

The Urban Informal Workforce: Home-Based Workers

Home-based workers produce goods or services for the market from within or around their own homes. They 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. The Informal Economy Monitoring Study (IEMS) examines the driving forces that shape their working conditions, their responses to these drivers, and the institutions that help or hinder their responses. Across three cities, 447 women took part in the research (see box below). Quantitative and qualitative data were collected in collaboration with one or more membership-based organization in each city. The findings inform the policy recommendations on the last page of this report.

Home-based workers produce a variety of goods – from traditional garments to micro-electronics – and offer myriad services within (or near) their own homes. Their numbers are significant and growing in many industries/countries:

- 14% of total urban employment in India (2011-12); 30% of women’s informal employment in India¹
- 31% of women’s urban employment in Pakistan²
- as many as 2 million home-based workers in Thailand³

About IEMS and the Research Partners

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 is examining how informal livelihoods are changing, how informal workers respond, and what institutions help or hinder their lives. Three groups of informal workers – home-based workers, street vendors and waste pickers – and their membership-based organizations (MBOs) are involved (see Sampling & Methodology, page 2). The project is led by Women in Informal Employment: Globalizing and Organizing (WIEGO; wiego.org).

Home-based workers were studied in three cities. Research partners included their MBOs:

Ahmedabad, India: Self-Employed Women’s Association (SEWA)

Bangkok, Thailand: HomeNet Thailand

Lahore, Pakistan: HomeNet Pakistan



Photo from Bangkok: S. Tibsakhul

Home-based workers contribute to the economic and social well-being of their communities.

Supermarkets are only able to sell these readymade garments at a cheap price because we stitch the garments at such affordable rates. (Ahmedabad)

There are taxes on everything so we contribute to the city and country. (Lahore)⁴

71% of the sample are sub-contracted workers. They:

- produce goods at low-cost for both domestic and global value chains
- are sub-contracted directly by traders or by intermediaries
- do not buy their own raw materials or sell their own finished goods but cover non-wage costs of production: workplace, equipment, supplies, utilities, and transport

29% of the sample are self-employed. They:

- sell their own finished goods, mainly to local customers and markets
- may produce for domestic or international buyers
- buy their own raw materials, supplies, and equipment and pay overhead costs
- assume the risk of independent enterprise owners

¹ Chen, Martha A. and G. Raveendran. 2011. *Urban Employment in India: Recent Trends and Patterns*. WIEGO Working Paper (Statistics) No. 7.

² Sajjad Akhtar and Joann Vanek. Forthcoming. *Home-Based Workers in Pakistan: Statistics and Trends*. WIEGO Statistics Brief.

³ Namsomboon, Boonsom and Poonsap Tulaphan. 2009. *Advocacy for Homemaker Protection Act in Thailand, Social Protection in Asia Research Paper*. Social Protection in Asia (SPA).

⁴ All quotations are from focus groups held in the city designated.

Both types of home-based workers absorb many risks of production: fluctuating demand, cancelled orders, unreliable supply of raw materials, delayed payments, rejected goods. They are also affected by larger economic trends such as increases in input prices, which particularly impact the self-employed.

Household income

Over three-quarters said their households rely entirely on earnings from informal work. The home-based workers' earnings play a critical role in meeting basic family needs.

What can we do? We are so poor that we have to do it. ... I work till two a.m. (Lahore)

Positive & Negative Driving Forces

The top ranked negative force was **inflation**, prioritized by several groups in all three cities. Housing, basic infrastructure services and transport were also significant.

Housing

When the home is also the workplace, housing is an essential productive asset.

Inadequate housing was the most commonly cited negative driver in Ahmedabad, and also ranked among top negative drivers in other cities.

A small house hampers productivity.

- A worker cannot take bulk work orders as she cannot store raw materials.
- Work is interrupted by the competing needs of other household activities.
- Children are impacted by noise, dust and other workplace hazards.

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. (Ahmedabad)



Photo from Ahmedabad: L. Vryenhoek

Poor quality housing damages goods and raw materials. In all three cities, women reported that monsoon rains force them to suspend or reduce production.

- Equipment, raw materials or finished goods get damaged when roofs leak or houses flood.
- Products (e.g. incense sticks and plastic) cannot dry due to leaks and humidity.
- Work orders are reduced due to decreased demand and/or difficulties associated with transport during the rains.

The poor quality of our housing creates difficulty for our work during the rainy season ... If the goods are spoiled, the cost is deducted from our wages by the firm owner/contractor. (Ahmedabad)

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... I lose 100 baht per piece. (Bangkok)

I can only afford 500 rupees as a monthly instalment, but there is no house in that range available in Ahmedabad. (Ahmedabad)

Note on Sampling & Methodology

The IEMS uses qualitative and quantitative methods. Informal workers' perceptions were captured in their own words through participatory focus groups held in each city / sector. A survey questionnaire was subsequently administered to the 75 focus group participants in each city / sector plus another 75 workers (with some slight variations in sample size). The sampling approach was designed to maintain comparability across cities / sectors while allowing flexibility to meet local circumstances. Where possible, the MBO developed

a stratified random sample that was statistically representative of the MBO population. Where not possible, the city team used a quota sampling approach. Local researchers worked with the MBO to identify the best possible sample based on circumstances.

Because only MBO members were sampled, the findings are not representative of the city's entire population of home-based workers. Two 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).

About 40% of the sample rented homes. Some landlords discourage home-based production. Those who own their houses said they live in informal settlements and fear demolition.

[The municipality] 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. (Ahmedabad)

Living near customers and markets is important for the self-employed.

There are many schools, apartments and a post office in this area. Since this area is densely populated, we have good sales especially in the morning and evening. (Bangkok)

Access to work must be considered during relocations.

In Bangkok, many study participants were relocated in the 1980s and 90s to low-income housing colonies on the outskirts of the city. Analysis showed it took up to 10 years (or more) for home-based workers to secure their housing, stabilize their livelihoods, and leverage basic infrastructure and transport services.

Infrastructure

In the survey, 33% reported a lack of basic infrastructure services was problematic.

High cost and shortages of electricity are especially significant in Lahore, mentioned by all focus groups and 78% of survey participants.

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

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

If we don't work how can we eat?

Focus groups ranked the following infrastructure services as positive:

- accessible, affordable transport in Ahmedabad
- electricity in Bangkok
- roads, water and sanitation in Lahore

Transport

Accessibility and cost of public transport affects home-based workers, who must travel to markets or to pick up raw materials and drop off finished products.

- Among the survey sample, transport represents around 30% of total enterprises' expenditures.
- About one quarter of the sample who spend money on transport operate at a loss.



Photo from Lahore

In Bangkok, lack of access to affordable transport was a key negative force.

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)

The distance to the market/contractor is critical. Some participants had been relocated to peripheral areas with poor access to public transport.

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. (Ahmedabad)

In one Lahore focus group, women travel up to 70 km round trip from their homes in the south to markets in the north. The commute takes hours and takes a large chunk of their meager earnings.

We carry our stuff and walk for hours and use Panadol for headache as we get tired. (Lahore)

Competition is making it harder to earn a living.

The recession that began in 2009 drove more people into informal employment activities. Expansion of retail chains also creates serious competition for local enterprises.

Sometimes 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. (Bangkok)

Home-based workers rely on membership-based organizations to gain collective power and visibility in policy processes.

Recommendations for More Inclusive Cities

City planners and policymakers must first recognize home-based workers as workers who make significant contributions to their local communities and economies, and who deserve the same rights and services as other workers and enterprises. 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 services they need to be productive.

Better Housing for Income Generation

- Recognize that the homes of home-based workers are their workplaces and grant them de facto tenure and basic infrastructure services.
- Provide housing finance and other services to allow home-based workers to upgrade their homes-cum-workplaces and make them more productive.
- Ensure access to land that is conveniently located – close to customers/markets and transport.
- Consider the importance of adequate work and storage space when designing low-cost housing.
- During planning for construction or upgrading, include nearby work sheds so that work involving chemicals, dust, noise or other pollutants can be done outside homes, limiting exposure for workers and their families.

Improved Infrastructure & Zoning

- Improved infrastructure and appropriate zoning can help home-based workers contribute their full potential within the urban environment. This, in turn, will enhance opportunities to build a stronger city.
- Basic infrastructure services, including electricity, must be improved to increase productivity of home-based workers.
- Housing and land allocation policies must consider that relocation affects not only the residence but also the work of home-based producers.
- Local disaster mitigation measures must consider those who lose the ability to earn a living when homes are damaged or destroyed.
- Public transport systems should allow secure and inexpensive mobility for home-based workers.



A Beneficial Regulatory Environment

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

Sub-contracted and home-based wage workers require:

- secure contracts
- workers' benefits and appropriate social protection
- safe work environments

Authorities should:

- ensure local government services are accessible, simplified and translated into local languages
- recognize the representation of home-based workers' associations and unions
- provide the same services, benefits, respect and social protection given to formal workers

Participation in Policymaking

Effective policies can only be designed when home-based workers and their representatives are integrated from planning through implementation and monitoring. Transparent and consultative processes help ensure outcomes are responsive to home-based workers' challenges and supportive of their needs.

Dialogue is needed to educate informal workers about the advantages of engagement with the regulatory environment and to help policymakers understand home-based workers' needs.

More Research on Home-Based Work and Workers

The size of this sector and the importance of home-based work to local economies requires that these workers be seen and understood. Statistical and other research should be expanded, as should engagement through participatory processes and community visits.



Inclusive Cities: 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.

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