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Women in Informal Employment Globalizing and Organizing

Informal Economy Monitoring Study Sector Report: Home-Based Workers

by Martha Alter Chen

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inclusive Cities

IEMS Informal Economy Monitoring Study

Informal Economy Monitoring Study Sector Report: Home-Based Workers

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About the Informal Economy Monitoring Study

The Informal Economy Monitoring Study (IEMS) is a major, longitudinal study of the urban informal economy being undertaken initially at two points in time, 2012 and 2016, in 10 cities around the world: Accra, Ghana; Ahmedabad, India; Bangkok, Thailand; Belo Horizonte, Brazil; Bogota, Colombia; Durban, South Africa; Lahore, Pakistan; Lima, Peru; Nakuru, Kenya; and Pune, India. The study combines qualitative and quantitative research methods to provide an in-depth understanding of how three groups of urban informal workers – home-based workers, street vendors, and waste pickers – are affected by and respond to economic trends, urban policies and practices, value chain dynamics, and other economic and social forces. The IEMS will generate panel data on the urban informal economy.

In each city, a team of five researchers worked in collaboration with a local membership-based organization of informal workers from April 2012 to April 2013 to collect and analyze the first round of the data.

All city research reports, as well as sector reports (one each for home-based work, street vending and waste picking), a global report, and other information on the study can be found at www.inclusivecities.org and www.wiego.org.

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Executive Summary

Home-based workers produce goods or services for the market from within or around their own homes: stitching garments and weaving textiles; producing craft products; processing and preparing food items; assembling or packaging electronics, automobile parts, and pharmaceutical products; selling goods or providing services (laundry, hair-cutting, beautician services); or doing clerical or professional work; among other activities. Although they remain largely invisible, home-based workers are engaged in many branches of industry and represent a significant share of urban employment in some countries, particularly for women and especially in Asia.

Incense roller in Ahmedabad. Photo: L. Vryenhoek

Home-based workers are one of three urban informal occupational groups – together with street vendors and waste pickers – who are the focus of a 10-city study. The Informal Economy Monitoring Study aims to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of home-based work, street vending and waste picking; the responses of informal workers to these driving forces; and the institutions which help or hinder their responses.

IEMS uses both qualitative and quantitative methods. The qualitative component consists of a set of focus group tools designed to capture systematically the perceptions and understandings of 75 informal workers (per city), in their own words, in focus group settings. The quantitative component consists of a survey administered to the focus group participants plus another approximately 75 workers who did not participate in focus groups. A total of 447 home-based workers participated in the study. They live in three cities: Ahmedabad, India; Bangkok, Thailand; and Lahore, Pakistan.

Key Findings

Individuals, Households and Enterprises

The home-based workers in the study produce a wide range of products for local, national, and international markets: from prepared food to incense sticks, from flower garlands to soccer balls, and from shoes to garments (both traditional and modern). Though most home-based workers have very low and unpredictable earnings, their earnings are essential in fending off extreme poverty: over three quarters of the sample belonged to households where the main source of income is informal.

Of the total sample of home-based workers across the three study cities, 71 per cent are sub-contracted and 29 per cent are self-employed. In the Ahmedabad sample, all of the home-based workers are sub-contracted; in both the Bangkok and Lahore samples, around 56 per cent are sub-contracted. The majority of the self-employed are own-account workers, one third are employers, and a small percentage are unpaid contributing family workers or (only in Bangkok) members of cooperatives. Among sub-contracted workers, some sub-contract work to other sub-contracted workers. Among the self-employed, one third hire workers at some point in the year; one third use only unpaid family workers; and one third work entirely on their own throughout the year. Over half of the total sample make garments; the others produce a range of products.

Driving Forces

The study found that home-based workers, both self-employed and sub-contracted, are affected by the macroeconomic environment, notably by fluctuations in demand and prices. Across the three study cities, nearly half of the survey respondents reported that the high cost of inputs was a problem and over 40 per cent reported that the price of inputs had increased over the past year. Inflation was prioritized as a major driving force by nearly all of the focus groups in Lahore and one third of the focus groups in Bangkok.

The study also found that, because their homes are their workplaces, home-based workers are directly affected by basic infrastructure services, or the lack thereof: including, the high cost and irregular supply of electricity. Focus group participants, most prominently in Lahore, reported that power outages and load shedding significantly impacted their ability to get work done; many had to intensify work when the power came on while others switched to laborious manual machines. The accessibility and cost of public transport is also a key factor for home-based workers. The self-employed commute to markets on a regular, if not daily, basis to buy raw materials and other supplies, to negotiate orders, and to sell finished goods. The sub-contracted workers commute to firms or contractors to receive work orders and raw materials, to return finished goods, and to get paid. Significantly, one quarter of those who had to rely on paid transport operated at a loss.

Further, the study found that home-based workers are exposed to unpredictable and often unfair value chain dynamics, including: irregular purchase/work orders, irregular supply of raw materials, and delayed payments. In short, most home-based workers are included in markets on unfair terms. In part this is because they work at home: isolated from other workers in their sector (apart from those in their neighbourhood) and with limited knowledge of markets and market prices (especially if they are sub-contracted). These factors limit their ability to bargain in the market for more favourable prices and piece rates or to negotiate with government for basic infrastructure and transport services. While there are important differences in value chain dynamics and relationships between self-employed and sub-contracted home-based workers, a crucial economic factor that both groups face is that they must cover many costs of production including workplace, equipment, and power as well as transport.

It is important to note that some of the focus groups in Bangkok identified a number of positive driving forces in their work and lives, including infrastructure services, free education and health, and regular orders/customers; some of the focus groups in Lahore mentioned improved roads, improved water supply, and improved sanitation. It is also important to note that some focus groups in each of the three cities highlighted the value of home-based work to women, including not only the ability to combine paid and unpaid work and to have a flexible work schedule but also to earn and save money, to train children, and to engage family members as needed to help out. Further, many individual home-based workers reported that they like home-based work and feel they are skilled at it.

These positive factors notwithstanding, the negative driving forces take a cumulative toll on the earnings of home-based workers, making them both low, on average, and unpredictable. In addition, home-based workers must cover many costs and absorb many risks of production, but they do so from a position of limited leverage: with little or no bargaining power, no policy presence, and limited voice and visibility outside the immediate household or neighbourhood. Considered together, these findings illustrate why so many home-based workers – and other informal workers – are not able to work their way out of poverty, so long as their earnings are low and unstable, their expenditures and risks are high, and their first line of defense is to reduce household consumption, especially nutrition.

Responses & Mediating Institutions

The negative driving forces make both expenditures and earnings unpredictable for home-based workers. Reducing expenditure is the most common coping strategy followed by borrowing money, adjusting current work, and/or taking on new work. Many home-based workers expressed concern about the cumulative toll of physical effort, long hours, stress and frustration that resulted from dealing with these negative forces on themselves, their households and their communities. Many also recognized that as individuals they could not exercise voice – could not bargain for a better deal – as they had no fall-back position, no alternative economic opportunities. But some reported engaging in collective protests or negotiations with the support of their membership-based organizations (MBOs).

In both the survey questionnaire and the focus groups, the home-based workers were asked which institutions helped or hindered their ability to respond to the negative driving forces. Among the institutions ranked as helpful by the focus groups, the MBO to which the home-based workers belong was the most prominent, mentioned by well over half of the focus groups, followed by welfare boards and local municipal government. However, there was significant variation in the institutional environment across the three cities. The local municipality, the employment department, and public transport play more prominent positive roles in Bangkok than in the other two cities. Welfare boards play a prominent positive role in Lahore and especially in Ahmedabad, but there is no local equivalent in Bangkok. Among the institutions ranked as negative by the focus groups, by far the most prominent was the private company or government department responsible for providing electricity, followed by the municipal government, police, and public transport. The findings illustrate the importance of being organized – of belonging to an MBO of informal workers. Such organizations represent the only channel for voice for most home-based workers who otherwise lack bargaining power and, also, lack visibility in policy processes.

Linkages & Contributions

These is a widespread notion that the informal economy is not linked to the formal economy. Although they work from their homes, many home-based workers are linked to formal firms through both backward and forward production linkages. Around 30 per cent of the self-employed home-based workers purchase inputs from formal firms and just under 30 per cent of both groups of home-based workers sell goods to or produce goods for formal firms.

There is also a widespread notion that the informal economy does not contribute to the economy. However, home-based workers make significant contributions to their households, to society, and to the economy. They contribute to the household budget but also, by working from home, to the care of children and the elderly, to the quality of family life, and to the social fabric of their communities. They provide goods and services at a low cost to low-income people and the general public. They also produce goods at low prices for domestic and global value chains. They do not commute every day and often go to markets on foot or by bicycle, thus, helping to reduce air pollution and traffic congestion. They create demand by buying supplies, raw materials, and equipment and paying for transport and other services (such as washing, ironing and packaging of garments they product). They pay taxes on the raw materials, supplies, and equipment they purchase; and the firms up the chain who sell their finished goods often charge sales taxes.

Theoretical & Policy Implications

Theoretical Lessons

It is widely assumed that the workforce is comprised of fully independent self-employed and fully dependent employees. However, most home-based workers fall in a grey intermediate zone between being fully independent and being fully dependent. Clearly, sub-contracted home-based workers are neither fully independent self-employed nor fully dependent employees. They typically have to absorb many of the costs and risks of production – including: buying or renting and maintaining equipment; providing workspace and paying for utility costs; buying some inputs; and paying for transport, often without legal protection or help from those who contract work to them. Also, they are not directly supervised by those who contract work to them. However, they are subject to factors beyond their control, namely: irregular work orders, strict delivery deadlines, and quality control of the products or services they deliver. On the other hand, self-employed home-based workers are not fully independent: as they have limited access to capital, limited knowledge of markets, limited bargaining power, and limited control in commercial transactions. Also, both groups have limited leverage over public policies and services that are crucial to their productivity, such as land allocation and housing policies, as well as basic infrastructure and transport services.

The study findings challenge the common assumptions that the informal economy is not linked to the formal economy or to the modern economy; that informal operators intentionally avoid regulation and taxation; and that the informal economy does not contribute to – or is not affected by – the wider economy. As noted earlier, many self-employed home-based workers buy supplies from formal firms and many self-employed and sub-contracted home-based workers sell goods to or produce goods for formal firms. The study found no evidence that home-based workers are hiding from any regulations. On the contrary, most of the home-based workers in the sample pay taxes and levies of various kinds but do not enjoy the basic infrastructure and transport services they need to be productive. Moreover, few home-based workers hire other workers, and are not therefore avoiding labour regulations, and many of the sub-contracted are concerned about their own working conditions. Further, the productive activities of home-based workers, both self-employed and sub-contracted, are significantly affected by the macroeconomic environment, notably by fluctuations in demand and prices.

Policy Lessons

A major policy lesson is that home-based workers and their activities are affected by government policies and practices, notably land allocation, housing policies, basic infrastructure services, and public transport. This is because their homes are their workplaces; and they have to commute to markets and transport supplies/goods to and from their homes. Efforts should be made to upgrade settlements with large concentrations of home-based workers to ensure they have adequate shelter, water, sanitation and electricity. If and when home-based workers and their families have to be relocated, efforts should be made to ensure the relocation sites have, from the outset, adequate shelter, basic infrastructure, transport services, and access to markets.

A second major policy lesson is that home-based workers need legal rights and protections against unequal and, often, exploitative value chain practices and relationships. To demand and secure their rights, home-based workers need increased bargaining power, which comes with being organized and being invited to have a seat at the policymaking, rule-setting or negotiating table. As the study findings show, home-based workers have limited scope for negotiation or leverage: due in large part to their isolation in their homes but also to exclusionary urban policies or practices and to unequal or exploitative value chain dynamics. The most supportive institution to the home-based workers in each study city is the MBO to which they belong.

The final policy lesson from the study is that home-based workers and their activities, like formal workers and formal firms, are impacted by macroeconomic trends and policies. Efforts should be made to increase the visibility of home-based workers and their output in official labour force and other economic statistics and to study the impact of macroeconomic trends and policies on home-based workers and their work.

Clearly, improving the terms on which home-based workers, and other informal workers, engage with the market and the state are key pathways to reducing poverty. Improving the terms of engagement with the state and with the market should also be recognized as key dimensions of social-economic inclusion and inclusive growth. Meanwhile, policymakers should recognize that the earnings of home-based workers are essential to the daily cash flow – and the ongoing struggle to ward off extreme poverty – of their households.

Introduction

Home-Based Workers

Home-based workers produce goods or services for the market from within or around their own homes:[1] stitching garments and weaving textiles; producing craft products; processing and preparing food items; assembling or packaging electronics, automobile parts, and pharmaceutical products; selling goods or providing services (laundry, hair-cutting, beautician); or doing clerical or professional work; among other activities. Although they remain largely invisible, home-based workers are engaged in many branches of industry and represent a significant share of urban employment in some countries, particularly for women and especially in Asia. For example, in India in 2011-12, they represented 14 per cent of total urban employment and 32 per cent of women's urban employment (Chen and Raveendran 2014); and in Pakistan in 2008-9, they represented 4 per cent of total urban employment and 31 per cent of women's urban employment (Akhtar and Vanek 2013).

Garment worker in Bangkok. Photo: S. Tubsakal

Historically, home-based work has been associated with pre-modern manufacturing. But home-based work has persisted and is growing in many sectors and countries around the world. Today, many home-based workers produce under sub-contracts for global value chains and are, thus, a feature of the modern global economy (Carr, Chen and Tate 2000; Kabeer 2004). Many others are self-employed, producing both low- and high-end goods and services. In many countries, a large share of total

[1] The Independent Group on Home Based Workers in India constituted by the Ministry of Statistics and Programme Implementation recommended in 2007 the following definitions for "home" and "home-based workers". "Home" was defined as a) dwelling unit and/or b) structure attached to dwelling unit and/or c) open area adjacent to the dwelling unit. "Home-based workers" were defined as a) own-account workers and contributing family workers helping the own account workers, involved in the production of goods and services in their homes for the market; and b) workers carrying out work in their homes for remuneration, resulting in a product or service as specified by the employer(s), irrespective of who provides the equipment, materials or other inputs used and those contributing family workers helping such workers (Sudarshan and Sinha 2011).

production is now home-based. In India in 2005-6, around 75 per cent of all manufacturing firms were informal and, of these, around 75 per cent were home-based (Basole and Basu 2011). These figures suggest that over half of all manufacturing units in modern India are home-based.

Debates around home-based work centre on what drives it and how to extend labour protections to home-based workers, particularly those who are sub-contracted. Much of this debate focuses on women home-based workers. But there are male home-based workers, often in retail trade and repair services (ILO and WIEGO 2013). Indeed, men represent one half of all home-based workers in India and one quarter of all home-based workers in Pakistan, in part because the female labour force participation rate is very low in both countries (Raveendran, Sudarshan and Vanek 2013; Akhtar and Vanek 2013). In some societies, gender norms restrict the physical mobility of women, conditioning them to not seek paid work outside the home. In many societies, the gender division of labour – whereby women are seen as the primary housekeepers and caregivers – conditions women to work at home in order to juggle paid work with unpaid domestic and care work. But it is also the case that, to cut costs and maximize profits, many firms decide to outsource production to home-based workers, especially women. Further, advances in technology have facilitated the outsourcing of production to home-based workers (Balakrishnan 2002; Balakrishnan and Sayeed 2002; Chen, Sebstad and O'Connell 1999; Bose 2007; Raju 2013).

In other words, home-based work in its modern form is driven in large part by changes in production associated with the global economy. Outsourcing of work to home-based workers and the associated lack of power of these workers are both inextricably linked to recent shifts in how global production is organized. Sub-contracted home-based workers are officially referred to as "homeworkers". In 1996, the International Labour Organization (ILO) adopted an international convention on homework – Convention 177 – which has been ratified by 10 countries. And, in recent years, some corporate social responsibility initiatives have expanded their oversight to encompass homeworkers, the lowest links in global value chains: for instance, the Ethical Trading Initiative in the UK has a working group on homeworkers. There is growing understanding of how home-based workers are inserted into global value chains, from labour-intensive industries such as garments to high-end industries such as automobiles (Balakrishnan 2002; Carr, Chen and Tate 2000; Unni and Rani 2008).

There is also growing understanding of how economic crises affect home-based workers, from the Asian financial crisis in the late 1990s to the global recession that started in 2008 (HomeNet Thailand and ILO 2002; Horn 2009, 2011). But far less is known about how broader economic trends and government policies affect home-based workers, especially the self-employed. In particular, few studies trace how inflation and fluctuations in demand, competition and prices affect home-based workers; and few show how urban housing policies, basic infrastructure provision (or the lack thereof), and zoning regulations affect home-based workers whose homes are also their workplaces. Further, few existing studies provide structured comparisons of different sectors of home-based workers across cities. The Informal Economy Monitoring Study (IEMS), of which this report is a part, begins to fill these gaps for home-based workers. Separate reports tracing the impact of economic trends, city policies, and value chain dynamics are available for two other sectors of the informal economy: street vending and waste picking (Roever 2014; Dias and Samson 2014).

IEMS Study

The objective of the IEMS is to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of work in the urban informal economy in 10 cities over time. The study examines not only the impact of these forces across and within sectors, but also informal workers' responses to them. It is based on a collaborative approach between researchers, both local researchers in each city and researchers from the WIEGO network, and membership-based organizations (MBOs) of home-based workers, street vendors, and waste pickers to monitor the state of the urban working poor in the informal economy. This report synthesizes qualitative and quantitative data from the first (2012) round of IEMS fieldwork in the home-based work sector in three cities: Ahmedabad, India; Bangkok, Thailand; and Lahore, Pakistan. Its focus is on the ways in which three driving forces – macroeconomic trends, government policies and practices (especially but not exclusively at the city level), and value chain dynamics – play out among different segments of home-based work across cities, and how those trends may inform urban policy and planning approaches.

The IEMS is based on both qualitative and quantitative methods. The qualitative component consists of participatory informal economy appraisal (PIEA), an innovative method designed to capture systematically the perceptions and understandings of informal workers in their own words, in a focus group setting.[2] Each city team[3] conducted 15 focus groups of five participants each (per sector), in which nine tools – organized around the themes of sector characteristics, market linkages the impact of and responses to driving forces, the institutional environment, and contributions of the sector to the city – were used to generate data related to the conceptual framework. The results of the focus groups were recorded in brief reports (5-10 pages) immediately after each focus group was conducted, and those reports were then analyzed and synthesized into a city report.

The quantitative component consists of a survey questionnaire administered to the 75 focus group participants per sector, plus another 75 workers for a total of 150 in each city-sector (with minor variation in the sample size in some cities/sectors). The questionnaire is designed to supplement the data collected through the focus groups by collecting information on the household profile and income sources of the workers; the assets profile of the workers' households; detailed information on the enterprise or occupation of the workers; and linkages between the informal economy and the formal economy. The questionnaires were administered using a data-capture tool.

The sampling approach was designed to maintain comparability in the results across all IEMS cities, on the one hand, and to allow some flexibility as demanded by local circumstances, on the other hand. Each city aimed to include only members of the local MBOs or their affiliates. Research teams in all cities used a common matrix of sector-specific sampling variables: for the home-based work sector, this included status in employment (sub-contracted or self-employed[4]), product category, and (in the case of one city) a spatial variable. Each city research team then developed the most representative sample possible of the population of MBO membership on that matrix. Because only MBO members were sampled, the findings presented here are not designed to be representative of the entire population of home-based workers in each city.

In the three cities where home-based workers were studied, only women home-based workers were included in the sample as the membership of the local MBO partner in each study city was all women. Two key variables were used to draw the sample from this pool: status in employment (self-employed or sub-contracted) and product category (garments or non-garments): see box 1.

Box 1. Home-Based Worker Sample in Three Study Cities

Ahmedabad:

- Product Type: Garment + Non-Garment (single product = incense sticks/*agarbatti*)
- Status in Employment: All Sub-Contracted; among sub-contracted, distinction drawn between those who deal *directly with a trader* and those who deal *through a contractor* for getting work orders/raw materials and delivering finished goods

Bangkok:

- Product Type: Garment + Non-Garment (multiple products)
- Status in Employment: Sub-Contracted + Self-Employed

Lahore:

- Product Type: Garment + Non-Garment (multiple products)
- Status in Employment: Sub-Contracted + Self-Employed
- Additional Location Variable: Center + Periphery

2 The methodology was developed collaboratively with Caroline Moser, Angélica Acosta, and Irene Vance, who also trained the city teams in the data collection methods and later in data analysis. PIEA is an adaptation of earlier participatory research methodologies developed by Chambers (1994), Moser and Holland (1997), Moser and McIlwaine (1999, 2004), and Moser, Acosta and Vásquez (2006).

3 Each city team consisted of an MBO coordinator, two qualitative researchers, and two quantitative researchers. A member of WIEGO's Technical Advisory Committee supported each city team through data analysis and report writing.

4 In this report, as per the International Classification of Status in Employment, the self-employed include employers, own account operators, unpaid contributing family workers, and members of cooperatives. Most sub-contracted workers are paid by the piece. In Thailand, some reported that they were paid on a daily rate basis. In this report, those who were paid on a daily rate were merged with those who were paid on a piece rate into a single "sub-contracted worker" category.

Report Structure

Part I of the report analyzes the individual, household, and enterprise characteristics of the 447 home-based workers who participated in the study. It describes the products they produce as well as their status in employment and associated contractual arrangements and market transactions. Part II analyzes the quantitative and qualitative data related to driving forces, showing especially how fluctuating demand and prices affect home-based workers, how infrastructure services, notably electricity supply, affect the productivity of home-based workers whose homes double as workplaces, and how value chain dynamics affect the earnings of home-based workers. It also examines the range of responses to these driving forces, with particular attention to whether the home-based workers modify their existing work, reduce expenditures and/or borrow money, and the mediating role of institutions, especially MBOs. Part III analyzes the institutions that support the home-based workers; the linkages between home-based workers, formal firms, and the urban economy; and the contributions of home-based workers to their families, society, environment and the economy. Part IV summarizes key findings and offers theoretical lessons and policy implications derived from the first round of study.

Part 1: Individual, Household & Enterprise Characteristics

The home-based workers in the study sample produce a wide range of goods from their homes for domestic and global markets: stitching garments, shoes, or soccer balls; rolling incense sticks; cooking food for sale; weaving or carving craft items out of bamboo, horn, and wood; threading flower garlands; and more. Some sell goods or provide services from their homes. This heterogeneity of products can be found among both categories of home-based workers: self-employed and sub-contracted.

Garment worker in Lahore. Photo: HomeNet Pakistan

The self-employed produce mainly for local customers, buyers and markets but also for domestic markets and, in some cases, international buyers. They buy their own raw materials, supplies, and equipment and sell their own finished goods. The sub-contracted workers produce goods for firms up the value chain, both domestic and global value chains: but typically do not know the backward or forward links of the chain they are engaged in beyond the firm or its contractor which directly outsources work to them. This is because they do not buy their own raw materials or sell their own finished goods. However, as the study findings clearly illustrate, both sub-contracted and self-employed home-based workers cover many of the non-wage costs of production (workplace, equipment, utilities, transport) and absorb many of the risks of production (delayed or cancelled orders, unreliable supply of raw materials, delayed payments, rejected goods).

1.1 Home-Based Workers

The home-based workers in the IEMS study sample, as noted above, are all women. They have been working as home-based workers for, on average, 12.5 years. All but 14 are currently members of a local MBO of informal workers. Those who are currently MBO members have been members for, on average, six years. But around one third have been an MBO member for less than a year.

Of the 447 women in the sample,[5] 11 per cent are 25 or younger; two thirds are between 26 and 50 years of age, and 22 per cent are aged 50 or older. Around two thirds are married, 16 per cent are never-married, 12 per cent are widowed, and 7 per cent are separated or divorced. Nearly one quarter (23 per cent) of the sample have no education, around 45 per cent have some primary education, and one third have some secondary education or higher. Among the three cities, the home-based workers in Bangkok have the highest levels of education (over half have some primary education and over 40 per cent have some secondary education or above); and those in Lahore have the lowest levels of education (just under 40 per cent have no education).

Whether or not they have formal education, many home-based workers feel they have the requisite skills for their work: some acquired these skills from their parents or communities; others learned on the job; and still others attended training courses run by the government or non-governmental organizations. A dress maker and embroiderer in Bangkok stated that she was destined to be a dress maker: *"I was born among garment workers. Formerly, most of the people who were living in this area, worked on garments. Thus the skills for garment making including sewing and embroidering were taught from generation to generation"* (FG 11). Another dress maker in Bangkok, now in her mid-40s, said: *"I have known how to make dresses since I was 15-16 years old. During that time, parents usually allowed their young girls to learn about dress making, which was popular as a woman's occupation"* (FG 8).

Of the total sample of home-based workers across the three study cities, 71 per cent are sub-contracted and 29 per cent are self-employed: see table 1. The majority of the self-employed are own-account workers (without paid employees), one third hire workers for some part of the year, and a small percentage are unpaid contributing family workers or (only in Bangkok) members of cooperatives. In the Ahmedabad sample, all of the home-based workers are sub-contracted; in both the Bangkok and Lahore samples, around 56 per cent are sub-contracted.

Table 1. Sample by Status in Employment (% distribution)

	Ahmedabad	Bangkok	Lahore	Total
Self-Employed	**0.00**	**43.34**	**44.08**	**29.40**
Employers - for some part of the year	---	18.00	13.16	10.47
Own account workers	---	22.00	28.29	16.93
Contributing family workers	---	0.67	2.63	1.11
Cooperative members	---	2.67	0.00	0.89
Sub-Contracted	**100.00**	**56.66**	**55.92**	**70.60**
N	**147**	**150**	**150**	**447**

Source: IEMS survey data (2012)

1.2 Households of Home-Based Workers

With the low average earnings associated with home-based work (see section 1.3.5 below), the welfare of home-based workers and their families depends on whether they are the sole or main earner in the family; whether they have secondary sources of income; and whether other earning members, if any, in the household are informally or formally employed. The poverty risk also depends on whether the home-based worker or her family has access to sources of income other than what they earn. While a very low percentage of the home-based workers are sole earners in their households, over three quarters (78 per cent) of home-based workers across all three cities live in households where the main source of income was informal.

While only 6 per cent of the home-based workers are the sole income earners of their families, over one quarter (27 per cent) are the main earners of their families. Also, over two thirds (68 per cent) belong to households that do not have a formal source of income; and over three-quarters (78 per cent) belong to households where the main source of income is informal: see table 3. Finally, nearly one quarter (22 per cent) of the home-based workers have a secondary source of income: see table 2. A far higher percentage of home-based workers in Bangkok, compared to the other two cities, have a formal source of income (55 per cent) and a secondary source of income (33 per cent). Home-based worker

[5] Although the sample design called for 150 workers to be interviewed in each of the three cities, for a total of 450 workers, the total interviewed was 447.

households are least likely (13 per cent) to have a formal source of income in Lahore and home-based workers are least likely (12 per cent) to have a secondary source of income in Ahmedabad.

Table 2. Formal Source of Household Income & Secondary Source of Individual Income of Self-Employed and Sub-Contracted (%)			
	Self-Employed	Sub-Contracted	All HBWs
Formal source of income	33.08	31.86	32.21
Secondary source of income	22.31	21.77	21.92
N	**130**	**317**	**447**
Bangkok			
Formal source of income	55.38	55.29	55.33
Secondary source of income	35.38	31.76	33.33
N	**65**	**85**	**150**
Lahore			
Formal source of income	10.77	15.29	13.33
Secondary source of income	9.23*	29.41	20.67
N	**65**	**85**	**150**
Ahmedabad			
Formal source of income	---	27.89	27.89
Secondary source of income	---	11.56	11.56
N	**---**	**147**	**147**

*Statistically significant at the .05 level. Home-based workers in Bangkok are significantly more likely to report at least one source of income from formal work in their household (X^2= 61.73; p = 0.000) and to have a secondary income source (X^2= 20.76; p = 0.000) in addition to their main activity – at the .05 level of confidence.

Source: IEMS survey data (2012)

Table 3. Main Source of Household Income, Formal or Informal, of Self-Employed and Sub-Contracted (% distribution)			
	Employment Status		
	Self-Employed	Sub-Contracted	All HBWs
Formal - main income	11.54*	26.18	21.92
Informal - main income	88.46	73.82	78.08
N	**130**	**317**	**447**
Bangkok			
Formal - main income	18.46*	56.47	40.00
Informal - main income	81.54	43.53	60.00
N	**65**	**85**	**150**
Lahore			
Formal - main income	4.62*	0.00	2.00
Informal - main income	95.38	100.00	98.00
N	**65**	**85**	**150**

Table 3. Main Source of Household Income, Formal or Informal, of Self-Employed and Sub-Contracted (% distribution) (continued)			
	Employment Status		
	Self-Employed	Sub-Contracted	All HBWs
Ahmedabad			
Formal - main income	---	23.81	23.81
Informal - main income	---	76.19	76.19
N	**---**	**147**	**147**

*Statistically significant at the .05 level for all cells for that specific city. Home-based workers in Bangkok are significantly more likely to report income from formal work as their main source of household income at the .05 level of confidence (X^2= 63.72; p = 0.000)

Source: IEMS survey data (2012)

Survey results confirm that whether the main breadwinner in the household has a formal or informal source of income has an impact on the status of the household. Home-based workers who live in a household where the main source of income is formal are significantly more likely to have a credit card, a bank account, and a private toilet. Households in which the main source of income is formal are twice as likely to perceive themselves as reasonably or very comfortable. Conversely, households in which the main source of income is informal are more likely to perceive themselves as very poor, poor, or just getting by.

In Ahmedabad and Lahore, few of the sample households enjoy social protection, social assistance, or sources of income other than what they earn. In Thailand, the universal health system extends coverage to informal workers and other disadvantaged groups: so all of the home-based workers in Bangkok reported that they have health insurance.[6] In the other two cities, a very low percentage of sample households have health insurance: 7 per cent in Ahmedabad and 3 per cent in Lahore. Also, a far higher percentage of households in Bangkok (28 per cent) than in Ahmedabad (7 per cent) and Lahore (3 per cent) reported that they have a pension.[7] Around 7 per cent of households in both Bangkok and Lahore, but less than 1 per cent in Ahmedabad, reported that they receive remittances from family members who are migrant workers. Less than 15 per cent of households in Bangkok and less than 10 per cent in Ahmedabad and Lahore receive any of the following forms of social assistance: government grants, unemployment insurance, retrenchment packages, or workers' compensation. Yet most home-based workers and their families would be eligible for and should be targeted by social assistance schemes.

To sum up, over three quarters of the home-based worker sample belong to households that rely entirely on earnings from informal work and over one quarter are the main earners in their families; their earnings play a critical role, as will be shown later on, in maintaining household consumption, including very basic food consumption. So although they earn little and have no policy visibility or voice, the earnings of home-based workers are essential in fending off extreme poverty.

[6] In Thailand under the universal health coverage scheme, the informal workers do not have health insurance per se but, rather, are entitled to free health care services financed by the government. Since 2007, when a co-payment of Baht 30.00 (about US$1.00) per visit to accredited hospitals and health centers for inpatient or outpatient care (including drugs) was dropped, these services have been free.

[7] In Thailand, under article 40 of the Social Security Scheme, the informal workforce is entitled to old age pensions as well as compensation for disability, hospitalization, and death.

1.3 Enterprises of Home-Based Workers[8]

Despite their heterogeneity, home-based workers can be meaningfully differentiated, for policy and other purposes, by their status in employment and associated contractual arrangements. Other important policy-relevant variables are what they produce, the conditions of their home-cum-workplace, and the distance of their home-cum-workplace from their customers, markets, or contractors.

1.3.1 Product Categories

Home-based workers can be found in a wide variety of sectors: from traditional labour-intensive sectors such as textiles and garments, artisan production, and food processing to more capital-intensive sectors such as automobile parts and electronic assembly. In the study sample, all of the home-based workers work in labour-intensive sectors. Over half of the total sample, as well as of the Ahmedabad and Bangkok samples, are garment makers while in Lahore, the sample divides evenly between those who make garments and those who make other products. Among the self-employed, the majority in Bangkok are garment makers while the majority in Lahore make products other than garments.

In all three cities, the garment makers produce a range of garment items, traditional and modern: and some are involved in ancillary work, such as embroidery, in addition to stitching: see box 2. In Bangkok and Lahore, the home-based workers also produce a variety of products other than garments: shoes and accessories; craft items; household goods; cooked and processed food. In Bangkok, a few home-based workers provide services or engage in trade: ironing for local customers, filling bottles with oil under a sub-contract, or running a small grocery store in their home. In Ahmedabad, as per the sample design, the majority of the non-garment home-based workers roll incense sticks (*agarbatti*); a few make cushion and pillow covers or apply lace edgings to handkerchiefs.

Box 2. Range of Products & Services Produced by Home-Based Workers, by City

City	Garments	Other products & services
Ahmedabad	**Traditional Garments:** Tunics - *kameez, punjabi* Pants - *salwar* Skirts - *lehnga* Petticoats - for *saris* **Modern Garments:** Skirts Pants Frocks - for girls	Incense sticks - *agarbatti* Cushion covers Pillow covers Handkerchiefs - lace edgings

[8] In this report on home-based workers, we use the term "enterprise" advisedly for several reasons. First, most home-based workers, even the self-employed, earn below the prevailing minimum wage or poverty line in their countries. Second, most home-based workers, even the self-employed, invest relatively large amounts of their labour, compared to capital, into their activities. Of the self-employed home-based workers in the study sample, one third hired workers at some point during the year. Very few are employers who hire others on a regular basis. Finally, nearly three quarters of the sample were sub-contracted workers who cover a lot of the non-wage costs of production (workspace, equipment, utilities) and absorb many of the risks of value chain production (through delayed or cancelled work orders, delayed payments, or rejected goods) but have limited (if any) knowledge of the product markets and limited autonomy or power to negotiate a better deal for themselves.

Box 2. Range of Products & Services Produced by Home-Based Workers, by City (continued)		
City	**Garments**	**Other products & services**
Bangkok	**Traditional Garments:** Shirts - for Muslim men Prayer hats - for Muslim men **Modern Garments:** Dresses Shirts - some brand-name T-shirts **Ancillary Work:** Embroidery	**Shoes & Accessories:** Handbags Shoes Cloth diapers **Craft:** Woven baskets Carved buffalo horn Flower garlands - for Buddhist rituals Plastic products Lottery games **Food Items:** Cooked food, including smoked pork Processed food, including chili paste **Services & Trade:** Ironing Filling oil bottles Grocery store
Lahore	**Traditional Garments:** Bridal outfits **Modern Garments:** Shirts Pants Dresses **Ancillary Work:** Embroidery Bead work Ironing & packaging	**Shoes & Accessories:** Handbags & purses Jewelry Shoe uppers Shoe boxes **Household Goods:** Napkins Sheets & bedspreads, including block-printing Paper bags Scrap cloth bags - for shopping Foam mattresses **Food Items:** Cooked food, including coffee, rice porridge (*congee*), & stuffed patties (*samosas*) Processed food, including spices & dried fruit

Source: IEMS Focus Groups (2012)

1.3.2 Type & Structure of Enterprises

Self-employed and sub-contracted workers can be further distinguished by whether they hire others, work on their own or with unpaid family help, or are members of producer groups. Among sub-contracted workers, some sub-contract work to other sub-contracted workers; thus acting as intermediaries between a contractor or firm that outsources work and other sub-contracted workers, often in their own neighbourhood or community. Among the self-employed in the study sample, one third hire workers at some point in the year; one third use only unpaid family workers; and one third work entirely on their own. Among both groups in Bangkok, there are several cooperatives or producer groups.

Sub-Contracted Home-Based Workers

Classic Sub-Contracted Workers – Under the most common sub-contracting arrangement, the sub-contracted workers provide the workplace, pay for utilities, buy/rent and maintain their own equipment while the contractors provide the work orders and raw materials, specify the product/s to be made, and sell the finished goods or supply them to firms further up the chain. In most cases, the home-based worker goes to the contractor to receive raw materials/deliver finished goods; in some cases, the contractor comes to the home-based worker's home or lives/works nearby.

In Ahmedabad, several variations on sub-contracting arrangements were reported. Some home-based workers pick up raw materials and drop off finished goods from/to the shop or factory that outsources production, rather than through a contractor. In Ahmedabad, among both home-based worker product groups – garment makers and incense stick rollers – those who deal directly with a shop or factory earn somewhat more, on average, than those who deal with contractors who take a share of the value added.

Sub-Contracted Workers as Intermediaries – In some cases, the home-based worker is herself a sub-contractor who splits the order and raw materials that she receives among other women in her neighbourhood. In Bangkok, several sub-contracted workers also act as contractors: getting raw materials and work orders from the contractors/firms for themselves and other women; distributing the work orders and raw materials to other women in their neighbourhoods; collecting the finished goods from other women and delivering these to the contractor/firm. In a few such cases, the contractors or firms deliver raw materials to and collect finished goods from the designated woman in the neighbourhood.

Groups of Sub-Contracted Workers – Some sub-contracted home-based workers work together in groups: either in one woman's home or in a common space within their neighbourhood. Consider the case of five garment makers from one neighbourhood in Bangkok who made brand-name shirts for a local factory. Two of the five are sisters. One of the sisters is the designated leader of the group. The manager of the factory delivers work orders and raw materials to the local leader at her home; she distributes the work orders and raw materials to the other women, who return finished goods to her home, which the factory manager then picks up. According to the women, a brand-name firm had designed the shirts and outsourced production to the local factory, which in turn outsourced production to them (Bangkok FG 1).

Whatever the arrangement, many of the sub-contracted home-based workers have limited knowledge of the markets and prices for raw materials and finished goods because they do not deal in these markets. However, members of one group in Bangkok (FG 1), who embroider garments for a local self-employed contractor, know where he buys his raw materials and how much he spends on transport going to and from one of the markets. As one of them said:

> *"I know that the owner of our business goes to buy cloth and other materials from three places. These are Pratunam Market, Yaovarat Market and sometimes at Pahurat Market. He takes a taxi to Pratunam Market, which takes him about 1.5 to 2 hours, in order to sell his products on wholesale and bring back home the raw materials for the next orders. He told me that he has to pay 700 baht (USD 23.30) per round trip."*

The group added that sometimes their contractor takes a public boat from Pratunam Market to Pahurat Market, where he books a taxi to wait for him (Bangkok FG 11).

Similarly, a group in Ahmedabad (FG 6) who produces incense sticks for a factory know where that factory bought raw materials and processed the rolled incense sticks. As one of them said:

> *"My factory owner is a big wholesaler who has 2-3 factories. He purchases the raw materials like jaggery, coal powder, and gum from Popat-bhai who is a big dealer in such raw materials. The factory owner prepares the mixture and keeps it ready for us to make the incense sticks. The scenting, packaging, and branding are done at other factories belonging to the owner."*

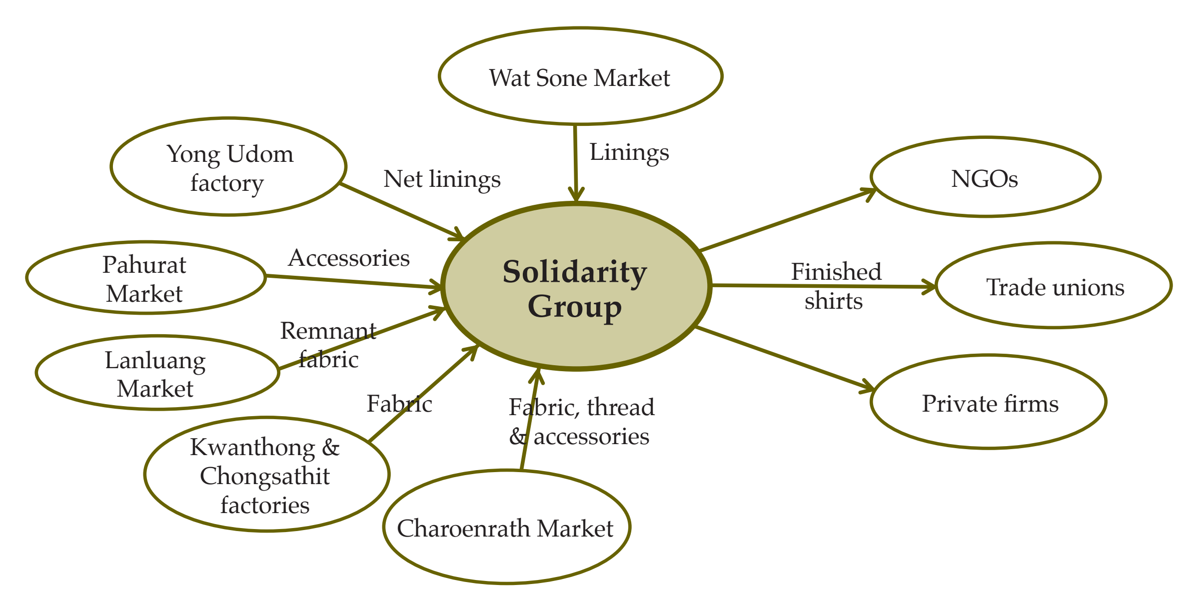
Knowing the markets for raw materials and finished goods, and especially the prices at which supplies are purchased and finished goods are sold, should help enable sub-contracted workers to negotiate better piece rates.

Self-Employed Home-Based Workers

Self-employed workers, by contrast, have to know and negotiate the markets for raw materials and finished goods. As a result, they have much greater knowledge of markets and prices. But their knowledge of markets comes at a price. Compared to sub-contacted home-based workers, the self-employed have to spend more time and money on transport.

Consider the case of a cooperative in Bangkok, called the Solidarity Group, which makes T-shirts for private firms as well as for NGOs and trade unions. The Solidarity Group is comprised of ex-employees of Bed and Bath, a Thai company which had produced brand-name clothing for export but closed in response to worker protests against its hiring practices. After fighting, unsuccessfully, for compensation, some ex-employees decided to work independently and formed the Solidarity Group cooperative. The cooperative members identified four markets where they purchase raw materials, noting that they choose which market to go to after doing comparative research on wholesale prices in different markets. They also make T-shirts for two factories which supply an especially fine fabric. By participating in trade fares and exhibitions, they also receive orders for T-shirts from NGOs and trade unions: see diagram 1.

Diagram 1. Economic Linkages:[9] Cooperative of Home-Based Workers, Bangkok, Thailand



Source: Bangkok FG 2

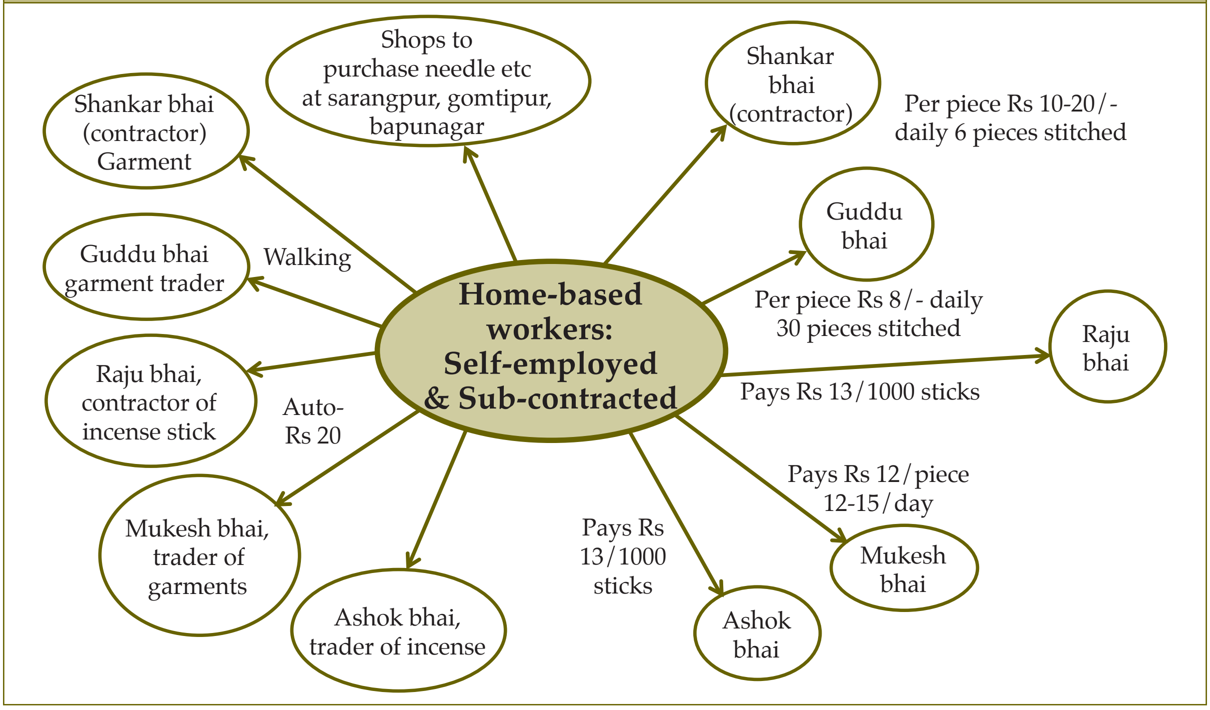
1.3.3 Market Transactions

Home-based does not necessarily mean home-bound. Often, home-based workers have to move outside the home as part of their work: to buy raw materials or other inputs (self-employed and sub-contracted), to get work orders/raw materials from and return finished goods to a contractor/firm (sub-contracted), or to sell finished goods (self-employed). So the distance between the market/contractor and the home-cum-workplace as well as the time and money spent in commuting and transporting goods are of critical importance to the productivity and earnings of the workers. In Ahmedabad, 8 per cent of the sub-contracted home-based workers reported that a contractor comes to their home to give work orders, deliver raw materials, and pick up finished goods; over 75 per cent reported that the contractor or firm/shop/factory which sub-contracts work to them is nearby (often within walking distance); only 16 per cent reported that they have to use transport, usually public transport, to commute to where the contractor/firm is located. In Bangkok, as noted earlier, home-based workers in some neighbourhoods have a local leader who acts as an intermediary for the others, getting raw materials from and delivering finished goods to a contractor, firm, or factory.

Consider what a focus group in Ahmedabad, comprised of three garment makers and two incense stick rollers – all sub-contracted workers – described. A contractor or trader delivers the raw materials to two of the garment makers and also collects the stitched garments from them; the third garment maker has to go to the trader's workshop to collect raw materials and deliver stitched garments. Both incense stick rollers walk daily to their contractor or trader to collect raw materials and return rolled incense sticks. The economic linkages diagram drawn by this focus group shows that the sub-contracted workers have both backward and forward production linkages with the same traders and, also, that the sub-contracted garment workers have to purchase supplies like thread and needles: see diagram 2. The contractors, traders, and supply shops are all near the area where the women live and work (Ahmedabad FG 12).

[9] In the focus groups, in an economic linkages exercise, the participants were asked to draw diagrams indicating from whom they bought/received raw materials and other supplies and to whom they sold/supplied finished goods.

Diagram 2. Economic Linkages: Garment Makers & Incense Stick Rollers, Ahmedabad, India



Source: Ahmedabad FG 12

Self-employed home-based workers often buy raw materials from and sell finished goods at different markets. Consider the case of one focus group in Lahore, Pakistan where there are strong gender-cum-religious norms restricting women's mobility. This focus group identified three markets where they buy and sell goods: Shah Alam Market (a wholesale market) and Anarkali Bazaar (a retail market) where they buy beads, needles, and thread and sell shirts decorated with beads; and Landa Bazaar (a second-hand market) where they buy used clothes and sell the thread pulled from the used clothes. These markets are located in North Lahore while the areas where this group of home-based workers live and work, Kahna and Kot Lakhpat, are located in South Lahore. Most members of the group travel long distances – as far as 35 kilometers each way – to buy materials and sell products. It takes them up to two hours and costs them between 350 and 400 rupees to commute from Kahna or Kot Lakhpat to the markets. Some of them work through an intermediary who lives near the markets and who brings raw materials from and takes finished goods to the markets, saving the women significant time and money. What the IEMS findings do not tell us, however, is the net difference, in terms of opportunity and direct costs as well as buying and selling prices, between dealing directly with the markets and working through an intermediary. Also, presumably, relying on an intermediary limits the ability of the home-based workers to diversify what they sell or capture more of the profit.

1.3.4 Seasonality

Home-based work is often seasonal due largely to the weather and to festival and holiday shopping. In the survey, 13 per cent of home-based workers reported their work was seasonal: more so in Lahore (28 per cent) than in Ahmedabad (7 per cent) and in Bangkok (5 per cent). Seven focus groups in Ahmedabad (both garment makers and incense stick rollers), four focus groups in Bangkok (garment makers, game board makers, chili paste makers, and plastic waste sorters), and one focus group in Lahore (garment makers and brush makers) reported that the monsoon rains force them to suspend or reduce production. They cited several reasons for this: raw materials or finished goods get damaged when roofs leak or during transport; products (e.g. incense sticks and plastic) cannot dry due to leaks and humidity; factories, firms, or contractors reduce work orders due to decreased demand and/or difficulties associated with transport during the rains.

As one home-based worker in Ahmedabad FG 10 – a mixed group of garment makers and incense stick rollers – put it:

> *"The poor [kutcha] quality of our housing creates difficulty for our work during the rainy season. The rain water leaks from the roof into our houses, sometimes causing the cloth or the*

incense sticks to get wet. If the goods are spoiled, the cost is deducted from our wages by the firm owner/contractor. Our sewing machines function poorly during the rainy season - this affects the efficiency of our work. It also affects the output – or quantity – of our work and ultimately our income."

In Bangkok, two home-based workers in Focus Group 15 who staple numbers onto game boards discussed their challenges. The first noted:

> *"I have difficulty to carry the big sheets [3 x 4 ft.] of cardboard, which is our finished stapling work, to our contractor's house. I am afraid that our finished work might be destroyed by the rain and I will have to pay for the damage. So I put them into a plastic bag."*

The second said:

> *"If the rain destroys my work, I have to pay 50 baht per piece for the damage instead of getting 50 baht for my wage. It means that I lose 100 baht per piece."*

Festival seasons, in contrast, are periods of high demand and production. A few focus groups and individual workers mentioned that they intensify or diversify their production before and during festival seasons – to take advantage of the increased demand. One incense stick roller in Ahmedabad mentioned that during the rainy season, when she cannot roll incense sticks, she makes sacred thread bracelets (called *rakhi*) for a Hindu festival called Raksha Bandhan. During this festival, celebrated during the monsoon season, sisters tie *rakhi* on the wrists of their brothers as a ritual gesture to seek protection.

1.3.5 Piece Rates & Earnings

Despite their heterogeneity, home-based workers tend, on average, to have low earnings. In part this is because they work at home: isolated from other workers in their sector (apart from those in their neighbourhood) and with limited knowledge of markets, market prices and the economic value of what they produce (especially if they are sub-contracted). These factors limit their ability to bargain for better prices or higher piece rates.

The study findings confirm that the piece rates paid to sub-contracted workers tend to be quite low, especially in Ahmedabad and Lahore. The median piece rate for a specified unit of main products of the home-based worker sample, reported in the survey and converted into US cents, was 27 cents in Ahmedabad, 32 cents in Lahore, and 71 cents in Bangkok. Tables 4 and 5 present the piece rates reported by the focus groups for different garment and non-garment products, including the number of pieces the home-based worker makes per day, with or without help, and her daily gross earnings.[10]

Table 4. Piece Rates, Daily Output, and Daily *Gross* Earnings Reported by Sub-Contracted Garment Makers, by City

City/Products	Piece/Unit rate	Pieces/Units Per Day (unless otherwise specified) & Without Help Unless Specified	Gross Earnings Per Day (unless otherwise specified)*
Ahmedabad			
Tunic (*kameez*)	6-7 rupees per piece 30 rupees per dozen	20 (with 1 helper) 1 dozen	140 rupees (USD 2.52) 30 rupees (USD 0.54)
Tunic (*punjabi*)	6 rupees per piece	30 (with 1 helper)	180 rupees (USD 3.24)
Pant (*salwar*)	6-7 rupees per piece 40 rupees per dozen	12 NA	72-84 rupees (USD 1.29-1.51) NA
Skirt (*lehnga*)	40 rupees per dozen	6 dozen (with 3 helpers)	240 rupees (USD 4.32)
Petticoat (*chania*)	2-2.25 rupees per piece	1 dozen	24-27 rupees (USD 0.43-0.49)

[10] It is important to note that the reported daily earnings should be seen as gross earnings, not net earnings, since sub-contracted home-based workers have to cover many of the non-wage costs of production – including workplace, equipment, supplies, power and transport – out of their piece-rate earnings.

Shirt	10 rupees per piece	10	100 rupees (USD 1.80)
Pant	10 rupees per piece	8	80 rupees (USD 1.44)
Frock	80-120 per dozen (depending on size & whether patterned)	1 dozen patterned or 2 dozen plain	160-240 rupees (USD 2.88-4.32)
Women's garments	8-20 per piece	6-30 pieces	48-600 rupees (USD 0.86-10.79)
Infant wear	15 per dozen	10 dozen	150 rupees (USD 2.70)
Underwear	20 per dozen	20 – 25 dozen	400-500 rupees (USD 7.19-8.99)
Bangkok			
Modern garments	18 – 22 baht per piece	200 pieces per month	3000-4000 baht/month (USD 95.63—127.51)
Sandals	5-8 baht per pair	4-100 (depends on other work/family responsibilities)	20-800 baht (USD 0.64-25.50)
Lahore			
Wedding outfits	800-1000 per outfit	1 outfit per 2-3 days	266-500 rupees (USD 2.779-5.21)
Shirts & pants	6 rupees per piece	2 dozen	144 rupees (USD 1.50)
Embroidery on women's dresses	10 rupees per piece	10 60-70 (with helper)	100-700 rupees (USD 1.04-7.29)
School uniforms: shirts & pants	9 rupees per pant & 20 rupees per shirt	55-122 with help	1100 rupees (USD 11.46)
Shirts	120 rupees per shirt	2 (with 1 helper)	240 rupees (USD 2.50)
Decorative uppers of shoes	30 rupees per dozen 6 rupees per strip (1.5 yards) of shoe decoration	2 – 3 dozen 18 strips (with help)	60-90 rupees (USD 0.63 -0.94) 108 rupees (USD 1.13)
Beadwork on shoe uppers	35 rupees per packet (packet has 1400 beads)	1 – 2 packets (with help)	35-70 rupees (USD 0.36 – 0.73)
Shirts	8 – 10 rupees per shirt	3	24 – 30 rupees (USD 0.25 – 0.31)
Dresses	100 – 150 rupees per dress	2	200-300 rupees (USD 2.08-3.13)
Purses	200 rupees per 12 dozen	12 dozen per 2-3 days	200 rupees/2-3 days (USD 2.14)
Beadwork on shirts	10 rupees per shirt	3-4 per day (with help)	30-40 rupees (USD 0.31 – 0.42)

* **Note:** Currency was converted to USD equivalent, not adjusted for purchasing power parity, using the prevailing exchange rates on 01 September 2012 per http://www.oanda.com/currency/converter/ as follows:
Indian rupee (55.4834) or 1 rupee = USD .01798
Thai baht (31.2332) or 1 baht = USD .03188
Pakistani rupee (93.4231) or 1 rupee = USD .01042
Source: IEMS Focus Groups (2012)

Table 5. Piece Rates, Daily Output, and Daily *Gross* Earnings Reported by Sub-Contracted *Non-Garment Makers*, by City			
City/Products	**Piece/Unit rate**	**Pieces/Units Per Day (unless otherwise specified) & Without Help (unless specified)**	**Gross Earnings Per Day (unless otherwise specified)***
Ahmedabad			
All incense sticks (not differentiated by type)	12-15 rupees per 1000 (higher if directly from firm; lower if through contractor)	3000-9000 (depending on hours of work, age of worker, whether family helpers) 10,000 – 15,000 (with helpers)	36-105 rupees (USD 0.65-1.89)
Oil-based incense sticks	10-17 rupees per 1000	5000-6000	50- 60 rupees (USD 0.90 – 1.08)
Water-based incense sticks	12-14 rupees per 1000	4000-6000	48-72 rupees (USD 0.86 – 1.29)
Cushion & pillow covers	10 per dozen	5-6 dozen	50-60 rupees (USD 0.90 – 1.08)
Handkerchiefs/ lace edging handkerchiefs	2 per dozen 5 – 6 per piece (includes cutting cloth)	20-25 dozen 5 – 7	40-50 rupees (USD 0.72-0.90) 25-42 rupees (USD 0.45 - 0.76)
Door hangings (*toran*)	15 per piece	5 – 7	75-105 rupees (USD 1.35 – 1.89)
Curtains	12 per piece	5 – 7	60-84 (USD 1.08 – 1.51)
Bangkok			
Flower garlands	30 baht per 1000	1000	30 baht (USD 0.96)
Sorting plastic waste	5 baht per kilo	100 kilo per week	500 baht per week (USD 15.94)
Diapers	0.25-0.30 baht per piece	up to 1000 pieces	250-300 baht (USD 7.97 – 9.56)
Bags	1-1.30 baht per piece	100-200 pieces	100-260 baht (USD 3.19-8.29)
Lahore			
Shoe boxes	100 rupees per 1000	1000 (with help)	100 rupees (USD 1.04)
Necklaces	7 rupees per dozen	1 dozen per 10-15 days	84 rupees per 10-15 days (USD 0.88)
Pulling threads – from used clothing	70 paisa per yard	1 yard	70 paisa (USD 0.01)
Shopping bags (paper)	15 rupees per 1000 bags	3000 (with help)	45 rupees (USD 0.47)
Polyester rolls for quilts	10 rupees for 1.25 kilos	3-4 “bundles” = 20 kilos	160 rupees (USD 1.67)

Quilts	50 rupees per quilt	-	-
Handbags & purses	70 – 80 rupees per 100 bags	100 (with help)	70-80 rupees (USD 0.73 – 0.83)

* **Note:** Currency was converted to USD equivalent, not adjusted for purchasing power parity, using the prevailing exchange rates on 01 September 2012 per http://www.oanda.com/currency/converter/ as follows:
Indian rupee (55.4834) or 1 rupee = USD .01798
Thai baht (31.2332) or 1 baht = USD .03188
Pakistani rupee (93.4231) or 1 rupee = USD .01042
Source: IEMS Focus Groups (2012)

Table 6 summarizes the range of reported daily gross earnings by city and product category in US dollars at the prevailing exchange rate when the fieldwork was carried out, not adjusted for purchasing power parity. Two outliers in Lahore – USD 0.01 per day for pulling threads from used clothing and USD 0.07 per day for making necklaces – were excluded from the range. Nonetheless, the range is very wide, especially for garments, in all three cities. The piece rates converted into daily gross earnings (by estimating how many pieces a home-based worker can make per day) are mostly between USD 1 and 3 per day. But in each city, some garment makers do very well, presumably because they are able to produce large quantities usually with help from unpaid family workers or hired workers, while others do very poorly.

Table 6. Range of Gross Daily Earnings Reported by Sub-Contracted Home-Based Workers, by Product Type and City (USD)

City/Product	Garment	Non-Garment
Ahmedabad	$0.38 (petticoats) - $9.60 (women's garments)	$0.40 (handkerchiefs) - $1.68 (door hangings)
Bangkok	$0.62 (sandals) - $6.20 (modern garments)	$0.93 (flower garlands) - $9.30 (diapers)
Lahore	$0.22 (shirts) - $9.90 (school uniforms)	$0.41 (paper bags) - $1.44 (quilts)

Source: IEMS Focus Groups (2012)

The survey findings confirm that the median net monthly earnings of home-based workers were very low in Ahmedabad (USD 27) and especially Lahore (USD 16): see table 7. Indeed, 29 per cent of the home-based workers in Lahore operated at a loss: see table 8. Also, among the total sample, one quarter of those who had to pay for transport operated at a loss. Nearly the total sample in Ahmedabad and two-thirds of the sample in Lahore earned less than USD 100 per month, compared to around 30 per cent in Bangkok. A far higher percentage of self-employed than sub-contracted workers earned more than USD 200 per month in both Bangkok and Lahore: see table 9. Also, among the self-employed in Bangkok and Lahore, those who hired workers for some period in the year were more likely to operate at a loss but also far more likely to earn more than USD 200 per month, compared to own account workers or unpaid contributing workers. This finding speaks to both the entrepreneurial risk and the entrepreneurial potential of growing a business.

Another way to consider the levels of earnings among the home-based workers is to consider intra-city distributions: specifically, what percentage in each city earns less than two thirds of their city median or are in the poorest earning quintile of their city distribution.[11] Nearly one-third of the total sample of home-based workers across the three cities earns less than two thirds of their city median (table 7). In Bangkok, compared to Ahmedabad and Lahore, median earnings are much higher but a far larger percentage (41 per cent) is clustered well below the median. In other words, earnings are

[11] Given the diversity of settings and sectors in our sample, earnings are presented in relative terms throughout the report. Where earnings are presented in USD or adjusted for purchasing power parity (PPP), these figures are meant to be indicative only and should be treated with caution. Comparisons with the $1/day or $1.25/day poverty lines are not made in this report because the earnings module from the IEMS survey differs significantly from the way in which information on income and earnings is collected in national household surveys, and only limited information on total household income is collected in the IEMS questionnaire.

higher but more unequally distributed in Bangkok than in the two other cities; while earnings are lower and more unequally distributed in Lahore compared to Ahmedabad. Status in employment or product type does not make much difference to the risk of being in the lowest earnings categories. However, the self-employed are twice as likely to be in the richest earning quintile in their city compared with the sub-contracted; and garment makers are far more likely to be in the richest quintile than non-garment makers (table 10).

Table 7. Median *Net* Monthly Earnings and Work-Related Expenditures by City

	Ahmedabad	Bangkok	Lahore	Total
Median monthly net earnings (unadjusted USD - 2012 prices)	27.36	139.05	15.75	32.30
Median monthly net earnings (PPP adjusted USD- 2012 prices)	68.39	231.75	39.37	78.75
Median total monthly work-related expenditure (USD)	3.80	29.16	21.00	12.08
Earn less than 2/3 of their city-sector median (%)	24.49	41.33	31.33	32.44
N	**147**	**148**	**139**	**447**

* Median, rather than mean, earnings and expenditures. Work-related expenditures include material inputs, lights and electricity and transport
Source: IEMS survey data (2012)

Table 8. Levels of Net Monthly Earnings, by City (% distribution)

	Ahmedabad	Bangkok	Lahore	Total
Operating at a loss	0.00	7.19	29.05	12.21
Breaking even	0.00	0.72	0.68	0.46
< USD 100 per month	99.32	29.50	63.51	64.75
USD 100-200 per month	0.68	28.06	2.70	10.14
> USD 200 per month	0.00	34.53	4.05	12.44
Total	100.00	100.00	100.00	100.00
N	**147**	**139**	**148**	**434**

Source: IEMS survey data (2012)

Table 9. Levels of Net Monthly Earnings by Self-Employed and Sub-Contracted in Bangkok and Lahore (% distribution)

	Bangkok		Lahore	
	Self-Employed	Sub-Contracted	Self-Employed	Sub-Contracted
Operating at a loss	14.29	2.41	23.81	32.94
Breaking even	1.79	0.00	1.59	0.00
< USD 100 per month	19.64	36.14	60.32	65.88
USD 100-200 per month	19.64	33.73	4.76	1.18
> USD 200 per month	44.64	27.71	9.52	0.00
Total	100.00	100.00	100.00	100.00
N	**56**	**83**	**63**	**85**

Source: IEMS survey data (2012)

Table 10. City-Level Earnings Distribution by Status in Employment and Product Type (%)				
	Status in Employment		Product Type	
	Self-Employed	Sub-Contracted	Non-Garment	Garment
Poorest quintile	20.17	21.59	23.56	19.34
Richest quintile	30.25	15.24	14.66	23.05
N	**119**	**315**	**191**	**243**

Source: IEMS survey data (2012)

Further, it is important to consider earnings variations among home-based workers within each city by their status in employment, their age group, and their marital status: see table 11. In terms of status in employment, median *net* monthly earnings are lower for sub-contracted workers (USD 28.50) than for the self-employed (USD 63.49). In addition, a slightly higher percentage of sub-contracted workers (22 per cent) than of self-employed workers (20 per cent) are in the poorest earnings quintiles of their cities. In terms of age groups, median net monthly earnings are highest (USD 51.84) among the oldest age group (55+ years); and lowest (USD 25.95) among the 25-34 age group. But the oldest age group also has the highest percentage (31 per cent) in the poorest earning quintile while the 25-34 age group has a relatively low percentage (14 per cent), second only to the youngest age group (8 per cent). In terms of marital status, earnings were lowest among widows (USD 18.48) and highest among divorcees (USD 51.30). Also, widows are disproportionately represented in the poorest earnings quintile. In sum, these findings suggest a significant dispersion of incomes within each category with the exception of widows, suggesting the specific vulnerabilities of widows in some societies, notably in India (Chen 2000).

Table 11. Median Net Monthly Earnings (unadjusted USD) and Percentage in the Poorest Earnings Quintile by Status in Employment, Age, and Marital Status		
	Median Monthly Net Earnings (unadjusted USD)	Poorest Quintile (%)
Status in Employment		
Self-employed	63.49	20.00
Sub-contracted	28.50	21.59
Age Group		
15-24	31.35	7.69
25-34	25.95	14.06
35-44	31.61	21.23
45-54	34.20	23.73
55+	51.84	30.77
Marital Status		
Married/cohabit	34.20	21.12
Divorced	51.30	0.00
Widowed	18.48	31.37
Never married	22.80	14.89

Source: IEMS survey data (2012)

To sum up, the earnings of the home-based workers in the sample are, on average, quite low and erratic. Sub-contracted workers earn less on average than self-employed workers. Compared to the sub-contracted, a roughly equal percentage of the self-employed are in the poorest earning quintile of their city but a far higher percentage are in the richest earning quintile. These findings reflect the entrepreneurial risk and potential of self-employment. Compared to those who make other products, garment makers are less likely to be in the poorest earnings quintile and more likely to be in the richest earning quintile of their city. Among all the home-based workers, in regard to age and marital status, the likelihood of being in the poorest earnings quintile increases with age but the oldest age groups (45-54 and 51+) have the highest net monthly earnings; while those who are divorced are least likely to be in the poorest earnings quintile and enjoy the highest net monthly earnings; followed by married women.

One concluding thought about the low level and erratic earnings of home-based workers. If we think of an earnings and expenditure ledger, the net earnings of the home-based workers – both self-employed and sub-contracted – are subject to *costs of production* (including workplace, equipment, utilities, and transport), *risks of production* (including fluctuating demand, prices and competition as well as delayed payments), and *factors largely out of their control* that create work stoppages (including power outages/load shedding, leaks and flooding of their houses-cum-workplaces, competing demands on their time). Moreover, home-based workers have limited scope for negotiation or leverage: due in large part to their isolation but also to exclusionary urban policies or practices as well as unequal or exploitative value chain dynamics. However, there are some home-based workers who do relatively well. It is important to learn from their example what would help other home-based workers earn more. But clearly, reducing the costs and risks of production associated with home-based work and addressing the structural factors that create work stoppages in homes-cum-workplaces are of critical importance to all home-based workers.

Part 2: Drivers & Responses

The IEMS was designed to investigate how three sets of driving forces affect urban informal workers: wider economic trends; government policies and practices (specifically, but not exclusively, at the city-level); and value chain dynamics and relationships. As used in the study, the term "driving forces" refers to systemic factors that may impact, in either positive or negative ways, on the occupations or livelihoods of urban informal workers. The study also explored how the informal workers respond to the various driving forces, and which institutions help or hinder the ability of informal workers to respond effectively to these driving forces. Further, the study tested a set of hypotheses about the nature and behaviour of the urban informal economy and its relationship to the formal economy.

Incense roller in Ahmedabad. Photo: L. Vryenhoek

Both study methods – focus group tools and the survey questionnaire – were used to investigate the driving forces and responses. In the focus groups, as opposed to the survey questionnaire, the options were not pre-defined: the participants were asked to specify whether and how the three sets of driving forces affected them and then to rank which driving forces had the greatest impact on their work, either negative or positive. The focus groups ranked more driving forces as negative rather than positive. But they also ranked many driving forces as both negative and positive.

Table 12 presents the frequency with which the three sets of driving forces – the wider economy, government policies and practices, and value chain dynamics – were ranked as major negative or positive forces by the 15 focus groups in each study city.

Table 12. Ranking of Three Sets of Driving Forces as Negative (-) or Positive (+) by City (# of Focus Groups)								
Driving Forces	**Ahmedabad**		**Bangkok**		**Lahore**		**Total**	
	-	+	-	+	-	+	-	+
Wider economic trends	0	1	16	4	16	0	32	5
Government/City policies	20	10	13	18	24	16	57	44
Value chain dynamics	25	0	11	16	3	0	39	16
Other	0	0	0	1	1	1	1	2

Source: 45 IEMS Focus Groups (2012)

The top ranked negative forces were inflation, prioritized by 22 focus groups (14 in Lahore, 5 in Bangkok, 3 in Ahmedabad), and shortages-cum-high cost of electricity, prioritized by 21 focus groups (15 in Lahore, 6 in Ahmedabad). Other major negative forces included: inadequate housing, prioritized by 17 groups (11 in Ahmedabad, 5 in Bangkok, 1 in Lahore); recession or low demand, prioritized by 13 focus groups (11 in Bangkok, 2 in Lahore); and low earnings (for the self-employed) or low piece rates (for the sub-contracted), prioritized by 12 focus groups (11 in Ahmedabad, 1 in Lahore). The top ranked positive forces were infrastructure services (electricity in Bangkok; roads, water and sanitation in Lahore), free education and health (in Bangkok), and regular orders or customers (also only in Bangkok).

The survey findings also present a mixed picture: see table 13. Well over two thirds of the respondents (69 per cent) reported the inability to bargain was a key negative force. Over half (53 per cent) reported increased competition. Well over half (57 per cent) reported low prices of finished goods while nearly half (47 per cent) reported high prices of raw materials. One third (33 per cent) reported that the lack of basic infrastructure services was a key negative force. Roughly equal percentages reported increased and decreased work orders (around 30 per cent each) or increased and decreased customers/buyers (around 25 per cent each).

Table 13. Key Driving Forces by Self-Employed and Sub-Contracted (%)			
	Self-Employed	**Sub-Contracted**	**All HBWs**
Decreased demand (work orders)	31.45	32.26	32.03
Increased demand (work orders)	30.65	30.32	30.41
Decreased demand (customers/buyers)	25.64	22.30	23.83
Increased demand (customers/buyers)	29.06	23.74	26.17
High cost of raw materials	68.22*	37.66	46.52
Low price of finished goods	63.57	54.11	56.85
More competition	38.60*	58.54	52.87
Less competition	12.28	6.97	8.48
Lack of basic infrastructure	26.36*	36.39	33.48
Difficulty transporting goods to market	24.03*	15.24	17.79
Inability to bargain	56.59*	73.42	68.54
N	**129**	**315**	**444**

*Statistically significant at the .05 level.
Note: Respondents could identify more than one driving force
Source: IEMS survey data (2012)

To sum up, several key points about the driving forces should be noted. First, while negative findings outweighed positive findings, the results were mixed. Second, the key driving forces prioritized by the focus groups – both negative and positive – differed significantly by city. Indeed, a distinct negative driving force seems emblematic of each city: inadequate housing in Ahmedabad, floods in Bangkok, and an acute electricity crisis in Lahore. The study findings reflect the overall situation in the study cities. In Ahmedabad, there are a number of large-scale urban renewal projects associated with evictions and relocations across the city. Bangkok, the capital city of an upper middle income country, has better infrastructure than the other two cities, both of which are non-capital cities of lower middle income countries.[12] But there was severe flooding in much of Thailand in 2011. All of Pakistan, not just Lahore, is facing an acute energy crisis.

Finally, from the survey findings, it is clear that the key negative driving forces are different for self-employed and sub-contracted workers. A significantly higher percentage of the self-employed reported the high cost of raw materials and transporting goods as problems. This is because the self-employed have to buy raw materials and supplies (while the sub-contracted have to buy only a limited set of supplies) and, also, the self-employed have to commute/transport goods to markets more frequently than sub-contracted workers. A significantly higher percentage of sub-contracted workers identified increased competition, basic infrastructure problems, and the inability to bargain as key barriers. The sub-contracted have less experience in bargaining than the self-employed who have to bargain with suppliers and buyers on a regular basis. Ahmedabad, where the sample is all sub-contracted, is the one city where the focus groups did not rank any infrastructure services as positive: this may help explain why, in the total sample across the three cities, more sub-contracted than self-employed workers prioritized basic infrastructure problems.

This section starts with a discussion of the main negative driving forces prioritized by the focus groups. It analyzes the impact of these forces on the home-based workers, their work, and families, then summarizes the responses by the home-based workers to these forces.

2.1 Drivers

2.1.1 Macroeconomic Trends

In all three countries, economic growth slowed down significantly during 2008, the year that marked the beginning of the Great Recession. The Indian economy rebounded significantly during 2009 and 2010, slowed down in 2011 and then declined markedly during 2012. The Pakistan economy recovered slowly but not to its pre-crisis level of growth. The Thai economy proved quite volatile: experiencing negative growth in 2009, a notable rebound in 2010, another slump in 2011 (severe floods inundated much of the country during the second half of the year), and another rebound in 2012 to above its pre-crisis level of growth: see table 14.

Inflation increased in all three countries between 2007 and 2012. Inflation in India increased steadily to double-digit levels in 2009 and 2010, went down a bit in 2011 and then up a bit in 2012 to just over 9 per cent. In Pakistan, inflation increased dramatically during 2008 (to over 20 per cent), remained at double-digit levels (in the teens) for three years, and then declined to just under 10 per cent in 2012. In Thailand, inflation went up in 2008, dropped dramatically in 2009 (to -0.9 per cent) and then tapered off at 3 per cent in 2012, slightly higher than the pre-crisis level: see table 14.

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[12] Thailand is an upper middle income country while India and Pakistan are lower middle income countries, reflected in their gross national income (GNI) per capita.

	GNI Per Capita	GNI Per Capita, adjusted for purchasing power parity
India	USD 1,580	USD 3,640
Pakistan	USD 1,260	USD 2,750
Thailand	USD 5,210	USD 8,620

Source: World Bank 2011

Table 14. GDP Growth Rate and Inflation: India, Pakistan & Thailand 2007-2012												
	GDP Growth Rate (annual %)						Inflation, Consumer Prices (annual %)					
	2007	2008	2009	2010	2011	2012	2007	2008	2009	2010	2011	2012
India	9.8	3.9	8.5	10.5	6.3	3.2	6.4	8.4	10.9	12	8.9	9.3
Pakistan	5.7	1.6	3.6	3.5	3	4.2	7.6	20.3	13.6	13.9	11.9	9.7
Thailand	5	2.5	-2.3	7.8	0.1	6.4	2.3	5.4	-0.9	3.3	3.8	3

Sources: The World Bank, website: http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG; http://data.worldbank.org/indicator/FP.CPI.TOTL.ZG; and http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS

The findings from the focus groups and survey, conducted in August and September 2012, indicate that these aggregate economic patterns were mirrored at the base of the economy. The macroeconomic trends were both experienced by and understood by the home-based workers in the sample.

Table 15. Wider Economy: Negative and Positive Driving Forces by City (# of focus groups)				
Driving Forces	**Ahmedabad**	**Bangkok**	**Lahore**	**Total**
Negative				
Inflation	3	5	14	22
Recession/Low demand	0	11	2	13
Increased competition	0	3	0	3
Totals	**3**	**19**	**16**	**38**
Positive				
Strong demand (especially during festivals)	1	4	0	5
Totals	**1**	**4**	**0**	**5**

Source: 45 IEMS Focus Groups (2012)

Inflation

Across the three cities, nearly half (47 per cent) of the survey respondents cited the high cost of inputs as a problem: see table 13. In Bangkok and Lahore, where the sample includes both self-employed and sub-contracted workers, over half of the sample reported that the high cost of inputs was a problem. Inflation was prioritized as a major driving force by 14 (93 per cent) of the focus groups in Lahore and 5 (33 per cent) of the focus groups in Bangkok: see table 15. The impact of inflation as a major negative driving force in Lahore was captured in the phrase "*inflation is killing us*" (Lahore FG 1). Three of the focus groups in Ahmedabad prioritized inflation as a negative driving force and two other focus groups discussed inflation without prioritizing it. The key informants interviewed in Ahmedabad also mentioned that inflation, especially the high cost of food, water, and energy, was forcing many would-be customers to avoid buying clothing and other non-essentials. In other words, according to the key informants, inflation was lowering demand: this may help explain the high percentage of focus groups in Ahmedabad (73 per cent) that ranked low earnings as a significant negative driver.

In Bangkok, five focus groups ranked inflation as a major driving force. One group, all self-employed dress makers, discussed the impact of increased prices in their sector (FG 12). One of the women began the discussion with the following observation: "*The prices of raw materials and dressmaking equipment and accessories have increased but the wages for dressmaking have still not increased.*" Another added ruefully: "*The labour cost for making dresses hasn't increased for almost 20 years.*" Two others commented on the need for capital in the dress-making sector. "*To order a dress the customer needs a lot of money,*" said one. The second noted: "*To make a dress we need more money than in the past. On the other hand, our capacity to invest is reduced.*"

The women expressed the need for loans, preferably through a revolving fund.[13] Meanwhile, they coped as best they could. One woman reported that she had shifted to another, related, line of work: "*I get fewer orders to make dresses so have shifted to replacing zippers and repairing clothes. I earn my income from this work*" (FG 12). In another focus group in Bangkok, one home-based worker mentioned the increase in the price of gasoline, observing that: "*When the price of gasoline increases, the price of everything increases*" (FG 7).

Global food prices have risen sharply, substantially, and unpredictably since 2007 and experts believe that prices will remain volatile in the foreseeable future ((Hossain, King and Kelbert 2013). In Pakistan, wheat and flour prices increased in line with global price movements and, together with strong export demand and price support, reached record levels by November 2012. Rice prices also remained high, with some increases during 2012 (Ibid.:26). It is not surprising, then, that all of the focus groups in Lahore mentioned increases in food prices, for everything from meat to flour. In addition, many of the focus groups in Lahore mentioned the high cost of health and education: see box 3.

Box 3. High Cost of Health & Education in Lahore

Education:

- *"We take children out of schools as we can't afford the fees and other costs."* (FG 3)
- *"The poor cannot educate our children so they remain behind."* (FG 4)
- *"We cannot educate our children because education is so expensive. Free education is virtually absent. Private schools charge high fees."* (FG 4)
- *"We can't pay the children's school fees and don't have money for uniforms and shoes."* (FG 5)
- *"Teachers throw the children out if they do not have a uniform."* (FG 5)
- *"The school fees are one thing and then tuitions by private teachers are also there and it doubles the fee."* (FG 5)
- *"We can't buy books and pencils even though school books are free."* (FG 14)

Health care:

- *"Doctors charge so much that we can't even afford health care. Nothing is available at free dispensaries, only some medicines."* (FG 2)
- *"Health is also beyond our means."* (FG 3)
- *"We cannot afford the medicines that doctors prescribe."* (FG 4)
- *"Nothing is free and cheaper doctors don't help."* (FG 8)
- *"We rely on local remedies and can't afford expensive hospitals so we rely on free government services. Doctors are so expensive, I take Panadol or Dispirin and then go on with my work."* (FG 15)

Source: IEMS Focus Groups (2012) in Lahore

While the home-based workers in Lahore traced the impact of increased prices on the cost of transport, on domestic production, on the purchasing power of their would-be customers, and on their work and earnings, their central concern was the impact of increased prices on their families, especially their children, and on society. They worried about the long-term impact of not being able to provide adequate food, clothing, health care, and education to their children. Some of the children seemed to understand the sacrifices their families needed to make while others did not. "*Our children no longer ask for meat,*" said one woman in Lahore (Lahore FG 4). "*Children want meat but we can't afford it,*" said another (Lahore FG 3). Several focus groups in Lahore reported that the frustrations and stress associated with the rising cost of living were leading to tensions and quarrels within families and also to increased rates of crime, drug use, and suicides. One focus group in Lahore discussed a vicious

[13] In Thailand, "revolving fund" is a popular term for a rotating loan scheme managed by community groups with seed capital from NGOs or other institutions. The loans rotate among the members of the community groups. Whether or not interest is charged often depends upon the agreement between the community group and the organization that provides the seed capital.

cycle: "*Mental tension and quarrels take place at home,*" then "*Violence results and then illness due to tension,*" and then "*People start fighting and committing suicides*" (Lahore FG 6). Several women confessed that they took out their own frustration by yelling at or slapping their children when they demanded better food or clothing. As one of them commented: "*Anyone who has never been hungry cannot know what it is like. Those who have clothes cannot understand those who don't have clothes*" (Lahore FG 1).

Recession

The survey results indicate a mixed picture: in both groups the percentage that reported increased demand was the same as the percentage that reported decreased demand, (around 30 per cent of self-employed and 25 per cent of sub-contracted workers). In both Ahmedabad and Lahore, around one third of the home-based workers reported decreased demand while in Bangkok one third reported increased demand. Clearly, recession and decreased demand have uneven effects as they are linked to particular products in particular markets. Yet recession was prioritized by 11 (73 per cent) of the focus groups in Bangkok.[14] These Bangkok focus groups specified the pathways through which global and local recessions lead to decreased demand for their labour and goods, as follows:

Pathway #1 – global recession→decreased demand→factories cannot export/sell goods→ factories reduce/stop production, including outsourced production→contractors give out fewer/no work orders to sub-contracted workers

According to a sub-contracted diaper maker:"*No orders from abroad means the factories can't export and can't provide regular work to home-based workers*" (Bangkok FG 9). A sub-contracted sandal maker said: "*I used to ask the worker from the factories which sends us materials about the reason for the shortage of work orders from the factories. They told me that 'the factory has no orders'. So I believe that the world economic situation is not good*" (Bangkok FG 13).

Pathway #2 – local recession→decreased purchasing power→fewer customers for goods produced by home-based workers

A self-employed embroiderer noted: "*According to my observation, nowadays, people have to stop more often to consider whether to buy a suit*" (Bangkok FG 8). A self-employed dress maker also noted the effect of economic downturns on demand: "*During bad economic times, nobody wants a new dress*" (Bangkok FG 9). Another garment worker echoed: "*No one places orders*" (Bangkok FG 9). And a self-employed grocer reported: "*No one wants to buy goods from my grocery shop*" (Bangkok FG 9).

Some home-based workers in Bangkok traced the decline in demand for their products back to the global financial crisis of 2008 and even to the Asian financial crisis of 1997. A woman from a community that traditionally made bronze craft reported: "*In the past, bronze craft items were very popular and we had to work day and night. We didn't have enough free time even to spend our money. But after the economic crisis in 1997, orders really slowed down, becoming fewer and fewer until we had to find other work to earn a living*" (Bangkok FG 4). A home-based worker in Bangkok who made craft items from carved buffalo horn noted: "*Since the economic crisis of 2008, I have fewer orders or customers*" (Bangkok FG 7).

It is important to note that these pathways, other evidence from this study, and the evidence from two earlier WIEGO-led studies on the impact of the Great Recession (Horn 2009, 2011) challenge a widely-held view that during global recessions consumers shift from formal to informal markets: thus increasing demand for informal goods and services. Instead, these studies suggest that informal enterprises and workers are affected in much the same way as formal enterprises and workers during economic crises, and that the supply of, more than the demand for, informal goods and services increases during crises, as once-formal workers enter the informal economy.

Around 60 per cent of all survey respondents reported that their purchase orders or work orders fluctuated. Around 60 per cent of the self-employed also reported that individual customer demand fluctuated: see table 16. Further, a significantly higher percentage of self-employed than sub-contracted reported that they could not predict customer demand and that their customers did not pay what they owed on time. These differences, which were statistically significant in the total sample

[14] Real growth in global trade has decelerated significantly since its sharp recovery in 2010. Year-on-year growth in global real trade decelerated from 13.3 per cent at the end of the first quarter of 2010, to 9.9, 3.1, and 0.5 percent at the end of the first quarters of 2011, 2012, and 2013, respectively, while picking back up to 3.9 per cent in the year leading up to the fourth quarter of 2013 (Ferrantino and Taglioni 2014).

and across the three cities, point to the entrepreneurial risks of being self-employed. As noted earlier, among the self-employed, those who hire others are more likely both to operate at a loss and to earn more than USD 200 per month.

Table 16. Problems with Orders and Payments of Self-Employed and Sub-Contracted (%)			
	Employment status		
	Self-Employed	Sub-Contracted	All HBWs
All HBWs			
Work orders not consistent	59.69	62.54	61.71
Customer demand not consistent	62.02*	29.75	39.10
Don't know what customers want	6.92*	2.24	3.62
Customers don't pay debts	8.46*	4.15	5.42
N	**130**	**316**	**446**

*Statistically significant at the .05 level.
Source: IEMS survey data (2012)

Competition

Nearly half of the survey sample (47 per cent) reported that there were more workers in their trade or sector at the time of the survey (third quarter of 2012) than in the previous year and just under one fifth (19 per cent) reported that there were too many competitors in their trade or sector: see table 17. A significantly higher percentage of sub-contracted workers (53 per cent) than the self-employed (34 per cent) reported that the number of workers in their trade had increased over the previous year. A higher percentage of self-employed (11 per cent) than sub-contracted (6 per cent) also reported that the number of workers in their trade had decreased: but the difference was not significant. Around one fifth (19 per cent) of both sub-contracted and self-employed home-based workers reported that there were too many competitors.

Table 17. Degree of Competition within Same Trade of Self-Employed and Sub-Contracted (%)			
	Employment status		
	Self-Employed	Sub-Contracted	All HBWs
More workers	33.85*	53.00	47.43
Too many competitors	19.23	18.91	19.00
Fewer workers	10.77	6.31	7.61
N	**130**	**317**	**447**

*Statistically significant at the .05 level.
Source: IEMS survey data (2012)

A significantly higher percentage of the survey respondents in Ahmedabad, compared to the other two cities, reported increased workers and competition as a major problem. Specifically, 70 per cent of the home-based workers in Ahmedabad compared to around 36 per cent each in Bangkok and Lahore reported more workers in their sector; and 27 per cent of home-based workers in Ahmedabad compared to around 15 per cent each in Bangkok and Lahore ranked increased competition as a major problem. However, Bangkok was the only city where some focus groups (three in all) ranked increased competition as a major driving force: two mixed groups of self-employed and sub-contracted workers (Bangkok FGs 5 and 8) and one group of sub-contracted workers (Bangkok FG 11).

Competition clearly and directly affects self-employed home-based workers. As a self-employed flower garland maker (Bangkok FG 5) put it:

> *"The competitors are very important. While I sell a garland for 20 baht, they sell one for only 10 baht only."*

Because of increased competition, many of the self-employed have to look for other customers and find ways to retain existing customers, as noted in Bangkok (FG 5):

> *"I have to look for more customers so that I can sell all my products."*

A shoe-maker in Bangkok (FG3) reported that she sold her shoes to shopkeepers in a wholesale market:

> *"I used to negotiate with the shoe shops, who placed orders, to increase the price they paid for my products. But I found out that I had competitors, who proposed a lower price. So I had to decrease my price too." To avoid her dependence on the wholesale traders, she once tried her hand at retail selling: "I decided to sell my products by myself but found I was only able to sell five pairs of shoes in a whole day. This was not enough to cover even the cost of gasoline. I had tried many ways, including upgrading my products, but was hardly able to solve the problem. In the end, I had to temporarily stop producing my products."*

Also in Bangkok (FG 4), a woman who runs a small grocery store from her home reported that the expansion of convenience store chains had created serious competition for local grocers.

> *"Sometime even local people don't support their local grocer and go to buy at 7-Eleven and Tesco Lotus. The large scale, big business chain stores offer a lot of promotions that small grocers like us cannot match. Also, people like to shop and walk around in air conditioned stores, which are more comfortable and make them feel very modern and trendy."*

The self-employed in several Bangkok focus groups discussed a range of strategies to cope with increased competition. The most common strategy was to lower prices. A garment maker (FG 8) said:

> *"I have many competitors. Sometimes I have to lower my selling price until I do not make any profit."*

Another garment maker (FG 5) said:

> *"I have to sell at the lowest price possible relative to the amount of my investment. … At the same time, I tried to improve my product by producing several new styles. But I found out that I had to spend more money on investment."*

Improving or diversifying products were common strategies. An embroiderer (Bangkok FG 8) reported:

> *"I produced different levels of quality and sold them at different prices so that the customers had different choices."*

Basket weavers in Bangkok (FG 4) started producing new designs to attract customers, and devised sales gimmicks:

> *"We may have to sell the basket at the wholesale price. But we also think about sales promotion like "buy 1 get 1 free" (perhaps a small one). For example if you buy one big basket, you will maybe get one small pencil basket for free. We came up with this since we know that Thais like a free gift."*

Packaging is another strategy for attracting customers. A dress maker who also made Islamic prayer caps and headscarves, made matching headscarves in two sizes which she packaged as a "mother and daughter" set. As she noted with some pride: "*this set sells well*" (Bangkok FG 8).

Some women changed the location or time at which they tried to sell their products.

In Bangkok, a fried chicken seller shifted her vending spot with the hope of attracting more customers (Bangkok FG 4) and a flower garland maker (Bangkok FG 5) said:

> *"I tried to solve this problem by producing just the number which I could sell in one day and I tried to sell earlier in the day than my competitors."*

Also in Bangkok (FG 4), the basket weavers also looked for new ways to target different customers:

> *"We will try to bring our products to a venue like a seminar on social issues organized by one of the NGOs we are affiliated with."*

However, a Bangkok group (FG 11) of five sub-contracted workers who did embroidery for a local self-employed business man seemed less concerned about competition than the other groups. One woman explained that their employer was able to hold on to a regular buyer, a local shopkeeper, because a competitor could not reproduce his design. The woman stated:

> *"I trust our employer. He is a good designer – so I am not afraid about the competitors."*

Other Wider Forces

During the key informant interviews in Ahmedabad, a representative of the Gujarat Agarbatti Manufacturers and Dealers Association (GAMDA) mentioned three structural changes within the incense stick (*agarbatti*) industry: increased competition from incense sticks made in China and Vietnam; mechanization of incense stick cutting and rolling; and higher cost of the bamboo sticks around which the incense paste (called *masala*) is rolled. The higher costs are due in part to the deforestation of bamboo forests in east and south India where the sticks were originally sourced. The manufacturers now have to import sticks from Tripura, a state in the far northeast corner of India.

Reflecting the mechanization of incense stick cutting and rolling, in India, some traders in Ahmedabad have already started using the pedal or hand-operated rolling machines. According to the sub-contracted *agarbatti* workers who roll manually at home, those who operate the mechanical rollers get paid more than what they are paid. Two focus groups in Ahmedabad mentioned, but did not prioritize, the threat of mechanization (Ahmedabad FGs 4 and 8). But the future prospects for the sub-contracted incense stick rollers are uncertain. How many will be able to buy machines to operate at home? How many will be hired to operate machines in the workshops of others? How many will continue to manually roll incense sticks in their home?

From July 2011 to mid-January 2012, heavy flooding devastated much of Thailand, affecting the lives and livelihoods of countless families. Due to the flooding, roads were damaged and many communities were cut off. Among the study sample, many home-based workers could not work for several months (2-7 months) due to the flooding. They could not go to markets or their contractors to buy/collect supplies or sell/deliver finished goods. Their employers or contractors could not reach them: see box 4 for details of how the floods affected home-based workers and their families, and how they responded.

Box 4. Economic Recovery Undermined by Heavy Floods in Bangkok

All but two of the focus groups in Bangkok discussed the impact of the 2011-12 floods on their work and lives. In one of the focus groups, a snack food seller reported that: "*During the big floods last year, my house was underwater and we could not work for more than two months. We had no money to repair the flood damage and no money to restart our business and had to borrow from the moneylender by using our house as collateral*" (FG 4).

A group of home-based workers who recycle waste plastic reported that they had no place to dry the plastic and that their employer could not come to pick it up (FG 6). Some home-based workers tried to adjust their work in order to continue earning. Some who produced garments tried selling their goods on consignment. Two who made and sold snack foods reported: "*We reduced the volume of our production, buying small amounts of raw materials,*" and "*If congee and meatballs were left over I would keep them to sell the next day*" (FG 10).

To cope with the loss of work and earnings during the peak period of the floods, many of the home-based workers cut back on expenses. Some borrowed money or bought goods on credit. Consider this discussion by one focus group. Because they lived on the outskirts of Bangkok a few "*were able to grow vegetables and catch fish in the canals*". Others cooked and ate less food: "*I used to cook two dishes to have with the rice, but when I had no job, I cooked only one dish. I couldn't share my food with my neighbors, which is our normal practice,*" said one, while another noted, "*I reduced both the quantity and quality of what I would buy. I would buy only half the normal amount*" (FG 6). Some tried to find alternative sources of employment. "*I had to try and find some other work from which I could get some pay. I worked as a day labourer and did such things as grass cutting*." When one woman in the group revealed that she had "*to ask for money from my children*", another admitted she had done so as well. A third woman, who sorted waste plastic for a living, confided that: "*I felt really stressed at that time because I had no income but my family expenditures had increased. I used to visit the temple to reduce my stress*" (FG 6).

Another focus group reported, "*We all come from northeast Thailand; we can eat simple food such as sticky rice and papaya salad,*" and "*We shared cooked food amongst our group members or neighbours.*" One woman in the group reported that she asked relatives in her home village to send food: "*They are farmers, they grow rice for their own consumption, so they shared rice with us.*" She added that others in the group also "*got food support such as rice and fermented fish from their relatives in the rural area*" (FG 10).

After the floods receded, some home-based workers were able to make up for lost time. Five who made brand-name shirts for a factory reported that "*the factory gave us a lot of work, to catch up on orders and get back into business*" (FG 1). Others were not so fortunate. Two women who embroidered garments under a sub-contract for a local business owner reported: "*We have always for a long time received work from this owner but since the flood problem last year, we have received less work; and for the last two-three months, we have no work. Fortunately, we were supported by our husbands and children*" (FG 8). Another woman, who makes cloth bags, hats, and cases for mobile phones reported that: "*Following the flooding at the end of last year (2011), I was able to get regular work again only two months ago (July 2012)*". She also noted that, due to the flooding, her husband who works on construction sites as a sub-contracted plumber "*had to wait a long time to get payment from his employer*" (FG 9).

In sum, inflation and recession have a significant and direct impact on home-based work and, thereby, on household consumption, undermining the marginal but critical income earned from home-based work. The dominant response to inflation and recession is reducing food consumption. The organizations of workers can play little, if any, role in helping to address these broader economic trends. Finally, natural and man-made disasters have a significant and direct impact on home-based workers: not only the recent floods in Bangkok but also recent earthquakes and communal tensions in Ahmedabad and Lahore.

2.1.2 Government Policies & Practices

Across the three cities, the 45 focus groups prioritized different city policies and municipal practices as negative (56 times) and/or as positive (42 times): see table 18. The major negative forces associated with municipal governments include irregular supply of electricity (especially in Lahore), inadequate housing (especially in Ahmedabad), and lack of accessible and affordable transport (especially in Bangkok). The major positive forces include good infrastructure (Bangkok and Lahore), free basic services (Bangkok), and welfare services (Ahmedabad and Lahore). Among the survey respondents, one third reported lack of basic infrastructure services as a key negative force: see table 13.

Table 18. Government Policies & Practices: Negative and Positive Rankings by City (# of focus groups)

Driving Forces	Ahmedabad	Bangkok	Lahore	Total
Negative				
Irregular supply/High price of electricity	6	0	15	21
Small & poor quality houses = workspaces	11	5	1	17
Limited access/High cost of transport	2	7	1	10
Lack of water & sanitation	0	0	3	3
Lack of health services/Social protection	0	0	2	2
Relocation & associated costs - notably, transport costs	1	0	0	1
Lack of cooking fuel	0	0	1	1
Police harassment	0	1	0	1
Totals	**20**	**13**	**23**	**56**
Positive				
Good infrastructure – electricity (Bangkok) roads, water, sanitation (Lahore)	0	2	14	16
Free education and health	0	11	0	11
Identity cards, toolkits, training from welfare board	2	0	1	3
Accessible and convenient transportation	7	0	0	7
Low-interest loans	0	2	0	2
Exemption from taxes (by District Officers)	0	1	0	1
Social protection policy for informal workers	0	1	0	1
Ambulance service	0	0	1	1
Totals	**9**	**17**	**16**	**42**

Source: IEMS Focus Groups (2012)

Housing

Because their home is their workplace, home-based workers are more directly affected than other workers by government policies and practices regarding housing (notably, slum upgrading and/or slum eviction-relocation schemes), basic infrastructure services (notably, the availability and cost of electricity but also water and sanitation), and zoning regulations (notably, whether commercial activities are allowed in residential areas). Like other groups of workers, although not always on a daily basis, home-based workers are also affected by the accessibility and cost of public transport, especially if they are forced to relocate at great distances from their customers, markets or contractors.

This being said, there are significant differences across the three cities in regard to the status of housing and basic infrastructure services of the sample households. In Ahmedabad, nearly 30 per cent (28 per cent) of the sample live and work in the old walled city, about 50 per cent live in low-income settlements around the central business district; and nearly 20 per cent (18 per cent) live in peripheral areas (most of these in an area built for families affected by a major flood in 1992 or other housing projects for the urban poor). In Bangkok, 60 per cent of the focus group sample live in low-income housing colonies on the outskirts of the city: most had been forcibly relocated from slum or squatter settlements in central Bangkok in the 1980s and early 1990s; a few are newer migrants to the city. In Lahore, some of the sample live in low-income settlements near or in the city center while others live in low-income settlements or housing projects on the outskirts of the city. These basic differences across and within the three cities are reflected in what the home-based workers in each city had to say about housing and basic infrastructure services.

Eleven (73 per cent) of the focus groups in Ahmedabad, where just over half of the sample live in one-room houses and over one third live in two-room houses, mentioned the small size and poor quality of their houses as a major driving force: see box 5. In Bangkok, five (33 per cent) of the focus groups ranked the size or quality of housing as a major constraint. One of these discussed how the scarcity of space hampers their ability to work when other members of the household are up and around, forcing the women to work long hours at night leading to exhaustion, eye strain, and high electricity bills (Bangkok FG 1). In Lahore, none of the focus groups ranked the size and quality of housing as a major constraint: their primary concerns were the lack of basic infrastructure services, notably the high cost and irregular supply of electricity: see box 7.

Box 5 presents the types of problems faced by home-based workers when their houses-cum-workplaces are small or of poor quality – as specified by focus groups in Ahmedabad. What the home-based workers reported illustrates very clearly and concretely the barriers to productive work associated with inadequate housing when homes double as workplaces.

Box 5. Impact of Small Size and Poor Quality of Housing on Home-Based Work in Ahmedabad

Small Size

- cannot take bulk work orders: sometimes only take work they can complete in a day
    - *"We take less work so that we have space to store the material in our house"* (FG 1 – garment maker).
    - *"In case we get work in large amount and if the material gets damage, we don't get paid for that work, the trader even deducts cost of that material from our wage"* (FG 1 – garment maker).
- cannot work continuously: have to suspend work when children study, family members sleep, or guests visit
    - *"We face difficulty sleeping and sitting in our house. We face uncertainty (i.e. whether to keep working), whenever any guest comes to our house"* (FG 4).
    - *"We have to stop working when we have guests at home. During monsoons our roofs leak and hence the goods are also damaged"* (FG 3).
    - *"I cannot work in the night because using a sewing machine creates a lot of noise. My family members share my sewing space for sleeping and also other activities like dining, due to which I can only work in the morning and afternoon"* (FG 11).
- cannot eat together as a family: as work area or stored goods take up space
    - *"Due to space constraint, all the family members cannot eat together as the stitching cloth is stored in the same room"* (FG 2).
- cannot keep house clean:
    - *"My house is too small to do home-based work. Also making of incense sticks is a very messy process which makes the whole house dirty and black"* (FG 11).

Poor Quality

- prone to leaks
    - *"How can we work when rainwater enters in our house during the monsoon rains?"* (FG 1).
    - *"I hang polythene bags below the leaking roof"* (FG 11).
- prone to flooding
    - *"I build a small barrier (bund) in front of my main door to stop street water from flooding into my house"* (FG 11).
    - *"I can only afford 500 rupees as a monthly rent, but there are no houses in that range available in Ahmedabad. My house is in the low lying area and it gets filled with water during the monsoon rains every year"* (FG 11)

Where they live is also of concern to many of the home-based workers: whether they live in congested, under-serviced, or low-lying areas and also whether they live far from their customers, contractors, and markets. In Bangkok, most of the sample live in low-cost housing projects which, in most instances, have adequate basic infrastructure and transport services. But it took time for those who were relocated to these housing projects to secure basic infrastructure and transport services: see box 6 on relocations in Bangkok. Also, many of these housing projects are in areas that were submerged or cut off during the severe flooding in late 2011 and early 2012: see box 4 on the flooding in Bangkok. Some of the home-based workers are concerned that their residential area will be flooded again, including a group of waste plastic recyclers who have heard rumors that the area where they live will, in the future, be used as a flood plain to control flooding elsewhere.[15] Also, in both Ahmedabad and Lahore, some of the home-based workers live in low-lying areas prone to flooding, especially during the monsoon season.

[15] In the planning for future flood control, there needs to be a policy debate and negotiations around which assets will be protected: only large formal commercial assets or also small informal commercial assets.

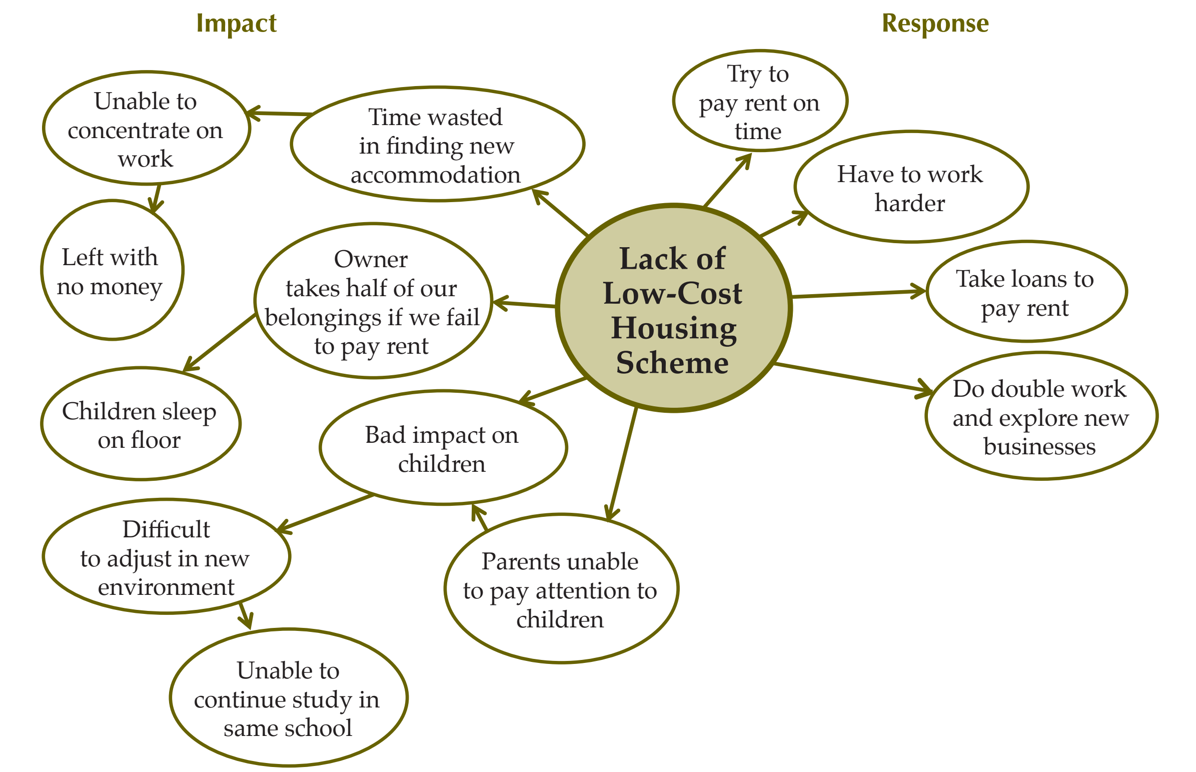
While none of the focus groups in any of the cities mentioned the lack of housing property rights, high rents and the lack of affordable housing is a concern in all three cities. The survey found that 40 per cent of the home-based workers in Ahmedabad live in rented houses; and 9 per cent of the home-based workers in Lahore reported that rents are high. One home-based worker in Ahmedabad, an incense stick home- based worker, reported: "*Our landlord doesn't permit us to do work at the house we have rented from him, arguing that it may damage his house*" (Ahmedabad FG 8).[16]

Here is what members of a focus group in Lahore (FG 10) had to say about high rents and the behaviour of landlords:

> *"We have to keep moving to new places and this wastes time and our work is affected as we don't know where to get orders."*
>
> *"They seize half of our stuff to make up for the rent."*
>
> *"Children sleep on the floor as they seize even our rope beds (charpoys)."*
>
> *"Our children are especially affected. The situation is changed for them and they can't go to school."*
>
> *"They can't find work easily in the new place."*

This focus group depicted the causal flow of impacts of (left side) – and responses to (right side) – the lack of low-cost housing in diagram 3.

Diagram 3[17]. Causal Flow: Impact of and Responses to Lack of Low-Cost Housing Lahore, Pakistan



Source: Lahore IEMS Focus Group 10 (2012)

Finally in regard to housing, some of the home-based workers in each city had been involuntarily relocated. Some of the focus groups spoke about the impact of relocation on their work and lives. In Ahmedabad, two focus groups ranked this as a priority issue. One group had been relocated from a slum colony on the banks of the Sabarmati River to make way for a river-front development project

[16] This finding is worth exploring to determine whether zoning regulations or tenancy rights/relationships play a bigger role in restricting home-based work in residential areas.

[17] In a causal flow exercise during the focus groups, the participants were asked to draw a diagram indicating the impact of and the responses to each major driving force they had prioritized.

(Ahmedabad FG 5). In the other focus group, one woman said: "*It is true that AMC (Ahmedabad Municipal Corporation) has given us solid (pucca) houses,*[18] *but what is the use when there is no work to do?*" (FG 5). Another woman echoed the same concern: "*AMC has forcefully demolished our hutments, and has pushed us to the city's periphery. Commuting is difficult, work has decreased as there are no work contractors near the rehabilitation site*" (FG 5). In this case, as in others, relocation resulted in loss of work which, in turn, resulted in lower incomes, inability to pay electrical bills, the need to cut expenditures and withdraw children from school, and increased tension within families. To cope, the women have sought alternative employment; bought household necessities on credit; taken loans from each other and from moneylenders or have started using public, rather than private, health and education services. The focus group had a series of recommendations for the Ahmedabad Municipal Corporation: including, to provide loans to help them start new businesses and to open health and education facilities and a Public Distribution System (PDS) depot at or near the rehabilitation site (noting that their PDS ration cards were still made out to their old address) (Ahmedabad FG 5). Clearly, there is a link between housing and employment policies. If municipalities want to reduce poverty, they need to provide people with housing in areas which make it easy for them to pursue paid work, both formal and informal.

In Bangkok, where many of the slum relocations took place in the 1980s and early 1990s, several of the focus groups discussed the struggle to get basic infrastructure services, road connections, public transport services, and social services where they now live. One group of home-based workers and their families, a group that prepares chili paste for a living, described how they had been relocated by the National Housing Authority (NHA) in an area prone to flooding with no public transport. This group originally lived in Klong Toey on land belonging to the Port Authority of Thailand, which the NHA later reclaimed in order to build the Queen Sirikit Convention Centre on the site. The forced eviction of this community helped spur an anti-slum eviction movement in Thailand. As one of the group members commented: "*At the beginning, we were living like beggars*" (Bangkok FG 10). Eventually, the NHA provided housing loans to the community and promised to build a new road and provide public transportation. See box 6 for what three of the focus groups in Bangkok reported about the eviction-relocation process.[19]

Box 6. Evictions & Relocations in Bangkok

Large-scale evictions and relocations in Bangkok date back to the late 1960s. The National Housing Authority, set up in 1973, evicted 38 per cent of the slum population of Bangkok between 1977 and 1982 (Boonyabancha 1982). Evictions/relocations were carried out in three basic ways: evictions without relocation, evictions with relocation to low-priced land on the outskirt of Bangkok, upgrading of slum housing to flats or apartments (Ibid). Many of the study participants in Bangkok live in low-income housing colonies on the outskirts of the city, having been forcibly relocated from slum or squatter settlements in central Bangkok in the late 1980s or early 1990s. Here is what three focus groups in Bangkok (FGs 1, 6, and 10) had to say about their evictions/relocations:

Evictions

Most of those who were evicted were given at least three months notice, provided transport to where they were relocated, given wood to build a new house, and given between 30,000 and 90,000 baht per family as compensation. One group was provided cooked meals by the military for three months after their eviction. One family, which owned 4 hectares of land where the Suvarnabhumi international airport was built, was given 800,000 baht in compensation. A home-based worker from that family used to raise fish; she now sorts plastic waste. She still misses her original home and lifestyle: "*Whenever I see the airplanes fly by overhead, I am reminded of our original home*" (FG 6).

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[18] *Pucca* (or *pukka*) housing refers to dwellings that are designed to be solid and permanent. The term is applied to housing in India, and elsewhere in South Asia, built of substantial material such as brick, cement, concrete, and timber rather than mud and thatch.

[19] With two senior organizers of HomeNet Thailand, the author of this report met with these focus groups and visited their homes in January 2014. Box 6 presents the findings from that return field visit.

Box 6. Evictions & Relocations in Bangkok (continued)

Land & Housing

Those who bought land and built houses at the relocation sites paid around 200,000 baht (on installment) for 42 square meters of land and around 150,000 baht to build a modest one-story home. They also had to pay around 12,000 baht to have the design or plan of their house approved. Some have not been able to buy land or build a house because they have not been able to register or do not have sufficient capital. They rent homes for around 900-1,000 baht per month (a similar size home in central Bangkok would, they said, rent for 3,000 baht). Families who buy land, but do not build a house on it within three years, have to return the land to the National Housing Authority.

Basic Infrastructure & Transport Services

Those who were relocated had to negotiate and demand basic infrastructure and transport services. Getting basic infrastructure and transport services took 8-10 years or more. Meanwhile, they had to use wells for water and tap electricity illegally. The National Housing Authority would send water tankers to their homes. Illegal electrical connections cost 5-6 baht per month per unit while legal electrical connections cost 2.5 baht per unit per month. In some areas, the local roads have been paved only recently and public bus service is still inadequate. In one area, the bus service began in 2007 with two buses in the morning and two in the evening. Those who live on the temple land have to spend 20-40 baht to hire a private motorcycle to take them to the nearest bus station. Many, for this reason, have bought their own motorcycles or cars on installment.

Education & Health Services

There are schools and hospital or clinics near most of the relocation sites. However in one area, the nearest hospital is one hour away by bus: reaching the hospital requires taking three buses, the one-way fare is between 20-45 baht. If the relocation site is near a small town or middle-class residential area, the schools and hospitals tend to be better. But families have to be registered to be able to enroll their children in the local schools and to avail of free health services under the Thai universal health scheme. Several families kept their children in their original schools and continued to work in their original areas until they were registered as a family in the relocation area. As one woman put it, "*I only felt at home in our new area after we were registered as a family and my children were enrolled in local schools*" (FG 10).

Employment Opportunities

All of the focus group participants agreed that employment opportunities were better – and they could earn more – where they used to live than where they live now. Many of the women, as well as their husbands, had been street vendors. The women are now home-based workers. Those who stitch garments on sub-contracts can earn 250-400 baht per day, those who recycle plastic waste earn 150-200 baht per day. The men work in construction (earning around 20,000 baht per month, when work is steady) or drive taxis (earning about 700 baht per day). Some men run mechanical repair shops near their homes.

Consider the case of two sisters who now run a five-woman production group that stitches shirts and blouses for an export company. Before being evicted from central Bangkok in 1996, they made and sold papaya salad and other traditional food items. Working together, they each earned around 500 baht per day in the mid-1990s. For seven years after being evicted, they continued to make and sell papaya salad – commuting to central Bangkok in a pick-up truck they owned. But the commute proved too tiring and expensive so that, once they were registered in the relocation area, they began looking for other employment opportunities. One sister got a job as a cleaner in an industrial estate, earning 280 baht per day; the other got a sub-contract to make nightgowns, earning around 120 baht per day (she was paid 3 baht per nightgown and could make around 40 pieces a day). Four years later, with a contract negotiated by HomeNet Thailand, the sisters set up a sewing group producing blouses and shirts for a local firm that exports some of the goods and sells others to Bangkok boutiques. When they have orders, they can now earn between 8-12,000 baht per month – or 266 to 400 baht per day each – depending on which part of the shirts/blouses they stitch: some women stitch the basic seams; one applies the collars, pockets, and cuffs.

In sum, it took a decade or so for those who were evicted and relocated to secure their housing, stabilize their livelihoods, and leverage basic infrastructure and transport services. Most reported that they have fewer employment opportunities and earn less than before they were relocated but enjoy better housing and more open residential areas.

Basic Infrastructure Services

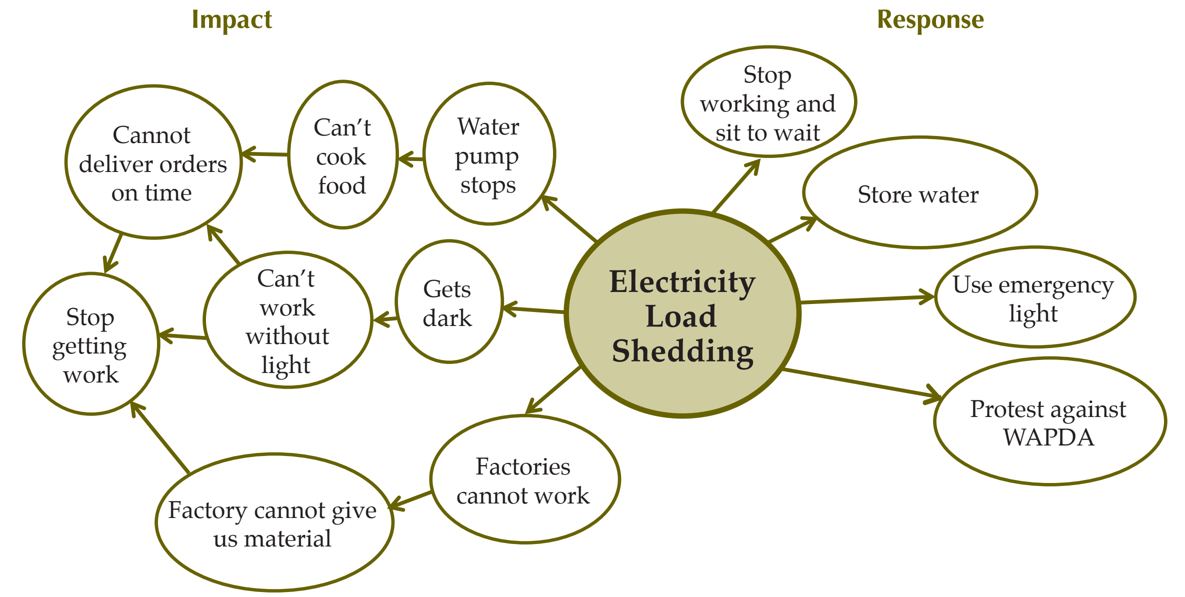
One third of the survey respondents reported lack of basic infrastructure services as a problem. Of particular concern is the irregular supply and high cost of electricity, also ranked as a major driving force by 21 focus groups (15 in Lahore and 6 in Ahmedabad). Pakistan is suffering from an acute energy crisis that is directly felt at the base of the economy: all of the focus groups in Lahore ranked irregular supply and/or high price of electricity as a major driving force in their work and lives. Three groups also prioritized the lack of water and sanitation; and one group prioritized the irregular supply and high cost of cooking fuel.

One focus group in Lahore (FG 4) discussed the problem of power outages as follows:

> *"The biggest problem is load shedding."*
>
> *"Now even gas load shedding is there."*
>
> *"The utility bills are very high."*
>
> *"Work stops due to no electricity."*
>
> *"When there is no light, the water pump stops working and there is less water and there is darkness in the house and everything stops."*
>
> *"If we don't deliver on time the contractors scold us and stop giving orders."*
>
> *"Our houses are small and closed and we can't work in the dark. We have to use needle and thread so we can't see clearly."*
>
> *"When machines close down I don't get the yards of cloth from which I'm supposed to cut off the thread so my work stops and income falls."*
>
> *"When there is no electricity they cannot make dye and we receive the work late and then our own electricity fails and we have to work around the electricity supply, which is erratic."*
>
> *"Income really falls when we don't get work."*
>
> *"Light only comes for one hour. We can hardly do anything in that hour."*
>
> *"We sit and wait for work. We try to finish our housework during load shedding."*
>
> *"We try to collect water while the pump runs."*
>
> *"We use emergency lights which are expensive."*
>
> *"People burnt tires and protested but load shedding increased even more."*

This group depicted the impact, both direct and indirect, of power outages, as well as their responses to them in their causal flow analysis: see diagram 4.

Diagram 4. Causal Flow: Impact of and Responses to Electrical Outages & Load Shedding, Lahore, Pakistan



Source: Lahore IEMS FG 4

See box 7 for what other focus groups in Lahore had to say about the impact of the energy crisis on their work, their families, and their communities.

Box 7. In Lahore, Energy Crisis Compounds Inflation

In Pakistan, a shortfall of electricity persists with both power outages and the price of electricity on the rise. Much has been written about how the energy crisis has affected the formal economy – firms and factories. Very little is known about how the energy crisis affects the informal workforce, especially those who work in dim and poorly ventilated homes that double as workplaces. The focus group discussions with home-based workers in Lahore illustrate how extended power outages and rising electricity costs affect informal livelihoods; and how informal workers and their families cope with electrical shortages and costs.

Impact on Work

"We can't work and our time is wasted. We can't iron and have to wait for electricity."

"Without electricity our men folk cannot work if they are electricians or carpenters, so there is fighting."

"Electricity is required in everything and all industries also close and there is no employment."

"We can't work on the computer due to load shedding."

"We have to work harder and longer hours around electricity. We use old style coal irons…."

" We can't afford generators or Uninterrupted Power Supply (UPS) systems."

"We try to go through organizations to government offices and they tell us load shedding is ordered from above."

"We try to do different kinds of work and do work that we can do during daylight without electricity like packing and sewing on beads."

"We are ready to protest against it."

(FG 1)

"The biggest problem [we have] is electricity load shedding."

"All businesses have collapsed due to no electricity."

"When it's dark we can't work. We have closed-in houses and there is no light."

"We sit idle and time is wasted."

"If we work in the dark we cut our hands with the scissors."

"We burn gas or oil lanterns and use candles."

"We change the time at which we work."

"Those who give us work take it back and we lose orders."

"We ask for a UPS and they take back the order."

"We try to work fast to do our work while there is electricity. We don't even take the time to drink water so that we don't waste light time."

(FG 2)

"Load shedding is severe and affects my work."

"How can we stitch clothes when there is no electricity?"

"We also can't make the straps (pattas) for shoes as we require light to do so."

"We keep sitting idle and waiting for electricity and sometimes use the time for housework."

"Our gas and electricity bills are so high we have to work."

"We try to get more and more work to pay our bills and overcome load shedding."

"We use charged lights but they don't last long enough."

"We protest a lot but nobody listens to us, we took out demonstrations but no one listened to us."

"We started to use manual machines but we still require light."

"When we work in the dark it really affects our health."

(FG 7)

Impact on Health and Well-Being

"Our children work at the nearby mill but they keep waiting for light to come."

"We work late into the night in order to meet deadlines."

"We try to work in the dark by using the light from our mobile phones which we hold in our mouths."

"We use candles but they can burn the cloth and are dangerous."

"We used charging lights (rechargeable flashlights) which are very expensive."

"We try to work faster when the power comes on so that we can use the light."

"The contractor starts fighting with us for not delivering goods on time. "

"We get sick."

"We keep watching the clock."

"We cook bread in the dark."

(FG 6)

Box 7. In Lahore, Energy Crisis Compounds Inflation (continued)

"If we don't work how can we eat?"

(FG 7)

"We can't cook on time and we have to wait for gas to come."

"All the housework stops."

"Have to wait for light to come for performing our religious duties."

"Children can't go to school when there is no water due to no electricity."

"Families get disturbed and we can't get enough sleep and that makes us sick and then we can't work anymore."

(FG 14)

Impact on the Family

"Electricity is the major problem and no gas either. We have to use wood as fuel."

"The bills are so high and there is no gas in the winter. We can't cook on time."

"Members of our family start fighting and our children start crying as we don't have money."

"Tension in the home rises."

(FG 1)

"Load shedding is the worst."

"There is no water without electricity. It goes off for hours and hours on Wednesday and Monday, morning to night."

"Children can't study."

"Our whole system suffers."

(FG 11)

"The bills are so much and there is no electricity."

"Everything is so expensive we can't buy anything."

"There is no electricity and we pay high bills and can't afford them."

"We cannot cook and children get ill."

"Children feel hot and get mosquito bites."

"They can't study or do their homework."

"We try to use charging lights or candles."

"We work at night to use the time when there might be electricity."

"Our health starts to be affected."

"We try to talk to those who deliver bills but they can't do anything."

(FG 12)

"We can't pray as electricity goes and we can't perform religious duties."

(FG 13)

"All night we are up and children can't sleep."

"When electricity goes water is also not available."

"Children can't go to school in the morning."

"We use charging lights and candles."

"We store up the water when there is electricity."

"Children can't study."

"We just wait, the government has done nothing about load shedding."

(FG 15)

Over half of the focus groups criticized the Water and Power Development Authority (WAPDA): not only for the power outages but also for increased prices and corrupt practices, including illegal connections (i.e. adding extra units) and false billing (i.e. charging the home-based workers for the electrical connections of others).

In Ahmedabad, all six of the focus groups which ranked irregular supply and/or high price of electricity as a major driving force were comprised of garment makers who use electrical sewing machines, when electricity was available and affordable. Electrical sewing machines consume a lot of electricity, especially if the machine is old or an outdated model. When there are power outages, the workers cannot operate their electrical sewing machines. If the power does not come back quickly, the women have to work late into the night to make up for lost time and complete their work orders. But in Ahmedabad, in contrast to Lahore, the focus groups were more concerned with the rising cost of electricity than with power outages. This is because the price of electricity has gone up in recent years and power outages are not as widespread or prolonged as in Lahore. As one garment maker in Ahmedabad noted: "*Earlier my electrical bill used to be 500 rupees every two months but now it is as high as 1000 rupees every two months for the same level of use*" (Ahmedabad FG 2).

When power outages are frequent or prolonged, or when they can no longer afford to pay their electrical bills, some of the garment makers shift to manual sewing machines. One focus group in Ahmedabad discussed a number of problems associated with shifting to manual machines. Firstly, they cannot stitch as quickly on manual machines, compared to electrical machines, and the finishing of the garment is also not as good. Secondly, their legs begin to pain from working the pedals on the manual sewing machines – forcing them to take breaks thus undermining their productivity. As one garment maker said: "*My legs pain and my feet swell. I am not able to do work for at least three-four days in a month and there is loss of income during those days*" (FG 15). Other garment makers reported that they take painkillers and try to keep working. Thirdly, manual sewing machines make more noise and require more maintenance than electrical machines.

In Bangkok, by contrast, none of the focus groups prioritized the lack or cost of basic infrastructure services as a major driving force, but two thirds still discussed them: six groups were dissatisfied and four groups were satisfied with the supply and price of basic infrastructure services in the areas where they lived and worked. One group talked favorably about the Bangkok Electricity Authority (BEA): "*Our sewing jobs exist only because there is a regular power supply. BEA notifies us in advance every time before cutting off the power supply and provides quick maintenance when the electricity is cut off*" (FG 9). But this group felt that the BEA should trim trees more regularly as fallen branches cause short circuits and power outages.

Transport Services

As noted in Part 1, home-based does not mean home-bound. Most home-based workers, not only the self-employed but also sub-contracted, have to move outside their home on a regular basis as part of their work. In Ahmedabad and Lahore, where there are strict norms of female modesty, seclusion, and veiling among the Muslim communities, even Muslim home-based workers are not home-bound. In Ahmedabad, a focus group of Muslim sub-contracted garments makers reported that they each go to a local market every day or every other day to supply finished goods/collect raw materials to/from their contractors and they all go once a week to a specialized market to buy accessories like thread, sewing machine needles and oil.

So the distance between the market/contractor/customer and the home-cum-workplace and the availability and cost of public transport directly impact the time and money spent in commuting and transporting goods and, thus, the productivity and earnings of the workers. In all three cities, nearly one fifth (18 per cent) of the survey respondents reported that they face problems transporting goods to and from markets: more so the self-employed (24 per cent) than the sub-contracted (15 per cent), as might be expected.

Across the three cities, home-based workers reported spending an average of USD 20 per month on transport: as might be expected, the average amount spent by self-employed (USD 30) was higher than the average amount spent by the sub-contracted workers (USD 16). But it should be noted that the average cost for sub-contracted workers is lower in part because the total sample in Ahmedabad, where transport is cheaper than in Bangkok, consisted of sub-contracted workers. Among the survey sample, transport represented around 30 per cent of total expenditures. Significantly, about one quarter of the home-based workers who spend money on transport operate at a loss.

The focus groups discussed the problems and costs associated with the lack, irregularity, inaccessibility, and cost of public transport: not only the financial cost but also the opportunity cost of the worker's time (or that of other household members).[20] Inadequate public transport means that some sub-contracted workers cannot go for work orders/raw materials on time (thereby having to wait for the next round of work orders) or miss deadlines for returning finished goods (thereby having their payments reduced or their goods rejected); and some self-employed operators cannot go to the markets as often as they would like to. It also means that the women and/or members of their family – whoever transports the goods – suffer exhaustion, headaches, and body pain, especially when they have to walk long distances. Further, the raw materials or finished goods are sometimes damaged along the way, especially during the monsoon season: see box 8.

Box 8. Problems Associated with Lack of Public Transport

Ahmedabad

"Because there is no public transport, we have to walk to the contractor's place. While coming back, we have to carry the raw materials. During the monsoon season, we face a lot of problems" (FG 3).

"From carrying the goods, we get tired and get body aches. We have to sit on the roadside for some time and take rest. Otherwise, sometimes, we get our children to collect the goods."

Bangkok

"I would like to go to the markets on the weekend, but there is no bus. Sometimes I have no choice but to take a taxi" (FG 9).

Lahore

"We carry our stuff and walk for hours and use Panadol [a brand-name analgesic] for headaches as we get tired" (FG 6).

Source: IEMS Focus Groups (2012)

[20] An urban expert in Bangkok refers to the BTS Skytrain and subway systems as "class-transit", not "mass-transit", as the poor cannot afford to ride on them. In fact, the poor cannot afford other more-informal modes of transport in Bangkok: the two-wheel and three-wheel motorized taxis. The poor tend to walk and take public buses or, if they can save enough money, buy their own motorcycle or car. (Apiwat Ratanawaraha, personal communication January 2014).

2.1.3 Value Chain Dynamics

Across the three cities, the 45 focus groups prioritized certain value chain dynamics as negative (36 times) and/or as positive (17 times): see table 19. The major negative dynamics were low piece rates/earnings (especially in Ahmedabad where the entire sample is sub-contracted), occupational health and safety risks (also primarily in Ahmedabad), lack of financial services (only Bangkok), and lack of access to or displacement by new technology (only in Ahmedabad). Among the survey respondents, well over two thirds (69 per cent) reported that their inability to bargain is a major negative force. It should be noted that several focus groups in Bangkok reported positive value chain dynamics: regular work orders or customers (8), good relationships with contractors (3), and the ability to negotiate goods prices or secure work orders (2).

Table 19. Value Chain Dynamics: Negative and Positive Rankings by City (# of focus groups)

Driving Forces	Ahmedabad	Bangkok	Lahore	Total
Negative				
Low piece rates/Earnings	11	0	1	12
Occupational Health & Safety hazards	6	1	0	7
Lack of financial services/Credit advances	0	5	0	5
Lack of access to/Displacement by new technologies	4	0	0	4
Irregular availability/High price of raw materials	2	0	1	3
Delayed/Irregular payments	0	2	1	3
Poor quality of raw materials	1	0	0	1
Lack of worker benefits: e.g. annual bonus & paid holidays	1	0	0	1
Totals	**25**	**8**	**3**	**36**
Positive				
Regular orders, customers, work	0	8	0	8
Good relationships with firm/contractor	0	3	0	3
Ability to set good prices/Secure orders	0	2	0	2
Skills training by employer	0	1	0	1
Free pick-up & delivery by trader/contractor	0	1	0	1
Quality & timely work by hbws→ work orders from factories/contractors	0	1	0	1
Stable, standardized, low prices of raw materials	0	1	0	1
Totals	**0**	**17**	**0**	**17**

Source: IEMS Focus Groups (2012)

This section summarizes what the focus groups had to say about problems and opportunities – as well as their responses or strategies – at each stage of the production process: from the perspective of both self-employed and sub-contracted workers. It also highlights when and how individual home-based workers were able to negotiate better prices or working conditions. And it illustrates that, unlike with macroeconomic forces, the local MBOs were able to help their members address value chain dynamics.

Orders, Customers & Work Orders

Some of the problems in securing orders and work orders have been discussed under the section on Recession above. For the self-employed, securing and retaining orders and customers is the key to their business. As a shoe-maker in Bangkok put it: "*I have to pray before leaving my home to look for orders*" (Bangkok FG 3). Another shoe-maker in the same focus group concurred: "*It is not easy to get orders; sometimes they offer me a very low price, I try to bargain but the shoe shop owners say they have to spend a lot on shop rent as well as administrative costs. I have also found that I have competitors, who try to lower the price. Now I am trying to produce and sell by myself*" (Bangkok FG 3). Also in Bangkok, the group who used to make brass items, until demand dropped, took up basket weaving to make a living. But as they reported: "*Initially, before World Vision Foundation [an international NGO] helped us with marketing; we had no idea how to sell our products*" (Bangkok FG 4).

For many, living near individual customers – not just markets – is important. A dress maker in Bangkok recognized that the location of her house, along a main street in her community, helps her attract customers. "*Many people pass by my house and drop in to get information about the rate I charge for tailoring a dress. According to my experience, none of them change their mind about leaving their cloth with me for dress making after hearing my rate. So my customers are those who pass by my house*" (Bangkok FG 3). A group of snack food makers/vendors in Bangkok also reported that where they lived was good for customers. "*There are many schools, apartments and a post office in this area. Since this area is densely populated, we have a good sales especially in the morning and evening*" (Bangkok FG 4).

Once they have secured customers, the home-based workers do everything they can to retain their regular customers. As a flower garland maker in Bangkok put it: "*The customer is God, so we have to take care of our customers. Although the prices of materials are increasing, we cannot change our selling price for flower garlands*" (Bangkok FG 5). Finally, as noted earlier, home-based workers in several trades reported that the volume of customers and sales depends on the season. A fried chicken seller reported: "*I usually sell to students after school, but during the school vacation I have far fewer customers*" (Bangkok FG 4).

For the sub-contracted, securing and retaining work orders is the key to their livelihood. As one garment maker in Lahore explained: "*The fashion industry brings new designs so we get work otherwise there would be no work. Nowadays, crepe shawls (dupattas) are in fashion so we get work*" (Lahore FG 3).

Raw Materials

Most sub-contracted home-based workers get their raw materials – or at least the main raw material – from their contractors. They are dependent on the contractors or firms for both the timely supply and the quality of the raw materials. Sometimes, the firm or contractor does not supply on time all – or any – of the raw materials that the sub-contracted workers need to start production. In such cases, the workers have to wait at the firm/contractor's shop or make repeat visits to the shop in order to get the necessary raw materials. Several of the focus groups reported that a lot of valuable time is wasted in the process. Further, as one garment maker in Ahmedabad observed: "*Although they are late providing raw materials to us, they want to us to finish and deliver our work on time to them*" (Ahmedabad FG 1). This is one of the many risks that sub-contracted home-based workers have to absorb, from their position at the bottom of the value chain.

In several focus groups, the sub-contracted home-based workers reported that firms/contractors supply them with inferior quality raw materials. One group of garment makers in Ahmedabad noted that even when their products do not pass quality control due to the poor quality of the raw materials, the firms/contractors make them redo the work without compensation (Ahmedabad FG 13). Many of the incense stick rollers in Ahmedabad mentioned that the firms/contractors who outsourced production to them do not always provide quality raw materials. One commented: "*The owner uses good quality sticks for mechanized rolling whereas he provides us with bad quality sticks which do not roll smoothly, thus causing us to produce fewer incense sticks in a day*" (Ahmedabad FG 6).

When they are given inferior raw materials, several things can go wrong according to the incense stick rollers. First, the quantity and/or the quality of their output may go down and the firms/contractors may deduct wages for not producing the right quantity or quality of incense sticks (Ahmedabad FG 12). Second, the chemicals used in the incense stick paste (masala) may be toxic. One group talked about the sickening smell of the chemicals (Ahmedabad FG 9). Incense stick rollers in two other focus groups reported that the chemicals in the paste burned their hands: "*Once the raw material was so bad that I had red rashes all over my palm and hands, a similar thing happened to other women. Then we organized a group and went to the contractor. He quickly changed the raw material*" (Ahmedabad FG 15). This example illustrates the leverage in the production process that comes with numbers and solidarity – with being organized.

Self-employed home-based workers also experience delays in the availability of raw materials. A shoe-maker in Bangkok reported: "*Sometimes I have to go to the wholesale market for a second time in order to get the needed materials because they run out of stock*." She added that: "*In order to economize on my travel expenses, I check the stock by telephone in order to make sure that I can get all materials that I need*" (Bangkok FG 3). In the case of garment makers, especially those who tailor dresses for individual customers, the customers often provide the cloth, specify the design, and pick up the finished dress. However, even in such cases, the seamstresses often have to buy the accessories: thread, buttons, zippers.

The quality of raw materials and ingredients is also of critical importance to self-employed workers. An expert embroiderer in Bangkok, who embroiders wedding outfits as well as simpler items, said: "*I use the best quality materials – for example, 'Grade A' artificial pearls – for my best quality work*" (Bangkok FG 8). Those who make and sell traditional Thai snack foods, such as *miang kham* (leaf-wrapped snacks) and *khanom krok* (coconut pudding), reported that good quality ingredients are important to creating tasty snacks: "*We select only good quality ingredients. If we don't get good quality materials we will not buy them since high quality ingredients are important for the good taste*"(Bangkok FG 4). One *khanom krok* seller said: "*I can find good quality ingredients at a cheap price, but I emphasize quality over price. If I use poor quality ingredients, customers will not come again*" (Bangkok FG 4).

In Bangkok, both shoe-makers and dress makers reported that there are many new – but costly – imported decorative accessories, mainly from China. As one dress maker noted: "*Our investment is increasing due to the price of raw materials, especially the decorative materials. We hesitate to increase our rates [or the] price of our work so we get less income or profit. Sometimes we suffer a loss*"[21] (Bangkok FG 3). Given this situation, the shoe-makers and dress makers tried to buy these materials at wholesale prices, economize on transport, or work longer hours. When these strategies did not work, as a last resort, some borrowed money from informal money lenders at high rates of interest (Bangkok FG 3).

Capital/Financial Services

Both self-employed and sub-contracted workers need capital to buy raw materials or other inputs, buy or repair equipment, and cope with contingencies. For instance, garment makers have to buy thread as well as the needles and machine oil for their sewing machines.

But, typically, the sub-contracted workers need less working capital than the self-employed, depending in part on the sector they work in and the nature of their contractual arrangements. Two sub-contracted workers in Ahmedabad – an incense stick roller and a garment maker – noted that one of the advantages of sub-contracted work is that they don't need to invest very much capital. The incense stick roller noted that sub-contracted incense stick rollers do not have to buy inputs or accessories: "*To do this work we do not have to put in a single penny, all the capital is of the owner*" (Ahmedabad FG 6). The garment maker noted that sub-contracted garment workers have to invest some, but not much, in inputs and can, if needed, rent a sewing machine for 200 rupees a month, a rate which she thought was affordable (Ahmedabad FG 5).

By contrast, the self-employed are often strapped for working capital; so although they are less dependent than sub-contracted workers in some ways, they also face higher risks when it comes to access to capital. Two focus groups of self-employed workers in Bangkok highlighted that, when customers buy their products on credit, they do not have enough cash to invest in production for other customers (Bangkok FGs 8 and 12). One of the focus groups discussed this constraint at length: "*Without sufficient revolving funds, we are unable to expand our works or to add value to our products, we can't do anything*." As one member of that group noted: "*If a customer does not make a deposit and I have no investment, I need to borrow money or buy goods with credit*." She added: "*When I got orders but did not have sufficient funds I borrowed money from my savings. I save for my children's education. But you know, I couldn't repay the same amount that I borrowed. Each time, I could repay very little*." Another woman in the group summarized the dilemma:"*When customers place their orders, we would like to work, so we need to receive the orders to earn income. But we need funds to invest*" (Bangkok FG 12).

This group then discussed where and how they had tried to secure loans. Two of the women had borrowed money from the community credit union cooperative. They used to borrow from the Government Saving Bank, which required group collateral: that is, three or four persons guaranteeing each other's loans. But the group solidarity broke down. Others have taken interest-free loans from

[21] In Bangkok, one focus group of dress makers reported that during a recent standoff between China and Japan, exports to Thailand declined, including exports of decorative materials and accessories used in dress making (Bangkok FG 8).

their relatives. One woman, a member of a Village Fund Committee, took a loan from the Village Fund.[22] But others in the focus group complained that the Village Fund is difficult to access as the members of the Fund Committee share the funds among their family and friends. They added that they did not want to borrow money from the Fund because they do not want to guarantee the repayment of others (Bangkok FG 12).

Another focus group in Bangkok, all of whom make chili paste, discussed the pros and cons of the informal and formal credit markets. One woman began the conversation stating: "*I borrow money from informal money lenders at the rate of 20 per cent interest per month and I have to pay back daily. It's really hard to pay back*" (Bangkok FG 10). Another added: "*In the past, if borrowers were not able to repay the loans, the lenders would send gangsters to threaten and attack us*" (Bangkok FG 10). To repay a loan taken from an informal moneylender, one woman had to borrow money from her relatives back in her home village who in turn borrowed from a rural bank. "*My mother and my sister had to borrow money from the Bank of Agriculture and Agricultural Cooperatives (BAAC) in order to be able to repay the informal money lender*" (Bangkok FG 10). Another woman said she borrowed from formal banks, such as BAAC and the Islamic Bank, to repay debts to informal money lenders. According to her, BAAC charged 12 per cent interest rate per year and the Islamic Bank required that a community leader stand as guarantor of her loan (Bangkok FG 10).

Five groups in Bangkok ranked the lack of financial services, notably loans, as a major driving force. They reported that they were reluctant to borrow from informal money lenders who charge high interest rates, anywhere from 20 per cent interest per month to 20 per cent interest per day (Bangkok FG 11). Here is what these and other focus groups said they need funds for:

For investing in business

- to buy or repair equipment: e.g. to buy new equipment with latest technology or to buy a second machine in order to engage family members
- to invest in inputs such as thread, decoration materials including artificial pearls and cloth flowers

For coping with work-related contingencies

- when they have no orders/work orders
- when they fall ill and can't work

Finally, one group of dress makers and embroiders who work for a local self-employed trader wanted loans for their contractor so that he could afford to pay them better wages.

Product Forecasting & Design

In many of the focus groups, the self-employed discussed entrepreneurial strategies such as adjusting product design in anticipation of changes in market demand. A self-employed embroidery worker in Bangkok stated that "*I always have to create new designs for my products, produce and stock them especially before Muslim festivals*" (FG 8). In addition to product design, packaging also helps to make products more attractive. As noted earlier, one self-employed home-based worker who makes Muslim caps and headscarves has created a range of designs for her customers to choose from. With this product design strategy, her business has not only survived but flourished over three decades (Bangkok 14). A successful snack food maker-cum-vendor noted that, in her experience, customers like a variety of products.

Equipment

Most home-based workers have to provide and maintain their own equipment. The lead firms and their intermediaries, the contractors, do not typically provide equipment to their sub-contracted workers, although some rent equipment to them and a few help with repairs. Buying or renting as well as maintaining equipment can be costly for home-based workers, depending on what they produce and what equipment they need. For example, home-based workers who stitch garments or other items need to buy or rent, repair, and otherwise maintain sewing machines (e.g. buy machine

[22] Village Fund is the government policy set up by the former prime minister, Thaksin Shinawatra. The government will provide 1 million Thai baht to each village. Village members will elect the Village Fund Committees to manage savings and credit in the village. Members need to come as a small group and guarantee payback for each other.

oil, replace needles). Many of the garment workers in Ahmedabad regretted that they did not have sufficient capital to buy new sewing machines; they explained that older machines were more expensive to operate (required more electricity) and to repair (needed more frequent repairs which averaged 200-300 rupees each time), and that new machines were faster and have new gadgets for the embroidering, hemming, and other specialized tasks. But the new machines were too expensive for them to purchase without loans (FG 2).

A few of the garment traders in Ahmedabad, who own new fancier machines, had offered to hire home-based workers to work in their shops. But some of the garment workers were hesitant to accept these offers. As one garment maker explained: "*The trader asked me to do work at his shop on a new technology machine but I refused his offer. I have young daughters in my house. I cannot leave them alone in the house or allow them to do work at the trader's shop*" (FG 1).

Some of the garment makers in Ahmedabad wanted capital to buy an additional machine for family members to operate. A woman who stitches lace edgings onto traditional shawls (*dupattas*) put it succinctly: "*If we have two machines, we can produce more*" (FG 1). Another woman confirmed this possibility: "*I was able to buy an extra machine for my daughter with an interest-free loan. Now she also works and our income has increased*" (FG 1).

Quality of Production

Most of the sub-contracted workers recognized that good skills and quality work are important in keeping firms/contractors satisfied and, thereby, in securing regular work orders. A group of sub-contracted sandal makers in Bangkok (FG 13) discussed the importance of maintaining the quality of their production to ensure that they don't have to repair or fix inferior products, which represents an opportunity cost to them, and also to ensure they keep getting work orders:

> *"In the beginning the factories might not trust us so we have to prove ourselves through the quality of our work as well as our responsibility e.g. finishing our work on time, not losing their materials, etc."*
>
> *"We have to help each other to improve our work skills so that the factories will appreciate our work. If we are trusted by the factories, they will provide us with work."*
>
> *"We get no wages for repairing or fixing our work; we have to lose time repairing poor quality goods instead of working on new ones which would earn us some wages."*

Like the sub-contracted workers, the self-employed know that the quality of their work is critical to attracting and retaining customers or buyers. A self-employed embroiderer in Bangkok stated: "*My products have to be high quality, I have to do quality control myself. I am not willing to trust anybody*" (FG 8). In several focus groups in Bangkok, self-employed home-based workers producing extremely different products – traditional Thai snack foods, smoked ham, carved buffalo horn products, and Muslim caps and headscarves – agreed that producers need skills and expertise to create products that are both trusted and valued by their customers. They equated "quality goods" with "regular customers". As the woman who carved craft items out of buffalo horn put it: "*If the customers appreciate my products, they will order again*" (FG 7).

Payments by Contractor

Low Piece Rates

Many of the focus groups complained about low piece rates or wages. Eleven focus groups in Ahmedabad and one in Lahore ranked low piece rates/wages as a major driving force. In so doing, they compared what they are paid to different standards. Some compared what they are paid now to what they were paid in the past. A garment worker in Ahmedabad complained that: "*The owner has been paying us just 8 rupees per piece for the past 5-6 years and does not want to increase our wages*" (FG 12). Some compared what they were paid to the time, effort, and costs that go into production. A group in Ahmedabad who made traditional garments noted that 30 years ago they were paid less than 1 rupee per piece, compared to 13 to 15 rupees per piece in 2012, but added that the piece rate today was not adequate compensation for the costs of production, which are rising, and the time and effort that they put into production (FG 2). Others also compared what they are paid now to the rising costs of production and the cost of living. As one incense stick roller in Ahmedabad put it: "*My wages are too low compared to the labour I put into making incense sticks; and also, the price rise is very high. It is difficult to* *sustain ourselves on this activity*" (FG 15). Another incense stick roller in Ahmedabad said: "*Our wages are too low in comparison to inflation. Vegetables, transportation all have become costly. Now, it's very difficult to manage our household*" (FG 14). A third said: "*My son had to drop out of school after class 9th because we couldn't afford to educate him any further*" (FG 14).

Still others compared what they are paid to what other workers in the same trade are paid. One group of garment makers, who stitch traditional shawls and petticoats, compared themselves to other sub-contracted garment makers who stitch the same items, noting that their contractor does not pay for ancillary tasks such as washing, drying, folding, while other contractors did. "*Other traders give extra money for drying and folding garments, but he doesn't*" (Ahmedabad FG 1).

A group of incense stick rollers in Ahmedabad reported that the trader who outsourced production to them paid higher wages to workers who worked at his workshop than he paid to them because he did not trust those who rolled sticks at home, without his supervision, to use the raw materials properly (FG 14).

Finally, some sub-contracted workers compared what they are paid to how much others up the chain earn from what they produce. A woman in Lahore who makes modern A-line skirts reported that she is paid 120 rupees per skirt and that, with the help of another family member, she could make two skirts a day. She went on to note that: "*They sell it for five thousand rupees in the market. Positive things are only for those who buy from us and sell at high rates and make a profit. They profit from our work*" (FG 6).

Delayed Payments

In addition to low piece rates/wages, many of the focus groups discussed delayed payments by the firm/contractor which outsources production to them. "*We don't get paid on time*" (Lahore FG 2). An incense stick roller in Ahmedabad reported: "*The owner pays us very low wages and once he did not pay us for two to three months. When SEWA came to our rescue he gave us our money*" (FG 6). Groups in both Bangkok and Ahmedabad reported having to make repeat visits to the firms or contractors to demand back pay (Bangkok FG 4 and Ahmedabad FG 4).

In some such cases, the firm or contractor never paid. A woman in Bangkok who sewed and crocheted bags and hats reported: "*Last year I got some work from an employer in Zone 1 and she agreed to pay me about 500 baht in wages. Up to now I haven't receive a single baht from her.*" She tried to ask for money from the employer but the employer said: "*You need not ask. If I get my money, I will pay you.*" But, at the time of the focus group meeting, the worker had still had not been paid (FG 9). A self-employed tailor in the same focus group was also cheated by an employer who refused to pay her back wages worth 2,000 baht (USD 67). When she heard this, the first woman added: "*I feel very stressed when we are cheated*" (FG 9).

Occupational Health & Safety

Occupational health and safety hazards are a major concern to home-based workers. Four main types of occupational health and safety hazards were raised in the focus groups: body aches and pains; blisters, cuts, or burns; eye irritation and strain; and respiratory problems. The main causes of these hazards are poor working conditions, notably lack of proper seating/work tables and of ventilation, and toxic substances used in production: see box 9.

Many of the home-based workers reported that they suffered body aches and pains due to their long working hours. This was particularly true for those who worked sitting on the ground. Many of the home-based workers do not work at chairs and work tables, unless they are operating a sewing machine or other large piece of equipment. An incense stick roller in Ahmedabad said: "*I feel pain in my lower back because of sitting for a long time on the ground*" (FG 8). Even some who sit on chairs and work at tables reported body aches and pains: for example, the garment makers in Ahmedabad forced to shift to manual sewing machines, due to power outages.

Across the three cities, four types of toxic materials were identified by the focus groups:

- acid used in jewelry making in Lahore: "*My health is affected by the acid which I use to make jewelry*." (Lahore FG 4)
- glues used in shoe making in Lahore: "*The material for shoes has strong fumes which are very bad for our health.*" (Lahore FG 7)

- chemical and coal powders used in the incense stick paste in Ahmedabad: "*Whenever I do excessive work, I get blisters on my hands and I have trouble breathing due to the powder used to roll the incense stick*." (Ahmedabad FGs 8 and14)
- scent used in the incense stick paste in Ahmedabad : "*I get a headache*." (Ahmedabad FGs 7 and 8)

Box 9. Occupational Health and Safety Hazards of Rolling Incense Sticks

There are two type of incense sticks, water-based and oil-based. A dry powder, which requires special handling, is used in making water-based incense sticks. The perfume or scent is added later by the lead firms. The dry powder infuses the air that the rollers breathe, causing respiratory problems and also eye irritation, and also pollutes their homes, according to the Ahmedabad incense rollers.

> *"Our houses get all black and dirty due to the powder used in water-based incense sticks, it takes a lot of drying time therefore I cannot make many during the rainy season."*
>
> *(FG 9)*

Oil-based incense sticks, on the other hand, do not need much drying time and the process of making them is much cleaner as a paste, not a powder is used. But the paste contains chemicals and is often heavily scented (FG 9). As noted earlier, sometimes the paste provided by the firm/ contractor contains particularly toxic chemicals or coal dust, used for combustion, and jaggery (unrefined sugar) or gum to bind the mixture. These can cause blisters, nausea, and headaches. Also, in rolling either type of incense stick, the roller's hands can get badly scratched if the bamboo sticks are rough. Several focus groups in Ahmedabad discussed the costs associated with the occupational health and safety risks in rolling incense sticks. First, there is the opportunity cost of having to suspend work due to pain or injuries. Some women reported that they continue to work despite the physical pain because they need to earn.

> *"I have been sick for the last eight years but I have to do work."*
>
> *(FG 14)*

Second, there is the financial cost of having to go to the doctor. One group said they made three-four visits a month to the doctor to get medicines.

> *"I have to see the doctor almost once in every week and he charges 30-50 rupees per visit."*
>
> *"When we get ill we have to spend more money on medicines than what we earn."*
>
> *(FG 6)*

Third, there is the long-term health cost to the women themselves. Some incense stick rollers suffer chronic lung disease, allegedly because they have inhaled so much toxic powder or fumes over the years.

Inability or Unwillingness to Bargain

Like other informal workers, home-based workers are affected by fluctuations in the price of inputs and finished goods but often are less able to negotiate or set prices, due to their isolation and lack of market knowledge. Over two thirds (69 per cent) of the survey respondents reported that they faced difficulties negotiating prices: significantly more so the sub-contracted (73 per cent) than the self-employed (57 per cent) workers. Indeed, nearly two thirds (63 per cent) of the self-employed reported that they set the price of finished goods, while virtually all (97 per cent) of the sub-contracted workers reported that a contractor, middle man, or someone else set the price: see table 20.

Table 20. Who Sets the Selling Price of Finished Goods for the Self-Employed and Sub-Contracted (%)			
	Employment status		
	Self-Employed	Sub-Contracted	All HBWs
All HBWs			
You	63.08*	3.48	20.85
The person that buys the goods from you	14.62	12.97	13.45
A middle man	20.00	41.46	35.20
Other	2.31	38.29	27.80
Don't know	0.00	3.80	2.69
N	**130**	**316**	**446**

*Statistically significant at the .05 level for all cells in the table and for all cells in that specific city.
Note: Respondents were allowed to provide more than one response.
Source: IEMS survey data (2012)

Some focus groups of sub-contracted workers discussed why they were unable or unwilling to bargain for higher piece rates/wages or other benefits. Two women put it quite bluntly: "*If we ask them to increases our wages, they tell us to leave the work*" (Ahmedabad FG 1). "*We are afraid of bargaining because if we squeeze the employer, the employer will do the same to us*" (Bangkok FG 1). Others explained that if they ask for higher piece rates/wages the firm/contractor would outsource the work to others who were willing to work for less, given the pervasive poverty in their country. In Lahore, where inflation was particularly high, a garment worker said: "*People are willing to work for less money due to inflation and competition*" (Lahore FG 3). One focus group in Lahore noted that, in a context of surplus labour willing to work for very low wages, the firms/contractors preferred to outsource to docile women: "*There is a lot of awareness in our area. They go to areas where there is no awareness so that they can get things cheaper*" (Lahore FG 1).

In other words, many of the sub-contracted women recognized that they could not exercise voice as they had no fall-back position – no alternative economic opportunities. One focus group in Bangkok elaborated on this point. They observed that if a sub-contracted worker did not have specialized skills or lived at a distance from local markets or central Bangkok, she would find it hard to seek other economic opportunities; or if a sub-contracted worker was dependent on the contractor for more than work orders – such as for loans – she might value the work and other benefits the contractor offered (FG 3). A related point, made by a sandal maker in another Bangkok focus group (FG 13), is that lack of market knowledge limits the ability of sub-contracted workers to shift to self-employment:

> *"When there is no home-based work, I have to look for work outside the home. So sometimes I had to work as a construction worker. Once I decided to produce and sell by myself. However, it was not so easy to sell my products, which are of high quality with high prices, in the local market. I have no knowledge about the market for middle/high income customers, who might be interested to my products and could afford to pay for them."*

Another factor contributing to the lack of voice is the women's lack of confidence. One focus group in Bangkok discussed the inhibitions they felt in speaking out for their rights. One woman said: "*I have never asked for anything. No one is interested in us. There is no organization/agency that provides us help*." Another said: "*I do not know how to speak out. I have come to attend the focus group today because I want to open myself, to get more information on how to solve my problems related to home-based work, and to learn how the organization can help me*" (FG 13).

Over 40 per cent (43 per cent) of the survey respondents reported that the price of inputs had increased over the past year; and nearly two thirds (64 per cent) of these reported that they are unable to bargain with suppliers to lower their prices. A significantly higher percentage of sub-contracted (76 per cent) than self-employed (51 per cent) home-based workers are unable to bargain for lower input prices. But few self-employed home-based workers feel they can increase their selling prices enough to reflect increased costs. As noted earlier, a flower garland maker in Bangkok stated: "*The customer is God,*" so despite rising costs of materials, the selling price for flower garlands cannot increase (FG 5).

Among all home-based workers, but especially among sub-contracted workers, those with no education are less able than those with some primary or secondary education to bargain for better prices. But, interestingly, a somewhat higher percentage of those with some secondary education, compared to those with some primary education, are unable to bargain for better prices: see table 21.

Table 21. Unable to Bargain for Better Prices by Level of Education of Self-Employed and Sub-Contracted (%)

	Education level			
	None	Some Primary	Some Secondary	Total
Unable to bargain	80.00*	63.27	67.79	68.54
N	**100**	**196**	**149**	**445**
Unable to bargain: Self-employed	66.67	49.02	59.26	56.59
N	**24**	**51**	**54**	**129**
Unable to bargain: Sub-contracted	84.21*	68.28	72.63	73.42
N	**76**	**145**	**95**	**316**

*Statistically significant at the .05 level.
Source: IEMS survey data (2012)

Given their lack of market knowledge and bargaining power, many sub-contracted home-based workers experience delayed payments, arbitrary cancellation of work orders, or arbitrary rejection of finished goods.

Among the focus groups that included sub-contracted workers, a large percentage ranked the firms that outsourced work to them – and, more specifically, their intermediaries or contractors – as a major force that played both a positive and negative role in their work and lives. The contractors were seen to play a more positive role in Ahmedabad and Lahore than in Bangkok, where only two groups ranked their contractors as positive and one group ranked their contractors as both positive and negative. The home-based workers appreciate first and foremost that the contractors provide them regular work through which they can earn a living. They also appreciate the fact that some contractors lend money to their workers who need funds to cope with an illness in the family or other contingencies. Two groups of garment makers reported that, when their sewing machines break down, their contractors lend them a machine and/or help to get the broken machine repaired. As one woman in Ahmedabad put it: "*He (the contractor) also lends his sewing machine when ours is not working and he also gives our machine for repairing during that period*" (FG 3). The group of five seamstresses in Bangkok, who produce brand-name shirts for an international company, reported that the local factory they supply to would send someone to fix their sewing machines when they break down (FG 1).[23] Also, as noted earlier, some home-based workers reported that their contractors supplied raw materials to and picked up finished goods from their home.

But, as detailed earlier, many of the sub-contracted home-based workers voiced complaints about their contractors, notably low piece-rates but also delayed payments and cancelled work orders. Also, several home-based workers noted that their contractors were not sympathetic to their personal problems or needs. As a garment maker in Ahmedabad said of her contractor: "*He didn't consider my problems – for instance, when I could not deliver completed work on time due to the illness of my child. He said it was my personal matter and that he wanted his work on time*" (FG 7). As a garment worker in Lahore also noted: "*They think we are making excuses when we are sick, they don't understand our illness or mental tension*" (FG 6). Other home-based workers noted that if and when their contractors lend them money, they demand quick repayment. Given these concerns, the focus group participants had a number of recommendations regarding what the contractors might do better, including: increase their wages/piece rates; provide regular work; give loans or advances as needed; deliver raw materials and pick up finished goods from their homes. More fundamentally, they wish that the contractors would trust them: would believe that they are doing the best possible work in the quickest time possible, given the constraints of small multi-purpose workspaces, inferior equipment, and power outages, and

[23] According to the HomeNet Thailand organizers who negotiated the original contract between this company and the home-based worker group, the company owners are philanthropic.

would understand that when they have to deal with contingencies, such as the illness of a child, they will make up for lost time and output.

What is the cumulative toll of the negative forces and the inability to bargain effectively on the earnings of home-based workers? During the year prior to the field research, over one third (37 per cent) of all the survey respondents reported a decrease in turnover: more so self-employed (41 per cent) than sub-contracted workers (36 per cent). When asked the reasons for their decreased turnover, a large percentage of home-based workers reported decreased demand – some mix of decreased work orders (60 per cent), customers (27 per cent), or sales contracts (24 per cent); around 8 per cent reported increased competition; and around 1 per cent reported increased price of supplies.

In sum, the low average earnings of home-based workers relate in part to wider economic and policy trends beyond their control and in part to their inability as individuals to bargain with local authorities, contractors, or customers. This limits their ability to address the exclusionary policies and practices of government, especially local municipal governments, and the unequal dynamics within value chains. But their ability to bargain increases when they are organized and have collective power. Thus, economic empowerment through organization and collective voice is key to the ability of home-based workers to demand a more inclusive and fair regulatory environment and more equal value chain relationships.

Finally, it is important to remember that many individual home-based workers and focus groups reported positive, as well as negative, driving forces. Also, it is important to note that many of the focus groups highlighted the value of home-based work to women, including not only the ability to combine paid and unpaid work and to have a flexible work schedule but also to earn and save money, to train children, and to engage family members as needed to help out. Many also reported that they liked home-based work and felt they were skilled at it.

2.2 Responses

The responses of home-based workers to the various driving forces have been interwoven in the discussion above. What follows here is a summary analysis of the responses reported earlier. Both the focus group and survey findings indicate that the home-based workers in the sample responded to driving forces in four main ways:

1 – Reducing expenditures; 62 per cent of survey respondents

2 – Borrowing money: 29 per cent of survey respondents

3 – Taking up new or additional work (either home-based worker herself and/or other household members): 26 per cent of survey respondents

#4 – Changing existing work: 23 per cent of survey respondents

In addition to these four main types of responses, the focus groups discussed two other types of responses: the first, often collective, reflecting agency; the other individual, reflecting stress and frustration. In over a quarter (27 per cent) of the focus groups, the home-based workers reported that they had protested in some way, usually collectively and often with the support of their organizations. All three of the MBOs to which the sample belong – SEWA in Ahmedabad, HomeNet Thailand in Bangkok, and HomeNet Pakistan in Lahore – undertake collective bargaining and advocacy with and for their members: to help secure minimum piece rates, basic infrastructure services, supportive policies, and appropriate laws. On the other hand, in nearly half (49 per cent) of the focus groups, the home-based workers discussed how physical stress drove them to take medicines or become ill and how psychological stress drove them to yell at/slap their children or fight with their husband.

Table 22 presents the frequency of the different types of responses to the three sets of driving forces reported in the focus groups.

Table 22. Types of Responses to Three Sets of Driving Forces (# of focus groups)								
Driving Forces	Reduced Expenditures	Borrowed Money	Changed Existing Work/ Coping	Changed Existing Work/ Entrepreneurial	Found Other Work	Protested	Acted Out/ Psycho-logical Stress	Acted Out/ Physical Stress
Wider economy	23	10	10	8	20	2	11	8
City/ Government	13	8	29	1	6	9	13	8
Value chain dynamics	11	14	15	0	9	1	1	5
Total	**47**	**32**	**54**	**9**	**35**	**12**	**25**	**21**

Source: 45 IEMS Focus Groups (2012)

The frequency of the focus group responses does not necessarily reflect the sequence of responses. Some home-based workers tried to change their existing work – by, for instance, buying raw materials at wholesale prices, economizing on transport, or working longer hours – before reducing expenditures or borrowing money. Also, in some cases, the home-based workers borrow money to invest, not just to smooth consumption.

Changes to existing work included what can be characterized as *coping mechanisms* – delaying payments to suppliers, substituting unpaid for paid workers, using fewer workers, lengthening work hours (self, helpers, employees) as well as *entrepreneurial responses* – diversifying products, enhancing products or packaging, or seeking new markets or customers. Among the focus groups that reported changing existing work arrangements, 54 of the responses were coping mechanisms while only 9 were entrepreneurial strategies. Put another way, coping mechanisms were mentioned six times more frequently than entrepreneurial strategies by the focus groups. However, the focus groups served to identify a set of entrepreneurial responses that were not included among the predetermined options listed in the survey questionnaire.

Compared to the survey respondents, the frequency with which the focus groups reported each of the four main responses is higher. Part of the difference is due to the fact that the focus groups were comprised of five home-based workers each: as the likelihood of five individuals, between them, reporting a specific response is higher than that of a single individual. Part of the difference is due to the fact that the focus group method is open-ended while most of the survey questions included a predetermined set of possible answers, limiting the range of responses and disallowing open-ended conversation that could lead to a wider range of responses.[24] It is also the case that the focus group methods can generate collective responses: that is, while the focus group methods may be open-ended, they can generate a dynamic that leads people to agree with one another. These differences notwithstanding, both methods found that the home-based workers respond in the same four main ways – most notably, by reducing expenditures.

Among the survey respondents, in response to decreased earnings, a higher percentage of sub-contracted (66 per cent) than self-employed (55 per cent) reduced expenditures and a significantly higher percentage of sub-contracted (38 per cent) than self-employed (9 per cent) borrowed funds. This is likely due to the fact that more self-employed than sub-contracted workers are able to respond by delaying payments to suppliers, finding alternative work, and/or trying to increase their output/ earnings by extending their work day and that of their employees: see table 23.

[24] Other possible explanations of the lower frequencies in the survey data include respondent fatigue, difficulties with translation (as the questionnaire was translated into the local language in every country), and negative response bias.

Table 23. Responses to a Fall in Earnings by Self-Employed and Sub-Contracted (%)			
	Employment status		
	Self-Employed	Sub-Contracted	All HBWs
Substituted non-paid family members	5.66	4.39	4.79
Substituted non-paid apprentices	1.89	0.00	0.60
Used fewer workers	5.66	2.63	3.59
Worked longer hours	16.98	6.14	9.58
Lengthened employees day	3.77	0.88	1.80
Borrowed money	9.43*	37.72	28.74
Delayed paying suppliers	7.55*	0.00	2.40
Found other work	22.64	13.16	16.17
Other household members found other work	7.55	5.26	5.99
Other household members started working	1.89	5.26	4.19
Reduced expenses	54.72	65.79	62.28
Took no measures	9.43	5.26	6.59
Other	5.66	5.26	5.39
N	**53**	**114**	**167**

* 167 home-based workers reported a fall in revenue. Statistically significant at the .05 level.
Substituting paid workers with non-paid family members or apprentices is a common strategy.
Note: Respondents were allowed to respond to more than one category.
Source: IEMS survey data (2012)

Part 3: Institutions, Linkages & Contributions

3.1 Mediating Institutions

In both the survey questionnaire and the focus groups, the home-based workers were asked which institutions helped or hindered their ability to respond to the driving forces that impacted their work and lives. Most institutions were ranked as both positive and negative but to varying degrees. Nearly half (48 per cent) of the survey respondents, significantly more so the sub-contracted workers, reported that the MBOs to which they belong are helpful; another 14 per cent listed other non-governmental organizations as helpful; and one third stated that other informal workers are helpful: see table 24. Over one third (36 per cent) of the survey respondents, but significantly more self-employed than sub-contracted, reported that both the local and national governments are not helpful. Nearly one third (around 30 per cent), and again significantly more self-employed than sub-contracted, reported that the police, large retail firms, and trade unions are not helpful. The results show that most institutions have a greater impact, both positive and negative, on self-employed than on sub-contracted workers. This points to the relative isolation and dependency of sub-contracted workers compared to the self-employed, who have to independently negotiate the policy environment, market transactions, and institutional relationships on a daily basis.

Metal hinge producer in Bangkok. Photo: S. Tubsakul

Table 24. Institutions Seen as Helpful or Not Helpful by Self-Employed and Sub-Contracted (%)			
	Self-Employed	**Sub-Contracted**	**All HBWs**
	Institutions identified as helpful		
National government	9.85*	3.15	5.12
Local government	3.03	2.21	2.45
NGOs	18.18	12.30	14.03
MBOs	35.61*	53.31	48.11
Police	6.06	2.52	3.56
Other workers	30.30	33.75	32.74
Trade union	1.52*	8.52	6.46
Worker's co-operative	10.61*	0.32	3.34
Large retailers	4.55*	0.95	2.00
	Institutions identified **not** helpful		
National government	43.18*	33.44	36.30
Local government	44.70*	32.81	36.30
NGOs	34.09*	23.34	26.50
MBOs	10.61	8.20	8.91
Police	41.67*	27.13	31.40
Other workers	19.70*	11.67	14.03
Trade union	42.42*	24.92	30.07
Worker's co-operative	34.85*	21.77	25.61
Large retailers	45.45*	25.24	31.18
N	130	317	447
N	**53**	**114**	**167**

* Statistically significant at the .05 level.
Source: IEMS survey data (2012)

Among the institutions ranked as helpful by the focus groups, the MBOs to which the home-based workers belong was the most prominent, mentioned by well over half (58 per cent) of the focus groups, followed by welfare boards (40 per cent), and local municipal government (27 per cent). However, there was significant variation in the institutional environment across the three cities. The local municipality, the employment department, and public transport play more prominent positive roles in Bangkok than in the other two cities. Welfare boards play a prominent positive role in Lahore and especially in Ahmedabad, but there is no local equivalent in Bangkok.

Among the institutions ranked as negative by the focus groups, by far the most prominent was the private company or government department responsible for providing electricity, mentioned by 17 (38 per cent) of the focus groups, followed by the municipal government (11 per cent), police (7 per cent), and public transport (7 per cent). The negative roles of these institutions have been discussed earlier. What follows is a discussion of the three main institutions that play a positive role – to varying degrees and in varying ways – in the work and lives of the home-based workers.

3.1.1 Membership-Based Organizations (MBOs)

In all three cities, the sample was drawn from the membership of local MBOs of women informal workers: SEWA in Ahmedabad, HomeNet Thailand in Bangkok, and HomeNet Pakistan in Lahore. SEWA's membership is drawn from multiple trades or occupational groups, while the members of the two HomeNets are primarily (Thailand) or exclusively (Pakistan) home-based workers. SEWA is the oldest, largest, and most comprehensive of the organizations: with a sisterhood of institutions that mobilize, build awareness among, negotiate for, and provide a range of services to SEWA's members. More than half of the focus groups across the three cities mentioned several positive roles that the MBOs played in their work and lives. Box 10 summarizes how many focus groups in each city mentioned different types of support provided by their respective organization.

Box 10. Types of Support by Member-Based Organizations (MBOs) of Home-Based Workers

Interventions	SEWA	HomeNet Thailand	HomeNet Pakistan
Services	Financial Services (7) Input Supplies (1) *"We buy thread, scissors, needles, and machine oil from the SEWA shop in Shahpur"* (FG 1).	Financial Services(5) Inputs & Tools (8) *"HNT provided us training, seeds, and tools for growing vegetables"* (FG 8).	
Worker Education	Awareness Building (13) *"We get inspiration from SEWA for our work that we are not weak and can do anything"* (FG 1). *"Earlier we spent most of our time inside our houses. But when we joined SEWA, we came to know how many people are engaged in the garment trade and their working conditions"* (FG 4). Training (9)	Awareness Building (2) *"HNT provided us with information about social security, occupational health and safety, and the rights and benefits of home-based workers"* (FG 5). Training (4)	Awareness Building (7) *"HNP is the important institution for us. They make us aware and teach us how to bargain. We are no longer so shy to speak up because of HNP"* (FG 1). Training (2)
Bargaining/ Negotiations	Bargaining/negotiating for higher wages and benefits (13) *"Earlier SEWA organizers talked to traders to increase our wages but now we are able to talk directly to traders to demand higher wages"* (FG 1).	Bargaining/negotiating for direct orders *"It is important to be members of HomeNet because in this way that we can make contact with the big companies"* (FG 1).	Bargaining/ negotiating for higher wages (FG 1)
Policy Advocacy	Welfare Board (7) *"SEWA helped in setting up the Welfare Board"* (FG 9).	Social Protection (6) *"HNT campaigns for social protection and other laws for informal workers"* (FG 6).	
Other	Membership and Identity (6)	Flood Relief (3) Child Assistance Grants (1) Market/Employer Linkages (2) *"After the floods, HNT provide food, drinking water, and other necessities"* (FG 1).	Links to NGOs & Government (3)

Source: All IEMS Focus Groups (2012)

Over the years, SEWA, HomeNet Thailand, and HomeNet Pakistan have been able to secure major victories for home-based workers and other informal workers, which are reflected in what the focus groups in each city reported. SEWA has been instrumental in setting up a welfare board for incense stick rollers: negotiating higher piece rates and annual bonuses for both garment workers and incense stick rollers; and upgrading the housing and slum communities in which some of the home-based workers live. HomeNet Thailand was a member of a civil society coalition that successfully advocated for a universal health scheme to cover informal workers. They also successfully advocated for and helped design a government occupational health and safety scheme for informal workers and subsequently advocated for a Homeworkers Protection Act which mandates that homeworkers should be protected from occupational health and safety risks; and successfully advocated with the Ministry of Labour to set up a Homeworkers Fund to provide credit at a low interest rate to homeworkers. HomeNet Pakistan successfully advocated for a provincial policy and law in support of home-based workers and helped lead a campaign for a draft national policy or law in support of home-based workers, which is still under consideration by the parliament of Pakistan.

3.1.2 Welfare Boards

Worker welfare funds represent one of the models developed in India and Pakistan for providing social protection to workers in the informal economy. In India, these funds have been set up by various state governments as well as by the central government. These funds are targeted for informal workers in specific industries and are typically raised by a cess or tax on the production/output in specified industries in which there are large concentrations of informal workers. The funds are transferred to the Ministry of Labour, which sets up autonomous welfare boards, comprised of representatives from employers, government, and workers, to plan and administer the funds. The benefits provided under these funds vary but typically include some mix of: education scholarships, medical care, pensions, disability or unemployment allowances, housing loans, and sector-specific schemes. In Ahmedabad, a high percentage of the focus groups spoke positively about the welfare board and listed the following benefits provided by the board: identity (ID) cards, toolkits, training, and health care coverage (up to 1,200 rupees per year). They also made several recommendations regarding how the welfare board might improve: notably, to extend the coverage of existing entitlements and to add new benefits such as skills training.

3.1.3 Local Government

The focus groups in Bangkok were particularly positive, and informed, about the role of local government. This is due in large part to the fact that Bangkok, a capital city in an upper middle income country, has better infrastructure and social services than the other two study cities. This is also due in some part to the fact that, in Thailand, social services are decentralized and civil society organizations often play a role in local administrative committees. In addition to the Bangkok Metropolitan Council, which they saw as ultimately responsible for the provision of infrastructure and other services, the focus groups mentioned a variety of services from the following local government institutions: Bangkok Metropolitan Transportation Authority (BMTA) (public transport including trains, buses, and vans); Metropolitan Electrical and Water Supply Authority (water and electricity supply); Employment Office (jobs, loans, and skills training); Non-Formal Education Office (skills training); District Office (basic infrastructure services, including roads/road repairs, water supply, and garbage collection); Community Health Centers (health checkups, medicines, preventive health education). But they were not fully satisfied with the services provided or with the attitude and behaviour of government staff. Here are some of the complaints that they made:

- Bangkok Metropolitan Transportation Authority: dangerous drivers, rude conductors
- Metropolitan Electrical and Water Supply Authority: high prices for once-free services
- Employment Office: inappropriate or inadequate skills training
- Non-Formal Education Office: poor training and inadequate follow-up
- District Offices: complicated procedures for accessing services and indifferent officers

In Ahmedabad, the focus groups did not mention the municipal government but focused on the welfare boards (seen as positive) and the electricity department (seen as negative). In Lahore, the focus groups were positive about the National Database and Registration Authority (ID cards and birth certificates); the Social Welfare Department (medicines); and the government's emergency services (notably, an ambulance service called Rescue 1122). While some Lahore focus groups felt the government's education, health, sanitation, and transport services were adequate, others did not: their assessments depended, in part, where they lived. Several of the groups complained that they did not get any benefits from specific targeted welfare schemes such as the Benazir Income Support Program.

Finally, some of the home-based workers wanted the government to provide them skills training and marketing services. Two garment makers in Ahmedabad, who belong to a block-printing (*chhipa*) community, reported that they benefitted from taking a one-year certified tailoring course offered by a community trust, the Chhipa Jamaat Trust. One of them testified: "*It is only due to this trust I am able to stitch anything, their one-year training course benefitted me a lot*" (15). Also, a home-based embroiderer in Lahore reported that she was able to become independent – self-employed – after being trained in a special style of embroidery from Kashmir (a region claimed by both Pakistan and India): "*The intermediary used to come and give the orders. Now I have got training and I market my products myself. I went to Kinari Bazaar (market located in Rang Mahal in Northern Lahore). Initially, I had to make samples on my own and later on I started getting orders*" (FG 3). This example illustrates the potential impact of skills training on economic mobility.

3.2 Production Linkages

There is a widespread notion that the informal economy is not linked to the formal economy. However, although they work from their homes, many home-based workers are linked to formal firms through production linkages. Both the focus group and survey findings point to the existence of such linkages. Some of the survey data point to the relative size or significance of specific linkages.

Production linkages include both backward and forward linkages. Backward linkages refer to the use as inputs of raw materials, ingredients, supplies produced by others. Self-employed home-based workers buy raw materials, ingredients, or supplies from formal and/or informal firms. Forward production linkages refer to the use of the output of workers/units as an input in other production activities. The survey results indicate that 22 per cent of the self-employed home-based workers sold goods to formal firms and 33 per cent sold to informal firms. Other customers include a range of individuals, including other informal workers, neighbours and the general public.

Sub-contracted home-based workers have both backward and forward production linkages with formal firms up the value chain who sub-contract production to them and also buy finished goods from them, either directly or through contractors. In many sub-contracting chains, especially global but also domestic chains, the lead firm is formal. However, sub-contracted home-based workers are not likely to know the lead firm in the chain into which they are inserted: as they tend to deal only with a local supply firm or its intermediary.

Over one quarter (27 per cent) of the survey respondents reported that they sold goods to or produced goods for a formal firm: more so sub-contracted than self-employed workers: see table 25. But this is largely due to findings in Ahmedabad, where the total sample was sub-contracted and many dealt directly with supply firms, rather than through contractors. Over half of the sub-contracted workers in Bangkok and nearly three quarters in Lahore reported that they supplied finished goods to informal firms: namely, contractors. But whoever the sub-contracted workers deal directly with, the goods they produce are quite likely to be outsourced or bought by formal firms up the chain.

Table 25. Types of Businesses that Buy Home-Based Workers' Products, by Self-Employed and Sub-Contracted (%)

	Employment Status		
	Self-Employed	Sub-Contracted	All HBWs
All HBWs			
Formal businesses	21.97	29.65	27.39
Informal businesses	26.52*	35.96	33.18
Other informal workers	9.85	9.46	9.58
Non-response	26.52	16.09	19.15
N	**130**	**317**	**447**
Bangkok			
Formal businesses	26.15	25.88	26.00
Informal businesses	16.92*	52.94	37.33

Table 25. Types of Businesses that Buy Home-Based Workers' Products, by Self-Employed and Sub-Contracted (%) (continued)			
	Employment Status		
	Self-Employed	Sub-Contracted	All HBWs
Other informal workers	7.69	14.12	11.33
Non-response	0.00	0.00	0.00
N	**65**	**85**	**150**
Lahore			
Formal businesses	17.91	11.76	14.47
Informal businesses	35.82*	71.76	55.92
Other informal workers	11.94	20.00	16.45
Non-response	52.24	49.41	50.66
N	**65**	**85**	**150**
Ahmedabad			
Formal businesses	---	42.18	42.18
Informal businesses	---	5.44	5.44
Other informal workers	---	0.68	0.68
Non-response		6.12	6.12
N		**147**	**147**

*Statistically significant at the .05 level.
Source: IEMS survey data (2012)

3.3 Economic & Social Contributions

There is also a widespread notion that the informal economy does not contribute to the overall economy. In the concluding exercise of the focus group sessions, the participants were asked to specify what they contribute to the city in which they live and work. Many were quite clear that they contribute not only to the city but also to their families, to society, and to the wider economy.

A few groups needed time and encouragement to think about and come up with what they contribute. For instance, the initial response of one basket weaver in Bangkok (FG 4) was: "*We are needy people and are always getting help from others. I really wonder what I contribute to the city.*" After some encouragement by the focus group facilitator, this basket maker and others in her focus group began to list their contributions. What this suggests is both a lack of awareness, which reflects their lack of political mobilization, and also how the research process contributed to raising their consciousness: as it was only through probing by the facilitator that the home-based workers in this focus group began to identify their contributions.

3.3.1 Contributions to Family

The home-based workers recognized their contributions not only to the household budget but also, by working from home, to the care of children and the elderly and to the quality of family life. Several home-based workers noted that nurturing warm, close families helped to reduce social problems. As one woman in Bangkok remarked: "*I believe that 'family is the first unit of society', if we are able to build a 'warm family', it will decrease social problems*" (Bangkok FG 3). One group in Bangkok reported that they sent remittances to their extended families in northeast Thailand (Bangkok FG 1).

3.3.2 Contributions to Consumers

Several focus groups noted that they provided goods and services at a low cost to low-income people and the general public. Home-based vegetable sellers in Lahore noted with pride: "*We are giving healthy and beautiful vegetables to Lahore people. We sell good food for Lahore people to eat*" (Lahore FG 14).

The home-based grocer in Bangkok said she sold goods at a low price and that producers who bought materials or ingredients from her had lower production costs (Bangkok FG 4).

3.3.3 Contributions to Society

The Solidarity Group in Bangkok reported that their production unit and their products served as a model for collective production of fair trade products. They hoped their model would inspire laid-off workers and other unemployed individuals to form cooperatives (Bangkok FG 2).

3.3.4 Contributions to the Environment

A couple of focus groups in Bangkok noted that they contribute to the environment by not commuting every day and by going to markets on foot or by bicycle: thus, not polluting the air or adding to traffic congestion (which are major problems in Bangkok).

3.3.5 Contributions to the Economy

Several of the focus groups described their contributions along a value chain of backward and forward – and sideways – production linkages. As one woman in Bangkok put it: "*We are part of an economic chain*" (Bangkok FG 1). Consider, for example, how garment makers in Ahmedabad described the linkages in their sector for both self-employed and sub-contracted workers:

Backward Linkages:

- buy cloth from the cloth markets which would not operate without their business (self-employed)
- buy needles, thread, buttons, zippers, and machine oil from retailers (both groups)
- buy sewing machines from retailers (both groups)
- get their sewing machines repaired at repair shops (both groups)

Forward Linkages:

- supply finished garments for low piece rates to contractors who, in turn, supply the goods to firms up the chain (sub-contracted workers)
- sell finished goods at low prices to wholesalers who, in turn, sell finished garments to supermarkets (self-employed)
- sell finished goods at low prices to individual customers (self-employed)

As one of the garment makers in this focus group commented: "*Supermarkets are only able to sell these readymade garments at a cheap price because we stitch the garments at such affordable rates.*"

Sideways Linkages:

- hire head loaders at cloth markets to carry cloth (self-employed)
- pay bills plus sales taxes to electricity department/company (both groups)
- generate employment for individuals who iron, attach labels or buttons, and package garments (both groups)

Also consider how a focus group of incense stick rollers in Ahmedabad described the linkages in their trade in which most workers are sub-contracted:

Backward Linkages:

- receive bamboo sticks and incense paste from firms or their contractors who, in turn, purchase these from wholesalers

Forward Linkages:

- supply finished incense sticks for low piece rates to contractors
- generate business for the contractors who supply the incense sticks to firms who sell them to retailers or wholesalers

Sideways Linkages:

- generate employment for individuals who dry, scent, and package incense sticks

3.3.6 Contributions to Taxes

Several focus groups recognized that they directly pay taxes of various kinds – value added tax, property tax, and sales taxes on electricity and other bills. As home-based workers in Lahore (FGs 2 and 14) put it:

> *"There are taxes on everything so we contribute to the city and country."*
>
> *"We pay taxes on everything we buy so the economy of Lahore is helped. We are paying taxes on everything so Lahore benefits."*
>
> *"When we earn money, Lahore benefits."*
>
> *"The money we earn is used in Lahore and in Pakistan. It gives Lahore and Pakistan more tax."*

Several focus groups also recognized their indirect contributions to taxes: noting that the firms they bought supplies from or sold finished goods to paid taxes to the government.

The focus groups in Lahore seemed particularly aware of and articulate about their overall contribution – how their work benefits different segments of the population in different ways: see box 11. Two of the Lahore focus groups (FGs 10 and 12) were particularly conscious of the underlying class inequality and social injustice:

> *"The work is done by the poor and only the rich eat."*
>
> *"They pay us so little and get big profit from our work."*
>
> *"Lahore is getting benefits from us but not giving us any."*
>
> *"We work so hard for our money and there are women who sit and eat as they are rich; this is unfair."*
>
> *"Others earn from our hard work."*
>
> *"Our hard work is the source of other people's income."*

Box 11. Overall Contributions: Perceptions of Focus Groups in Lahore

"We give Lahore our energy."

"We give Lahore progress. Our products are sold in other countries."

"Lahore is prosperous because of our work and labour."

"We give Lahore good products and that makes Lahore so beautiful and rich."

(FG 1)

"When we pay electricity bills there is advantage as there are taxes in each bill."

"Whenever we buy anything we pay taxes."

"Other people make an income because of us as they sell our items for more than they pay us."

"The garments I make are used for weddings and when they are sold, the shopkeepers really benefit."

"Boutiques are dependent upon us."

"The transport sector gets fares from us."

"Lahore is because of us and we are because of Lahore."

"Our work goes to other areas and Lahore benefits."

(FG 3)

Box 11. Overall Contributions: Perceptions of Focus Groups in Lahore (continued)

"Lahore benefits from our work due to taxes."

"The advantage goes to rulers of Lahore who collect all the taxes."

"Shopkeepers get advantage and buyers get our products."

"We buy from shopkeepers who get benefit as they earn from us."

"The factories of Lahore get advantage."

"The intermediary gets the benefit."

"Ordinary people get nothing, only the rich and rulers get benefits."

"The jewelry is sent to other cities and the whole country gets benefit because government takes taxes on all sales."

"We work and the government takes advantage because of sales tax."

(FG 4)

"How will the shopkeepers get cleaning brushes if we don't make them? Our brushes are used in factories, shops and homes."

"The shopkeepers are dependent on our work and profit from it."

"We pay bills and there are taxes on all the bills so Lahore benefits from us."

(FG 5)

"We earn money and spend it in Lahore."

"Everything we buy the government takes tax on it."

"When we make beautiful things, Lahore looks beautiful with our dresses."

"We benefit Lahore's schools by making uniforms for the children."

"The shops and market people profit from our work."

"Our income is necessary for our households."

"We borrow twenty thousand from credit organizations and pay back twenty four thousand so they benefit from our money."

(FG 6)

"We pay taxes on our bills and Lahore benefits."

(FG 7)

"Our products are beautiful and people enjoy them and look good in them."

"Children look good in our embroidered clothes."

"We do the work and Lahore shopkeepers and factories benefit."

"We pay taxes on everything, our homes, electricity and gas bills and anything we buy."

(FG 8)

Box 11. Overall Contributions: Perceptions of Focus Groups in Lahore (continued)

"The work we do helps others."

"Factories make profit from the shoes we make."

"The bags I make keep things clean and healthy otherwise there would be illness in Lahore."

"We work hard and fill people's stomachs."

(FG 9)

"We pay taxes to Lahore and this helps the economy."

"Our hard work is helping Lahore."

"I make jeans for uniforms for poor children."

"When I iron their clothes, school children benefit."

(FG 11)

"We make things and Lahore benefits."

"We pay bills and Lahore benefits."

"We are educating our children to give Lahore good citizens."

"My jewelry is beautiful and affordable as gold is expensive so people wear artificial jewelry."

"We make beautiful clothes: a person's respect depends upon clothing."

(FG 13)

"Our work benefits others."

"We are adding to the earning of Lahore with our products; others earn from our work."

"We add to Lahore's beauty when we decorate clothes and make nice clothes."

"People use the pretty handbags we make and they look good."

"Lahore citizens are using our handbags more frequently and that is useful for them; the handbags look very pretty."

"People look good in the clothes we decorate and stitch; they have better clothes."

"They give us a pittance but make big profits."

"We send our children to school and that would be good for Lahore."

"We keep our children in schools and off the streets so they don't become criminals."

"We keep Lahore clean as we work from home."

(FG 15)

In conclusion, although they themselves as well as their activities and output remain largely invisible, home-based workers make significant contributions to their households, to society, and to the economy. But they often do so against great odds, including: widespread recession and inflation; fluctuating demand and prices; significant competition; small crowded homes (which double as workspaces); frequent and prolonged power outages; irregular supply of inputs; delayed payments; and limited bargaining power. The home-based workers in the study sample responded to these constraints by cutting back on expenditures, borrowing money, modifying their existing work in various ways, and/or taking on new or additional work. Some also demanded better deals from local government, suppliers, customers or contractors, often with the help of the organizations to which they belonged. But many worried that the physical effort, long hours, and stress involved in coping often took a toll on their mental and physical health or led to tensions within their families or communities.

Part 4: Key Findings, Theoretical Lessons & Policy Implications

This concluding section summarizes the key findings from the study and presents some theoretical lessons and policy implications arising from the findings.

Garment worker in Lahore. Photo: HomeNet Pakistan

4.1 Key Findings

The home-based workers in the study produce a wide range of products for local, national, and international markets: from prepared food to incense sticks, flower garlands and soccer balls to shoes and garments (both traditional and modern). Though most have very low and unpredictable earnings, the earnings of home-based workers are essential in fending off extreme poverty: over three quarters of the sample belonged to households where the main source of income was informal. Moreover, the goods and services produced by home-based workers are an essential component of urban economies and global value chains.

The objective of the study was to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of home-based work; the responses of home-based workers to these driving forces; and the institutions which help or hinder their responses. What follows is a summary of key findings.

4.1.1 Driving Forces

The study found that home-based workers, both self-employed and sub-contracted, are affected by the macroeconomic environment, notably by fluctuations in demand and prices. Across the three study cities, nearly half of the survey respondents reported that the high cost of inputs was a problem and over 40 per cent reported that the price of inputs had increased over the past year. Inflation was prioritized as a major driving force by 14 (93 per cent) of the focus groups in Lahore and 5 (33 per cent) of the focus groups in Bangkok. The study also found that, because their home is their workplace, home-based workers are directly affected by basic infrastructure services, or the lack thereof: most notably, the high cost and irregular supply of electricity. The accessibility and cost of public transport is also a key factor for home-based workers. This is because the self-employed have to commute to markets on a regular, if not daily, basis to buy raw materials and other supplies, to negotiate orders, and to sell finished goods; and the sub-contracted workers have to commute to the firms or contractors that sub-contract work to them to receive work orders and raw materials, to return finished goods, and get paid.

The study also found that home-based workers are exposed to unpredictable and often unfair value chain dynamics, including: irregular purchase/work orders, irregular supply of raw materials, and delayed payments. In short, most home-based workers are included in markets on unfair terms. In part this is because they work at home: isolated from other workers in their sector (apart from those in their neighborhood) and with limited knowledge of markets and market prices (especially if they are sub-contracted). These factors limit their ability to bargain in the market for more favorable prices and piece rates or to negotiate with government for basic infrastructure and transport services. While there are important differences in value chain dynamics and relationships between self-employed and sub-contracted home-based workers, a crucial economic factor that both groups face is that they must cover many costs of production including workplace, equipment, and power as well as transport.

It is important to note that the home-based workers in Bangkok identified a number of positive driving forces in their work and lives, including infrastructure services, free education and health, and regular orders or customers. And that even in Lahore, where all 15 focus groups prioritized lack of electricity as the major negative force, 7 focus groups mentioned improved roads, 5 mentioned improved water supply, and 2 mentioned improved sanitation as major positive forces. It is also important to note that some focus groups in each of the three cities highlighted the value of home-based work to women, including not only the ability to combine paid and unpaid work and to have a flexible work schedule but also to earn and save money, to train children, and to engage family members as needed to help out. Further, many individual home-based workers reported that they like home-based work and feel they are skilled at it.

4.1.2 Responses & Institutions

The negative forces take a cumulative toll on the earnings of home-based workers, making them both low, on average, and unpredictable. Reducing expenditure is the most common response followed by borrowing money, adjusting current work, and/or taking on new work. The home-based workers expressed concern about the cumulative toll of the stress and frustration dealing with these negative pressures on themselves and their households, and communities. Many also recognized that as individuals they could not exercise voice – could not bargain for a better deal – as they had no fall-back position, no alternative economic opportunities. But some reported engaging in collective protests or negotiations with the support of their MBOs. The findings illustrate the importance of being organized – of belonging to an MBO of informal workers. Such organizations represent the only channel for voice for most home-based workers who otherwise lack bargaining power and, also, lack visibility in policy processes.

In sum, home-based workers must cover many costs and absorb many risks of production, from a position of limited leverage: with little or no bargaining power, no policy presence, and limited voice and visibility outside the immediate household or neighbourhood. Considered together, these findings illustrate why so many home-based workers – and other informal workers – are not able to work their way out of poverty: so long as their earnings are low and unstable, their expenditures and risks are high, and their first line of defense is to reduce household consumption, especially nutrition.

Clearly, improving the terms on which home-based workers, and other informal workers, engage with the market and the state are key pathways to reducing poverty. Improving the terms of engagement with the state and with the market should also be recognized as key dimensions of social-economic inclusion and inclusive growth. Meanwhile, policymakers should recognize that the earnings of home-based workers are essential to the daily cash flow – and the ongoing struggle to ward off extreme poverty – of their households.

Equally clearly, home-based work in its modern form is driven in large part by changes in production associated with the modern global capitalist economy. Outsourcing of work to home-based workers and the associated lack of power of home-based workers are both inextricably linked to current shifts in production arrangements more generally, not just to ways that individual firms seek to undermine labour and extract surplus. This overarching shift in production is, arguably, the most pertinent macroeconomic trend affecting home-based workers. It has ramifications for theory and practice: especially for the organizing and advocacy strategies of home-based workers and their organizations.

4.2 Theoretical Lessons

The study findings challenge common assumptions regarding women and home-based work, self-employment and wage employment, and the informal economy.

4.2.1 Women and Home-Based Work

It is widely recognized that, in some societies, gender norms restrict the physical mobility of women, conditioning them to not seek paid work outside the home; and that, in many societies, the gender division of labour – whereby women are seen as the primary housekeepers and care givers – conditions women to work at home in order to juggle paid work with unpaid domestic and care work. But the study findings nuance or challenge this common understanding of the links between women and home-based work.

Firstly, and most importantly, the findings illustrate why it is hard to be productive when producing goods or services at home. Most of the home-based workers in the sample live in small crowded homes with limited, if any, space for storage or work. Many reported difficulties in carving out both time and space to do their paid work. Also, many reported that their homes leak or get flooded during the rains, resulting in damaged goods and interrupted work. And many, especially in Lahore, reported frequent power outages and lack of alternative electrical supply. These findings have direct implications for urban housing policies, slum upgrading schemes, and local economic development.

Secondly, home-based does not mean home-bound. Most, if not all, of the home-based workers in the study have to commute to markets or to the shops/homes of their contractors to buy or get inputs and to sell or deliver finished goods. Among the survey sample, transport represented around 30 per cent of total expenditures. Significantly, about one quarter of the home-based workers who spent money on transport operated at a loss. These findings have direct implications for public transport and slum relocation schemes.

Thirdly, it is important to note that firms, not just home-based workers or gender norms, drive home-based work. Most firms which outsource production to home-based workers, especially women, do so in order to cut costs. Also, advances in technology have facilitated the outsourcing of production to home-based workers. Indeed, home-based work in its modern form is driven in large part by changes in production associated with the global economy. Outsourcing of work to home-based workers and the associated lack of power of home-based workers are both inextricably linked to recent shifts in how global production is organized.

Finally, it is important to remember that there are significant numbers of male home-based workers, often in retail trade and repair services (ILO and WIEGO 2013).

4.2.2 Self-Employment & Wage Employment

It is widely assumed that the workforce is comprised of fully independent self-employed and fully dependent employees. However, many work arrangements do not fit neatly into these two basic categories. As a case in point, most home-based workers fall in a grey intermediate zone between being fully independent and being fully dependent: see table 26. Clearly, sub-contracted home-based workers are neither fully independent self-employed nor fully dependent employees. They typically have to absorb many of the costs and risks of production – including: buying or renting and maintaining equipment; providing workspace and paying for utility costs; buying some inputs; and paying for transport, often without legal protection or help from those who contract work to them. Also, they are not directly supervised by those who contract work to them. However, they are subject to factors beyond their control, namely: irregular work orders, strict delivery deadlines, and quality control of the products or services they deliver. But someone does control these factors through the terms of sub-contracting – either the contractor or the firms higher up the chain. For these reasons, sub-contracted home-based workers are neither fully independent nor fully dependent and should be considered semi-dependent.

On the other hand, self-employed home-based workers are not fully independent: as they have limited access to capital, limited knowledge of markets, limited bargaining power, and limited control in commercial transactions. Also, both groups have limited leverage over public policies and services that are crucial to their productivity, such as land allocation and housing policies, as well as basic infrastructure and transport services.

Table 26. Home-Based Workers Along a Continuum of Independent to Dependent Work Arrangements

Categories/ Characteristics	Independent Self-employed	Self-Employed Home-Based Workers	Sub-Contracted Home-Based Workers (Home-workers)	Dependent Employees
Contract	with commercial counterparts - legally protected (if formal enterprise)	purchase orders/sales transactions - not legally protected	sub-contracted work orders - not legally protected	employment contract with employer - legally protected (if formal employee)
Remuneration	from sale of goods/services	from sale of goods/ services	for work done (typically piece rate)	for work done (time or piece rate)
Means of production	provided by self	provided by self	provided by self	provided by employer
Workplace	rented or owned premise	own home	own home	premise of employer
Supervision	self	self	indirect by firm/ intermediary (through work orders/quality control)	direct by employer
Access to capital/ Resources	high (if formal) low (if informal)	low	low	NA
Knowledge of/ Access to markets	high (if formal) medium (if informal)	low	low	NA
Exposure to production risks	medium (if formal) high (if informal)	high	high	low
Protection from production risks	high (if formal) low (if informal)	low	low	high (if formal) low (if informal)
Bargaining power	high (if formal) low (if informal)	low	low	medium (if formal) low (if informal)

Historically, around the world, the "employment relationship" has represented the cornerstone – the central legal concept – around which labour law and collective bargaining agreements have sought to recognize and protect the rights of workers (ILO 2003). The concept of employment relationship has always excluded those workers who are self-employed because it is assumed they do not have a dependent relationship with an employer or any other economic actor. Increasingly, some categories of dependent workers have found themselves to be, in effect, without labour protection because their employment relationship is either disguised, ambiguous, or not clearly defined (Ibid.). But sub-contracted home-based workers represent yet another group, those who occupy a middle ground that uneasily – and often to their significant disadvantage – combines being independent (taking on costs and risks) and being dependent (having limited autonomy or control). Their intermediate status – semi-independent, semi-dependent – is not included in the International Classification of Status in Employment.

In sum, home-based workers do not fit neatly under labour market theory, labour law, or labour statistics. Yet they represent a significant share of the workforce, especially the female workforce, in many countries and in many global value chains. What is needed is a fundamental rethinking of labour markets and labour regulations, as well as improvements in statistical methods to incorporate the full spectrum of employment arrangements between fully independent and fully dependent.

4.2.3 Informal Economy

In many countries, home-based work represents a large share of the total urban workforce and an even larger share of the urban informal workforce: as high as 14 per cent of total urban employment and 17 per cent of urban informal employment in India in 2011-12 (Chen and Raveendran 2014). Yet home-based work challenges many of the common assumptions about the informal economy, including the notions that the informal economy is not linked to the formal economy or to the modern economy; that informal operators intentionally avoid regulation and taxation; and that the informal economy does not contribute to – or is not affected by – the wider economy. The study findings indicate that many self-employed home-based workers have backward and/or forward linkages with formal firms: buying raw materials and other inputs from and/or selling finished goods to formal buyers, retailers, or wholesalers. Also, many sub-contracted home-based workers have both forward and backward linkages with formal firms, up the value chain, which outsource production to them and sell the goods they produce. Some sub-contracted home-based workers produce for global value chains, including for brand-name multinational companies.

In regard to regulations, taxes and fees, the study findings indicate that home-based workers pay taxes on raw materials and other supplies and pay relatively high fees for electricity. But they seldom get commensurate services or benefits in return. This is because, typically, their activities are not registered and remain invisible to policymakers. As a result, the existing regulatory and policy environment is often irrelevant to, inappropriate for, or biased against home-based work. For example, if home-based workers pay value added tax on raw materials and supplies, they are not likely to be able to claim commercial rebates, as formal firms do, because their activities are not recognized or registered. And yet there is often no government department or even procedure for registering home-based work. In regard to electricity, many home-based workers in Ahmedabad and (especially) Lahore reported that the price is high and the supply is irregular. Yet, unlike formal firms, home-based workers do not have recourse to generators or other alternative sources of power. Further, it should be noted that, in the case of sub-contracted home-based work, the lead firms often outsource production in order to avoid payroll taxes, employer contributions, and non-wage costs of production (such as workplace, equipment, power, and transport).

Finally, it is important to highlight three facts about home-based work and the wider economy. First, home-based workers contribute to the wider economy by producing valuable goods and services. Indeed, as many of the focus groups pointed out, sub-contracted home-based workers produce goods at low costs for formal firms up the chain who capture the lion's share of the profit. Second, home-based workers are impacted by trends in the wider economy. As the study shows, increases in cost of living and input prices have direct impacts on – and are well understood by – home-based workers. Finally, firms higher up the value chain often pass on – or download – economic risks to sub-contracted home-based workers by delaying or cancelling work orders and payments.

In sum, the study findings cast new light on a number of key assumptions, primarily within the economics discipline, on the nature of the informal economy. First, the informal economy is often viewed as a part of the economy that is not integrally linked to the formal economy and that is not impacted – or not significantly impacted – by economic policy instruments, such as inflation policy and utility prices. Second, and related to the first point, the informal economy is often characterized as that part of the economy that is able to provide opportunities to workers during economic downturns: that provides a "cushion" to those workers who are laid off as formal firms reduce production due to the fall in aggregate demand in the economy. But the evidence from this study indicates that home-based workers directly and acutely feel the impact of both decreased demand within the overall economy and increased competition within the informal economy. Thus, a more apt metaphor might be to view the informal economy as a "shock absorber"; as that part of the economy which absorbs many of the costs and risks associated with economic recession. Third, the informal economy is sometimes viewed as the "unregulated" part of the economy, where regulations are not enforced or economic agents are actively evading regulations such as taxation, labour laws and health and safety regulations. The study found no evidence that home-based workers are hiding from any regulations. On the contrary, most of the respondents pay taxes and levies of various kinds but do not enjoy the basic infrastructure and transport services they need to be productive. Finally, few home-based workers hire other workers, and are not therefore avoiding labour regulations, and many are concerned about their own occupational health and safety.

4.3 Policy Implications

Home-based work represents a significant share of units, activities and workers in the study countries and, as such, should not remain invisible to policymakers. One overarching policy lesson from the study is that home-based workers and their activities, like formal workers and formal firms, are impacted by macroeconomic trends, including fluctuations in prices and demand. Efforts should be made to increase the visibility of home-based workers and their output in official labour force and other economic statistics and to monitor and address the impact of macroeconomic trends and policies on home-based workers and their work.[25]

A second major policy lesson is that home-based workers and their activities are affected by local government policies and practices, notably land allocation, housing policies, basic infrastructure services, and public transport. This is because their homes are their workplaces; and they have to commute to markets and transport supplies/goods to and from their homes. Efforts should be made to upgrade settlements with large concentrations of home-based workers to ensure they have adequate shelter, water, sanitation and electricity. If and when home-based workers and their families have to be relocated, efforts should be made to ensure the relocation sites have, from the outset, adequate shelter, basic infrastructure, transport services, and access to markets. This is because adequate housing plus the supply-cum-price of electricity, as well as access to markets and the availability-cum-price of transport, are of critical importance to the productivity of home-based workers. Multi-use zoning is also important to home-based workers who carry out commercial activities in residential areas.[26] In sum, policy interventions around land allocation and housing as well as basic infrastructure and transport services should consider the home as a workplace in addition to a living place, and should be designed around an understanding of how people use their homes as workplaces, the costs that they incur to do so, and the effect that housing conditions and location have on the productivity of home-based work. As the case of home-based workers illustrates, there is a clear link between housing and employment policies. If municipalities want to reduce poverty, they need to provide people with housing in areas where it is easy for them to pursue paid work, both formal and informal.

A third major policy lesson is that home-based workers need legal rights and protections against unequal and, often, exploitative value chain practices and relationships. The self-employed home-based workers need commercial rights to protect their (often unwritten) agreements with suppliers and buyers and to protect them from unfavorable changes in prices; and sub-contracted home-based workers need labour rights to protect them against delayed and cancelled orders or payments and unfair piece rates.[27]

Finally and most critically, home-based workers need increased bargaining power, which comes with being organized and being invited to have a seat at the policymaking, rule-setting or negotiating table. As the study findings show, home-based workers have limited scope for negotiation or leverage, due in large part to their isolation in their homes. The most supportive institution to the home-based workers in each study city is the MBO to which they belong. With the support of these MBOs, the home-based workers are able to take collective action against unequal or exploitative practices or make collective demands for public services. But these MBOs need to be strengthened and need to be recognized as legitimate representatives of their members. The representatives of home-based workers need to sit on relevant policymaking, negotiating and arbitration or mediation bodies, including those that deal with labour rights and working conditions, urban land allocation and zoning, housing and slum-upgrading, basic infrastructure and transport services. The MBOs of informal workers in Ahmedabad, Bangkok and Lahore – SEWA, HomeNet Thailand, and HomeNet Pakistan – have helped pave the way for home-based workers to be organized and to gain representative voice.

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[25] For a technical guide on how to generate official statistical estimates of home-based work, and other types of informal work, see Vanek, Chen and Raveendran 2012.

[26] For promising examples of slum upgrading and multi-use zoning for home-based workers, see Rusling 2010 and Nohn 2011.

[27] For promising examples of legal rights for home-based workers, see Sinha 2013.

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The Informal Economy Monitoring Study (IEMS) is an initiative of the Inclusive Cities project. Inclusive Cities is a collaboration of membership-based organizations (MBOs) of the working poor, international alliances of MBOs, and support organizations working together as partners to improve the situation of the working poor. Launched in late 2008, Inclusive Cities aims to strengthen MBOs in the areas of organizing, policy analysis, and advocacy in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes.

Both the Informal Economy Monitoring Study and the Inclusive Cities project are coordinated by Women in Informal Employment: Globalizing and Organizing – WIEGO (see www.wiego.org) – a global action-research-policy network that seeks to improve the status of the working poor in the informal economy, especially women. WIEGO has convened a Technical Advisory Committee (TAC) to guide the project.

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About Inclusive Cities: Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs.

For more information visit: www.inclusivecities.org.

About WIEGO: Women in Informal Employment: Globalizing and Organizing is a global action-research-policy network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce.

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