



# Homeworkers and homeworking: An introduction

Homeworking is an important aspect of the world economy. In developing countries as many as 300 million people, more than half of them women, do paid work at home, making a significant contribution to household incomes among predominantly poor families. But few homeworkers have legal status as employees and are thus vulnerable to exploitation. This Briefing provides a summary of current information on the nature of homeworking, the situation of homeworkers and their place in complex supply chains.

## 1. What is homework?

According to ILO Convention 177:

- (a) the term (home work) means work carried out by a person, to be referred to as a homeworker,
  - (i) in his or her home or in other premises of his or her choice, other than the workplace of the employer;
  - (ii) for remuneration;
  - (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions.

However, it is also useful to distinguish between home-based work and homework, as these terms are often used inaccurately and interchangeably. The United Nations Development Programme (UNDP)<sup>1</sup> uses the term home-based workers to encompass three broad groups of workers who all work at home:

- Business people and well-paid professionals working from home.
- Own-account workers – workers who design and market their own products, but cannot be considered to be running small businesses.
- Subcontracted or dependent workers – those who work for an employer, intermediary or subcontractor for a piece rate, who are not responsible for designing or marketing a product, but simply contribute their labour.

Homeworkers are a subset of this third group of home-based workers, and can be defined as follows:

**Homeworkers are subcontracted or dependent workers working for an employer, intermediary or subcontractor for a piece rate.**

These workers form the vast majority of home-based workers used within export supply chains.

## 2. Where can you find homeworkers?

Homeworkers can be found across the world.

**In the developing world.** There are more than 300 million homeworkers in the developing world, more than half of whom are women and 80% are from the poorest families.<sup>2</sup>

ETI member companies have identified homeworking in their supply chains in India, Pakistan, Indonesia, Malaysia, the Philippines and China. Researchers estimate that there are 30 million homeworkers in India<sup>3</sup> alone, with a further 20 million homeworkers in China and 8 million in the Philippines, and homeworkers are present in many other Southern countries including Bolivia, Brazil and Mexico.

1 J. Unni and U. Rani, Impact of recent policies on home-based work in India, UNDP HRDC Discussion Paper Series 10, UNDP, 2005.

2 Neelam Gupta, Invisible labour: Social security for home-based workers of the garment, agarbatti and papad industries, SEWA Bharat, Delhi, 2001, pp v and vi

3 HomeNet, Newsletter No 17, 2001.



**In the North.** But homeworking isn't confined to the developing world. ETI member companies have also identified homeworking in their supply chains in the UK, Portugal, Greece, Italy, Spain, Turkey<sup>4</sup> and there is evidence of homeworking in many more countries including the Czech Republic, Serbia, Lithuania and Bulgaria.

In fact, approximately 5% of those in employment in Northern countries are homeworkers<sup>5</sup> and researchers estimate that there are 1 million homeworkers in the UK alone.<sup>6</sup>

**Homeworking is on the increase.** As shown above, there is a high incidence of homeworking, especially in Southern countries, and trends suggest that this is increasing. While homework was once linked to old craft traditions and cultural factors that restricted the mobility of women, it is increasingly being taken up because of declining opportunities for formal employment, expanding export demand for these products, and a growth in the practice of subcontracting, which has boosted 'flexible contractual work' as opposed to formal work. Subcontracting is on the rise in South and South East Asia, South America, Eastern Europe and the Baltic states coping with transition, and also in China where the change to a market economy has informalised many workers.



### 3. What sort of work do homeworkers do?

Home-based work is common in handicraft production, such as weaving or embroidery. But it is also found in many modern industries such as garments, footwear, accessories, electrical assembly and plastic products and non-traditional handwork on products like footballs. For example, it is estimated that 58% of football stitchers in Pakistan are homeworkers.<sup>7</sup>

**Around the world.** Examples of the type of work carried out by homeworkers – and some of the countries where this takes place – are shown below:

- Jute weaving (India, Bangladesh)
- Weaving baskets (the Philippines, Malawi)
- Hand woven palm-leaf mats/plates (Uganda, India)
- Weaving kilim (traditional flatwoven carpets) (Serbia)
- Embroidery (Sofia, Bulgaria, India, Pakistan)
- Weaving textiles (Bolivia, India)
- Machining underwear (Brazil) or bedsheets (Lithuania)
- Dress making (South Africa, China)
- Machine knitting (Southern Chile)
- Handstitching uppers of leather shoes (Chile, Bolivia, India, Portugal, Bulgaria, Romania)
- Jewellery making (India, Bolivia)
- Polishing artificial gems (Tamilnadu, India)
- Assembling brushes (Mexico)
- Making lenses for magnifying glasses (China)
- Print finishing (UK)
- Packing and attaching labels (UK, India)

**In the UK.** An investigation into the working lives of homeworkers in the UK<sup>8</sup> showed that, for the 67 homeworkers interviewed, sewing continues to be the most common form of homework (with 23% of the homeworkers carrying out sewing). However, it is not the majority occupation that it once was, as packing and print finishing work is almost as common (22% of the homeworkers were involved in that sector). Other activities carried out by UK homeworkers included: delivery and distribution; research and surveys; switchboard or helpdesk; and marketing, sales and administration. See Box 1 for further information on the nature of homeworkers in the UK.

<sup>4</sup> Acona, *Review of current knowledge and experience of applying corporate codes of practice with homeworkers*, Report for ETI, 2002, p 6.

<sup>5</sup> At the high end are countries such as Denmark, Belgium and Ireland where the figure is closer to 10% while at the low end are countries such as Portugal, the UK and Greece where the figure is closer to 3%. Australia is the exception to the rule with almost 26% of its workforce working at home. Since many homeworkers keep their work concealed, the true figures are likely to be higher than these. (See A. Felstead and N. Jewson, *In work, at home*, London, Routledge, 2002.)

<sup>6</sup> HomeNet, Newsletter No 17, 2001.

<sup>7</sup> Mahjul Bajaj, *Invisible workers, visible contributions: A study of home-based women workers in five sectors across South Asia*, Women in Informal Employment Globalising and Organising (WIEGO), 2000, p 40.

<sup>8</sup> The National Group on Homeworking (NGH), *Subject to status: An investigation into the working lives of homeworkers in the UK*, NGH, Leeds, UK, 2007 ([www.ngh.org.uk](http://www.ngh.org.uk)).

#### 4. What are the benefits of homeworking?

There are clear **benefits for suppliers/employers** from using homeworkers. Not only do homeworkers carry out specialised and intricate work that often cannot be mechanised cost effectively, but they also provide much-needed flexibility in production, as they can be asked to carry out more or less work depending on peaks and troughs in demand. Unfortunately, some suppliers gain additional benefits from using homeworkers, by not providing homeworkers with the working terms and conditions that they would be entitled to as 'employees' and by paying them less than other workers.

But many **homeworkers also see advantages in homeworking** compared to other working arrangements, which is why it is important to support them by ensuring good working conditions. Benefits for homeworkers include the following:

- Homework provides a vital source of income for poor families. The income that goes into the hands of female homeworkers is especially important in meeting the basic needs of the family and enhancing their quality of life.<sup>9</sup>
- Homeworking provides women with the opportunity to do multiple tasks at home, which makes it the favoured form of employment for many women. It also means that they can more easily take extended breaks from work when necessary, for example, for marriage, childbearing and so on.<sup>10</sup>
- Homework is the only employment option for women in cultures where women's mobility is restricted for cultural or religious reasons.
- Homework enables people in rural areas to get work in their villages, reducing migration to urban areas.<sup>11</sup>
- Findings from reviews of homeworking in some sectors (eg incense sticks, embroidery and footballs) indicate that homeworkers may have better working conditions than their counterparts in factories. Unlike factory workers, homeworkers take breaks from their work to tend to other tasks, which breaks monotony and strain, and enables them to work at their own speed.<sup>12</sup>

In the UK, almost half the homeworkers interviewed in a recent study said that the main reason they worked at home was for child care or other caring/family responsibilities.<sup>13</sup> A further 16% said it was for flexibility and convenience.

#### Box 1. Homeworkers in the UK

A study by the National Group on Homeworking (NGH) into the working lives of 67 homeworkers in the UK revealed the following:

- **The typical homeworker:** According to the sample, the 'typical' homeworker is a woman of 42 working at home because she has caring responsibilities.
- **Types of work:** Homeworkers are doing a variety of jobs. The most common type of work was sewing, closely followed by packing.
- **Employment status:** Most of the sample were not treated as employees and did not receive full employment rights.
- **Pay:** Around half the sample earned less than the National Minimum Wage, with piece rate workers earning the lowest rates of pay.
- **Health:** Homeworkers are often affected by health problems, either an existing problem or their homework has impacted on their health.
- **The advantages and disadvantages:** Most homeworkers felt there were both positive and negative aspects to working from home.

The main research methods for the NGH study were brief telephone surveys and in-depth interviews, carried out in 2007. Additional information was drawn from secondary sources. For further information see: The National Group on Homeworking (NGH), *Subject to status: An investigation into the working lives of homeworkers in the UK*, NGH, Leeds, UK, 2007 ([www.ngh.org.uk](http://www.ngh.org.uk)).

9 Gupta, Neelam (2001) Op cit

10 Bajaj, Mahjul (2000) Op cit, p 45

11 Gupta, op cit, Ref 2.

12 Bajaj, op cit, Ref 7, p 45.

13 NGH, op cit, Ref 8.

## 5. What problems do homeworkers face?

Homeworking clearly offers benefits to both the homemaker and the company sourcing work out to homeworkers. However, the hidden nature of the workers, their lack of rights and their heavy reliance on their homeworking income make them a particularly vulnerable group and therefore susceptible to exploitation by the people who supply their work. The most common concerns related to homework are shown below.

- **Low pay.** Most homeworkers are paid low rates and earn less than factory workers doing the same work. Few homeworkers are paid the minimum wage and even fewer earn a living wage. Rates of pay decrease with the distance from where work is given out. Record-keeping is poor or non-existent, so pay is reduced even further through unfair deductions for quality, miscounting of pieces and so on. Delayed payment is another serious problem. Wages may be paid irregularly and in some cases only partial payments are made to keep the worker tied to the contractor. If homeworkers are indebted to intermediaries, they are not able to change which contractor they work for.
- **Insufficient and irregular work.** Very few homeworkers have enough work to occupy them on a full-time basis and most are constantly hoping for more work. This lack of work greatly weakens the position of homeworkers as many are therefore prepared to take work under any conditions. Work is usually irregular, which means that income and working hours vary widely from week to week.
- **Unclear or non-existent employment status.** Many homeworkers are unclear about their employment status. The reality is that most homeworkers do not have employee status and most legal systems do not recognise homeworkers, which means they are officially invisible and open to exploitation.
- **Inadequate social security and benefits.** As most homeworkers are not employees, they do not receive sick pay, holiday pay or maternity pay, and are rarely included in pension schemes. Many homeworkers struggle to meet their needs without any institutional or state support. Homeworkers in developing countries have a relatively short working life, as their health is often not good enough to enable them to carry on working beyond the age of 45.<sup>14</sup> But then they do not have access to an old age pension or savings to support them through their unproductive years.
- **Poor health and safety.** There are serious health and safety concerns for homeworkers in some sectors. In the metalware and accessories sectors, homeworkers often carry out dangerous activities like brass casting, soldering, engraving and gem stone polishing. In other sectors, such as textiles, clothing and footwear, health and safety is less of an issue, although conditions in homes may be poor, especially lighting for when detailed work is being done, and ventilation if toxic substances (glue, soldering) are used.
- **Discrimination against women.** Women often only get offered the lower paid work within a particular sector, with better paid work being given to male workers. Women are often paid less for the same work than their male counterparts.<sup>15</sup>
- **Use of child labour.** Children are often involved in homework. Homeworkers often receive piece rates which are too low to support their families, and the only way to make ends meet is through their children helping in production. Recent views are that the problem is not so much that children work at home, but more that homework interferes with their education. However, children may also be employed in hazardous processes in the production of jewellery, glass and metal products.
- **Lack of awareness of rights and organisation.** Homeworkers are usually unaware of the nature of the supply chains in which they work – not knowing how many or what type of actors are involved in the subcontracting chain, and what responsibilities and obligations each of them has. Trade unions' traditional methods of organisation cannot be used in these situations, because homeworkers are geographically scattered, competing for work, not always covered by existing laws and unable to establish employee–employer relationships. Homeworkers may also be reluctant to engage in collective action because the employment relationship is often based on friendship and family ties.<sup>16</sup> Instead, homeworkers set up or work with (often informal) homemaker organisations to discuss common problems and solutions.

<sup>14</sup> Bajal, op cit, Ref 7, p 42.

<sup>15</sup> Bajal, op cit, Ref 7, p40.

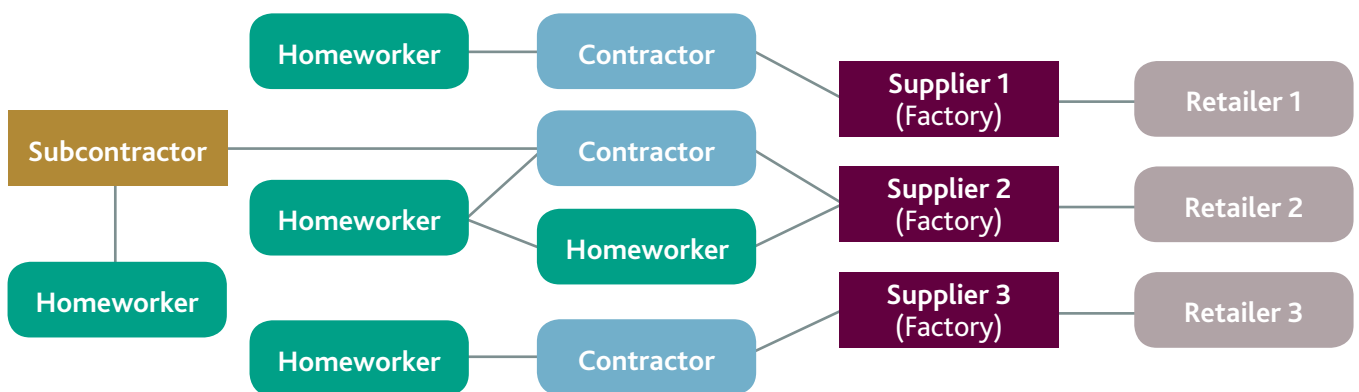
<sup>16</sup> HomeNet estimates that 10% of UK-based homeworkers have contacted homeworkers' organisations. In Southern countries this figure is probably closer to 1%. (For example, in the Philippines PATAMBA's membership is 12,000 while there are an estimated 8 million homeworkers in the country.)

## 6. Homeworker supply chains

Homeworkers sit at the bottom of export supply chains that can be described as frequently changing webs which can involve many players. There are usually several intermediaries between the homeworkers and the retailers who sell the

goods they make. For example, there may be agents between the retailers and suppliers, and there may be one or more contractors between the suppliers and homeworkers (see Figure 1 below).

Figure 1. Possible production relationships in supply chains with homeworkers



**Contractors.** Production is generally organised by middlemen or contractors who form the crucial link between a supplier and the homeworker. Contractors usually work on a contract basis as casual workers or on a commission/piece-rate basis (ie they are not employees). Contractors may come from the same locality or community as the homeworkers and often have non-commercial relations within the community as well. Contractors may:

- organise distribution and collection of work from homes;
- give work directly to some homeworkers; and/or
- subcontract work to other middlemen who directly interact with other homeworkers (for larger orders or if there is a tight deadline).

**Longer-term relations.** Depending on the amount and type of work needed, contractors use particular types and numbers of homeworkers. However, contractors often prefer to work with some homeworkers on a regular basis to ensure deliveries. Similarly, although homeworkers are generally free to accept work from any contractor, many prefer to work for one or a few for a longer time. So there is some stability of relations even in this dynamic web of supply. Sometimes, a homeworker may work for the same contractor for years.

This does not result in any wage advantage, but may increase access to benefits such as loans or assured work at times of low orders.<sup>17</sup>

**Employment status.** The employee–employer relationship is not clear in the homeworker context. For example:

- Retailers do not directly employ homeworkers, but their purchasing decisions clearly have a direct impact on them.
- Suppliers do not directly employ homeworkers, but homeworkers work on their products.
- Contractors do not see themselves as employers, because everything is 'on contract'.
- Homeworkers are usually unaware of the range of actors involved in the subcontracting chain and their corresponding responsibilities and obligations.

This combination of ever-shifting supply chains, the ambiguity in employer responsibilities, and the invisibility of the final producer (the homeworker), makes code implementation with homeworkers very different from code implementation in factories.

<sup>17</sup> Gupta, op cit, Ref 2, p 26.