

# Homeworkers in Global Supply Chains

**A Platform of Demands to the European Commission in the context of the proposed legislation governing Sustainable Corporate Governance in Global Supply Chains.**



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# 1. Introduction

The [ILO Home Work Convention, 1996 \(No. 177\)](#) defines home work as “work carried out by a person (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”.

A recent ILO publication on home work, [Working from home: From invisibility](#) suggests that the Convention covers three categories of home work: industrial home work, telework and home-based digital platform work. This submission and platform of demands represents industrial homeworkers in global supply chains, especially from South and South East Asia.

Homeworkers produce goods for global supply chains from within or around their own homes. The work they do can vary greatly: stitching garments and weaving textiles; stitching shoe uppers and footballs; producing craft products; processing and preparing food items; rolling incense sticks, cigarettes and cigars; assembling or packaging electronics, automobile parts, and pharmaceutical products; and more. Although they remain largely invisible, homeworkers are engaged in many branches of industry—old and new—and represent a significant share of employment in global supply chains, especially in Asia.

Many firms outsource production to homeworkers, especially women, to cut costs, maximize profits, meet fluctuations in demand, add value to products through hand embroidery and embellishments and retain flexibility. Advances in technology have facilitated this outsourcing of production to homeworkers. Home work in its modern form is therefore driven in large part by the purchasing practices of firms and is facilitated by changes in trade and technology. Outsourcing of work to homeworkers, and the associated downloading of costs and risks to these workers, is therefore inextricably linked to how global production is organized.

On 9 February 2015, 60 home-based worker organizations from 40 countries met in Delhi, India. They adopted the “Delhi Declaration of home-based workers,” which includes demands addressed to their employers in domestic and global brands. In March 2016, homeworker organizations from eleven South and South-East Asian countries met in Ahmedabad, India to prepare for the 2016 International Labour Conference (ILC)’s general discussion on global supply chains. They drafted a platform of demands to present to the worker group at the ILC. Reflecting ILO Convention 177 on Home Work, the ILC’s General Conclusions recognized homeworkers as legitimate workers in global supply chains, irrespective of whether they are recognized as employees by national legislation.

Fourteen organizations, who are members of HomeNet South Asia and HomeNet South East Asia, have drawn on these platforms to make specific requests of the European Commission as it drafts the Mandatory Due Diligence legislative framework.

## 2. How significant are homeworkers?

*Home-based workers* are workers who produce goods and/or provide services for the market in their own home or in a structure attached to their own home. Globally there are 260 million home-based workers, representing 8 per cent of the global workforce (ILO, 2021; Bonnet, et al 2021). *Homeworkers* are a subset of home-based workers. They are dependent rather than independent and include teleworkers, digital platform workers and contracted workers. Those in manufacturing are often dependent on a firm or its contractors for work orders, supply of raw materials and sale of finished goods. They include workers referred to as piece-rate workers or sub-contracted workers. They are often misclassified as independent workers so the current ILO estimate of 49 million homeworkers which includes only those who identify as employees is an undercount. Better measurement of this work arrangement is a priority and is now underway (ILO 2021).

Special tabulations for India using a proxy measure to capture those workers classified as self-employed home-based workers but in a dependent work arrangement provide a more accurate measure of homeworkers in the country. According to the 2017-18 India Periodic Labour Force Survey, there were about 35 million home-based workers representing 9.8 per cent of all workers

in India of whom 3.1 million were identified as homeworkers. When 2.35 million home-based beedi rollers and almost 800,000 home-based embroiderers, most of whom are sub-contracted, are reclassified as probable homeworkers, the number of homeworkers increases to 6.24 million, a dramatic 201 per cent increase (ILO 2021). Further, a recent survey of 340 garment factories in Delhi and Bengaluru showed that [58 per cent of surveyed factories](#) outsource to homeworkers (Anner 2019)

Consider also what we know about homeworkers in Pakistan. Between 2012/13 and 2017/18, the number of home-based workers in the country tripled, largely due to the increase in the manufacturing of textiles and apparel (Akhtar, 2020). While an accurate number of homeworkers cannot now be identified, data show that piece-rate workers, many of whom are in global supply chains, number around 27 per cent of non-agricultural home-based workers in Pakistan. The overwhelming majority of piece-rate workers (94 per cent) are women; only 6 per cent are men. Further, 55 per cent of women working in manufacturing are piece-rate workers, while only 7 per cent of men in manufacturing are piece-rate workers.

### 3. How are homeworkers inserted into supply chains?

Homeworkers produce goods and/or provide services for both global and domestic supply chains from their homes. Some homeworkers work together in groups: either in one woman's home or in a common space in their neighbourhood.

Homeworkers may be contracted directly by factories or through third party contractors, and sometimes by other homeworkers (who are contracted by factories or intermediaries). Typically an intermediary (or "contractor") delivers the products to homeworkers' homes and fetches the completed goods. In some instances, homeworkers are a permanent part of the supply chain, working between seven and twelve hours, six days a week. Other times, contractors bring the work to homeworkers when the factory has an oversupply of work. Like contract and piece rate workers, homeworkers' hours tend to fluctuate. For example a Philippines study documents that during low season homeworkers work 3-6 hours a day, whereas in high season they work up to 18 hours a day (Sudarshan et al. 2007). In Indonesia, half of surveyed homeworkers work less than 35 hours a week, but one third work more than 48 hours per week. In Thailand, three out of every four homeworkers work more than 40 hours per week (Hast 2011; HomeNet Thailand 2013).

Typically an intermediary (or "contractor") delivers the garments and threads to homeworkers' homes and fetches the completed goods. Homeworkers are paid by the piece. Generally they earn a lower piece rate than workers in factories who produce for the same brand, and well below the minimum wage. A 6-province survey in Indonesia found that homeworkers earn just under half the minimum wage (ILO 2015). An ILO study of 406 homeworkers in Pakistan notes that homeworkers worked 12.5 hours a day, six days a week, which generated PKR 4,342 (equivalent to \$41.42 USD) per month. This is less than one third of the statutory minimum wages of PKR 14, 000 per month (Zhou 2017). In Vietnam homeworkers earn less than half the average factory worker (CCR 2019).

In addition to low wages, homeworkers carry non-wage costs, such as training costs and occupational health and safety costs. They absorb production costs, including the cost of equipment (such as sewing machines, needles and scissors); the cost of space and electricity; and the cost of transport if they need to fetch the raw materials and deliver completed goods.

### 4. What do homeworkers produce?

Homeworkers work in global supply chains that produce the following products, among others:

- Garments and textiles (especially embellishments and finishing of factory made garments)
- Home furnishings
- Fashion accessories
- Leather goods (e.g. handbags, wallets and purses)
- Toys

- Sporting goods (e.g. footballs, rackets, nets)
- Jewelry
- Furniture
- Carpets and mats
- Footwear
- Cigarettes and cigars
- Processed food
- Crafts

They assemble and/or package:

- Electronics
- Automobile parts
- Pharmaceutical products
- Paper bags and envelopes
- Watch, jewelry and hair dye boxes

With the advent of Information and Communications Technology (ICT), in some countries homeworkers also undertake the following tasks:

- Word and data processing
- Invoicing
- Editing
- Translating
- Transcribing

## 5. Legal protection

Homeworkers are recognized by two international instruments: ILO Convention 177 on Home Work, 1996 and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (the “Guidance”).

C177 has been ratified by ten countries. C177 addresses legislation at national level. Argentina, Germany, and Thailand have passed legislation specific to homeworkers. Other countries, including Brazil, Peru, and South Africa, have not ratified the Convention but have incorporated homeworkers into legislation regulating labour relations. Homeworkers have also been included through supply chain legislation. South Australia’s Fair Work Act, which regulates the entire supply chain in the textile, footwear, and clothing industries, was amended in 2012 to include homeworkers. However, the implementation and enforcement of legislation to protect homeworkers is limited, even where countries have ratified Convention 177.

Module 12 of the Guidance addresses home work in global supply chains. The module “aims to minimise the risk of the marginalisation of homeworkers” and to “[create] economic and development opportunities” for them. Importantly, it argues that informality does not constitute illegality. Homeworkers are legitimate workers, who should receive equal treatment to factory workers and be “formalized”: Homeworkers should be viewed as an intrinsic part of the workforce entitled to receive equal treatment and therefore should be formalized in order to achieve good terms and conditions of employment.

### OECD Guidance, Module 12, Box 15 explains

Formalization is understood as: providing employment contracts; equal conditions of work to other workers; piece-rates that meet minimum wage requirements; and social security and health insurance.

Formalization should not impose expectations on homeworkers that further marginalize them (for example, the obligation to work in an employer provided centre may marginalize homeworkers who can only work from home).

The Guidance states that when categorizing homeworkers as “self-employed” entrepreneurs, suppliers and even governments are “neglecting the responsibility to provide more formalized contracts.” It argues that the first step to formalization is recognition of “worker status”, followed by permitting homeworkers to organize. Collective organization enables homeworkers’ participation in social dialogue, which is necessary to improve their terms and conditions of employment.

The module also addresses the importance of organizing:

*“The organisation of homeworkers is an important step that provides them with visibility and recognition and enables social dialogue in order to achieve good terms and conditions of employment. Given the unique needs and circumstances of homeworkers, the organisation of homeworkers may look differently from other organised workforces. The first steps in organising is often taken by community or women’s groups who are in a position to organise local groups which can later come together as a federation or a trade union. Given the predominance of women homeworkers in the sector, in many contexts organisers should be women.”*

Module 12 provides the following framework for the prevention and mitigation of human rights and labour abuses.

**a. Identify potential human rights violations**

Enterprises are encouraged to:

- Identify product lines and sourcing countries where home work is most prevalent
- Assess suppliers in these product lines and countries to determine whether they have measures in place to ensure that homeworkers are protected.

**b. Prevent and mitigate human rights violations**

The “prevent and mitigate” responsibility has several components. Enterprises are encouraged to:

- Establish “internal protocols” with respect to home work and “pre-qualification systems” for intermediaries or agents that outsource work to homeworkers.
- Include contractual provisions in their agreements that require suppliers, intermediaries or buyers to:
  - a) Keep a record of homeworkers, including the quantity of goods that homeworkers make and how much they are paid;
  - b) Record how long it takes to make items to ensure that piece rates make it possible for homeworkers to earn the minimum wage;
  - c) Record social security or health insurance provided to homeworkers.
- Provide intermediaries with training on their legal and policy obligations.
- Partner with organizations concerned with formalizing home work.
- Engage with local or national governments to provide homeworkers with rights so that homeworkers are treated equally to other workers, including with respect to social security.

## 6. Why support Home work?

Homeworkers make important arguments for why brands and retailers should support, rather than prohibit, home work. First, they argue that factories do not hire older workers. For example, Thai factories do not hire workers over 40 years of age (Von Broembsen et al. 2019), and Indonesian factories have forced people over 50 years of age to resign (Pieper and Putri 2017). The majority of homeworkers in Bulgaria are over 40 years old (Von Broembsen 2019). [An interview with a labour relations expert in Bengaluru, India](#) suggests that the work intensity in export factories means that by age 40, workers' bodies are finished: One local labour relations expert in Bengaluru said that garment workers often told him: 'We are like sugarcane to them [the factory owners]. Once they squeeze out all the liquid, they throw us out.' He added that, because of the intense pace of the work, very few workers were able to work past the age of 40. Prohibiting homework would therefore exclude men and women over 40 from the labour market (Anner 2019).

Second, women homeworkers argue that they need to work from home to fulfill their domestic and reproductive responsibilities – cooking, cleaning, collecting water and fuel, and caring for children, grandchildren and sick or disabled relatives. Third, homework enables women who are prevented by cultural and religious norms from working outside the home to participate in the labour market. Finally, homework enables women who live in villages outside of cities to access work, as the intermediaries bring raw materials to them and fetch finished products. For many, travelling is unaffordable and not possible on a daily basis.

## 7. Homeworkers' demands to the European Union Commission

Homeworkers' are organized and their organizations demand that homeworkers are included in the European Union's member countries' Mandatory Due Diligence Legislation, and in the European Union Commission's legislative framework. Inclusion would mean the following:

### 1. Recognition as workers entitled to freedom of association and collective bargaining

Enterprises ( hereinafter "brands and retailers") should acknowledge that sub-contracting to homeworkers is a widespread practice in their global supply chains. Brands and retailers should recognize homeworkers as legitimate workers in their supply chains. They should not be allowed to ban home work, as banning outsourcing simply drives the process underground and leaves the most vulnerable workers in the chain even more unprotected, thereby facilitating the violation of their human rights.

Recognition includes the following:

- a) Homeworkers in global supply chains should be recognized through their inclusion in all due diligence processes in accordance with ILO Convention 177, the OECD Guidance and the ILO's [Good Practice Guidelines on the Employment of Homeworkers](#).
- b) They should be given recognition as homeworkers in official statistics and the provision of identity documents (where applicable).
- c) Like other workers, homeworkers should enjoy the right to freedom of association. Their organizations may take the form of a trade union, a cooperative society, or other forms of membership-based organizations, the latter two especially in countries that do not recognize informal workers' rights to register their organizations as trade unions. Brands should consult homeworkers' organizations to co-design complaints processes and grievance mechanisms and should ensure their participation in all grievance and remedial processes.
- d) The OECD Guidance states that brands recognize homeworkers by formalizing them through written contracts of employment.

## 2. Written contracts

Brands must contractually oblige their suppliers to ensure that homeworkers are given written contracts written in simple terms in the language of the homeworker. The contract must include:

- a) The name of the brand/retailer for whom the homeworker is producing the goods.
- b) The name of the local supplier/factory that is outsourcing the work, and the name, sex and age of the homeworker.
- c) The piece-rate paid per piece and the basis of calculation e.g. hourly/piece rate/rate for the job. Rates must at least equal statutory minimum wages for a normal working day. [See [here](#) for an example of a time-motion study to determine a fair piece rate].
- d) Payment terms: on receipt of goods, or within 7 days.
- e) A transparent and fair quality control process for the acceptance or rejection of goods produced, including a process of appeal.
- f) The homeworker's entitlement to social security and other social protection benefits required by law.
- g) A clear statement of the right of the homeworker to raise a grievance with the contractor, without fear of discrimination or dismissal and outline the formal grievance procedure if the grievance is not resolved.
- h) A clear statement of the right of the homeworker to join a collective workers' organization of her/his choice, and to be represented by such an organization, in accordance with the ILO fundamental principles of freedom of association and collective bargaining and ILO Convention 177 on Home Work.
- i) The signatures of the parties to the contract and the date on which the contract was signed.

## 3. Employment benefits

- a) All employment benefits that are enjoyed by factory workers in the same supply chain must be extended to homeworkers.
- b) Brands and retailers must ensure that their suppliers are responsible for homeworkers' occupational health and safety, including informing homeworkers of the hazards of raw materials, training homeworkers to adopt safe working processes and providing homeworkers with personal protective equipment.
- c) Failure to provide such equipment must result in joint and several liability for the medical, rehabilitation and funeral expenses which arise in the course of homeworkers carrying out their work.<sup>1</sup>
- d) Where specific social protection provisions for homeworkers exist in law, the contractor must ensure that the contracted worker is registered for these provisions and facilitate their access.
- e) Where specific social protection provisions for homeworkers exist in law, the brand must contractually oblige its suppliers to ensure that the homeworker is registered for these provisions and facilitate access to such entitlements.
- f) Entitlements specific to women workers should be ensured for women homeworkers, including maternity protection, childcare, and protection from gender-based violence while at work.

## 4. Maintaining a register of contracted homeworkers

Enterprises must contractually oblige their suppliers to ensure that all tiers of the supply chain keep a register of the names and contact details of all contracted homeworkers, with copies of all individual contracts. In accordance with the OECD Guidance, the register should include a record of the quantity of goods produced by each homeworker, the basis of payment and when and how much they are paid.

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1 See section 24 of Thailand's Homeworker Protection Act B.E.2553 (2010)

## 5. Other obligations

Enterprises must include in their contracts with suppliers, obligations on suppliers:

- a) To train contractors/intermediaries on homeworkers' labour and human rights.
- b) To provide 'know-your-rights' training to all workers, including homeworkers.

In accordance with the OECD Guidance, brands and retailers should:

- a) Partner with organizations concerned with formalizing home work, especially to design complaints mechanisms to ensure that homeworkers who complain do not lose their jobs; and to give their input on appropriate remedies in the case of the violation of homeworkers' rights.
- b) Engage with national governments to collect and produce statistics on homeworkers and to provide homeworkers with rights to employment based social security.

**WIEGO, HNSA and HNSEA and their members urge the European Commission to consider the above demands when drafting the regulation governing Sustainable Corporate Governance in Global Supply Chains.**

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**About HomeNet South Asia:** HNSA is a network of home-based workers' organisations across all South Asian countries collectively representing over 900,000 home-based workers, of which 95% are women workers. Visit <https://hnsa.org.in/>.

**About HomeNet South East Asia:** HNSEA is a sub-regional network of membership-based organizations of informal home-based workers located in Cambodia, Indonesia, Philippines, Laos and Thailand. It aims to enable organized home-based workers to democratically run and manage self-sustaining organisations and networks at the national and sub-regional levels. Visit <https://homenetsea.org/>.

**About Women in Informal Employment: Globalizing and Organizing:** WIEGO is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies. Visit [www.wiego.org](http://www.wiego.org).



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