Recommendations for Promoting Decent Work for Home-Based Workers
Based on Findings of Researches and Studies
-- ILO/MAMPU Project --

**Homeworkers Mapping**

**Recommendations:**
1. Collect data on homeworkers
   Homeworkers are currently invisible and collecting data on them can help increase the visibility of homeworkers and the contribution they make to the economy. According to the National Statistics Office in Indonesia, the new labour force survey questionnaire to be used from 2016 will include several new questions including the place of work. This is a positive development as this is a necessary step to allow for the identification of the category of work including home-based work.

2. Empower homeworkers to address decent work deficits
   Empowering homeworkers to take actions to improve their living and working conditions is an imperative part in promoting decent work for homeworkers. Empower them through awareness raising, training and group formation and management.

3. Recognize homeworkers as workers through regulation
   To extend effective protection to homeworkers, it is important to formally recognize homeworkers as workers. This may be done through the formulation of a local and national policy on home work or the revision of the existing laws. It should be done in close consultation with the relevant stakeholders including representatives from homeworkers’ groups. The ILO’s Home Work Convention, 1996 (No. 177) which is yet to be ratified by Indonesia, and the Home Work Recommendation, 1996 (No. 184) provide basic principles and guidance in promoting decent work for homeworkers.

4. Extend social protection to homeworkers
   Despite many social assistance and social insurance programmes designed to reduce poverty in Indonesia, the majority of the homeworkers were found without access to these programmes.

Since homeworkers are mostly paid one piece-rate basis, the loss of work days due to illness or injury has negative impact on their earnings. Recognizing that homeworkers earn low wages which are just above the poverty line but below the minimum wages, the loss of work days means that they immediately face a risk of falling into poverty.

5. Promote responsible practices in supply chain
   Employers’ associations and members and multinational, national and local companies can play a key role in promoting decent work for homeworkers by raising awareness on homeworkers’ issues and promoting responsible practices for engaging homeworkers. Homeworkers are often found working at the bottom of the supply chain. Promoting decent work for homeworkers is not only the right thing to do but it is also necessary for sustainable supply chain.

6. Promote gender equality and non-discrimination
   The study findings indicate that gender equality perceptions and gender roles greatly influence how women work, limiting their potential. Gender issues should be mainstreamed in local and national regulations. Where community groups exist, these groups may be utilized to discuss gender issues and promote gender equality at home as well as in the community.

**List of Researches & Studies**

**Homeworkers Mapping**

**IKEA Supply Chain in Rattan Industry**

**Synthesis Report on Organizing Homeworkers in Thailand, Philippines, Chile, India and Indonesia**

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1. **Know who and what is in the supply chain:**
   To identify where there are decent work gaps, IKEA must first know who and what is actually in its rattan supply chain. Although the IKEA Company requires its main suppliers to maintain records of its sub-suppliers and their workers, the survey found, for example, that some sub-suppliers further sub-contract to other sub-suppliers and the main suppliers do not necessarily keep their records up to date or complete. One lesson learned from other international brands with huge supply chain relationships is that simply contractually obligating suppliers to disclose their supply chains, while necessary, has proven ineffective and inadequate. The main suppliers may have competing motivations, disincentives or different business drivers that make them reluctant to disclose all the information about their sub-suppliers and workers.
   - **Promote internal and external buy-in to properly map the supply chain** – internally within IKEA from the various functions that have direct interaction with the supply chain and externally from the suppliers themselves.
   - **Explain the importance of mapping** to both IKEA staff and external suppliers by emphasizing the commercial rather than the human rights perspective.

2. **Prioritize for taking action within the chain:**
   It is obviously not feasible for IKEA to conduct due diligence on labour standards and take immediate action for the entirety of its supply chain. In the specific case of the Cirebon rattan supply chain:
   - An obvious priority is to **address the specific vulnerabilities and disadvantages** faced by the women workers, particularly those working at home in more isolated situations and are worse off compared to the weaving centre workers. The fact that women have lower levels of knowledge and awareness, for example of IWAY, and they are less likely than the men to fully understand the terms of their work contract has obvious implications for the need for gender-responsive training and awareness raising programmes. The survey had also discovered some elements of pressure from sub-suppliers who had threatened women homeworkers with job loss if they were “too truthful” in the interviews;
   - **Priority could be given to main supplier Company A** its sub-suppliers and workers (who are mainly working in weaving centres) since the survey revealed that the smaller company faces greater difficulties in complying with IWAY standards so that its sub-suppliers and workers appear to be worse off in several aspects compared to those of Company B;
   - The fact that the smaller company produces exclusively for IKEA suggests that IKEA may have greater **leverage to influence the practices of the supplier**;
   - **Such prioritization should not, however, mean that Company B does not require special attention**, importantly because its sub-suppliers hire a large number of homeworkers who are mainly women.

3. **Actively involve the various stakeholders in the chain:**
   The people in the various tiers of the chain must feel that they have a voice and a stake in implementing labour standards:
   - **Promote dialogue not monologue**: IKEA exercises its leverage at the contracting stage through IWAY MUST – these are the terms that IKEA imposes on the suppliers that they must observe to secure business. However, what suppliers must do is not the same as what suppliers want to do because they see the benefits. Other company leaders have noted that “the real potential may lie in the opportunity to create a dialogue with suppliers – rather than a monologue – regarding the terms of the contract, the expectations and challenges they raise, and how they can best be met.”
   - **Promote buy-in, not merely compliance**: Suppliers and sub-suppliers are much more likely to observe labour standards if they see it not merely as an obligation but good for business. One important measure will be to review the contents and manner of training (“training is an investment, auditing is a cost”) in IWAY that IKEA provides for the suppliers and sub-suppliers to ensure that the emphasis is not just on what must be done but on why it should be done and to discuss with them (not just instruct) the barriers and difficulties they face and how it can be done to achieve “win-win” outcomes;
   - **Listen to workers’ voices** to remain relevant and responsive: Any sustainable effort to promote labour standards must be inclusive of the workers themselves;
   - **Ensure that all parts of the IKEA Company itself support the promotion of labour standards by better aligning business processes with its CSR**: Concern with labour rights challenges in supply chains often focus on the suppliers and sub-suppliers. But there are also important dimensions internal to the IKEA Company that can increase or reduce labour rights risks. Some companies have found instances where there are inherent tensions between the commercial interests that guide purchasing decisions and the avoidance of labour rights abuses or poor working conditions.
4. **Move beyond compliance monitoring to sustainable, inclusive improvements**: More and more companies are acknowledging that compliance auditing alone is insufficient to promote sustainable improvements on issues of social performance; “compliance monitoring can have the unintended consequence of duplication and resource inefficiencies – resulting in far too much time and money dedicated to policing rather than improving operations and employment conditions”.1 They are moving towards more collaborative and inclusive approaches, including measures to:

- **Engage the local community**: There are important reasons for IKEA to consider initiating measures to promote social and environmental standards that target the wider Cirebon community: the supply chain workers come mainly from villages and families where weaving is a traditional skill; although the self-employed home-based workers are currently not part of the supply chain they could be brought into the chain at a later stage; and such measures may be able to reach out to young people whose labour will affect the future of the industry. Community-based education/awareness raising programmes aimed at wide audiences would also have the potential of: benefitting current and potential workers; enhancing the productivity of both workers and suppliers, improving the quality of products and supply chain efficiency; promoting the image and reputation of IKEA, improving community relations; and strengthening the local community.

- **Engage a wider set of partners**: To ensure that efforts to promote labour standards are sustainable, it is important to collaborate with others. The experience of many companies has been that trade unions, employers’ organizations, rattan business associations and other relevant civil society organizations (CSOs) and NGOs can be good partners for reaching out to workers, sharing experiences and good practices for promoting decent work and improving productivity, and assisting in public policy engagement with local government;

- **Engage local governments**: Given the critical role of national and local laws and regulations in affecting workers’ rights, it is obviously important to engage local governments in community-based corporate social responsibility efforts.

### IKEA supply chain in rattan industry: Recommendation for IKEA and also applicable for other buyers/suppliers

- **Remuneration**: the largest number of suggestions from the sub-suppliers and also all the workers concerns payment:
  - Increase the piece rate. It is worth re-quoting the statement from one sub-supplier “Hope IKEA can increase the price it pays the main suppliers so that the main suppliers can increase the payment to sub-suppliers and the sub-suppliers can increase wages for the weavers – IKEA has to take the lead”
  - Avoid delayed payments
  - Pay at least the minimum wage.

- **Work orders**: to address the serious problem of irregular work orders:
  - Try to ensure regular work orders;
  - The main supplier companies should not appoint more sub-suppliers and instead offer a fair distribution of work orders to all current sub-suppliers.

- **Raw materials**: both sub-suppliers and workers had suggestions to:
  - Improve the quality of rattan raw materials – wet rattan or hard inflexible rattan affects not only the ability of the workers to produce but also the quality of the products and results in higher rejection rates;
  - Ensure a steady supply of raw materials to the weaving centers and the homes, so that the production schedules of the workers are not disrupted;
  - Provide assistance to the sub-suppliers when the price of raw materials goes up so that they are able to fulfill work orders and still make some profit;
  - Avoid delays by arranging for the chair frames produced by one sub-supplier to be sent directly to the sub-supplier responsible for weaving instead of being sent first to the factory of the main supplier;
  - The Indonesian government should stop the export of rattan raw materials and promote the production of rattan finished products within the country. Although there is a law restricting the export of rattan, this is still quite a common practice.

- **Utilities, equipment and tools**: to avoid work disruptions and improve productivity:
  - The government should ensure a steady supply of electricity and avoid power cuts;
  - The sub-suppliers should ensure that the workers have proper equipment and tools to work with, including regularly servicing and repairing the equipment and tools at the weaving centres.
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- **Working environment**: to address the workspace and working environment problems:
  - Provide financial assistance to the sub-suppliers to improve the weaving centres, in particular so that there is adequate space to store raw materials and finished products;
  - Improve basic facilities such as toilets and fans at the weaving centres;
  - Assist the homeworkers to improve workspace within their homes.

- **Negotiations**: Several of the sub-suppliers stressed the importance of discussing/negotiating with the main suppliers so that together they can find “win-win” solutions to the problems. The workers too had a suggestion that both workers at weaving centres and at home should get together so that they can be united in approaching the sub-suppliers or main companies.

Synthesis report on Organizing Homeworkers in Thailand, Philippines, Chile, India and Indonesia – 1

1. **Organizing**
   **Horizontal and vertical organizing**

   In most cases, action started with women's unionists and labour rights activists initiating capacity development with Home Based Workers (HBWs) and helping them set up their own organizations. In community-based organizations HBWs learned how to organize themselves and mobilize other HBWs to become active and join a HBWs’ group. They became adept in formulating their priorities and demands, speaking for themselves in their families and communities, and working to improve their incomes through cooperation between themselves and negotiating with employers, buyers/traders and the local authorities.

   From the horizontal organizing of HBWs groups in communities, vertical structures were built. HBWs’ groups leaders emerged. Vertical organizing through elected leaders at the various levels allows for the identification of common problems, the sharing of local solutions and the translation thereof into local and national agenda calling for legal and policy reform and practical measures. Widespread, concerted campaigning on the same priorities by HBWs’ groups and support agencies allows for the build-up of sufficient pressure to result in legal reform and policy changes, but often only after years of persistent struggle.

   **Fundamental organizing principles**

   The emphasis of SEWA on principles of self-reliance and working one’s self out of poverty and PATAMABAs emphasis on the importance of organizing and empowering themselves seem to be essential ingredients for the building of sustainable membership-based organizations, which are owned by HBWs from the start. This means that the underlying philosophy behind any organizing should start with capacity development of the HBWs. Any economic support services should be done with HBWs and be done only after HBWs have learned about the importance of self-development and empowerment.

   Providing economic support to HBWs only can result in continued dependency on external support, culturing a hand-out mentality or rent-seeking behaviour within HBWs organizations.

   **Holistic, phased approach and integrated strategies**

   Priorities of HBWs usually include a combination of addressing deficiencies in respect for human, women’s and workers’ rights, and gender equality; in access to decent work, productive resources and assets, and living wages or incomes; in access to social security, safe work, adequate housing and workplaces, and in representation and voice in decision-making on issues that affect their life and work. Most HBWs’ organizations use a phased approach to organizing, starting with fact-finding, identifying pressing concerns of HBWs and the causes thereof, followed by capacity development to address HBWS’ practical and strategic needs. Further actions are determined by the priorities of HBWs and available entry points in their immediate or the larger policy, institutional and legal business environment.

   **2. Improving HBWs’ working and living conditions**

   **Legal reform**

   Policy advocacy for legal reform on labour and social security protection has been successful in India, the Philippines and Thailand, although much remains to be done.

   Legal reform to extend coverage of HBWs under labour, social, trade/industry and civil or commercial laws is crucial to achieve the protection and development opportunities HBWs should be entitled to like other workers. This requires longer timeframes than the customary 2-5 year funding cycles of development projects, as well as persistence, often over many years. However, legal reform remains very necessary. HBWs’ organizations emphasize the importance of representation of HBWs in decision-making bodies, mechanisms and processes.
Economic empowerment
Matching HBWs initiatives with local administrative bodies and budgets ensures sustainability and continuation of activities. In a similar vein, some buyers, retailers, suppliers or their subcontractors will call on HBWs organizations to link them to specific HBWs occupational groups, as these groups are generally more business-minded and quality conscious.

Social security
Both subcontracted homeworkers and self-employed HBWs are only covered under publicly funded health schemes for the poor and the indigent in the Philippines and Thailand. Efforts to extend social security for the self-employed also to HBWs including subcontracted homeworkers have been made, but the contributions are generally not affordable to both subcontracted and self-employed HBWs. Protection of HBWs against occupational safety and health risks is not available in any of the countries.

3. Building sustainable HBWs organizations

Human and financial resource mobilization and management
Longer term, relatively modest external resources are needed to build the organizational capacity of HBWs and their organizations, engage in policy advocacy beyond the community level and provide services to their members. The good practices and examples from the other HBWs organizations have shown that HBWs can successfully be brought together to organize and build sustainable organizations, networks and alliances.

4. Building partnership and alliances
Successful HBWs organizations have built relations with supportive government leaders and politicians at the various levels. They can also call on expert groups, committees, women’s human rights or lawyer associations, workers’ organizations, and fair trade or socially and ethically responsible companies and enterprise networks at the local, national and international levels to obtain professional legal and business advice and guidance. HBWs’ organizations also form alliances with other groups of informal workers and form a larger coalition of informal economy workers to pursue major policy reform.

While organizing has to have its roots in local forms, international alliances and solidarity have an important part to play in ensuring that HBWs have a voice of their own and organizations through which they can work to improve their working and living conditions.