

# Creating Resilience in an Informal Sector:

## How Hogaru is Transforming Colombia's Cleaning Industry

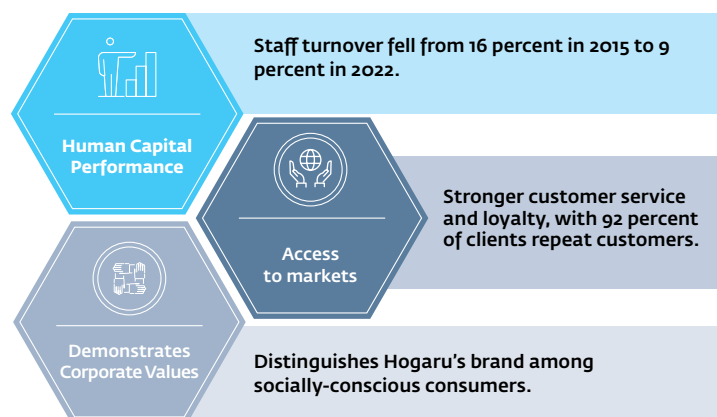
Hogaru is a digital platform that offers Colombian households and small businesses cleaning services. Its workers have formal, permanent contracts and access to vital benefits. This contrasts with the informal employment and limited workplace protections that are the norm for both the cleaning sector and digital platforms in Colombia and globally.



### The Challenge

Hogaru's mission is to 'formalize and dignify domestic work in Colombia'. The cleaning services sector generates 2 percent of the country's gross domestic product and employs over 750,000 people.<sup>1</sup> However, these workers are among the country's lowest paid, and a lack of education limits earnings and advancement potential. While Colombian law requires formal employment for domestic workers, in practice most cleaners work on a casual basis with no access to social security or workplace protections. Data collected by Hogaru indicates only 25 percent of cleaners have access to healthcare, only 30 percent get annual leave, only 18 percent have insurance for workplace accidents, and just 1 percent are paid overtime. In addition, 88 percent of contracts are verbal, and over 30 percent of cleaners have been dismissed from a job with no compensation.<sup>2</sup>

### Benefits for Business



### Benefits for Workers

While informal work and limited protections are common in the cleaning sector, Hogaru employs its 598 cleaners on formal, permanent contracts. All are women, and for 90 percent this is the first time they have secured regular wages, paid leave, a pension, and healthcare. Hogaru also launched a second unit, Apporta, to facilitate formal employment, including benefits, directly between cleaners and Colombian households and small businesses.

### Inclusive Employment Solutions



#### Participation

Targeted recruitment using face-to-face outreach, megaphones, and fliers in low-income communities. Flexible work arrangements. Support and hiring bonuses for victims of conflict. Support to enroll in government healthcare and pension schemes. Mentors to help workers access transportation, childcare, and other services.



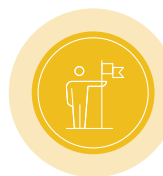
#### Advancement

Training in cleaning, customer service, personal development, with incentives and cash rewards for meeting milestones.



#### Resilience

Formal contracts with regular wages, paid leave, a pension, and healthcare. Small interest-free loans and support to open bank accounts.



#### Empowerment

Communications and grievance channels through mentors, meetings with management, and surveys, or via phone or app.



**Industry:** Cleaning services

**Size:** 7,800+ clients, 239,000+ client visits, and \$3.3mn in revenues in 2021.

**Base of the Pyramid Workforce:** Employs 598 women from low-income backgrounds as cleaning professionals. Most are the sole income earner for their household, and roughly 70% support children and dependents. Many are victims of armed conflict or gender-based violence and harassment (GBVH). Hogaru's second unit, Apporta, facilitated the formal employment of 420 cleaners by mid-2022.



## How Hogaru Puts Inclusive Employment Solutions into Practice



### **Participation:** Target recruitment

Many of Hogaru's cleaning professionals are victims of armed conflict, in particular Colombia's decades-long civil conflict which officially ended in 2016. These individuals are often unable to provide formal employment records or a permanent address, so Hogaru helps them to access certification of their status as victims of armed conflict and related government support. The company also pays certified victims of conflict a hiring bonus, funded via a government tax incentive.

Recognizing that low-income women may lack access to digital recruiting platforms, the company maximizes its outreach by using face-to-face recruiting methods such as announcing vacancies in low-income communities and inner cities with a megaphone, distributing fliers, and interviewing candidates who walk into the company's central office.

"We call our employees 'cleaning professionals' to give them the dignity they deserve. Without them, the company cannot function."

Darcy Barrera, Human Resources Manager, Hogaru



### **Participation:** Reduce entry barriers

Hogaru mentors—known as 'madrinas' and 'padrinos', or godmothers and godfathers—help their cleaning professionals to access vital services such as childcare, housing, and transportation so they can attend work. Mentors, who are company supervisors, also help workers to enroll in government healthcare and pension schemes, and access company benefits such as leave and healthcare. Mentors also help workers to communicate grievances at work or discuss personal issues, a support many of these women previously lacked.



### **Advancement:** Offer fair pay

Hogaru supports workers with a package of benefits that maximizes their earnings. All workers are offered a loan of roughly \$20 when they start their probation period, and if their probation is completed successfully, repayment is not required. Workers can also earn points called 'kibos' when they complete company training or reach other milestones. These points can be exchanged for perks, such as time off. Workers can also earn cash rewards of roughly \$10-\$20 on top of their salary by meeting all work requirements, maintaining a successful relationship with a customer, or meeting certain periods of continuous employment.



### Advancement: Upskill

Workers can access the Hogaru Academy through the company's app or website. The academy offers courses in cleaning, customer service, personal development, occupational health and safety, and technology skills, as well as legal and administrative topics such as labor law. The aim is to help cleaning professionals develop additional skills that will serve them both at work and in their personal lives.



### Resilience: Enhance job and income stability

Cleaners employed on a casual basis in Colombia usually earn less than \$15 per day, are not covered by social security, and receive no payment if they are sick or their shift is cancelled. These poor conditions mean casual workers often resort to taking out high-interest loans, some of which are unregulated and illegal, so that they can cover basic expenses or pay for family emergencies.<sup>3</sup>

In contrast, Hogaru provides direct, formal, permanent contracts for its cleaning professionals and they are paid every two weeks. The company is responsible for finding and assigning clients, and cleaners receive their full salary regardless of whether they are fully booked. Through this, Hogaru provides some of Colombia's most vulnerable women workers with a stable source of income.

Most cleaners work eight hours per day for six days from Monday to Saturday, divided into two four-hour shifts with a break for lunch. If they prefer, cleaners can work 40 hours per week over five days. According to Hogaru's cleaning professionals, these terms and conditions are significantly better than those of competing companies, which employ their cleaners on a fixed, one-year contract and do not guarantee a rest day on the weekend. Recognizing its role as an entry point to formal employment, Hogaru uses induction training and other communication channels to raise workers' awareness of the benefits of formal contracts.

"We want to break down barriers to entry for underserved groups. We know that our workers have many other responsibilities in their lives: the key to expanding employment opportunities for them is providing flexibility without sacrificing formality."

Juan Cadavid, General Director, Hogaru



### Resilience: Access to benefits

Flexible leave arrangements help Hogaru's cleaning professionals balance work with their care responsibilities and personal needs. In addition to their standard annual leave allowance, workers can request one paid day off every 90 days for a medical appointment, and two paid days off per year to cover other needs.

Over 90 percent of Hogaru's cleaning professionals are in their first formal job, and for the first time, they have regular wages, paid leave, and access to pensions, healthcare and other benefits.



### Resilience: Facilitate access to finance and financial literacy

The company provides workers who qualify with small interest-free loans, as well as loans for unexpected medical or family emergencies. Repayments are deducted from wages and recorded on pay slips. Hogaru also helps workers to complete applications and obtain documentation to open a savings account. The company is also developing a co-savings arrangement that will match worker contributions for housing or education.



### Empowerment: Provide communications and grievance channels

In addition to the *madrino* and *padrino* mentors, Hogaru uses several channels to empower workers and facilitate communication.

- Telephone calls and a dedicated app can be used to obtain information about working conditions and systems, make suggestions, raise concerns, or get advice on how to respond to mistreatment by a customer, for example.
- A Facebook group for employees hosts virtual meetings with senior management every two weeks, and also provides knowledge sharing and peer support.
- Periodic surveys collect information that can be used to improve company operations and better tailor support for workers.

"We feel heard and valued."

Isabel and Angela, Cleaning Professionals, Hogaru

## The Benefits for Business: Hogaru's Experience



### Human capital performance

Hogaru's focus on creating a supportive working environment has improved employee satisfaction and reduced turnover. According to company data, almost 80 percent of Hogaru's cleaning professionals have not considered leaving their job; over 60 percent feel valued by the administrative team; and over 80 percent are satisfied with the company. This is reflected in Hogaru's annual worker turnover rate, which fell from 16 percent in 2015 to 9 percent in 2022. Turnover for those aged over 50 is only 5 percent per year.

Reducing worker turnover reduces operating costs, as the company spends about \$75 to find and train each new worker. Worker retention also allows Hogaru to offer customers a regular cleaner, which is an important selling point in a sector where customers put a high value on trust and reliability.

"Reducing turnover and worker retention are the major challenges in the sector. If you want to build steady relationships between customers and cleaning professionals, you need to put workers and customers first."

Juan Cadavid, General Director, Hogaru



### Access to markets

Hogaru's investments in training enable it to offer high quality services, and this has been key in securing loyal customers, fostering a stable operating environment for the company, and helping the business to remain resilient during challenging times.

From 2015 to 2022, the average duration of a business relationship between a cleaner and a specific customer rose 50 percent, from six months to nine months. In mid-2022, 92 percent of Hogaru's services went to regular, repeat customers. This loyal customer base lowered Hogaru's operating costs, time, and resources spent on marketing, setting up jobs with new customers, and answering the inevitable questions that arise with a new customer relationship.

In addition, quality service and trusted relationships between customers and cleaners made Hogaru more resilient during the COVID-19 crisis. When lockdowns suspended all non-essential services, Hogaru launched a campaign called '*Cuida a quien te cuida*' or 'Take care of those who take care of you,' which convinced 60 percent of its clients to continue making payments, thereby enabling the company to stay in business and to continue paying its workers.



### Demonstrates corporate values

Hogaru's commitment to providing secure employment and good working conditions for women at the base of the pyramid is a key factor in its brand identity and marketing. Hogaru appeals to customers who want a cleaner who earns a fair salary, with fair benefits, and is employed with all the statutory requirements, but who do not want the administrative burden of directly hiring the cleaner themselves.



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## Endnotes & Sources

Along with interviews with Hogaru management and worker focus group discussions conducted in February 2022, and information from the [Hogaru website](#), the following sources were used:

<sup>12</sup> Business Call to Action n.d, Hogaru workforce and company data, accessed February 2022, <https://www.businesscalltoaction.org/member/hogaru>

<sup>3</sup> Valora Analitik. 2022. “200 mil trabajadores del aseo en Colombia podrán adelantar su pago (Two hundred thousand cleaning workers in Columbia will be able to advance their payment).” Valora Analitik (Evaluate Analytics), March 15, 2022. <https://www.valoraanalitik.com/2022/02/15/200-mil-trabajadores-aseo-colombia-adelantar-pago/>

Daniel Brown. 2021. “Qué son los estratos, el sistema “solidario” que terminó profundizando el clasismo y la desigualdad en Colombia (What are the strata? The “solidarity” system that ended up deepening classism and inequality in Colombia).” BBC Mundo, May 28, 2021. <https://www.bbc.com/mundo/noticias-america-latina-57264176>

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