in ten women live with a partner. Not surprisingly, the young workers live less often with a partner compared to the older workers. Graph 4 also shows that more than 55% of men live with one or more children, compared to just over 60% of women. 65% of young workers have no partners and no children, whereas around 60% of all other categories have both. More than two in ten women live in single parent household; the majority of single mums are older women.

Graph 4 Distribution over household composition, break down by age group, gender and total



Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 missing cases)

4 Employment characteristics

Labour force

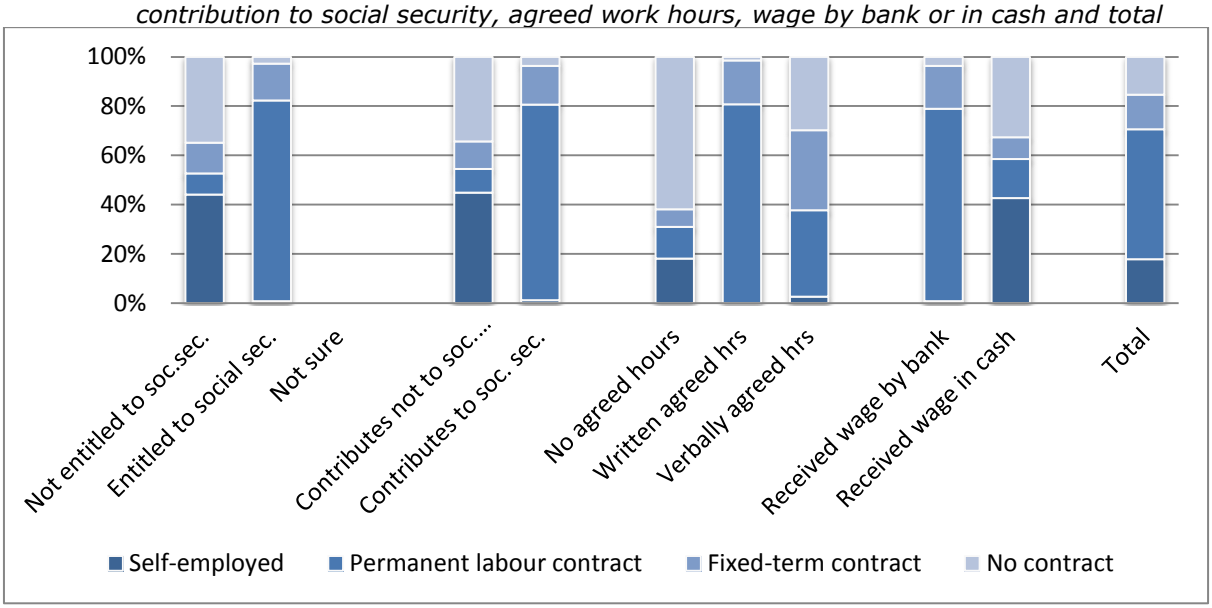
According to the last released household survey[2] of the Ministry of Economy, El Salvador has an economically active population of 2,580,284, of which 58,7% are men and 41,3% are women. The female labour participation rate in El Salvador was 47,3%, as compared to 80,9% for men. Unemployment, in 2010, was at 7,1%. The urban population makes up 67% of the labour force and the rural population 33%. The ILO[3] reports that two in ten Salvadorans work in agriculture or mining, about the same number work in industry, manufacturing, construction, electricity, gas and water supply. Six in ten Salvadorans work in commerce, services, public administration, communication, transport or the military service.

According to the ministry of economy, the average urban household income per month ($570,68) lies significantly above the rural average ($304,79); inhabitants of the metropolitan area of San Salvador, have the highest average monthly household incomes: $756,76. The ministry reports that domestic servants and agricultural workers earn the lowest salaries ($124,62 and $129,73 per month respectively), whereas workers in public administration, the military and teachers earn the most, at $487,95 and $483,96 per month.

The ILO also reports on social security coverage and the share of workers with formal labour contracts, which are strongly correlated. The lowest coverage (below 3%) is in agriculture, whereas 77% of employees in services have a contract and 49% of them are covered by social security.

Employment status and labour contracts

Graph 5 Distribution over status in employment, break down by entitlement to social security, contribution to social security, agreed work hours, wage by bank or in cash and total



Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 cases missing)

2 El Salvador, ministerio de economía, dirección general de estadística y censos. *Encuesta de Hogares de Propósitos múltiples 2010*. http://www.calameo.com/read/00106961419edbb82d953

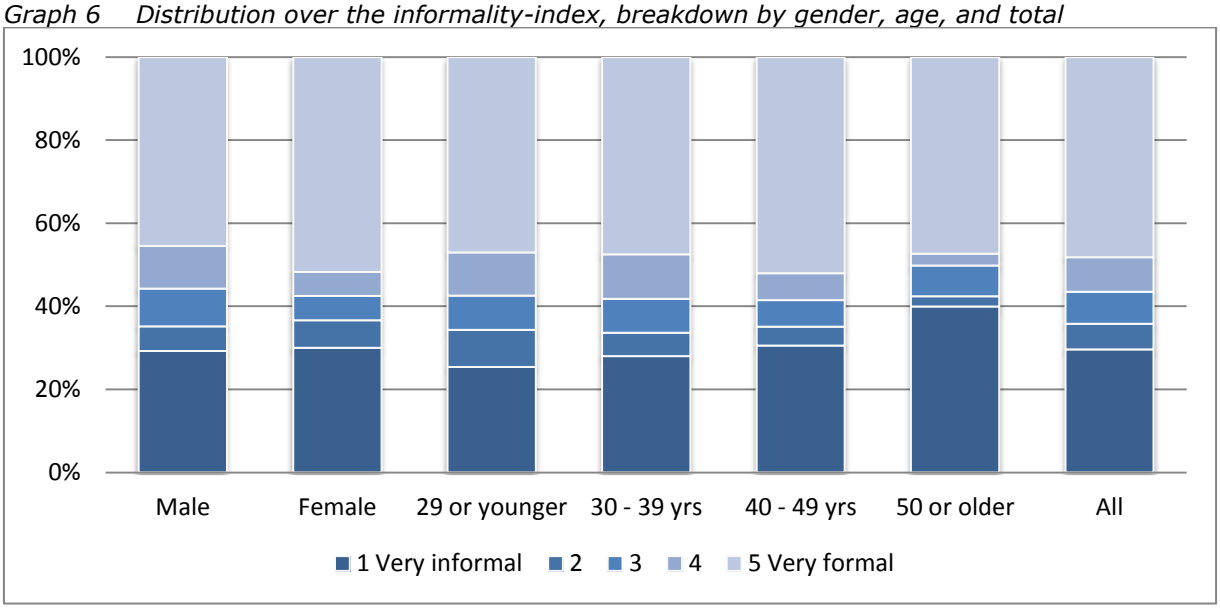
3 For more information see ILO *Panorama Laboral 2011 América Latina y el Caribe*, pp. 43-44. http://www.ilo.org/public/libdoc/ilo/P/09577/09577(2011).pdf

The survey distinguishes registered self-employed, employees with a permanent contract, with a fixed-term contract and workers without a contract. The last bar in Graph 5 shows the distribution over these four categories. Nearly two in ten workers are self-employed (18%), a trend that the ILO identifies as growing in urban areas in Latin America and the Caribbean and estimates at around 34% for El Salvador. About half of the workers are employees with permanent contracts (53%). Fourteen per cent hold a fixed-term contract and 15% are workers without a contract. A breakdown by gender and age group (not in the Graph) reveals hardly any gender differences, but large differences by age group. While all age groups are almost equally likely to hold permanent contracts, older workers are more often self-employed and young workers much more often work without an employment contract or on fixed-term contracts.

A main criterion for the divide between formal and informal work is the entitlement to social security. The graph shows the distribution of the four employment groups in this respect. The bar of workers who are entitled to paid leave, pension, gratuity and/or social security is filled almost entirely by employees on permanent contracts. Some workers on fixed term contracts report having entitlements, but hardly any self-employed or workers without a contract (1% and 3% respectively). Among the group indicating that they are not entitled to any benefits, the self-employed are the largest group (44%), followed by those working without a contract (35%). In its *Panorama Laboral*, the ILO indicates that social security coverage varies vastly across sectors and is lowest in the agricultural sector (2,3%). The high degree of urban and non-agricultural workers in the sample of this survey, is thus likely to overestimate the social security coverage in the country as a whole[4].

The WageIndicator survey included a question about entitlement to social security. Almost four in ten workers state that they are not entitled, six in ten states they are (no 40%, yes 60%). Graph 5 shows that eight out of ten workers who are entitled to benefits are employees with a permanent contract, whereas the workers with a fixed-term contract only compose in 15 per cent of that group and those without contracts or self-employed hardly feature (3% and 1%). The survey also included a question about contribution to social security. Four in ten workers say that they do not contribute, while six in ten say they do (no 38%, yes 62%). Graph 5 shows that employees with a permanent contract relatively often contribute to social security, whereas particularly workers without a contract do not contribute.

Graph 6 Distribution over the informality-index, breakdown by gender, age, and total



Source: WageIndicator face-to-face survey El Salvador, 2012, weighted data (N=1363, of which 2 cases missing)

[4] For more information see ILO *Panorama Laboral 2011 América Latina y el Caribe*, pp. 53. http://www.ilo.org/public/libdoc/ilo/P/09577/09577(2011).pdf

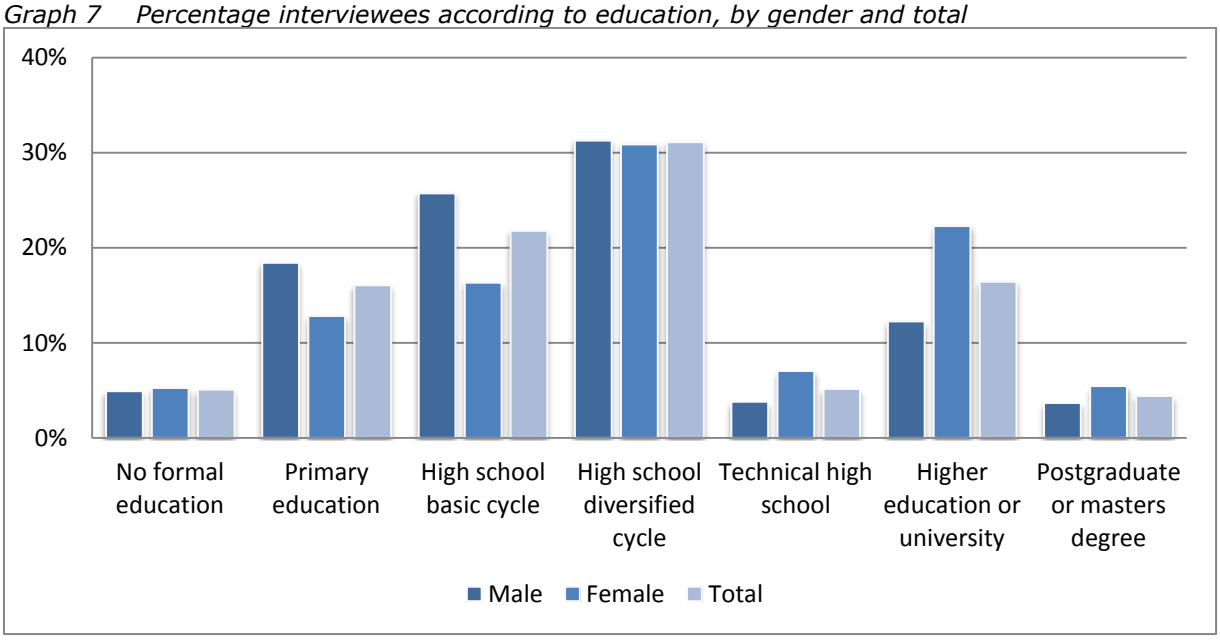
Informal work might relate to unlimited working hours, but this is not often the case. Two out of ten workers state that they have no agreed working hours, the remaining group has agreed working hours, either in writing or verbally (no agreed hours 22,9%, in writing 70,5%, verbally agreed 6,6%). Unsurprisingly, graph 5 shows that those employees who do not have agreed working hours at all, are workers without a contract (62%). Eight out of then workers whose working hours were agreed in written are employees with permanent contract, followed by employees with fixed term contracts (18%). Verbal agreement on working hours is split more or less equally between workers without, with fixed term and permanent contracts. Respondents were also asked if wages were received in a bank account or cash in hand (by bank 59%, in cash 40%). Workers who receive their wages in a bank account are nearly always employees with a contract (permanent contract 78%, fixed term contract 17%); those receiving wages in cash are primarily self-employed (43%) and workers without a contract (33%).

The data allow us to investigate who the formal and the informal workers are and to compute an informality-index. We identified the workers who are not entitled to social benefits, do not contribute to social security, and have no employment contract; this group is placed at the informal end of the spectrum. The workers who are entitled, do contribute and have a permanent contract are placed at the other end of the spectrum. The Salvadoran labour market appears strongly segregated, as indicated by over three quarters of the workers in the sample being either in the "very informal" (30%) or "very formal" (48%) categories. Graph 6 shows that polarisation increases over a life time: whereas 28% of young people are in the middle three categories, only 13% over 50 year olds are. Women and men are almost equally likely to be in very informal jobs, but men are relatively more likely to be in very formal employment.

Employment by educational category

The large majority of the workers have some kind of high school education (basic cycle 22%, diversified cycle 31%, technical degree 7%). Sizable groups of employees have primary education (16%) or an undergraduate university degree (16,4%). On both ends of the scale are groups of around 5% with either no education or the masters degrees. Women are significantly higher educated than men, 28% of women holding a degree from a higher education institution, as compared to only 14% of men. Interestingly, women are also more likely than men to have completed technical high school. A quarter of both university and high school graduates report being overqualified for their job, less than one per cent of all workers report being underqualified. The two groups who most frequently report being overqualified are those with undergraduate university degrees and the diversified high school cycle.

Graph 7 Percentage interviewees according to education, by gender and total

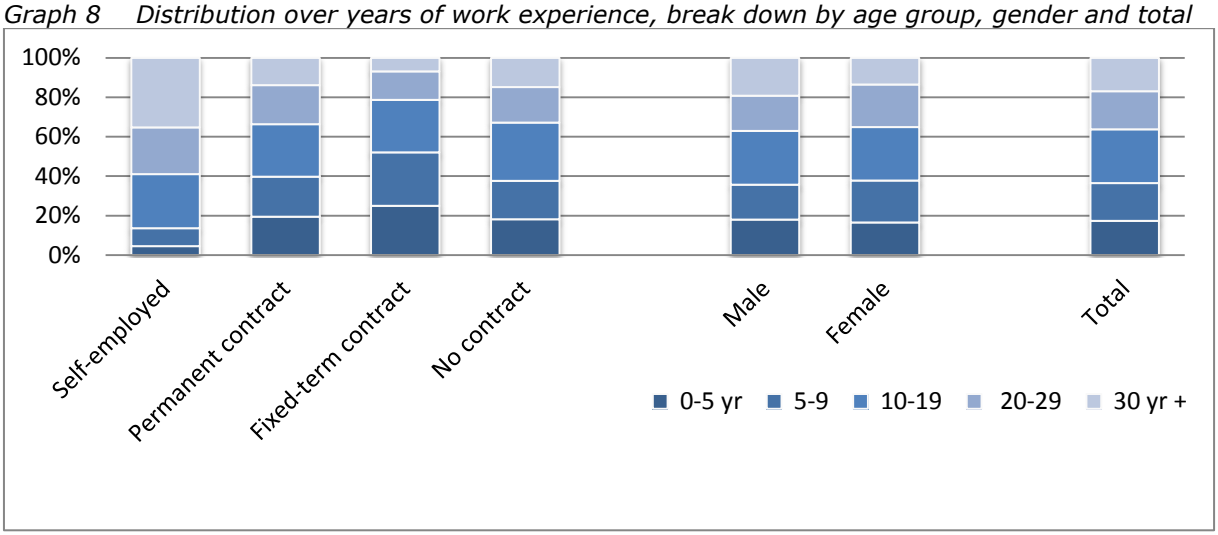


Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 cases missing)

Years of work experience

On average, workers in the survey have almost 17 years of experience. As is shown in Graph 8, the largest group (27%) of workers has between 10 and 19 years of experience, the smallest (17%) more than 30 years. Self-employed workers have on average more years of work experience than employees, unsurprising because they are older. Workers on a fixed term contract have the fewest years of work experience. On average, women have worked one year shorter than men.

Graph 8 Distribution over years of work experience, break down by age group, gender and total



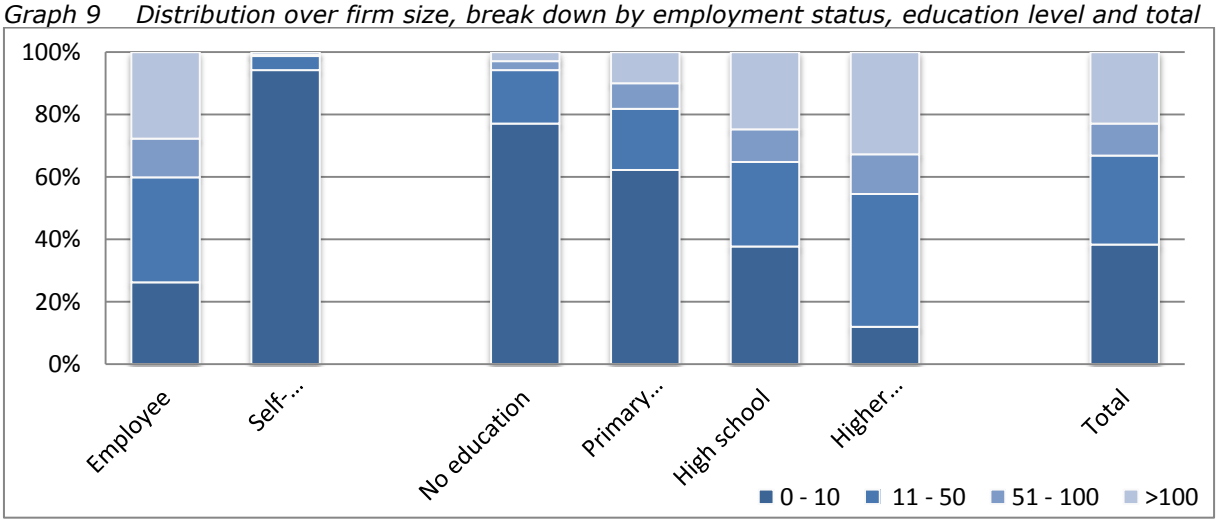
Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 cases missing)

The survey has a few questions about employment spells. One in three has experienced such a spell, but only six per cent has experienced a spell for more than one year. Men take significantly more breaks than women, but the duration of their breaks does not vary from those of women. No questions were asked about the reasons for the spell, but most likely these are due to unemployment.

Firm size

Almost four in ten workers work in an organization with 10 or fewer employees and another three in ten do so in an organization with 11-50 employees. Graph 9 shows that 94% of the self-employed work in small firms. The graph also shows that the more highly educated workers are, the less likely they are to work for small firms and the more likely to work for big firms.

Graph 9 Distribution over firm size, break down by employment status, education level and total



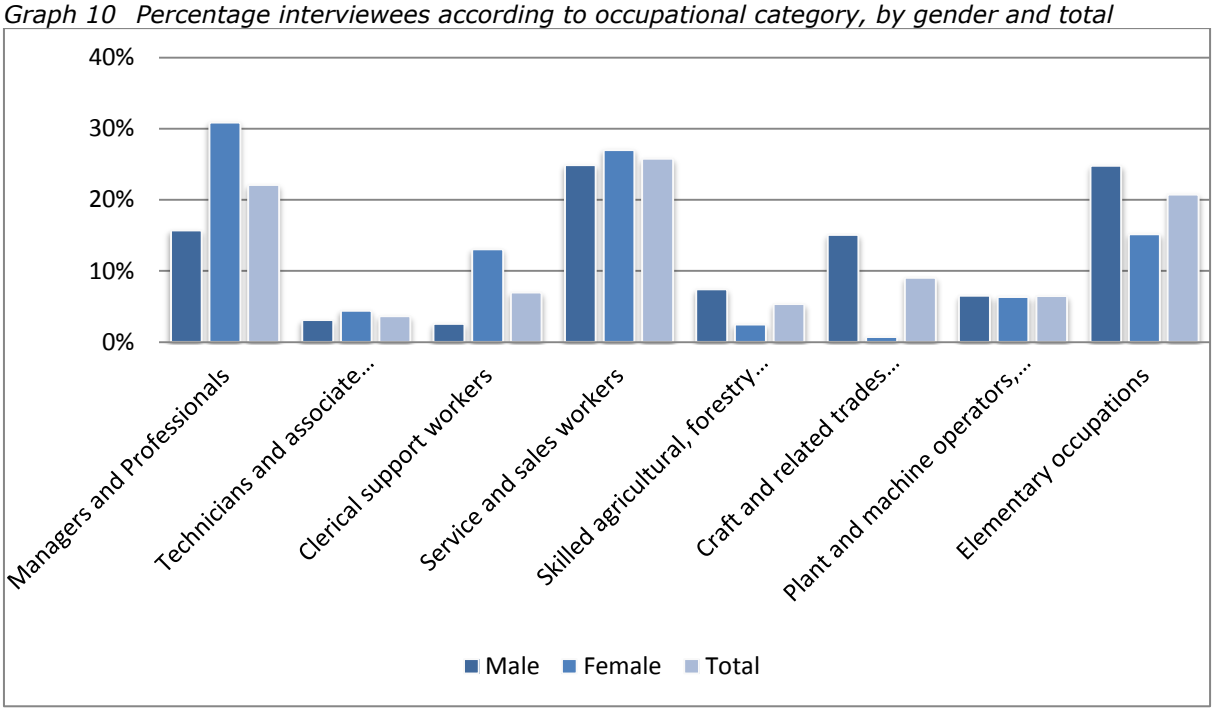
Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 cases missing)

More than three in four workers without education work in firms with 10 or fewer employees; only 6% of them work for firms with more than 50 employees. Small firms are still the predominant work place for workers with primary or high school education (62% and 28% respectively). The biggest group of workers with higher education degrees (43%), work in firms employing between 11 and 50 people. All this seems to indicate that employers value workers with higher educational qualifications.

Employment by occupational category

Graph 10 shows that two thirds of the respondents work either as managers and professionals (22%), service and sales workers (26%), or in elementary occupations (21%). Despite almost 20% of the sample being self-employed, only 1 in 200 workers is a manager. This number is too low for statistical analysis and therefore, managers and professionals have been merged into one category. Half of the male respondents are either service and sales workers or in elementary occupations, another 30% of men are either professionals or craft workers. Women are most often professionals (30), followed by sales and services workers (27%), elementary occupations (15%) and clerical support workers (13%). Noteworthy is that women are twice as likely as men to be managers and professionals and dominate the clerical occupations. Men are much more likely to be in agriculture or elementary occupations.

Graph 10 Percentage interviewees according to occupational category, by gender and total



Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 12 cases missing)

5 Remuneration

Wage levels

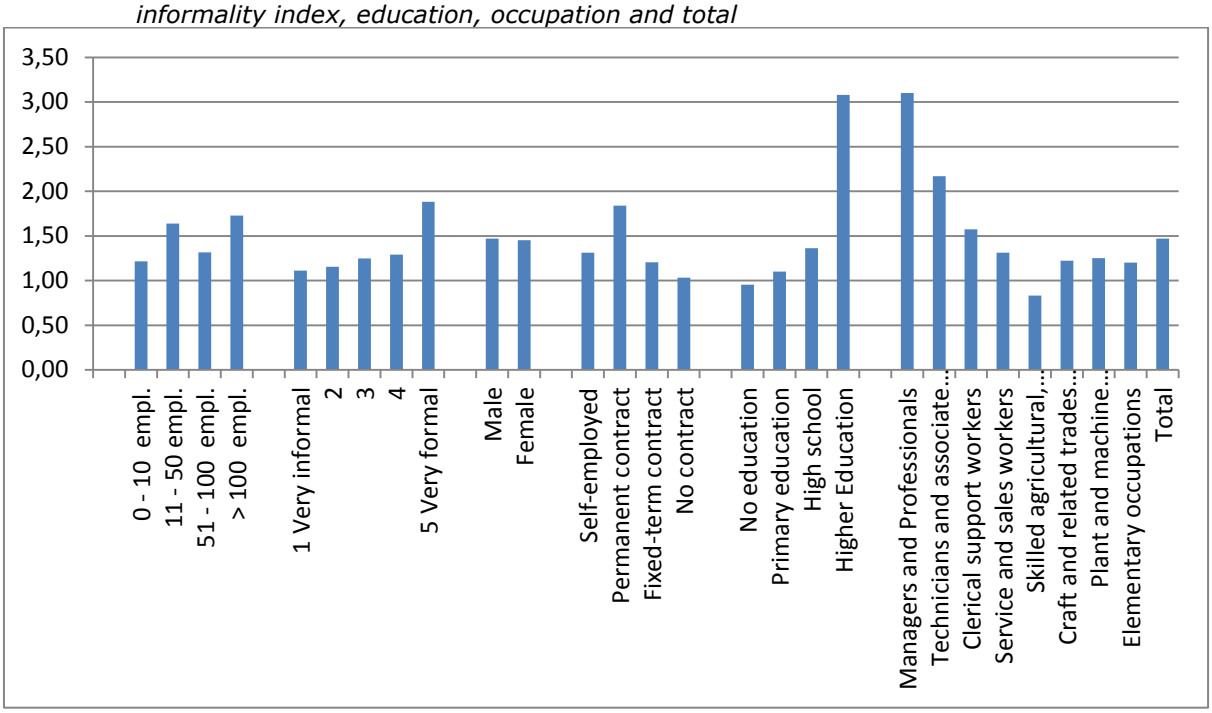
The median net hourly wage of the total sample is USD 1,5 (USD=United States dollar). The median wage is the middle of all observations within a defined category, so when all the wages are listed from smallest to largest, we take the number exactly in the middle. It should not be confused with the average or mean wage, which is the sum of all wages of the individuals divided by the number of observations. The median has the advantage that it is not overly influenced by a few very high earners.

Graph 11 reveals no clear pattern of wage differentials according to firm size. The largest firms pay the highest wages and the smallest ones the lowest, yet the categories in between do not conform to the pattern. Relative high median wages are also depicted for the workers on permanent contracts. Workers without any contract earn the lowest wages. The wage difference between women and men are so small that it is impossible to draw conclusions. Women's median wage is $0,0169 per hour lower than men's, but their mean wages are $0,13 higher than men's.

The graph shows the median wages by occupational category. Not surprisingly, the managers and professionals have the highest median wages, whereas agricultural workers earn the lowest wages. Craft, plant and elementary workers earn roughly the same wages, services and sales workers a little bit more. Clerical support workers and technicians earn relatively high wages.

The graph depicts the wage differentials for several categories of workers. The impact of each category on an individual's net hourly wage can be investigated, controlled for the impact of the other categories (see Appendix 2). The results show that higher education pays off, and so does occupational status.

Graph 11 Median net hourly wage in United States dollar (USD), break down by firm size, gender, informality index, education, occupation and total

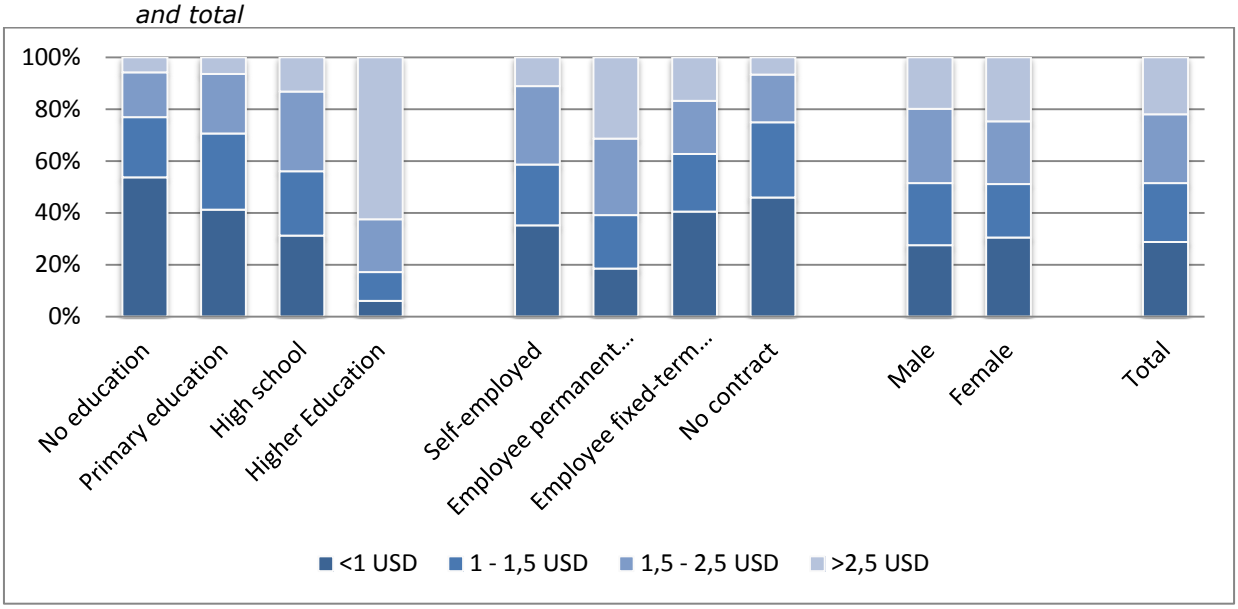


Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, 9 cases missing)

The graph with the median wages certainly provides a clear picture of the remuneration of the workers in the survey. However, it is of equal importance to explore the distribution over the wage groups. To do so, we divide the workers in four groups of equal size: the first being the lowest earning 25% of workers, the last the highest earning 25%. Graph 12 depicts that almost three in ten workers earns less than 1 dollar per hour, whereas two in ten earn more than 2,5 dollar. The graph shows the more than half of the workers with no formal education earn less than one dollar

per hour, whereas six in ten workers with higher education earn over 2,5 dollar per hour. Three out of ten workers on permanent contracts earn more than 2,5 dollar, compared to much fewer workers on fixed term contracts (17%), self-employed (11%) and workers without a contract (8%). Forty-six per cent of workers without contracts earn below one dollar per hour, followed by four in ten workers on fixed term contracts and 35% of self-employed; less than two in ten workers on permanent contracts do so. Hardly any differences between male and female workers are revealed.

Graph 112 Distribution over hourly wages in USD, break down by education, employment, gender and total



Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363,of which 10 cases missing)

Minimum wage setting

El Salvador has an extensive minimum wage setting, with different minimum wages for a range of industries and sectors.[5] At $0,934 and $0,914 per hour, the commerce and services sector and industry have the highest minimum wages. Wages in cotton harvesting are the lowest ($0,365), but wages in all agricultural sectors are relatively low. Exceptions to the industrial minimum wage have also been made for seasonal agricultural industries in coffee, cotton and sugar production. Textiles and confection workers have a minimum wage of $0,781 per hour. The minimum hourly wages are computed based on 8 working hours a day.

In the survey, net hourly wages have been computed, based on the reported number of working hours per week. These wages have been compared to the minimum wage rates. Thus, the hourly wages have been taken as the criterion to measure if a worker was paid according to the minimum wage rate. Even if a worker's monthly wage was above the monthly minimum wage, if this worker reported more than 44 working hours per week he or she could still fall below the minimum wage threshold.

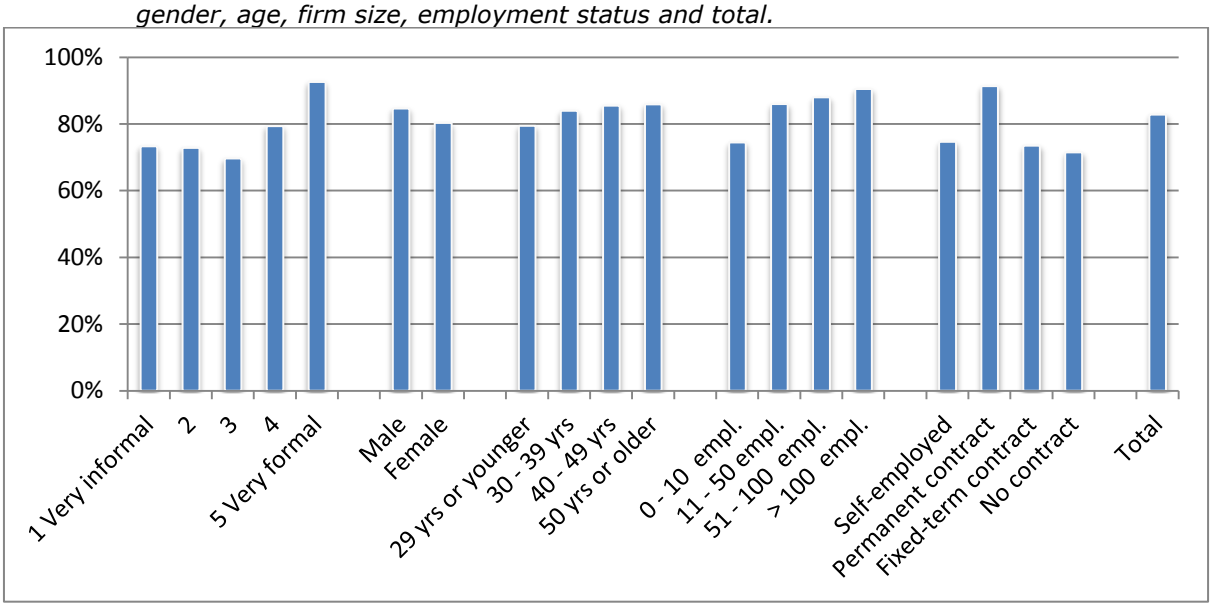
To test compliance with the minimum wage, we calculate which percentage of workers earn the minimum hourly wage or more. Because the survey did not include a question about the industry people work in, this had to be derived from their occupational titles. In cases that occupations might fall into more than one sector, the highest minimum wage was chosen as the most stringent test. This means that the results could slightly overestimate the number of people paid under the minimum wage.

The result of our analysis shows that 83% of our sample is paid on or above the minimum and 17% is paid below the minimum wage threshold. The graphs show in detail in which groups this occurs most frequently. Workers in very small firms are more often paid under the minimum wage threshold, whereas nine out of ten employees in companies with more than a hundred employees are paid on or above the minimum wage. Workers without a contract are most likely to be paid

[5] See http://www.tusalario.org/elsalvador/Portada/salario/salario-minimo-2

under the minimum wage rates (29%), and so are workers in the informal labour market (27%) and below the age of 29 (two in ten). Men are about 5% more likely than women to be paid on or above the minimum wage threshold. The impact of each category on an individual's outcome can be investigated, controlled for the impact of the other categories (see Appendix 2). This shows that particularly a high score on the socio-economic index of occupational status and being an employee account for a higher likelihood of being paid on or above the minimum wage threshold. Women and employees in small forms (less than 10 employees) earn significantly less.

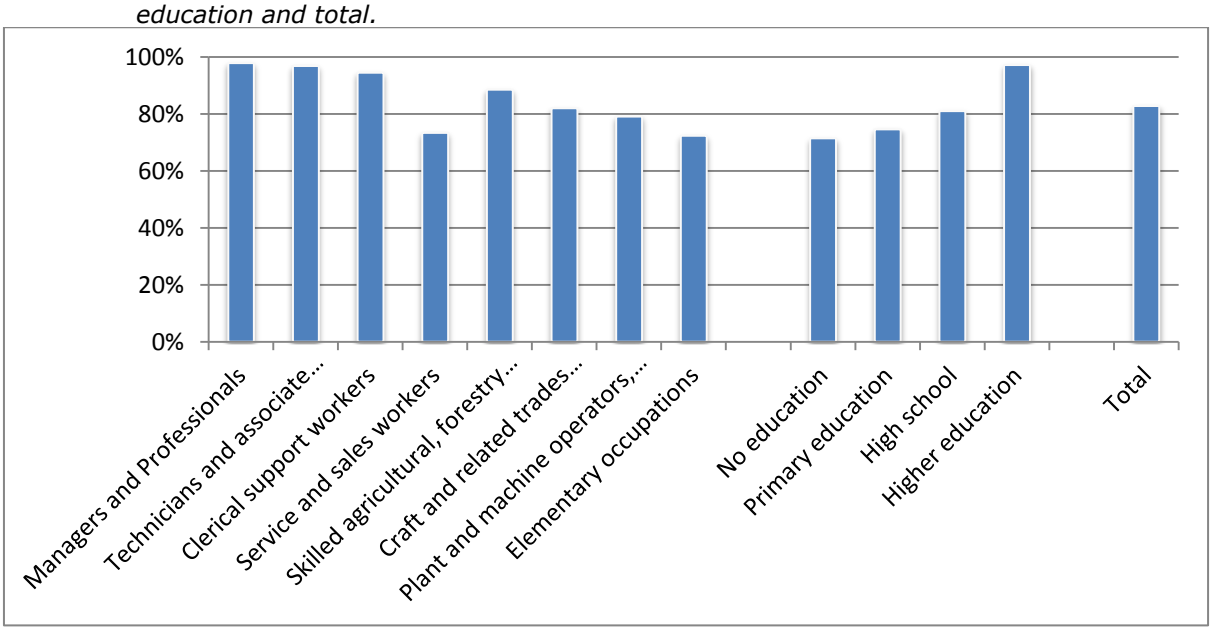
Graph 123 Percentage of workers paid above the minimum wage threshold, by informality index, gender, age, firm size, employment status and total.



Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 15 missing)

Occupations vary with respect to their compliance with the minimum wage. Particularly workers in elementary occupations (28%), services and sales (27%) and plant and machine operators (21%) are regularly paid below the minimum wage. In contrast, managers and professionals are paid according to the minimum wage in 98% of the cases. Similarly, the more educated a worker is, the more likely they are as well to be paid on or above the minimum wage threshold.

Graph 134 Percentage of workers paid above the minimum wage threshold by occupation, education and total.



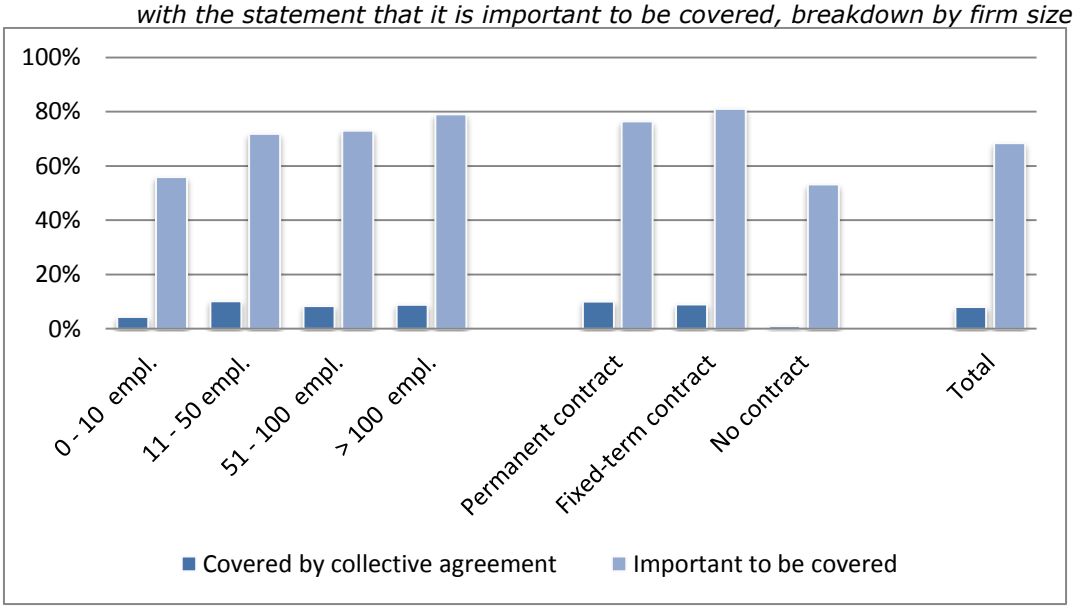
Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 15 missing)

Bargaining coverage

Collective agreements are a main instrument for wage setting. This raises the question to what extent the workers in the survey are covered by an agreement. Only 8% of respondents are covered (see graph 15). Workers in small companies (0-10 employees) are least covered (4.4%) and those in companies between 11 and 50 employees most often. One in ten workers on a permanent contract are covered by a collective agreement, compared to 9% of workers on a fixed term contract. Only one in a hundred workers without contract are covered.

The survey has a question asking whether interviewees think that it is important to be covered by a collective agreement. Compared to only 8% of workers who are covered by a collective agreement, 68% agree that it would be important to be covered. Agreement is particularly high among workers on fixed term contracts. Surprisingly, the groups who are least covered by collective agreements (workers without a written contract and in small companies) also show the lowest support for collective bargaining. In all groups, the desire to be covered by a collective agreement by far exceeds actual coverage, indicating that the extension of collective agreement coverage is a shared wish.

Graph 145 Percentage of interviewees covered by a collective agreement and percentage agreeing with the statement that it is important to be covered, breakdown by firm size and total



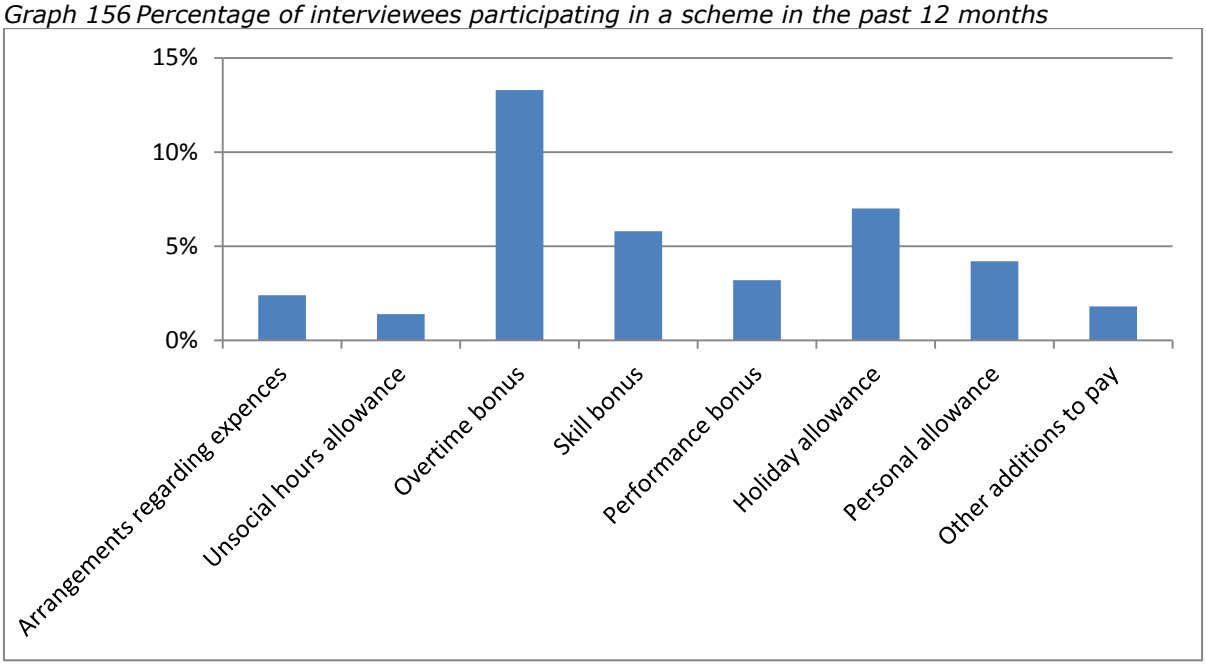
Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, 74 cases missing including don't know for collective bargaining coverage resp. 287 cases missing including not applicable)

Participation in schemes and receiving allowances

The survey has several questions about participation in schemes. The survey has also several questions about bonuses and allowances, such as an annual bonus, a dirty or dangerous work allowance, a performance bonus, a shift allowance and alike. Participation in schemes is reported very infrequently. The most reported schemes are arrangements regarding expenses (2%). Less than one per cent of respondents report participating in health care, pension or day care schemes.

Graph 16 shows that bonuses and allowances are more common. Thirteen per cent of workers receive overtime bonuses and 7% receive a holiday allowance. Skill bonuses (6%), personal allowances (4%), performance bonuses (3%) and unsocial hours allowances (1%) are also reported. The average overtime bonus is around $50 and the median is $35.

Graph 156 Percentage of interviewees participating in a scheme in the past 12 months



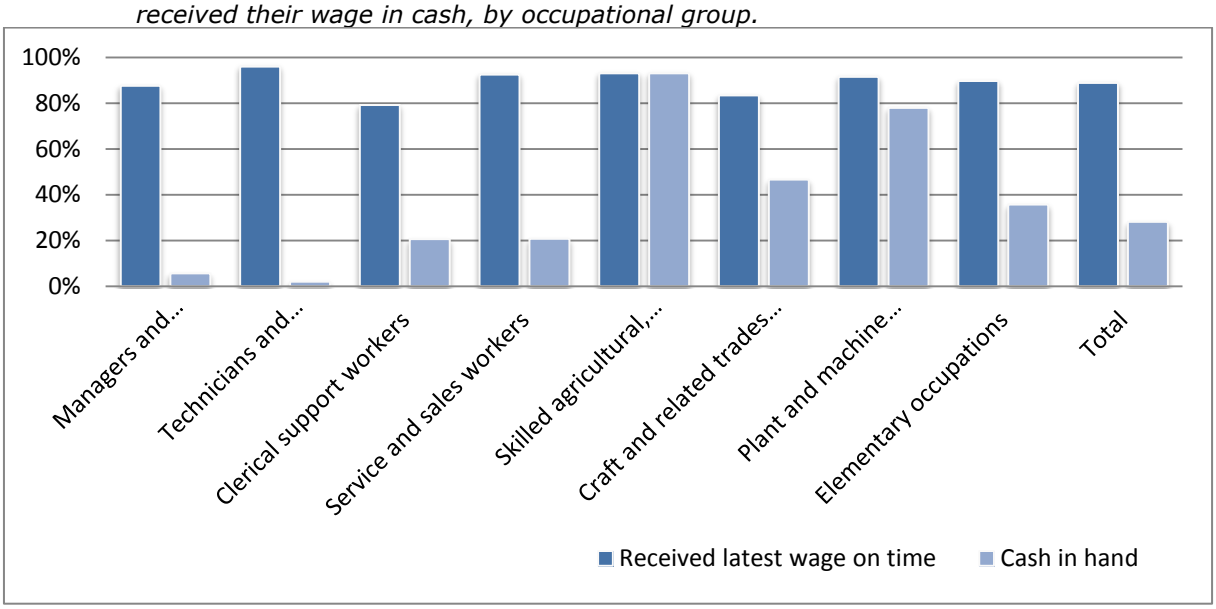
Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 2 missing)

Wages on time and cash in hand

The survey asks employees whether they received their wage on time and whether they received it by a bank draft or cash in hand. The graph shows that almost nine in ten employees report receiving their wage on time. Little differences exist between the occupational groups, though among clerical support workers it is least common to receive their wage on time (79%) and technicians do so most often (96%).

Nearly three in ten employees receive their wage cash in hand. This is most frequently occurring in the agricultural occupations (93%). It occurs least frequent among the technicians (2%) and managers (6%).

Graph 167 Percentages of employees reporting that they received their wage on time and that they received their wage in cash, by occupational group.



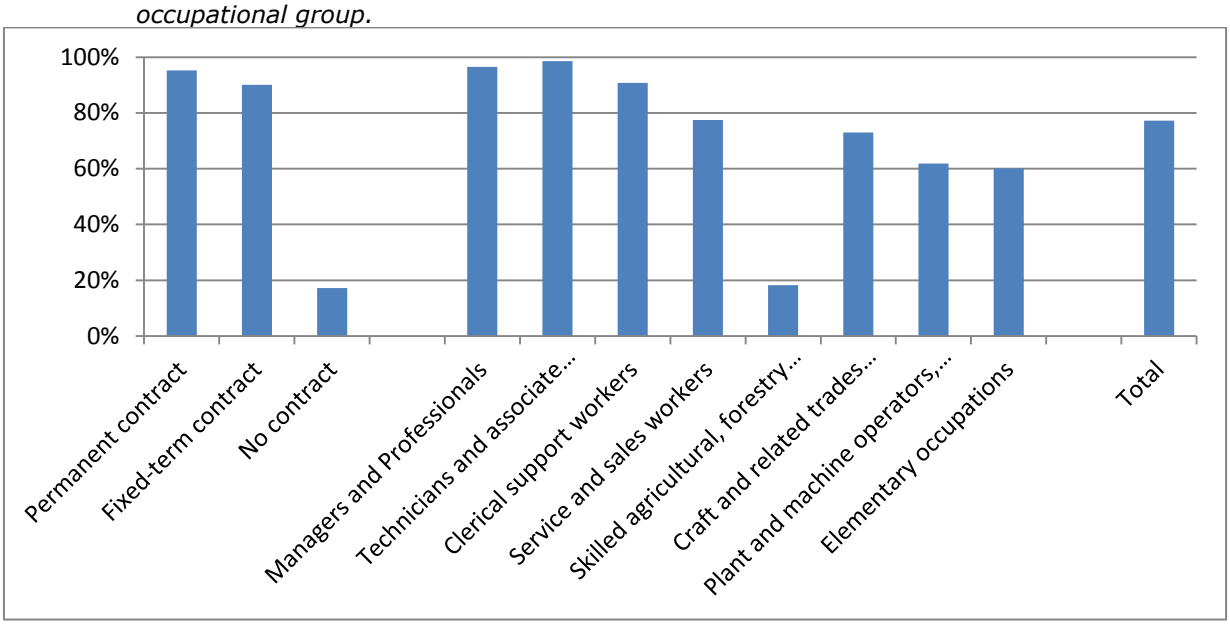
Source: WageIndicator paper survey El Salvador, 2012, weighted data, employees only (N=1100)

6 Working hours

Working hours agreed

In the *WageIndicator* web-survey, a question asks if the respondents have agreed their working hours with their employer, either in writing or verbally. Nearly eight in ten workers have agreed working hours, as the Graph shows. This is highest for the employees with a permanent labour contract and lowest for workers without a contract. Technicians, managers and professionals almost always have formally agreed working hours (96% and 98% respectively), followed by nine out of ten clerical support workers. Agricultural workers hardly ever have agreed working hours: less than two out of ten do. Six out of ten plant and machine operators and elementary occupations have agreed hours, as well as 78% of services and sales employees.

Graph 178 Percentages of workers having agreed their working hours, by employment group and occupational group.

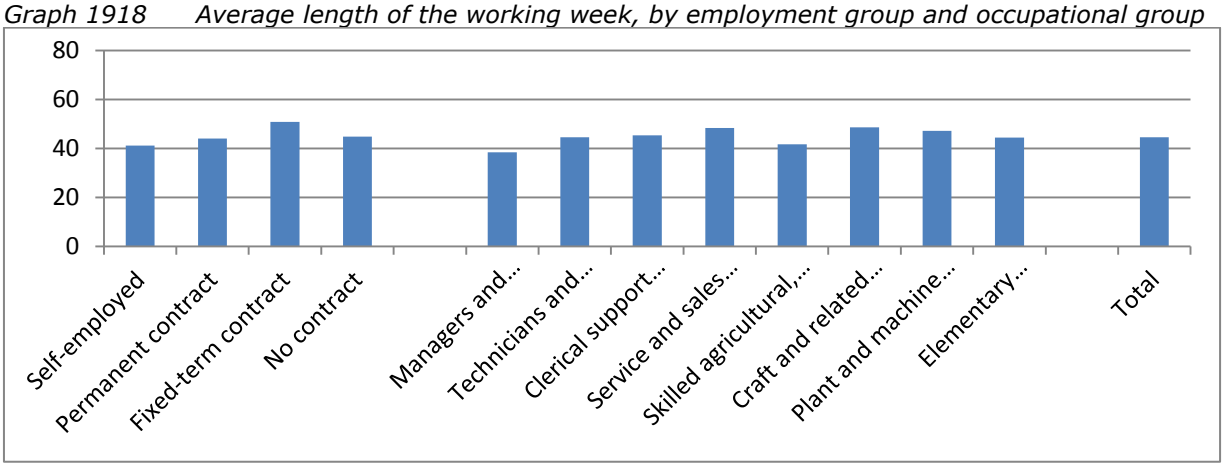


Source: WageIndicator paper survey El Salvador, 2012, weighted data, employees only (N=1100 cases missing)

Usual working hours

By law, El Salvador has a standard working week of 44 hours. Graph 19 shows that the average working week of the respondents is slightly longer at 45 hours.

Graph 1918 Average length of the working week, by employment group and occupational group



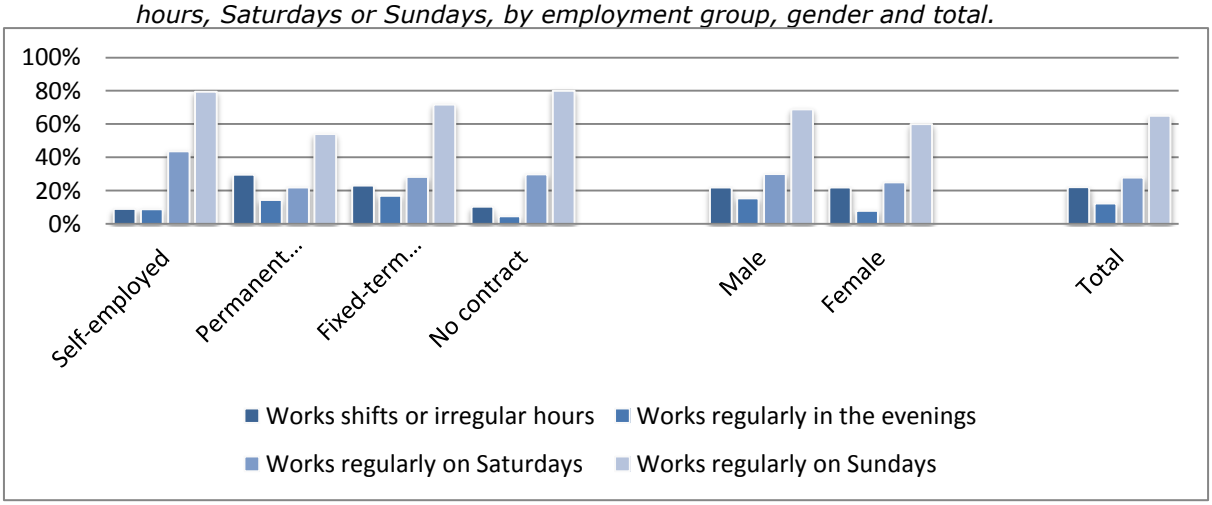
Source: WageIndicator paper survey El Salvador, 2012, weighted data, employees only (N=1363, of which 12 cases missing)

Craft and trades workers work longest (49 hours), followed by workers in services and sales (48 hours). Managers and professionals indicate having the shortest working hours: 38 hours per week. Employees on fixed term contracts work the longest hours (51 per week), self-employed work the shortest (41).

Shifts or irregular hours

The *WageIndicator* survey includes a question asking if the respondent works shifts or irregular hours. Graph 21 shows that two in ten workers report to do so. The incidence of shift work or irregular hours is lowest for the self-employed and highest for the workers with a permanent contract. One out of ten respondents, regularly work in the evening. Self-employed report doing so least often (9%) and employees on fixed term contracts most often (17%). Men are about twice as likely as women to work evenings. Nearly three out of ten people work on Saturdays and 65% report working Sundays. In both cases, men are slightly more likely to do so than women. Up to eight out of ten self-employed and fixed term contract workers report working on Sundays, as compared to just over half of the employees on permanent contracts. The self-employed most often work Saturdays (40%), followed by fixed term contract workers (30%).

Graph 19 Percentage workers reporting to be working in the evenings, shift work or irregular hours, Saturdays or Sundays, by employment group, gender and total.

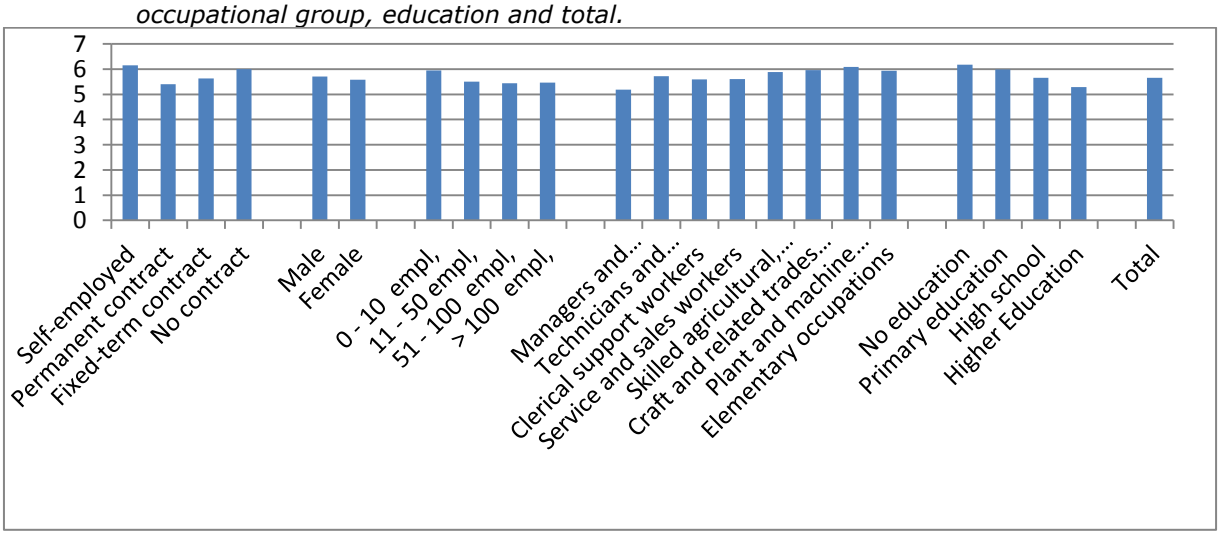


Source: WageIndicator paper survey El Salvador, 2012, weighted data, (N=1350, 13 cases missing)

Average working days per week

On average, the workers in the sample work nearly six days a week. Interesting to report is that while employees on permanent contract reported much longer working hours than the self-employed (see graph 19), the opposite takes place with regard to the number of working days. It is particularly the self-employed and workers without a contract, who work more days than average. Plant and machine operators as well as people without any formal education work more days than the average as well. Men work slightly more days than women and people in small companies a little bit more than the rest.

Graph 20 Average number of working days per week, by employment group, gender, firm size, occupational group, education and total.

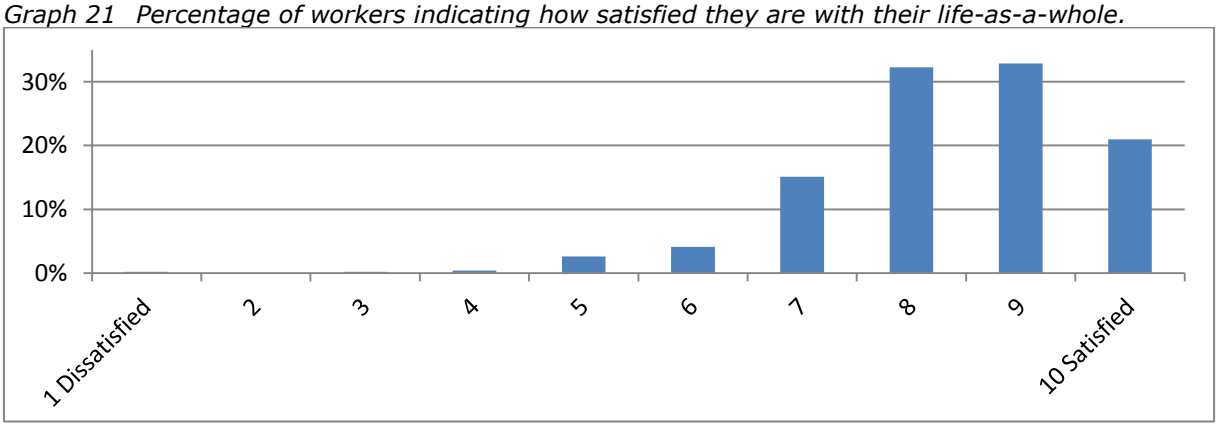


Source: WageIndicator paper survey El Salvador, 2012, weighted data, (N=1363, of which 12 cases missing)

7 Satisfaction with life-as-a-whole

The survey includes a question about satisfaction with life-as-a-whole, to be judged on a scale from 1 – dissatisfied - to 10 – satisfied. On average, respondents score an 8 on the happiness scale. 45% of respondents score a nine or a ten, more than 92% of people rated their satisfaction with life at a seven or higher. Less than one per cent of interviewees score a four or lower.

Graph 21 Percentage of workers indicating how satisfied they are with their life-as-a-whole.

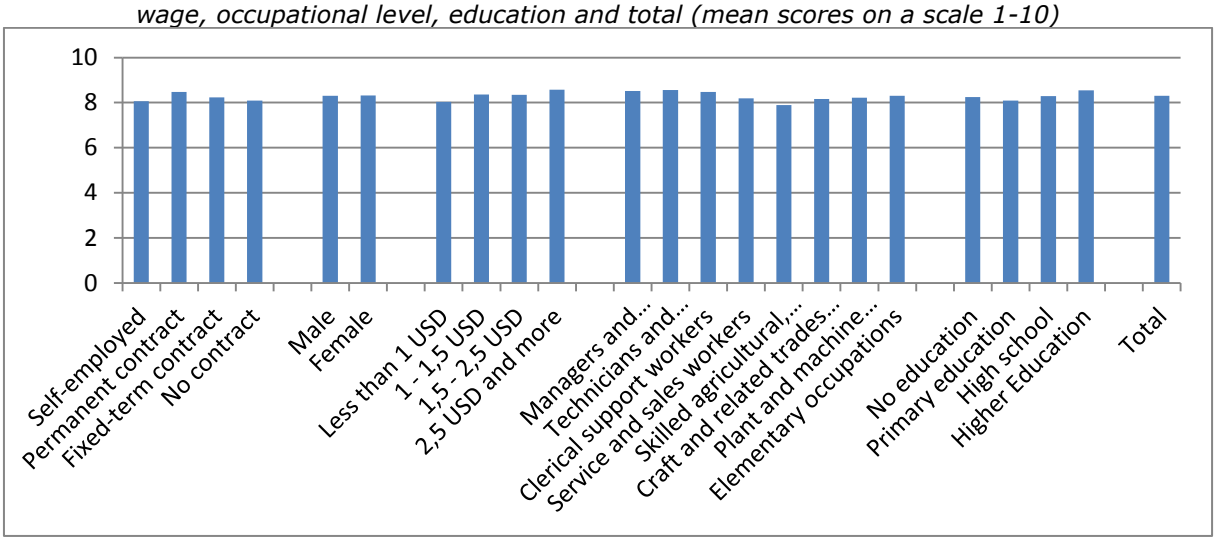


Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 1 missing)

Do groups differ with respect to their satisfaction with life-as-a-whole? Graph 24 shows a breakdown for several groups and indicates that differences are relatively minor. Workers on permanent contracts are about half a point more satisfied than self-employed and workers without contracts. The lowest earners are about half a point less satisfied than the highest earners. Agricultural workers are less satisfied with their life than the rest of the sample. Between the educational groups, workers that attended higher education are the most and those with primary school the least satisfied.

When explaining the variance in life satisfaction in a regression analysis (see appendix 2), however, only five per cent of the differences are explained by these factors. The model shows that employees are more satisfied than the self-employed. Women are more satisfied than men. The lowest two wage categories are less satisfied than the highest earning workers. Young people and people living with a partner are more satisfied than older workers and singles. Working in agriculture does have a significant effect in the model, but differently than expected. When controlling for other attributes (like educational levels and wages), agricultural workers are more satisfied than comparable workers in other occupations.

Graph 22 Average satisfaction with life-as-a-whole, breakdown by employment status, gender, wage, occupational level, education and total (mean scores on a scale 1-10)



Source: WageIndicator paper survey El Salvador, 2012, weighted data (N=1363, of which 12 missing)

Appendix 1 List of occupational titles

Code ISCO0813	Occupational title	Frequency
1345030000000	Secondary school manager	7
1439010000000	Call centre manager	2
2142010000000	Civil engineer	1
2221990000000	Nurse, all other	40
2310120000000	Post-secondary education teacher, other subjects	50
2310260000000	University lecturer, other subjects	43
2320990000000	Vocational education teacher, other subjects	40
2330990000000	Secondary education teacher, other subjects	54
2341010000000	Primary school teacher	45
2411010000000	Accountant	42
3313990000000	Account manager, all other clients	41
3511010000000	IT computer repairer	1
4120060000000	Secretary	47
4211010000000	Bank teller (front-office)	38
5120990000000	Cook, all other	1
5211010000000	Stall sales person, kiosk sales person	40
5211020000000	Market vendor	50
5212010000000	Street vendor (food products)	42
5230010000000	Ticket-clerk and cashier	1
5244010000000	Call centre agent outbound	112
5244020000000	First line supervisor call centre agents	8
5414010000000	Security guard	57
6111030000000	Field crop or vegetable farm worker	74
7112010000000	Bricklayer	43
7113070000000	Stone mason	39
7115010000000	Carpenter	40
7119050000000	First line supervisor construction workers	4
7533010000000	Sewer	3
8189990000000	Stationary plant and machine operator, all other	39
8331010000000	Bus driver public transport	49
9111010000000	Domestic cleaner	84
9520010000000	Street vendor, non-food products	50
9520130000000	Newspapers vendor	44
9611010000000	Refuse collector	41
9613010000000	Sweeper, street cleaner	39
9622010000000	Handyperson	44
-999	User missing	8
	Total	1363

Appendix 2 Regressions

Dependent variable: log net hourly wage					
	B	Std. Error	Beta	t	Sig.
Constant	0.016	0.049		0.315	0.753
Informality index	-0.019	0.018	-0.060	-1.075	0.283
Education (isced lvl 0-5)	0.129	0.022	0.260	5.958	0.000
Employee permanent contract	0.038	0.060	0.034	0.626	0.531
Socioeconomic index of occupational status (ISEI 11-76)	0.012	0.001	0.386	9.002	0.000
N	1057				
R-square	0.34				

Dependent variable: Paid on or above the applicable minimum wage threshold yes/no						
	B	S.E.	Wald	df	Sig.	Exp(B)
Informality index	-0.107	0.104	1.059	1	0.303	0.899
Firmsize <10 empl	-0.617	0.274	5.063	1	0.024	0.54
Firmsize 10-50 empl	-0.341	0.316	1.163	1	0.281	0.711
Firmsize 50-100 empl	0.621	0.393	2.493	1	0.114	1.86
Employee (vs self-empl)	0.719	0.324	4.936	1	0.026	2.053
Education (isced lvl 0-5)	0.231	0.123	3.537	1	0.060	1.26
Woman	-0.659	0.189	12.175	1	0	0.517
Living with partner	-0.037	0.233	0.025	1	0.874	0.964
Living with children	0.104	0.256	0.165	1	0.685	1.11
<29 years	-0.574	0.237	5.863	1	0.015	0.563
30-39 years	-0.023	0.149	0.024	1	0.877	0.977
40-50 years	0.078	0.146	0.283	1	0.595	1.081
Socioeconomic index of occupational status (ISEI 11-76)	0.043	0.01	19.019	1	0	1.044
Constant	0.485	0.464	1.093	1	0.296	1.625
N	1057					
-2 Log likelihood	830,572					

Dependent variable: Satisfaction with life-as-a-whole (1 "dissatisfied" to 10 "satisfied")					
	B	Std. Err	Beta	t	Sig.
(Constant)	7.720	0.159		48.699	0
Employee (vs self-empl)	0.228	0.074	0.107	3.097	0.002
Education (isced 1-4/5)	-0.005	0.038	-0.005	-0.133	0.894
Works in agriculture	0.300	0.142	0.067	2.113	0.035
Woman	0.135	0.068	0.063	1.994	0.046
Wage <1 USD	-0.436	0.111	-0.188	-3.941	0.000
Wage 1 to 1.5 USD	-0.228	0.112	-0.089	-2.037	0.042
Wage 1.5 to 2.5 USD	-0.166	0.103	-0.070	-1.609	0.108
Living with partner	0.212	0.086	0.100	2.477	0.013
Living with children	-0.041	0.093	-0.019	-0.439	0.660
Age <29	0.244	0.086	0.113	2.843	0.005
Age 30-39	0.034	0.051	0.059	0.674	0.501
Age 40-49	-0.023	0.051	-0.039	-0.446	0.656
N	1361				
R-square	0.051				

Wage Indicator Foundation

Plantage Muidergracht 12
1018 TV Amsterdam
The Netherlands

office@wageindicator.org

WageIndicator.org