

Bangkok's Home-Based Workers: Realities & Recommendations

Often invisible and poorly understood, home-based workers make important contributions to local and national economies. The Informal Economy Monitoring Study (IEMS) examined the realities of informal workers – home-based workers, street vendors and waste pickers – across 10 cities in Africa, Asia and Latin America. In Bangkok, 150 female home-based workers were surveyed; half also took part in focus group discussions. They shared how driving forces affect their livelihoods, and what local, national and even international contributions they make. From these findings, **Policy Recommendations** were developed to address the challenges of Bangkok's home-based workers (see the back page).

Characteristics & Driving Forces

There are an estimated 2 million home-based workers in Thailand who carry out remunerative work in or near their homes. The majority are women. They are among the least secure and lowest paid in the Thai workforce.

Self-employed home-based workers usually have direct contact with the market and buy their own raw materials. Sub-contracted workers, often called "homeworkers," are contracted by firms or intermediaries, usually paid a piece rate, and often have no contact with markets for the goods they produce.

Informal work is essential to urban livelihoods.

Vendors experience financial instability and hardship, despite working 56-66 hours in a week. Many reported a declining profitability in the occupation – over 62 per cent said their revenue had fallen in the past year.

Women in this study:

- are among Bangkok's least educated workers, even when compared with other informal workers
- have been informally employed from a young age due to significant barriers to formal employment, particularly among older workers
- live in vulnerable households that rely on informal earnings; nearly half are the main source of household income
- have little or no savings; a large proportion of their income covers basic household necessities

Home-based work provides income crucial to vulnerable women and their families.



Sub-contracted workers work hard but have little power over the terms and conditions of their work.

- Sub-contracted workers worked over 50 hours / week and after deducting inputs, took home around 4210 baht / month.
- 60% of sub-contracted workers reported that their wages were set by the contractor; 51% said they had no capacity to bargain over these wages.

We are afraid of bargaining because if we squeeze the employer, the employer will do the same to us.¹

Self-employed home-based workers pay high input costs but competition restricts the prices they can charge.

- Self-employed home-based producers worked just under 50 hours / week, spent more than 80% of their gross earnings on work inputs, and took home around 4550 baht / month.
- They had difficulty competing against large, international retailers that access cheap imports or buy in larger quantities to drive costs down.

I tried to improve my products by making several new styles, but I spent too much money on investment.

¹ Quotations used are taken from focus groups held as part of this research.

Linkages & Contributions

Home-based workers are sensitive to macro-economic trends but have few resources to cope.

- 74% of self-employed and 55% of sub-contracted workers said economic shocks caused by the global economic crisis, political instability and catastrophic weather have directly impacted their earnings.
- 38% said revenue had fallen in the 12 months preceding the research. To cope, respondents cut back on household expenditures, particularly food. In a few cases, children's schooling was affected.

I had to borrow from the informal money lenders because I did not know where else I could get a loan... even if I had to pay 20 per cent interest per day.

Home-based workers often work in value chains with backwards and forwards formal and informal linkages and make strong economic contributions.

- Self-employed home-based workers buy from local enterprises and provide affordable goods in convenient locations to their local customers.

I create jobs for other people in the community – I give them jobs when I have work.

- Sub-contracted workers are integral to modern, industrial chains of production central to Thailand's industrial growth.
- They pay VAT, property and consumption taxes – as well as other formal and informal payments and fees – contributing to local and national revenue.

Our work contributes to the economic growth of the whole country.

Bangkok's home-based workers make other contributions to society and the environment.

By working at home, women can care for family members, contribute to community standards and provide some neighbourhood security. Non-industrialized work processes and use of public transport reduce traffic and pollution.

Relations with Governments & Institutions

Urban infrastructure and services – especially reliable roads, utilities and public transportation – are extremely important to Bangkok's home-based workers.

It takes me about three hours from home to Wongvienyai Market during rush hour.

- Poorly maintained roads and inefficient public transportation limit economic opportunities for self-employed workers and increase the dependency of sub-contracted workers on their contractors.
- Home-based workers are excluded from planning processes and subject to repeated evictions, disrupting communities and relationships with markets/buyers.
- Electricity and water are seen as vital to livelihoods and rates are not burdensome. Metro Electricity & Water was well-regarded with respect to supply, maintenance and communication.

Severe Weather, Housing and Vulnerability

Home-based workers are particularly vulnerable to severe weather events such as floods, especially if they live in housing projects located in remote, underserved areas. Some home-based workers in our study said they were relocated by the National Housing Authority to flood-prone areas.

Poor housing conditions, along with under-maintained roads and infrastructure, mean longer waits for assistance, increasing the impact. Access to contractors and markets is disrupted. When the home is the workplace, damage to the home is doubly devastating as it directly impacts family income.

If the rain destroys my work, I have to pay 50 baht per piece for the damage on top of losing 50 baht for my wages. So I lose 100 baht per piece!

When the 2011 floods disrupted the local economy, they depressed demand for products. During recovery efforts, assistance was slow to reach home-based workers' communities. Severe weather events are expected to increase. Without assistance and protection, the vulnerability of Bangkok's home-based workforce will also increase.

Note on Sampling & Methodology:

The IEMS used qualitative and quantitative methods. The qualitative component captured perceptions of informal workers in their own words through 15 focus groups. The quantitative component consisted of a survey administered to focus group participants plus another 75 workers for a total of about 150 in each city/sector. The sampling approach was designed to maintain comparability across cities/sectors while allowing flexibility to meet local circumstances. Where the MBO maintains a registry of members, it was possible to develop a stratified random sample that was statistically representative of the MBO population.

In cities with no accurate registry, the city team used a quota sampling approach. Local researchers worked with the MBO to identify the best possible sample, based on circumstances. In Bangkok, all participants were women home-based workers. The variables used were: 1) "employment status" – whether the worker was self-employed (one who is generally in direct contact with the market and buys her own raw materials) or was sub-contracted by firms, individual entrepreneurs or other intermediaries; and 2) "category of production" – whether the woman worked within or outside the garment industry.

Home-based workers find local regulatory and administrative services confusing and inaccessible.

- Decentralization has created confusion about which government agencies and actors are responsible for key policy and planning decisions.
- Local administrators have insufficient financial and human resources to provide supportive interventions.
- Responsiveness is limited, and respondents sometimes face outright hostility from local government offices.

Central government policies have had mixed results for home-based workers.

- The minimum wage increase for formal workers improved purchasing power among customers, but drove up costs for informal workers, who received no wage increase.
- The Ministry of Labour's Homeworkers Fund was complicated and undersubscribed. A representative of the issuing department acknowledged that eligibility requirements are more stringent than for bank loans and said only 11 groups were granted loans since 2005.
- The Government Savings Bank loan limit is too low to meet many home-based workers' investment needs for workspace, equipment and raw materials.



Membership-based organizations like HomeNet Thailand offer home-based workers valued support and training.

As an institution, HomeNet helped us find more income opportunities, provided information on occupational safety and health, and also taught us about saving and business development.

About IEMS and the Bangkok Research Partner

These findings are based on research conducted in 2012 as part of the Informal Economy Monitoring Study (IEMS), a project under Inclusive Cities. Conducted in 10 cities in Africa, Asia and Latin America, the study examines how informal livelihoods are changing, how informal workers respond to these changes, and what institutions help or hinder their lives. Informal workers and their membership-based organizations (MBOs) are at the centre of the analysis. The project is led by Women in Informal Employment: Globalizing and Organizing (WIEGO). In Bangkok, WIEGO partnered with HomeNet Thailand. **See Note on page 2 for information on the sample and methodology.**

About HomeNet Thailand

HomeNet Thailand (HNT) was formed in 1992 by home-based producers and concerned NGOs under an International Labour Organization project on Social Protection Promotion. In 2003, the organization was formally registered as the Foundation for Labour and Employment Promotion (FLEP). HNT works with home-based workers through regional networks covering Bangkok, Chiang Rai and Khon Kaen provinces, encompassing over 160 home-based worker groups (nearly 4,000 workers). HNT strives to enhance home-based workers' capacity in production/management and strengthen informal workers' organizations. Current strategic approaches include training and other economic development activities for producers, campaigning in the areas of occupational health and safety, social security, urban planning, and fair wages; working to make home-based workers more visible in national statistics; and engaging in policy dialogues with government officials, policymakers and others. See homenetthailand.org.

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. See www.inclusivecities.org.

To read the full IEMS city, sector and global reports, visit inclusivecities.org/iems.

Policy Recommendations

Bangkok's home-based workers find the regulatory environment confusing, inappropriate to their needs, and sometimes hostile. These recommendations can help build a supportive environment that is conducive to home-based workers' livelihoods and strengthens their links and contributions to the city.

Improved Statistics and Research of Home-Based Work and Workers

The size and economic importance of home-based work to Thailand's economy, as well as the workers' significant vulnerability, require central and local governments to improve their understanding of these workers. Statistical and other research should be expanded, but there is also a need for direct engagement through participatory processes and community visits.

Expanding the Definition of "Worker" to Include Informally Employed Workers

A basic pre-condition for livelihood security is broadening the legal definition of "worker" to include those working informally. This would give home-based workers greater equity within current labour law and expand coverage of existing social security schemes. Crucially, this would bolster the legitimacy of informal workers in their dealings with local officials.

Greater Allocation of Resources to District Offices

At the district level, additional resources should be allocated to hire and train dedicated community officers who can work with home-based workers to build strategies and programmes that will support their livelihoods, organization, government engagement, and registration. Resources should also be devoted to expanding programmes that boost workers' employment and entrepreneurial activities through skills training, marketing and financial support.

An Improved Regulatory Environment

Home-based workers cannot yet see how to engage with regulatory frameworks or how they might benefit. Policymakers cannot merely expect informal enterprises to obtain a license, register their accounts, and pay taxes – they must also work to ensure the regulatory environment is responsive to workers' realities.

Policy and regulation have a role in ensuring that self-employed home-based workers:

- are protected by enforceable commercial contracts
- have legal ownership of their place of business and means of production

- receive tax breaks and incentive packages to increase competitiveness
- have recognized membership in trade associations
- gain statutory social protection
- are supported in accessing markets

Sub-contracted and home-based wage workers require:

- secure contracts
- workers' benefits
- appropriate social protection

The District Office in particular can do more to educate informal workers about the advantages of engagement with the regulatory environment and to ensure benefits reach them.

The district officers have a lot of information; they know what organizations/agencies can help us.

Greater Participation in Policymaking

Effective policy response must engage home-based workers and their representatives throughout the policy process. Transparent and consultative processes help ensure that outcomes are responsive to home-based workers' challenges and needs. HomeNet Thailand representatives and local government officials in Chiang Rai and Khon Kaen participate in annual forums to discuss matters concerning home-based workers' livelihoods and urban planning. This model of inclusiveness should be replicated in Bangkok.

More Monitoring and Enforcement

Where local or central governments embark on new initiatives designed to support home-based workers, careful monitoring should be done. New labour protections to increase security for sub-contracted home-based workers must be enforced and stricter controls placed on employers/contractors, or these measures may actually harm those they are intended to help.

Improved Infrastructure and Zoning

Bangkok must focus on disaster risk reduction measures and waterways management. Local government should also promote appropriate zoning, improve infrastructure, and implement better public transportation to ensure home-based workers contribute their full potential within the urban environment. Doing so will enhance opportunities to build a stronger city and, in turn, an economically vibrant Thailand.