

Executive Summary

Home-based Workers in Lahore, Pakistan

Recent statistics show the majority of workers in developing countries earn their livelihoods in the informal economy. The Informal Economy Monitoring Study (IEMS) is a qualitative and quantitative study of workers in 10 cities. Conducted by the Inclusive Cities Project partners and led by Women in Informal Employment: Globalizing and Organizing (WIEGO), the study is designed to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect the realities of home-based workers, street vendors and waste pickers. Informal workers and their membership-based organizations (MBOs) are at the centre of the analysis.

The Research in Lahore

In Lahore, WIEGO partnered with HomeNet Pakistan, a network of 360 organizations working for the recognition and labour rights of home-based workers. Together, these organizations include over 30,000 women who work at home for remuneration on a sub-contracted basis or as own account workers. Often, they belong to the poorest class in the economic strata of Pakistan.

Fieldwork for the study consisted of 15 focus groups, held in 2012, involving 75 workers. A survey was conducted with those workers, plus another 75 for a total of 150. Study participants were divided into two categories: self-employed own account workers who market their own goods, and industrial outworkers (also called sub-contracted homeworkers) who work

for an employer or intermediary. The women were further categorized as either working in the garment or non-garment sector (mainly jewellery making, shoe making, food processing, paper bag making, and decorative items). Location was also used when selecting participants from the urban towns of Lahore. At least one third worked in the outlying industrial area (“the periphery”).

Key Findings

Individual, Household and Enterprise Characteristics

The dependency ratio of workers and non-workers in households is approximately one to five. About 4 per cent of the study respondents reported that they are the only ones supporting their families. However,



Photo: HomeNet Pakistan

24 per cent claimed they are major contributors to the overall income of their households. Almost all the households (91 per cent) rely on the informal economy for their income. An insignificant proportion (1 per cent) said their household income depends on family members working in the formal sector.

The home-based workers earn very low pay due to various reasons, including the commissions taken by middlemen, lack of awareness about the worth of their inputs, and poor negotiation skills. Another reason is lack of organization that can help to protect and safeguard their rights. While remuneration for products was excessively low across the spectrum of home-based workers, both the quantitative and qualitative portions of the study found that in the non-garment sector, where piece rate work was more common than own account work, workers work more hours and earn less than those in the garment sector, where own account workers were in greater numbers.

Apart from some small exceptions beyond family, most home-based workers' households do not have any other types of support. The highest percentage (7 per cent) reported remittances or financial support from persons outside the household, followed by pensions and government grants (3 per cent each).

Approximately half of the home-based workers in the study have little or no education. Only 12 per cent reported that they had some secondary or higher education.

Driving Forces

The study uncovered both negative and positive driving forces that impact home-based workers and their enterprises.

Macroeconomic Forces

Home-based workers in Lahore are affected quite significantly by larger economic conditions. Inflation was overwhelmingly cited as the most important macroeconomic factor, impacting the lives of workers in 14 of the 15 focus groups. A persistent and double-digit inflation rate has had a hugely negative impact. The high price of raw materials, transport, food and other essentials also has had a serious effect on their work and households. The women indicated that even meeting the basic food needs of the family is increasingly impossible. They spoke of despair.

To cope, they said they reduce household expenses – sometimes decreasing to one meal each day – take children out of school or move them from private to public schools, consume more second-hand goods, restrict socializing, and take on debt. The focus groups reported a rise in interpersonal tension and in illness, but said they were unable to seek proper health services because the cost of health services was also rising rapidly.

Price increases also impact negatively on the women's work activities. With high inflation, the numbers of orders are affected as people's buying power diminishes. Two main trends were reported: an increase in the intensity of work and a fall in



Photo: HomeNet Pakistan

earnings and surplus. Some workers increased their work hours and worked nights to make the same amount of money they had before.

Workers also responded by shifting monies from basic consumption to income generating activities. In other cases, workers were replacing expensive raw materials with cheaper alternatives, or changing their product mix to make more sellable items.

Government Policies

Energy Shortages

Electricity shortages and load-shedding have had severe effects on the livelihoods of home-based workers. A majority of study respondents reported that when shortages occur, they cannot work. Reduced production, simply put, reduces the ability to meet daily food requirements.

Home-based workers reported that they have to work harder and longer hours when electricity is available to complete their orders. They complained about time being wasted due to the energy crisis, which in turn leads to a decrease in income. If they cannot get their orders completed, the intermediary gives work to others instead. The women cannot get enough sleep as they work late into the night, which is affecting their health. Children go to school hungry as food cannot be prepared. Where electrical pumps are used to draw out the water, it is not possible to access water during the electricity interruptions. Domestic violence from the tension caused by load shedding was also said to be on the rise.

They use candles and kerosene lamps as well as rechargeable lights, which are expensive. Although they would prefer to adopt alternate energy sources, most are difficult to afford. Many workers have shifted to manual machines, so that they can work in daylight to complete their work. But this has significantly reduced their production, and the expenditure of personal energy is greater with manual machines. Strained muscles and greater fatigue result.

Infrastructure and Services

Home-based workers in the study had both positive and negative reactions to current municipal infrastructure initiatives, revealing their dependence on public services. About one-quarter of home-based workers reported poor access to basic services. They see health, education, training and the provision of roads/transport as basic rights to which they are entitled.

Transport issues emerged as significant for home-based workers, who must travel (sometimes long distances) to obtain raw materials and supply produced goods. The workers reported that the construction of bridges across main roads helps them to navigate easily. The reconstruction of road and streets was similarly identified as positive. However, the building of roads and bridges was sometimes seen as negative as it hinders workers' ability to reach the markets easily. They are constrained to cross roads at specific points located some distance away. This is particularly problematic because some women carry large loads as they pick up materials or take products to markets.

The new bus service, "First Bus", makes transportation for home-based workers easier. Their time is saved, and they do not have to wait for long hours to travel to the markets. The home-based workers also found it positive that there are petrol pumps everywhere; they no longer have to go far away to fill up, and it is much easier for them to travel with their husbands on motorbikes. In many cases, the male kin fetch the raw materials or deliver the products to the markets, so the proximity of petrol pumps affects the efficiency and cost of their work.

Issues with water safety were also raised, but some home-based workers said they appreciate that clean water filters had been installed in their area, and they now have access to clean water due to the new connections by city authorities.

Municipal services have improved a lot over the last few years; for example, the provincial government's Solid Waste Management Program has been effective in the elimination of waste. There are dustbins around for garbage. The sewer has been improved, and this has directly affected the environment, health and mobility of the home-based workers.

Other levels of government received mixed reviews as well. The provincial government's education and health schemes are seen in a good light. A number of home-based workers expressed appreciation for government schools, especially ones that have parks for children. They deeply appreciated health services provided by the Punjab government, even while noting that these services were inadequate. Also, while they were generally very critical of the federal government for inflation and the energy crisis, workers appreciated the issuance of National Identity Cards, which enable them to engage in financial transactions more easily.



Photo: HomeNet Pakistan

Other issues raised included inadequate or lack of storage space, problems in obtaining a business license, and the treatment the workers receive from local authorities.

Contributions and Linkages

It was found that there is enormous diversity of the markets from which materials are procured and to which products are sold, especially in the garment sector, including wholesale, retail, upmarket and second-hand markets. In the non-garment sector, where industrial outworkers often engage through piece-rate work, there is much greater reliance than in the garment sector on intermediaries. Most home-based garment workers sell their products in the local markets or local communities, and some are connected to the formal economy through regular orders placed by factories or shopkeepers.

The home-based workers in Lahore outlined several contributions to the city. Four types of contributions were recurrent: the good quality and low-priced products they make for Lahore's citizens; the benefit to factories and other businesses, which earn money because of home-based work; the benefits to Lahore city from taxes they pay on all utility services and every product they buy; and the beauty their products add to Lahore. They believed that their work also helps the economy of the country as a whole as some of their products are exported, and the country earns foreign exchange from the exports.

Some also noted that because they are educating their children, this will have future benefit for the city.

Relationship to Institutions

When asked about institutions that help their work, a sizeable number defined HomeNet Pakistan as useful because it has helped them become organized and provided them information. Some said that HomeNet has helped increase the prices of their products – in the past, they were doing more work for the same earnings. HomeNet has also provided awareness that

the poor should have improved lives and more rights. Some stated that it has helped them network with other women in a similar situation, and they now feel part of the larger network of home-based workers. They found HomeNet Pakistan to be an important focal organization for addressing their issues and concerns. None reported any negative experiences relating to the membership-based organization.

A number of other important institutions' roles and types of impact were discussed. Micro-finance institutions were appreciated, but according to the respondents, need to provide better training. The media is seen as both negative and positive as it gives information and knowledge, but at the same time, workers believe it has negative influence on youth due to its violent and sexual content and its perceived ultra-liberal values.

There is high demand for services such health, education, information, and technical assistance. An overall finding is that the non-governmental sector is better able to provide certain facilities and social services as compared to the public sector.

Policy Recommendations

The main policy recommendations that emerge from the qualitative study are as follows:

First, home-based workers and their activities, like formal workers and formal firms, are impacted by macroeconomic trends such as high inflation. Most often, economic policymakers do not consider the impacts of policy choices on informal workers. Policymakers need to consider measures to address the impact of inflation on informal workers, whose incomes are low and very insecure.

While respondents reported some improvements in the infrastructure in Lahore, poor infrastructure remains a significant area that requires a policy response. Most important among infrastructure issues are chronic shortages in the delivery of basic utilities such as electricity. This should be the number one priority area for policymakers. Importantly, for home-based workers whose home is also the workplace, a lack of a reliable source of energy impacts on both their production activities and their household activities such as cooking. The delivery and safety of water is also very poor in some areas and needs to be addressed.

Where infrastructure improvements have been made, such as in the increased availability of public transportation, the home-based workers reported noticeable benefits to their enterprises. Further improvements to safe public transport facilities should be provided by the provincial government to enable secure and inexpensive mobility for home-based workers. Finally, greater availability of provincial social services such as health care would also have a large impact on improving the lives of home-based workers.

Lahore has a progressive policy on home-based work, The Home-Based Workers' Policy, which was developed in consultation with civil society and experts. This policy recognizes the needs of this large but often overlooked workforce, and should be adopted and implemented by the provincial governments.



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.

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