

## Executive Summary

### Home-based Workers in Bangkok, Thailand

It is now widely recognized that a significant and, in some contexts, growing proportion of workers in the developing world earn their livelihoods in the informal economy. Yet the persistence, growth and characteristics of informal employment in cities like Bangkok are not well understood. Home-based workers – those who carry out remunerative work within their homes or in surrounding grounds – likely constitute up to 2 million members of Thailand’s workforce. These workers – disproportionately women – typically have the least security and lowest earnings among the Thai workforce, placing them among the lowest paid workers in the world.

In 2011, the partners in the Inclusive Cities project set out to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect working conditions, over time, for urban informal workers from three sectors – home-based work, waste picking, and street vending – across 10 cities in Africa, Asia and Latin America. Home-based workers in Bangkok were a participant group.

With overall guidance and co-ordination by the global network Women in Informal Employment: Globalizing and Organizing (WIEGO), interviews and focus group discussions were completed from June to August 2012. Seventy-five home-based

workers, all women, participated in 15 focus groups. A survey questionnaire was also administered to the 75 focus group participants, plus another 75 workers for a total of 150. This research assessed the individual and sector characteristics, driving forces and changes in the sector as well as informal-formal linkages and linkages to the city and formal regulatory environment. Findings also provided analysis and comparison across the two major employment categories of home-based workers – self-employed and sub-contracted – by size and range of employment conditions.



*Photo: S. Tubsakul*

## Findings

### Worker Characteristics

Study participants were found to be among Bangkok's least educated workers – substantially less educated than the formal workforce but also with less schooling than other informal workers, which suggests few options for other forms of employment. Many workers, particularly older workers, confirmed that they had worked in informal employment from a young age.

Almost all women in the study reported more than one earner in their households, which contain an average of three working-age adults. These earners, however, are more likely to be informal rather than formal workers. Nearly half of respondents said their own earnings were the main source of household income, though this was true for twice the proportion of self-employed workers as compared to sub-contracted. Sub-contracted workers' households also rely strongly on formal wage earnings by another household member. Respondents in the study have few sources of income beyond employment earnings. This reliance on informal earnings suggests that respondents' households are quite poor. In discussion, workers confirmed that they have little or no savings and that a large proportion of their incomes go to cover basic household necessities.

### The Economy

Volatility in the national and global economies is a primary driver of instability in demand – identified as a problem by 74 per cent of self-employed home-based workers and 55 per cent of sub-contracted home-based workers. Historic flooding and a sluggish global economy weakened demand for local consumer goods and halted or depressed factory orders to some sub-contracted workers. Forty-seven per cent of self-employed workers and 33 per cent of sub-contracted workers had seen their revenue fall in the 12 months preceding the research. Evidence suggests that sub-contracted workers were the first to lose their contracts and when orders returned, they were expected to quickly address the backlog.

### Institutions and Responses

Sub-contracted workers waited for the orders to rebound. Self-employed workers tried to work harder – take on additional work or work longer hours – and tried minimize their work costs. Central government stimulus measures targeted formal workers and had mixed results for informal workers, stimulating consumption but driving up input prices. Most respondents made cutbacks to household spending, particularly food, and relied on extended family or neighbours and, at times, informal lenders, for financial assistance.

### Value Chain Dynamics

Working without enforceable contracts and at the bottom of medium to long value chains were key driving forces weakening *sub-contracted* home-based workers' capacity to exert control over the terms and



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conditions of their work. Sub-contracted workers had little or no contact with the lead firm or even their sub-contractor. Sixty per cent of sub-contracted workers reported that their wages were set by their sub-contractor and 51 per cent reported that they were not able to bargain with this contractor. Their dependency on contractors made workers fearful of reprisals for poor or slow work, or efforts to increase their employment security. Among *self-employed* home-based workers, the dual forces of high input costs and competition pressures acted to restrict pricing schemes and lower bargaining power with customers. Self-employed producers had to spend 80 per cent or more of their earnings on work inputs, and had great difficulty competing against the large, often international, retailers ubiquitous in Bangkok who could access cheap imports or buy in larger quantities to lower cost.

### Institutions and Responses

Sub-contracted workers had few responses to address bargaining power. Most responded by working harder and working faster. Self-employed workers made adjustments to their costs and product range but had few means to compete against large retailers. Institutions supporting home-based workers were those who could provide assistance with training or market access (HomeNet, other NGOs, the Office of Non-Formal Education) and actors that could provide immediate assistance with production activities or financial assistance (other workers, unpaid family workers, and neighbours).

### The City

Lack of responsiveness among local government offices is a key driver impacting study respondents' working conditions, including their investments of time and money, as well as their security. Most workers have good access to basic utilities, but reported poorly maintained roads and inefficient public transportation, which limit economic opportunities for self-employed workers and increase

the dependency of sub-contracted workers on their contractors. Evictions and land-reallocation – taken without consultation – also have major impacts for workers’ livelihoods and well-being, disrupting communities and reorganizing workers’ spatial relationships with markets and customers/buyers. Decentralization efforts also created confusion about which government agencies and actors were responsible for key policy and planning decisions.

Confusing and inaccessible policies and practices were found to drive home-based workers’ engagement with local regulatory frameworks. New labour protections have been put in place to increase security for sub-contracted home-based workers, but it is not clear if the government will commit adequate resources and attention to enforcing these laws. Without reliable enforcement measures, protections do little to guarantee better working conditions for home-based workers. Also, new schemes to extend social security to informal workers and provide loans to sub-contracted workers are undersubscribed as a result of lack of knowledge, unrealistic pre-conditions, and community skepticism about government.

### **Institutions and Responses**

Respondents said they had infrequent and indirect contact with the local administrators at the District Office – who in turn had limited financial and human resources to help the home-based workers. Most workers could offer few strategies for decreasing this “distance” from local authorities, which is not helped by the non-supportive attitudes and actions of local officials. Workers continue to rely on informal community schemes – such as community savings funds – for emergency situations such as illness or death. Membership-based organizations also provided an informal social safety net for some participants, and also served as a source of information and advocacy regarding policies and programs related to workers’ livelihoods although the specific causal relationships between membership (length and intensity of engagement) and livelihood outcomes was not clear from available study data.

### **The Climate**

Home-based workers are affected by seasonal events, with sales varying by seasons and decreasing during rainy periods. Furthermore, they are particularly vulnerable to severe weather events, such as floods, especially if they live in large housing projects located in more remote and underserved areas of the city. Poor housing conditions, along with under-maintained roads and infrastructure, can mean it takes longer for assistance to reach these households, disrupts access to contractors and markets, and increases the longer-term impacts of these events. When the home is the workplace, damage to the home is doubly devastating as it directly impacts family income levels. Flooding in 2011 was particularly destructive, but these conditions are



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expected to become more frequent as a result of global climate change.

### **Institutions and Responses**

Oftentimes, workers said they had been relocated by the National Housing Authority (NHA) to flood-prone areas.

During and after the 2011 floods, manufacturing was severely disrupted and there was a strong contraction in household consumption. This depressed demand for home-based work. Local customers bought less or less often, or even stopped buying entirely, from self-employed producers. Many sub-contracted workers faced a shortage or stoppage of orders as well. Local governments were slow to respond to reach workers’ communities during recovery efforts, exacerbating the challenges.

### **Conclusions**

Study findings provide the following conclusions. Bangkok’s home-based workers:

- have many forwards and backward linkages with firms and actors across an informal-formal continuum
- are integral to modern, industrial chains of production central to Thailand’s industrial growth, particularly sub-contracted home-based workers
- continue to operate in a regulatory environment that is largely unknown, inappropriate and sometimes hostile to them – particularly with respect to taxation, social security access and roles and administrative responsibilities of local authorities
- do not try to avoid regulation but cannot yet see how to engage with regulatory frameworks or how they might benefit from them

- face economic and urban policies – wage and employment standards, relocation and land-use decisions – that are at times enacted without consultation and little regard for impacts to their well-being and livelihoods
- are vitally dependent on Bangkok’s infrastructure and services – especially reliable roads, utilities and public transportation – and make important contributions to the city’s economic, social and environmental well-being

The nature of home-based workers’ economic and urban linkages, its size and economic contribution to Thailand’s economy, as well as the workers’ significant vulnerability, require central and local governments to pursue greater knowledge and understanding of home-based workers. This knowledge can be gained through statistics and research, but also via direct engagement through participatory processes, community visitation and allocation of greater resources to community development offices across the city. Regulatory environments should be designed more appropriately to deal with the issues confronting home-based workers. Also, more should be done to educate informal workers about the advantages of engagement with the regulatory environment and to ensure benefits reach those they are intended to target. Greater visibility in planning and policy processes and improved communication and



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consultation between agencies and home-based workers or their representatives – such as HomeNet Thailand – will help avoid future policy decisions that further undermine vulnerable workers and ensure that their local input matches their strong local impact. Failure to do so will increase urban vulnerabilities. Significantly, it will also result in lost opportunities to build strong cities and, in turn, an economically strong Thailand.



**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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