



Adecco

Analysis of the work environment
in **Latin American countries**

Introduction

This study presents a detailed analysis of the labor situation and the regulation of agency work in Latin American countries.

The analysis covers Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay considering various key aspects for each country. Each chapter focuses on a specific country and covers the following tasks:

General file of the country: Includes information on the Executive branch and relevant indicators in labor matters.

Executive Branch: The work of the Executive is summarized and the person in charge of labor issues is identified along with the main institutions in the field.

Legislative Branch: An updated view of the correlation of forces in Congress is offered.

Legislative process: The route that a bill or reform follows until its enactment is detailed.

Work environment: The main actions in labor matters during the last years are summarized. Subsequently, each of them is analyzed in depth.

Agency work regime: The current situation of agency work is described in each country.

General balance: The future scenario of the country is analyzed, contemplating declarations and intentions of reforms in labor matters.





**ARGENTINA
BRAZIL
CHILE
COLOMBIA
ECUADOR
MEXICO
PERU
URUGUAY**

The background is an aerial photograph of a region in Latin America, showing a complex network of roads, rivers, and agricultural fields. The entire image is overlaid with a semi-transparent red filter. A white circular arc is positioned on the right side, partially enclosing the text.

Analysis of the work environment in Latin American countries

Adecco assessment and positioning

In our organization, we decisively support all actions that contribute to improving the working conditions of workers in **Latin America and the world**. We recognize that the region is going through a process of regulatory transformation that seeks to balance labor rights and economic competitiveness. However, we firmly believe that any reform or new legislation must be implemented gradually, allowing companies to adapt in a sustainable way. This approach avoids negative impacts that could harm both organizations and the workers themselves.

In addition, we highlight the importance of promoting a labor framework that combines flexibility, formality and training. These elements are essential to meet the challenges of current markets and to maximize the results of these reforms. Only through a balanced and collaborative approach will we be able to strengthen labor and economic development in the region, benefiting all sectors involved.

In this context, temporary employment agencies represent an alternative model that not only generates formal job opportunities, but also facilitates the flexibility that current markets require. In Europe, for example, this model has proven to be an effective tool to combat labor informality and promote inclusion in the labor market. Countries such as the Netherlands and Germany have integrated temporary employment as a solution to respond to demand spikes in strategic sectors, allowing workers to access social benefits and training, while offering companies the agility they need to compete.

In Latin America, where levels of labor informality exceed 50% in some countries, temporary employment agencies can be a key driver to reduce this problem. These models promote formality by guaranteeing that hired workers enjoy labor rights and social security, closing the gap between informal employment and decent employment.

Another significant trend in Latin America is the regulation of employment through digital platforms. This movement seeks to improve the benefits and security of workers who depend on these platforms while ensuring fair competition in the labor market. However, it is essential to safeguard the labor flexibility that these models offer, as it provides opportunities for many individuals who need adaptable working conditions to balance their personal and professional lives. A balanced approach will be key to ensuring that these regulations benefit workers without compromising the dynamic nature of platform-based work.

Therefore, we consider that any labor reform must recognize and support these schemes as part of an inclusive and dynamic labor ecosystem. **By combining flexibility, formality and training, labor and economic development in the region is strengthened, benefiting workers, companies and society in general.**

We hope that this analysis of the regional work environment becomes a useful reference tool for key decision makers in their organizations. Our objective is to offer a clear and informed perspective that facilitates the design of labor strategies aligned with market needs and that promote sustainable development in Latin America.



ECUADOR



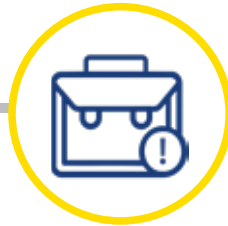


ECUADOR - Country File

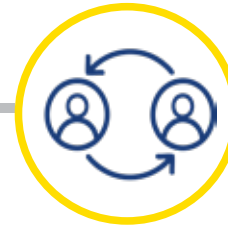
Labor Indicators



18.1
Population
Milion (2023)



3.5 %
Unemployment rate
(2023)



68.1 %
Informal trade
% total employment (2023)



3.1 %
working poverty
rate
(2023)



42.2 %
Women in management
positions
(2023)

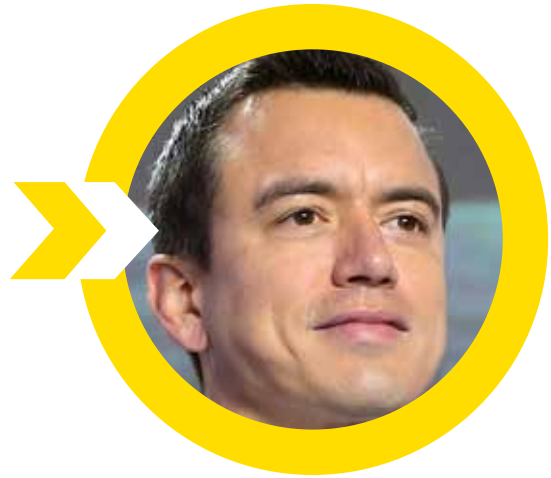
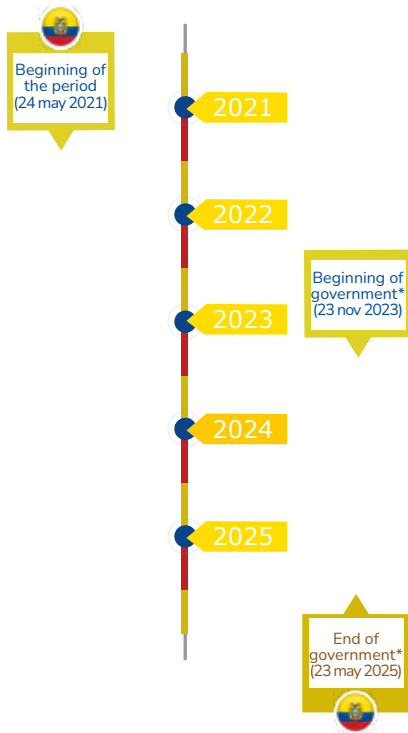


54.9 %
Labor market
(% of GDP)
(2021)

*Percentage of employees living on less than US\$2.15 a day



ECUADOR - Executive Branch



President

Daniel Noboa
(2021 - 2025)

*Daniel Noboa took office after the elections held following the “cross death” carried out by Lasso.

Daniel Noboa assumed the presidency of Ecuador, after the former head of the Executive, Guillermo Lasso applied “the crossed death” to remove Congress and his government.

Noboa is a right-wing politician who belongs to the National Democratic Action party, has an approval rating of 56% (Mitofsky, July) and who ends his term in May 2025 with the possibility of reelection for another four years.

Ministry of Labor



Minister

Ivonne Núñez Figueroa

She has an extensive career as a magistrate. Her name is not unknown in the Ecuadorian judicial sphere, she was the first defense lawyer of Ricardo Rivera, Jorge Glas’ uncle, in the trial of the Odebrecht case. **She was sworn in, together with Daniel Noboa’s cabinet, on November 23, 2023.**

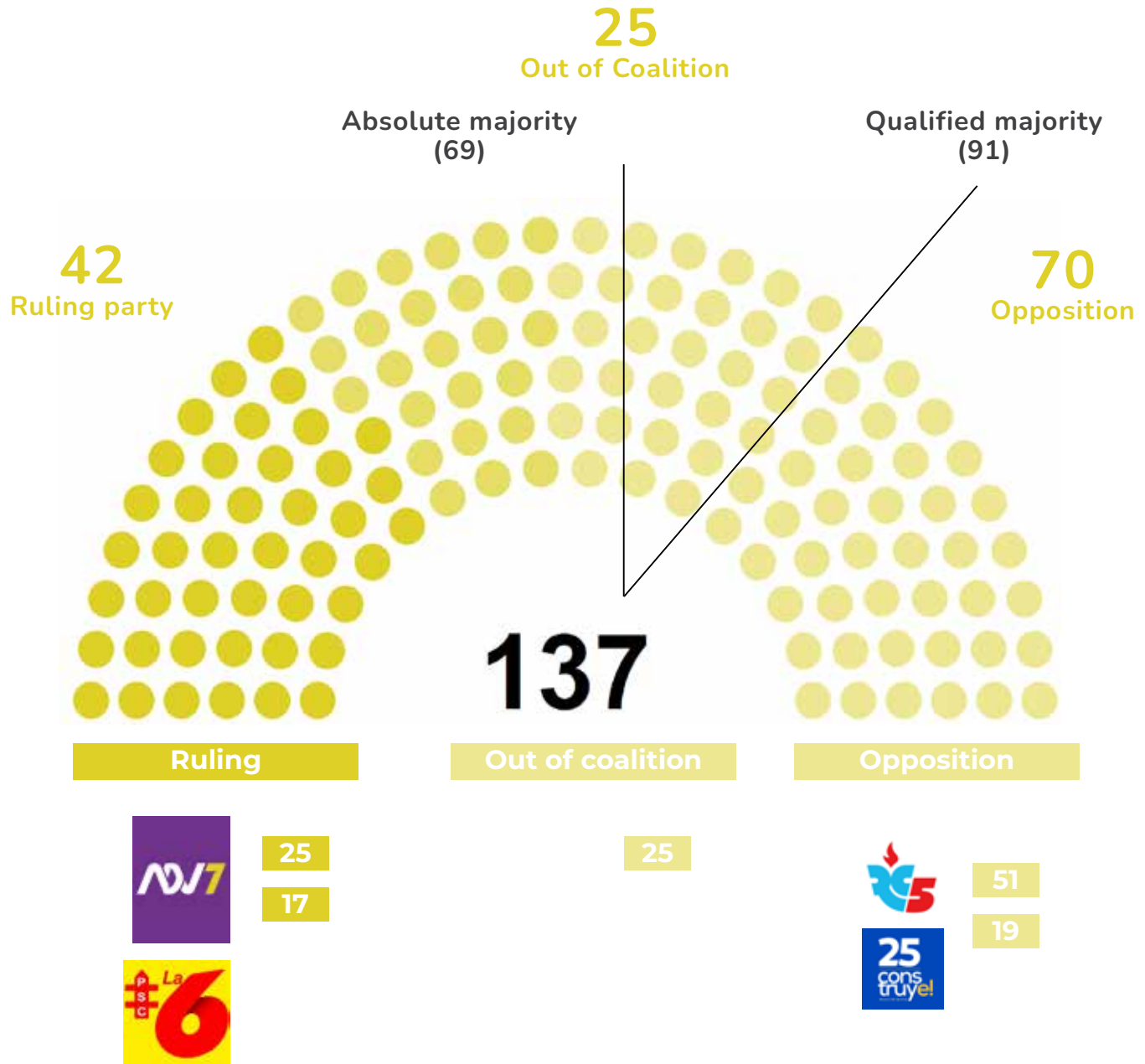
Ministry Institutions

- Directorate of labor mediation.
- Directorate of occupational safety and health.
- Labor Operations Management.
- Directorate of monitoring and control of IESS affiliation.
- Directorate of Employment and Labor Reconversion.
- Directorate of attention to priority groups.
- Directorate of salary analysis.
- Training Directorate.
- Directorate of support for human talent management.



ECUADOR - Composition of Congress

National Assembly



Ecuador currently has a National Assembly divided into 5 parliamentary benches, where the ruling party has 30.6% of seats. The ruling party does not have a majority in Congress; therefore, it requires the support of the rest of the parties to reach agreements.



ECUADOR - Legislative Process

01

Right of initiative

They are presented by: Executive, Legislative, Judicial, Citizens, Autonomous Institutions, Local and Regional Governments, Prosecutor's Offices.

02

CAL Rating

The Legislative Administration Council, after a report from the Legislative Technical Unit, shall approve the initiation of the legislative process.

03

Legislative Commissions

After the approval of the CAL, the initiative is sent to the specialized commission for treatment.

04

Report of the first debate

Up to 45 days after the start of the legislative process, the first report will have to be sent to the presidency of the Assembly for debate in the plenary.

05

Second debate and vote

Up to 45 days after the first debate, the second report is presented for discussion and voting in the plenary.

06

Presidential veto/objection

The National Assembly will be able to ratify the original text with 92 votes.

Veto

No veto

Law Enactment

The president has the power to veto partially or totally. In addition, it can object to the bill for unconstitutionality, in which case the Court has 30 days to deliberate.



ECUADOR - Work Environment

A few days before completing his **first year in office**, Daniel Noboa has pointed out the challenges faced since the beginning of his mandate and **focused on the transformation of the country towards a “safer and more prosperous” future**, paying special attention to security and job creation.

Relevant Labor Reforms

during the government of Daniel Noboa

Organic Law on Economic Efficiency and Employment Generation

It seeks to strengthen the economy through the implementation of tax incentives, national and foreign investment and **job creation**.

Organic reform law for the eradication of violence and harassment in all forms of work

Prevents and eradicates all types of harassment and violence at work; defends the rights of those who face daily violations in their workplaces; establishes procedures to prevent harassment and substantiate complaints and claims of harassment and violence in the workplace.

April referendum

Daniel Noboa submitted a series of reform initiatives on security and labor issues to Ecuadorians for consideration. In labor matters, **he sought to establish hourly contracts**; however, **people voted NO**.



ECUADOR - Work Environment

Organic Law on Economic Efficiency and Employment Generation

Approved in Congress:
19 december 2023

Posted:
20 december 2023

In labor matters, with this Law, **companies can access tax incentives when hiring young people**. This seeks to attract investment and promote the creation of youth employment.¹

01

Employers who increase the number of their jobs by hiring **young people between 18 and 19** will be entitled to an additional deduction of **50% in the taxable base of income tax**.²

02

This percentage **will increase to 75%** if the employees are **graduates** of public universities, technical institutes, or high school graduates of fiscal, municipal or tax schools.³

03

Employers will have an **additional deduction of 75%** in the taxable base of the **Income Tax** of wages and salaries for new hires in construction and agricultural projects.⁴

04

Employers will have an additional **deduction of 75%** in the taxable base of Income Tax for the hiring of people who have served a preventive sentence of freedom of one year or more, and 50% for the hiring of people without a sentence.⁵

05

Companies that hire **people obliged to pay alimony** will have an **additional 50%** in the taxable base of the Income Tax.⁶



ECUADOR - Work Environment

Reformatory Organic Law for the Eradication of Violence and Harassment in All Forms of Work

Approved in Congress:
8 may 2024

Posted:
16 may 2024

The law seeks to **guarantee safe work environments, eradicate human rights violations and protect the dignity of workers**. Even as part of the reparations in cases of violence and harassment in the workplace, the competent authority may order that the perpetrator of the conduct be publicly apologized.⁷

It establishes that workplace violence and harassment encompasses unacceptable behaviors and practices, including threats, that cause or may cause physical, psychological, sexual, economic or digital harm to a worker, including gender-based acts or discrimination.⁸

The employer must agree with the workers on the complaint procedure and the constitution of the worker-employer committee, except in cases of violence and harassment at work, where the legal procedure must be carried out before the competent labor authority.⁹

Workplace violence and harassment also include digital non-disconnection, contempt for rest time, leave and vacations, as well as the privacy of personal and family intimacy. Harassment could be considered discriminatory depending on the case.¹⁰

Job position change without the express written authorization of the worker constitutes psychological and patrimonial violence in the case of salary reduction.¹¹

Misconduct reported as workplace harassment will be assessed by the labor authority. The authority will assess the circumstances according to their ability to subject a worker to pressure to cause his marginalization, resignation or abandonment of his job.¹²

The employer must pay special attention to the dangers and risks arising from discrimination, abuse of power relations and gender, cultural and social norms.¹³

Everyone in the workplace, regardless their contractual status, has the right to protection from violence and harassment. This includes apprentices, interns, volunteers, laid-offs, job seekers, and outsourced workers.¹⁴

In cases of proven violence and harassment at work, the Labor Inspector must issue pecuniary sanctions against the employer, there will also be reparation measures. It may be ordered that the public apologies of the person who committed the conduct be made.¹⁵



Partial Presidential Veto

On March 26, 2024, President **Daniel Noboa partially vetoed the law** and proposed eleven changes to the Law for the eradication of violence and harassment in the workplace. After its discussion in the National Assembly, 6 of the 11 articles observed by Noboa in the Labor Code (CT) and in the Public Service Law (LSP) were ratified.

With this, it **made official as a cause of harassment the obligation for an employee to be aware of his cell phone after hours.**

In his veto, **Noboa argued that the concept of workplace harassment is being distorted, because digital disconnection is linked exclusively to teleworking contracts,** and that not all contact during digital disconnection, rest time, leaves and vacations can be understood as workplace harassment.

Among the other paragraphs that were ratified is that the competent authority will assess the circumstances of agreement when a worker is subjected to pressure to cause his marginalization, resignation or abandonment of his job.

It also states that **functions are incorporated into labor inspectors** in cases of workplace violence and harassment, and that the employer, in cases of public entities, **gives reasons for terminating the employment relationship by resignation.**



ECUADOR - Work Environment

April Referendum

Through 11 questions, President Daniel Noboa, sought the approval of security, judicial and labor legal reforms.

Do you agree that Armed Forces support the police to combat organized crime?

Yes - 72.24%

Do you agree to extradite Ecuadorians, under the conditions established in the Constitution?

Yes - 64.34%

Do you agree with the establishment of a specialized judicature in constitutional matters?

Yes - 59.92%

Do you agree with the recognition of international arbitration as a method of resolving investment or commercial disputes?

No - 65.16%

Do you agree with amending the Constitution and reforming the Labor Code to allow for fixed-term, hourly employment contracts, when signed for the first time between the same employer and employee, without affecting the workers' acquired rights?

No - 69.5%

Do you agree with the Armed Forces carrying out control of weapons, ammunition, explosives and accessories?

Yes - 69.66%

Do you agree with the increase in penalties for 10 crimes such as terrorism, drug trafficking and contract killings?

Yes - 67.34%

Do you agree that people deprived of liberty should serve their entire sentence for crimes such as terrorism?

Yes - 66.69%

Do you agree with criminalizing the possession or carrying of weapons that are for the exclusive use of military and police officers?

Yes - 63.9%

Do you agree that the security forces should be able to use the seized weapons immediately?

Yes - 64.06%

Do you agree with simplifying the procedure of the Asset Forfeiture Law so that the State becomes the owner of the assets of illicit or unjustified origin seized?

Yes - 61.0%

The fifth question of the consultation held on April 21 sought to reverse the measure that Correa's administration implemented to eliminate hourly work on the grounds that it made working conditions precarious. Noboa's initiative to promote employment is rejected by union and indigenous sectors.²³



ECUADOR - Agency Work

Temporary Work Regime

Ecuador eliminated the outsourcing of complementary services, generalized labor intermediation and hourly hiring through a constitutional reform carried out in 2008.

Through a decree issued by President Rafael Correa, in the same year, exceptions were established to “sign for complementary activities,” such as surveillance, security, food, courier and cleaning. The regulation specifies that the activities to be contracted must be unrelated to the core business of the hiring company.

Decree 1,121

Art.108

Prohibition of agency work

According to Article 1 provisions of Constituent Mandate No. 8, the outsourcing of complementary services and labor intermediation, which were regulated in the Labor Code Reform Law, published in the Official Gazette Supplement No. 298 of June 23, 2006, and repealed, is prohibited.

With the exception of Article 3 provisions of Constituent Mandate No. 8 and Chapter II “On the Contracting of Complementary Activities” of these Regulations, natural or legal persons that carry out outsourcing and labor intermediation activities and the user companies that use the services of the same, in violation of this prohibition, shall be sanctioned separately, with a fine of twenty (20) unified minimum wages or salaries of the worker in general for each worker who is outsourced or intermediated.



ECUADOR - Agency Work

The decree allows “contract for complementary activities”.

Art.2

About the complementary activities

Complementary activities are those carried out by commercial companies, people or organizations from the Popular and Solidarity Economy, with their own personnel, outside the user’s core business. The employment relationship will operate exclusively between the commercial company or organizations of the Popular and Solidarity Economy and the personnel hired by it in accordance with the Constitution of the Republic and the Law.

Complementary activities of the user include surveillance-security, food, messaging and cleaning.

Art.8

Joint and several liability

Without prejudice to the main liability of the direct obligor and without prejudice to the right of repetition, the person for whose benefit the complementary activity is carried out will be jointly and severally liable for the fulfilment of the labor obligations.



Safety

Security

Alimentation

Messaging

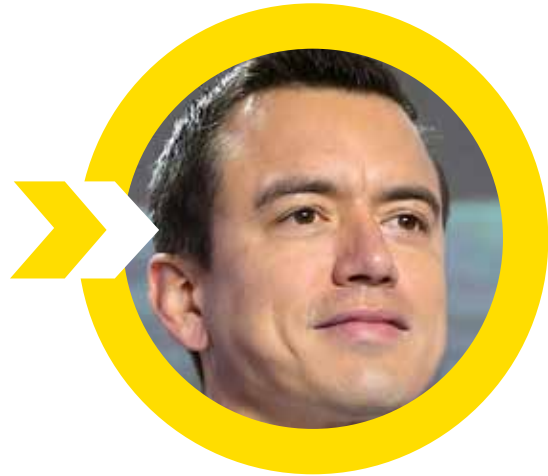
Housekeeping

Workers Rights in Complementary Activities

- 1. Minimum remuneration.** Without exception, remuneration agreed will not be lower than the minimum basic remuneration unified with the minimum sectoral salaries and wages, according to the activity or occupational category.
- 2. Joint liability.** The person or company that hires workers in complementary activities **will be jointly liable for** the fulfillment of labor obligations.
- 3. Profit payment.** Workers in complementary activities will participate proportionally in the distribution of profits.



General Balance



In terms of labor, **Daniel Noboa failed to restore hourly contracts** because the proposal was not supported by the citizens of Ecuador.

He is seeking to be reelected for a full four-year term and, although the President achieved a **70% approval rating** last April, when a referendum was held with favorable results for his administration, opinion polls show a decline **closely linked to economic performance, employment figures and inflation.**

The **General Union of Workers of Ecuador (UGTE)** and the **United Workers Front (FUT)** announced a demonstration for September 19, against the **underemployment and informality, since 80% of the economically active population is affected.**

The organizations blame President Daniel Noboa's government for not offering clear solutions to this problem.



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Approved reforms in Latin America in recent years

Reform	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Reduction of working hours			✓	✓				
Minimum wage			✓			✓		
Remote Work			✓			✓		
Pension Reform				✓		✓		✓
Labor Rights			✓		✓	✓	✓	✓
Labor Flexibility	✓						✓	✓
Incentives for Companies	✓		✓		✓		✓	✓
Agency Work					✓*	✓	✓	✓
Digital Application Workers			✓					

* In Ecuador, agency work was prohibited in 2008.

Reforms in discussion in Latin America

Reform	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Reduction of working hours						✓		
Increase in minimum wage						✓		
Remote Work				✓				
Pension Reform			✓					
Labor Rights				✓		✓		
Labor Flexibility and Job Creation				✓				
Agency Work				✓				
Digital Application Workers	✓	✓		✓	✓	✓	✓	✓

In terms of work in digital applications, **there is an evident tendency to regulate the issue in the region**. 7 of the 8 countries analyzed have dialogues or initiatives promoted by the Executive or by the National Assembly. It is expected that in the coming years there will be significant progress on the subject.

LATAM AGENCY WORK ANALYSIS

Country	AGENCY WORK STATUS	PARTICULARITIES OF AGENCY WORK	JOINT LIABILITY
Argentina	Yes agency work	Allows agency work even in core activities of the contracting company.	The contracting company is jointly liable for the obligations contracted with the workers.
Brasil	Yes agency work	Allows agency work even in core activities of the contracting company.	The contracting company is subsidiarily responsible for the obligations contracted with the workers.
Chile	Yes agency work	Allows agency work even in core activities of the contracting company.	The parent company is jointly liable for the employment and provisional obligations.
Colombia	Yes agency work	Allows agency work even in core activities of the contracting company.	The beneficiary of the work will be jointly liable with the contractor, except when the work is different from the line of business of the contracting company.
Ecuador	No agency work is not allowed.	It allows agency work for complementary activities (Surveillance-security, food, courier and cleaning).	The company that hires workers for complementary activities will be jointly liable.
México	No agency work is not allowed.	Outsourcing of specialized services that are not part of core activity is allowed.	The parent company is jointly liable for the employment and provisional obligations.
Perú	Yes agency work	Prohibits core business outsourcing (This could change if decree 001-2022 TR is repealed).	The contracting company is jointly liable.
Uruguay	Yes agency work	Allows agency work even in core activities of the contracting company.	The contracting company is jointly liable for the subcontracted workers.

* In Ecuador and Mexico, the agency work is prohibited. In Ecuador it is allowed only in complementary activities, and in the case of Mexico, only the subcontracting of **Specialized Services** is permitted in activities complementary to the corporate purpose of the company.

** In Brazil, it is subsidiarily responsible.



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