



Australian Government
Department of Foreign Affairs and Trade



Indonesian
Employers'
Association



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Good Practice Guidelines for the Employment of Homeworkers



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Good Practice Guidelines for the Employment of Homeworkers

Indonesian Employers Association (APINDO)
International Labour Office (ILO), Jakarta

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Foreword APINDO

Home work practice has become prevalent these days with the development of industrialization in Indonesia. The practice operates under the system known as putting out system. Here, the workers perform the work that is part of the whole process of production of goods and services, just like their factory worker counterpart in general. The difference is that they do the work usually at home, after receiving orders from the employers or intermediaries. It is this place of work that makes them called homeworkers. Typically, the order given is made for a particular volume and the homeworkers receive piece-rate wage.

Although home work practice has been increasingly widespread, policies that regulate home work, including employment of homeworkers, have not been well developed. As a result, most home work practices still have not meet the minimum labour standard and the working condition of homeworkers is still concerning.

APINDO pro-actively took the initiative to issue this Good Practice Guidelines for the Employment of Homeworkers. The guide is made to assist the employers to understand their roles and responsibilities related to home work practice. This guide also provides advice to employers on how to engage with homeworkers in responsible manner. This initiative reflects APINDO's commitment to support the implementation of social compliance among the entrepreneurs.

APINDO has put the social compliance aspect as being important in business development. Since the signing of Memorandum of Understanding with the Ministry of Trade in 2011, APINDO has been active in disseminating the importance of responsible practice in the business world, from the production, supply and distribution. Home work practice is often found in the production process, including goods for export. This guide provides the practical steps to improve the working condition, related to registration/ recording, contract, intermediaries, remuneration, and social guarantee among others. Furthermore, this guide also contains the steps that can be used by employers to assess their own practice, develop strategies, implement the strategies, and conduct the follow-ups.

We would like to thank the ILO Jakarta Office and the ILO MAMPU project that has provided technical inputs and assistance in the development and publication of this guide. We hope that this guide will not only provide advice and benefit for the employers, but also for APINDO's partners i.e. workers and government, to jointly develop special provisions for homeworkers.

Jakarta, October 1st 2013



Sofjan Wanandi

Chairperson

National Board of the Indonesian Employers' Association (DPN APINDO)

Foreword ILO

The ILO has been promoting decent work and social protection for homeworkers for over two decades. The ILO Convention on Home Work, 1996 (No.177) and Recommendation on Home Work, 1996 (No.184) were developed by the ILO's constituents in response to the increasing use of home work by employers worldwide. As employers are faced with increasing pressures from globalization to find cheaper, more flexible and more productive ways of conducting their businesses, engaging homeworkers in production processes has emerged as a response to some of these pressures. However, it is important that employers' respond in an ethical and socially compliant way to these pressures of globalization and competition.

Homeworkers are often poorly educated and low skilled workers. These groups of workers, working from the privacy of their homes and with little engagement with workers' organisations can be vulnerable to labour exploitation. It is essential, therefore, that employers establish systems to ensure that homeworkers' conditions of employment do not fall below the national minimum standards provided in the labour legislation.

Employers play an essential role in the implementation of decent work. Through ethical employment of homeworkers, employers can significantly contribute to sustainable development, poverty reduction and community empowerment. These Guidelines for employers on the employment of homeworkers provide a good step in this direction. It is hoped that these Guidelines will provide employers with a better understanding of their responsibilities to homeworkers and will guide future engagement practices.

The ILO would like to thank APINDO for their collaboration and partnership in the development of these Guidelines and for their support to pursue decent work for homeworkers in Indonesia. The Office would also like to extend its gratitude to Australian Aid for their commitment and support for the promotion of equality in employment and decent work for homeworkers through the ILO MAMPU project.

I hope these Guidelines will contribute to awareness raising on home work and strengthened implementation of good practices in the employment of homeworkers.

October 1st, 2013



Peter van Rooij

Director, ILO Country Office for Indonesia and Timor Leste

Foreword

Home work is the production of a good or the provision of a service for an employer or contractor under an arrangement whereby the work is carried out at a place of the workers' own choosing, often the worker's own home. There is normally no direct supervision by the employer or contractor over this part of the production process.

In Indonesia, various forms of home work are found. Mostly women are engaged in both commercial and industrial forms of subcontracting. In commercial subcontracting, often referred to as putting-out, the outcontractor does not participate in the actual production process while in industrial subcontracting, the outcontractors themselves engage in the production process. Both traders and producers can function as outcontractors. Traders specialised in marketing a specific range of products can organise production through subcontracting selected enterprises or individuals, who have to produce according to standards and specifications set by the outcontractors. Producers however, will use subcontractors for executing specific tasks within their overall production process. Not all producers or traders are necessarily large enterprises. Some are informal micro or small enterprises with relationships with homeworkers that are based on strong familial or community ties.

Although the Manpower Act, Law No.13 of 2003 applies to homeworkers, home work is a notoriously difficult area to supervise, monitor and to enforce labour laws. Given this challenge, homeworkers are highly vulnerable to exploitative practices and can receive sub-standard working conditions. In order to strengthen social compliance, and to prevent a 'race to the bottom', it is necessary that employers monitor, supervise and ensure implementation of decent working conditions for homeworkers involved in their supply chains.

To date, there has been very little guidance provided to employers on their roles and responsibilities to homeworkers in Indonesia. Consequently, clear guidance on the relevance and application of the Manpower Act and other national labour laws to home work and information on good practices for employing homeworkers are necessary for employers in Indonesia.

The ILO MAMPU project and APINDO have partnered to develop this practical guidance manual for employers on the employment of homeworkers in Indonesia. This manual provides a set of tools, checklists and step-by-step guidelines for employers to better understand their legal responsibilities and to better understand and put in place actions to better engage homeworkers.

It is hoped that these guidelines for employers on the employment of homeworkers will improve employers' understanding of their roles and responsibilities to homeworkers and will improve compliance with minimum standards. Decent work for homeworkers is fundamental to achieving fair and sustainable globalization.

October 1st, 2013

A handwritten signature in black ink, appearing to read 'Miranda Fajerman', with a stylized, flowing script.

Miranda Fajerman

Chief Technical Adviser

MAMPU – Access to Employment and Decent Work for Women Project, ILO Jakarta

I. Checklist to determine compliance with good practices for the employment of homeworkers

An employer is complying with these *Good practice guidelines for the employment of homeworkers* when –

20 Point compliance checklist		Yes	No
1	A record-keeping system providing information on homeworkers engaged, the amount of work, wages, and orders and delivery of orders to homeworkers is kept and is up-to-date		
2	Contracts with intermediaries include provisions to ensure the working conditions of homeworkers comply with national legal requirements		
3	Homeworkers have a written contract outlining their job, rates of remuneration and terms and conditions of employment, including social security benefits		
4	Homeworkers are paid the appropriate remuneration, which is no less than workers performing similar work in the enterprise workplace and is no less than the local minimum wage		
5	Homeworkers are paid in full upon delivery of completed work. Any deductions made from their remuneration are made in accordance with pre-established criteria and do not exceed more than 50% of the wage due.		
6	Homeworkers are reimbursed for costs borne by the homeworkers in association with their completion of work (including maintenance of equipment, electricity, travel to deliver products etc)		
7	Unless homeworkers explicitly request otherwise, homeworkers receive a minimum workload per week, which is equivalent to the number of pieces that can be completed in 30 hours		
8	The maximum workload homeworkers receive for one week's production is equivalent to the number of pieces that can be completed in 54 hours		
9	Where the amount of work provided to homeworkers requires more than 40 hours of work in one week, overtime wage rates are provided		

20 Point compliance checklist		Yes	No
10	Homeworkers are not required to work 7 days a week		
11	Homeworkers are enrolled in Jamsostek or another social security fund and contributions are made by the enterprise on behalf of homeworkers		
12	Homeworkers' contract of employment is not terminated when they become pregnant		
13	Homeworkers are provided paid maternity leave for 3 months when they give birth to a child		
14	Homeworkers are provided with paid sick leave upon issuance of a medical certificate		
15	Homeworkers are provided with information educating them about their right to associate with and join trade unions		
16	An occupational health and safety assessment has been made at the workplaces of homeworkers and homeworkers have been trained on safe and proper procedures for completing their work		
17	Measures are in place to ensure children are not employed to work in excess of 3 hours a day (if they are 13-15 years of age) or in types of work that could harm their safety, morals or development.		
18	Where there is no work available for a period of time, homeworkers are provided with appropriate written notice of termination of employment		
19	A system for monitoring the working conditions of homeworkers is in place		
20	A system for receiving and responding to complaints and concerns from homeworkers about their working conditions is in place and has been publicised to homeworkers.		

If the response to one or more of these questions is 'No', these *Good practice guidelines for the employment of homeworkers* will be useful to improve methods of engagement with homeworkers and ensure legal responsibilities and social compliance requirements of international buyers are being fulfilled.

II. Introduction

The employment and working conditions of homeworkers tend to be inferior to those enjoyed by regular workers performing work in the enterprise workplace. This results from a lack of understanding among employers of their responsibilities to workers performing work from their homes as well as the difficulties faced by employers in managing, monitoring and supervising these workers and the conditions within which they perform their work.

These Guidelines provide an overview of the legal responsibilities of employers to homeworkers as well as some practical tips and guidance on how to ensure homeworkers are engaged in a socially responsible way. Various good practices are presented as well as checklists and tools to enable employers to comply with their legal obligations and to ensure good practice employment of homeworkers.

The term ‘homeworkers’ refers to those workers who are working from their homes or away from the workplace of the enterprise. Compared with other types of employment, home work presents a particularly challenging set of issues to employers. This is often due to the complex hiring arrangements as well as the lack of immediate supervision over the performance of work of homeworkers. The often seasonal or temporary nature of work performed by homeworkers also present challenges to employers in terms of fulfilment of their legal responsibilities. These Guidelines provide practical advice on how to address these challenges in employing homeworkers. These Guidelines also provide information on the business case for improving homeworkers’ conditions or work and some win-win solutions that employers can pursue to improve production efficiency at the same time as strengthening the working conditions of homeworkers.

Objectives of the Guidelines –

- ♦ To enable employers to understand their legal obligations and responsibilities to homeworkers;
- ♦ To provide guidance to employers on methods to improve engagement with homeworkers; and
- ♦ To provide a framework within which employers, investors, retailers, international buyers and other interested parties can assess enterprise compliance with legal responsibilities and good practices in relation to the employment of homeworkers in Indonesia.

III. Who are homeworkers

The terms, 'home work' and 'homeworkers', are not defined by national laws in Indonesian. ILO Convention on Home Work, 1996 (No.177) provides the international framework for minimum standards in home work and defines it as follows -

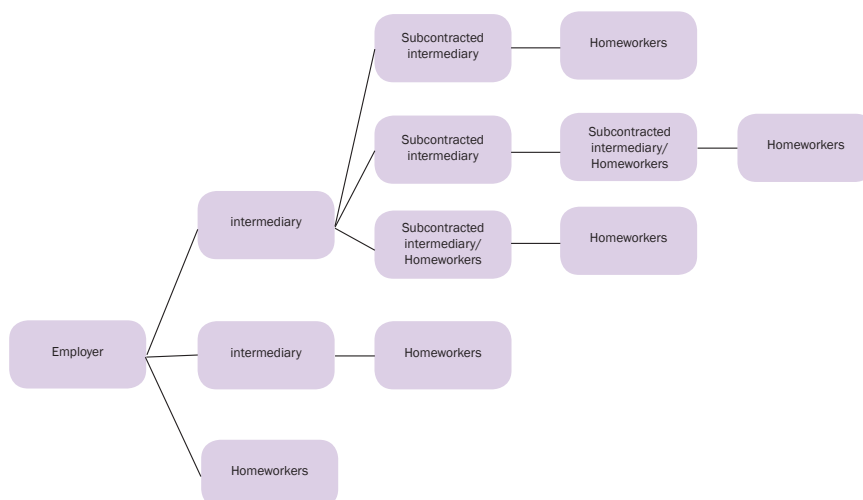
The term **home work** refers to work carried out by a person(s),

- (i) in his or her home or in another premises of his or her choice, other than the workplace of the employer;
- (ii) for remuneration;
- (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used.¹

Self-employed workers who work from their homes are not considered homeworkers. A self-employed person is someone who takes on the financial risk for the production and marketing/selling of their product and/or service. Workers who sometimes take their work home are also not considered homeworkers.

Employers may employ homeworkers directly or indirectly, through one or more intermediaries, to contribute to their production processes or provide services.

As it is shown in the graphic below, there are various methods through which homeworkers can be employed. The varying forms in which homeworkers can be employed may impact on the responsibilities of the employer to the homeworker.



¹ Home Work Convention, 1996 (No.177), article 1.

IV. Employers' legal responsibilities to homeworkers

The Manpower Act, Law No.13 of 2003, specifies the legal responsibilities of employers to employees, including homeworkers. Although home work is not explicitly identified in the Manpower Act, the relationship between an employer and homeworker is an 'employment relationship' under the Act. As such, homeworkers are entitled to the same terms and conditions of employment as regular workers employed at the enterprise.

The Manpower Act protects any home-based worker who performs work for an employer, according to the employer's specifications and for remuneration. The following examples of employment arrangements with homeworkers does not negate the existence of an employment relationship (ie employers continue to have legal responsibilities towards home-based workers in the following instances) –

- ♦ The employer sells a product to the homeworker. The homeworker contributes to its improvement and then the homeworker sells this product back to the employer;
- ♦ The homeworker is registered as 'self-employed';
- ♦ The homeworker purchases the raw materials themselves, but produce a product as per specifications of the employer; or
- ♦ The homeworker is employed through a third party (see below explanation).

For each of the above situations, employers continue to have responsibilities to ensure the protection and fulfilment of legal rights and benefits under the Manpower Act and other related labour legislation, to homeworkers.

Due to frequent use of intermediaries (persons who derive an income from taking orders from one or more enterprises and having them carried out by homeworker(s)) in the employment of homeworkers, it can sometimes be unclear to an employer what their legal responsibilities are to homeworkers. Under the Manpower Act, an intermediary will be responsible for the fulfilment of working conditions and benefits to homeworkers only if *all* of the following conditions are met –

- ♦ If the intermediary is a registered legal entity;
- ♦ If the work being subcontracted to the intermediary is of an auxiliary nature; and
- ♦ If there is a written agreement with the intermediary for the work to be performed.

If any one or more of these above conditions are not met, the principle employer has full responsibility to ensure the fulfilment of working conditions and to ensure benefits are provided

to homeworkers. It is important that employers carefully examine the nature of their engagement with intermediaries to determine the extent of their legal responsibilities to homeworkers contracted through third parties.

Summary. Key legal responsibilities of employers

Contract of employment	<p>Manpower Act, Law No. 13 of 2003</p> <p>All workers must be issued a written contract. Workers who are not provided a written contract will be presumed to be workers on unspecified time contracts.²</p>
Non-discrimination	<p>Manpower Act, Law No. 13 of 2003</p> <p>Every worker has the right to receive equal treatment without discrimination from their employer.³</p>
Freedom of association and collective bargaining	<p>Manpower Act, Law No. 13 of 2003; Trade Union Act, Law No. 21 of 2000</p> <p>Every worker has the right to form and become member of a trade union and to engage in collective bargaining with employers.⁴</p>
Remuneration	<p>Manpower Act, Law No. 13 of 2003; MOMT Decree No.KEP.231/MEN/2003; MOM Regulation No.PER-01/MEN/1999; Government Regulation No. 8 of 1981 on the protection of wages; MOMT Decree No. 102/MEN/VI/2004.</p> <p>All workers are entitled to remuneration for work performed. This remuneration should be sufficient to support themselves and their families, and should not be calculated at a rate that is lower than the minimum wage.⁵</p> <p>Piece-rate wages – Piece rate wages must be calculated through reference to the amount of time required to complete a task. Wages for piece rate must enable workers to receive at least the minimum wage for ordinary hours of work.⁶</p> <p>Wage deductions – Deductions may only be made for damage to an employer's property or goods and cannot exceed 50% of one month's wage. All justifications for deductions must be arranged in advance in a written agreement or in the company</p>

² Manpower Act, Law No.13 of 2003, article 57.

³ Manpower Act, Law No.13 of 2003, article 6.

⁴ Manpower Act, Law No.13 of 2003, article 104; Trade Union Act, law No.21 of 2000, article 5.

⁵ Manpower Act, Law No.13 of 2003, articles 88 – 90; MOMT Decree No.KEP.231/MEN/2003 article 2.

⁶ Manpower Act, Law No.13 of 2003, article 56; MOM Regulation No. PER-01/MEN/1999, articles 14-15.

Summary. Key legal responsibilities of employers

	<p>regulations. These must be notified to all workers prior to making any deductions.⁷</p> <p>Overtime pay – any work that exceeds 40 hours per week must be paid at an overtime rate. This means that orders that require workers to complete more than 40 hours of work to complete must be compensated at a higher rate.⁸</p> <p>Payment of wages – wages must be paid immediately upon performance of work or at regular intervals. Delayed payment or withholding of payment of wages is not permitted.⁹</p>
Working hours	<p>Manpower Act No. 13 – 2003</p> <p>Ordinary hours of work are 40 hours per week. For homeworkers, this means orders set out should not exceed 40 hours per week unless agreed on by the worker and overtime wages are applied for any hours in addition to the 40 hours worked.¹⁰</p> <p>Overtime should not exceed 14 hours in a week. Calculations for time required to complete orders must be made to ensure homeworkers do not work in excess of 54 hours in one week.¹¹</p> <p>Workers must agree to conduct overtime work.¹²</p> <p>Workers are not obliged to work on national public holidays. Overtime rates apply if workers elect to perform work on these days.¹³</p>
Paid leave	<p>Manpower Act, Law No.13 of 2003; Government Regulation No.8 of 1981 on the Protection of Wages</p> <p>All workers are entitled to paid leave. Paid leave is to be calculated in accordance with the time worked and salary earned.¹⁴</p> <p>All workers are entitled to paid sick leave if they demonstrate illness (upon receipt of a medical certificate).¹⁵</p>

7 Government Regulation No.8 of 1981 on the Wages Protection, article 23.

8 Manpower Act, Law No.13 of 2003, articles 77 and 78; MOMT Decree No.102/MEN/VI/2004, articles 8, 9.

9 Government Regulation No.8 of 1981 on the Protection of Wages, article 11.

10 Manpower Act, Law No.13 of 2003, article 77.

11 Manpower Act, Law No.13 of 2003, article 78.

12 Manpower Act, Law No.13 of 2003, article 78.

13 Manpower Act, Law No.13 of 2003, article 85.

14 See Manpower Act, Law No.13 of 2003, articles 85 and 93 and Government Regulation No.8 of 1981 on the Protection of Wages, article 5.

15 Manpower Act, Law No.13 of 2003, article 93.

Summary. Key legal responsibilities of employers

Occupational health and safety	<p>Manpower Act, Law No.13 of 2003; Work and Safety Act, Law No. 1 of 1970; MOM Regulation No. PER. 05/MEN/1996; MOMT Regulation No. PER18/MEN/XI/2008; MOMTC Regulation No. PER.03/MEN/1978; MOM Regulation No. PER-04/MEN/1987; MOMT Regulation on Personal Protective Equipment No.PER.08/MEN/VII/2010</p> <p>All workers must be provided with personal protective equipment for protection from workplace hazards. Workers must be trained on how to use the safety equipment and be provided reminders of their obligations to use safety equipment.¹⁶</p> <p>Employers must ensure the working environment of all workers employed is safe and healthy.¹⁷</p> <p>In enterprises with more than 100 workers or where there are particularly dangerous processes, must establish a health and safety committee. This should include homeworkers to ensure it is representative of all workers.¹⁸</p>
Minimum age	<p>Manpower Act, Law No.13 of 2003; Decree of the Minister of Manpower, No. KEP.235/MEN/2003, Regarding Types of Work that are Hazardous to the Health, Safety or Moral of Children</p> <p>Children aged 15-18 years cannot engage in work that is hazardous to their, safety and morals including (but not limited to) – working hours between 6:00pm and 6:00am; working with dangerous machinery or equipment; and heavy lifting;¹⁹:</p> <p>Anak-anak berusia 13-15 tahun dapat bekerja pada pekerjaan yang ringan yang tidak mengganggu perkembangan fisik, mental atau sosial mereka; pekerjaan itu tidak lebih dari 3 jam kerja per hari; dan tidak mengganggu kehadiran atau keterlibatan mereka di sekolah.²⁰</p>
Social security and maternity protection	<p>Manpower Act, Law No.13 of 2003; Labour social Security Act, Law No. 3 of 1992; National Social Security System Act, No. 40 of 2004; Government Regulation on Workers' Social Security Program No. 14 of 1993; Ministerial Regulation, PER-24/MEN/VI/2006</p>

16 MOMT Regulation on Personal Protective Equipment No. PER.08/MEN/VII/2010, articles 2, 4 and 5.

17 Manpower Act, Law No.13 of 2003, articles 86 and 87; Work Safety Act, Law No.1 of 1970.

18 MOM Regulation No.PER/04/MEN/1987, article 2

19 Decree of the Minister of Manpower, Number: KEP.235/MEN/2003, Regarding Types of Work that are Hazardous to the Health, Safety or Moral of Children, article 3.

20 Manpower Act, Law No.13 of 2003, article 69.

Summary. Key legal responsibilities of employers

	<p>All workers, whether on undefined, temporary, daily, casual or seasonal contracts, should be enrolled in social security programs and receive contributions from employers.²¹</p> <p>All women workers, including those on temporary contracts, are entitled to 3 months of paid maternity leave.²²</p>
Termination of employment	<p>Manpower Act, Law No. 13 of 2003</p> <p>Workers who are not on temporary contracts (ie are on unspecified term contracts) are entitled to severance and separation pay upon termination of their employment.²³</p>

21 Labour Social Security Act No. 3 of 1992, articles 3, 17-19 and 22.

22 Manpower Act, Law No.13 of 2003, article 82.

23 Manpower Act, Law No.13 of 2003, article 158.

V. Why should employers care about homeworkers?

Employers benefit from the employment of homeworkers in various ways. Some of the key benefits of hiring homeworkers include –

- ♦ Reduced overhead costs for the production of products. By outsourcing part or all of the production process to homeworkers, employers save on many of the costs associated with production such as rent or space, cleaning, maintenance, purchasing and upkeep of equipment.
- ♦ Increased production flexibility. During production high season, homeworkers can be a source of additional part-time or temporary labour to support the fulfilment of increased production quotas.
- ♦ Reduced supervision. Supervision of home work usually only occurs upon completion and delivery of products to employers. Supervision therefore normally only relates to quality control of the final product rather than over the methods of production. This is also reflected in the piece-rate remuneration provided to homeworkers.

While these benefits, particularly in relation to reduced costs and increased flexibility, provide tangible benefits to employers hiring homeworkers, reduced and lack of direct supervision of homeworkers can also lead to various problems that can potentially damage the employer's reputation and overall firm productivity. Without direct supervision over the work of homeworkers, employers are exposed to the following risks –

- ♦ Treating homeworkers as independent contractors
- ♦ Involvement of children and the worst forms of child labour;
- ♦ Occupational illnesses and injuries;
- ♦ Excessive working hours;
- ♦ Failure to assure that homeworkers are paid on piece rate basis and has earned minimum wage.
- ♦ Non-compliance by intermediaries with standard working conditions and benefits; and
- ♦ Non-compliance by intermediaries in relation to enrolment and contribution to social security.

Whether or not homeworkers are employed directly by a company or through an intermediary, their working conditions and rights and benefits as workers should be the same.

It also makes good business sense to ensure decent work for homeworkers for the following reasons –

1. **Legal responsibilities** – Employers have legal responsibilities under the Manpower Act and other national and local labour laws to all workers, including homeworkers. Employers need to fulfil these responsibilities to avoid potential risks of litigation, fines

and involvement in industrial disputes. Legal disputes and industrial relations disputes can be costly and time consuming. Where non-compliance with national laws and poor working conditions are uncovered, there is also a risk of high-profile exposes in the media, which can have a negative impact on companies' reputations and may cause retailers to change their suppliers.

2. **Improve brand image and reputation** - Good brand image is important to employers seeking international investment in their companies as well as local employers who need a good reputation and relations with their communities and clients. By promoting good practices in employment relationships and working conditions, retailers and suppliers can build a strong reputation as a socially responsible company and employer. As noted above, when poor working conditions are uncovered, there is a risk of media exposure or exposure by NGOs, trade unions or other interested groups. This type of publicity can have a negative image on a company's reputation and may cause retailers to change their suppliers.
3. **Improve quality of production and productivity** – Homeworkers' physical environment and working patterns can affect the quality of their work. For example, homeworkers may be working with unsafe equipment, or with poor lighting or inadequate space, or even outdoors, where products can get damaged or dirty. They may also be working long hours to earn sufficient income, which can impact on their ability to concentrate and pay attention to detail. Homeworkers who work in a safe and healthy environment, with regular and secure work, normal working hours and obtain a decent wage, are much more likely to produce high quality work and deliver on schedule. Skills and occupational health and safety training of homeworkers has also been shown to improve product quality, reduce product rejections and increase return rates for employers.²⁴
4. **Strengthen commercial relationships** – Buyers and retailers are under increasing pressure from customers to ensure that the workers making their products have decent work. Therefore, they increasingly expect their suppliers to provide decent working conditions to all their workers, including homeworkers. Suppliers who can demonstrate that they are actively addressing workers' conditions of work are more likely to retain existing customers and attract new ones.
5. **Retain qualified and experienced employees and ensure security of supply** – Homeworkers who are exposed to occupational health and safety risks are likely to have accidents and are vulnerable to ill health. This means they might become unavailable to work at short notice, which could result in skills shortages or lack of production capacity. Workers with substandard wages and poor working conditions are also likely to have very little loyalty to their employer and switch employers at short notice when opportunities for increased income or work arise.
6. **Promote local economic development and better lives for homeworkers** – better working conditions, including better wages, promotes greater opportunities for local economic development and, of course, better conditions of work and lives for homeworkers and their families. This is an important benefit for employers looking to support the development of their communities and nation.

24 See ETI.

VI. Engaging homeworkers in a responsible way

It is possible to provide decent working conditions to homeworkers. The following sections of these Guidelines provide practical guidance as to how to ensure homeworkers are engaged in a social responsible way.

Maintenance of a register of homeworkers

All employers engaging homeworkers directly or through intermediaries should keep and maintain a register (or ensure their intermediaries keep and maintain a register) of all homeworkers who receive work. These records should include the following information –

- ♦ name, sex, age and location of homeworker;
- ♦ the time allocated for the work to be performed or contract with the worker
- ♦ the rate of remuneration;
- ♦ costs incurred, if any, by the homeworkers and the amount reimbursed in respect of these costs;
- ♦ any deductions made to wages;
- ♦ the social security number and record of contributions paid by the employer to Jamsostek or another social security fund on behalf of the worker; and
- ♦ the gross remuneration due and the net remuneration paid, together with the date of the payment.

Homeworkers should also receive a copy of these records for their information.

Written contract

Homeworkers have a right to know the duration of their employment, the content of their employment and all the terms and conditions of their employment prior to engaging in work. Employers should ensure that all homeworkers engaged directly or through intermediaries are provided with written contracts, which identify the nature of the employment and conditions and benefits of employment. The following list provides advice on the type of content to include in the written contracts.

Content to include in a written contract with homeworkers

- ◆ Name, sex, age and address of the homeworker
- ◆ Name and contact details of the employer and intermediary (if any)
- ◆ Duration of the contract, including the start date
- ◆ Description of job functions: tasks and responsibilities of the homeworker
- ◆ Description of method of delivery/pick-up of materials and completed products
- ◆ Remuneration (rate of piece-rate remuneration or salary)
- ◆ Normal hours of work of the homeworker (any hour worked in excess of these normal hours shall be treated and remunerated as overtime work)
- ◆ List of costs borne by the homeworker that the employer will reimburse
- ◆ If deductions are to be imposed, details of how these deductions will be determined (note these cannot exceed 50% of the wage)
- ◆ List of benefits associated with employment for the homeworker, including social security and contribution and enrollment by the employer; sick leave; paid holiday leave etc
- ◆ Acknowledgement of the homeworker's right to freely associate and form trade unions and the contact details of a local trade union
- ◆ Conditions for termination of the contract by either party
- ◆ Signatures of both parties

Use of intermediaries

When an employer engages homeworkers through a sub-contractor or other type of intermediary, the intermediary must meet the requirements set out by law (see section above on Legal Responsibilities). Intermediaries should be required to provide the employer a full list of the names and addresses of all homeworkers they propose to engage in the production process as well as maintain an up-to-date register of the homeworkers they employ.

At the time of giving the work to the intermediary, the employer must inform the intermediary of the nature and complexity of the work and the appropriate piece-rate that the intermediary must pay to the homeworker. If homeworkers have not previously been engaged to perform the type of work being provided, the piece-rate should be established by the employer as per guidelines on wages below (see Remuneration below).

The employer should include all responsibilities of the intermediary in the contract. This should include, for instance, the responsibility to pay wages and ensure decent working conditions for homeworkers, including conducting occupational health and safety risk assessments, provision of occupational health and safety training, paid leave and enrolment and contribution to social security.

If there is any breach of the agreement with the intermediary, the employer should discontinue the relationship with the intermediary. If homeworkers are not paid in accordance with the established piece-rate, the employer shall pay the homemaker the amount due and deduct that amount from the contract with the intermediary.

Regular work

Employers and their intermediaries should try to offer homeworkers regular work. This means attempting to ensure homeworkers receive work on a regular basis and for regular or normal working hours. Where this is not possible, employers must inform homeworkers when they know when work is likely to be available and when it is likely to be in short supply. Homeworkers should be provided with at least one week's notice of the beginning or slowing down/ending of work.

No harsh treatment

Employers and their intermediaries should not threaten, shout at or harass homeworkers or deceive them. Payments should not be withheld either partially or in full when they are due.

Non-discrimination

Homeworkers should be treated no less favourably than regular workers working in enterprises. If an employer employs regular workers as well as homeworkers, homeworkers should receive the same benefits and opportunities as regular workers. This includes rates of pay and other terms and conditions of employment as well as access to training, access to promotion opportunities, ability to join trade unions and participate in bipartite forums or other mechanisms for social dialogue.

Freedom of association and collective bargaining

The right to freely associate and collectively bargain is a fundamental right of all workers in Indonesia. Social dialogue between workers and employers, through the mechanism of a trade union, is also in the interests of employers. Social dialogue supports relationship building, stronger communication and promotes understanding of each party's interests and concerns. Social dialogue also promotes harmonious industrial relations and can assist in finding mutually beneficial solutions in times of economic downturn.

Therefore employers should promote homeworkers' right to freely associate by

- ♦ Providing homeworkers with information on their rights;
- ♦ Sharing contact details of local trade unions and/or associations supporting homeworkers;

- ♦ Providing a forum for dialogue with homeworker groups or their representative organisations;
- ♦ Recognising leaders of homeworker organisations or associations as legitimate representatives for negotiation and dispute resolution;
- ♦ Participating in good faith dialogue with homeworker groups to respond to their interests and concerns; and
- ♦ Consulting with homeworker groups, organisations or associations prior to making decisions that affect homeworkers' rights or interests.

Employers should not directly or indirectly obstruct the involvement of homeworkers in existing trade unions or obstruct the formation of a homeworker trade union, organisation or association.

Remuneration

Homeworkers should not receive less than the minimum wage for work performed during normal hours of work. This means that when homeworkers are paid on a piece-rate basis, the rate of pay for each piece of production should be calculated with reference to the amount of time required to perform the task to ensure that workers are able to earn the minimum wage if they work for 40 hours per week. Piece-rate wages should not only account for the reasonable amount of time it takes a homeworker to complete a task, but should also take into consideration the amount of time homeworkers spend on maintenance of tools and equipment, setting-up and dismantling equipment and travel time, if required, for receiving materials or delivering the final product.

There are various ways to calculate piece-rate wages. Ideally, **the piece-rate should be established through dialogue with homeworkers or their representative organisations (trade unions or homeworker associations)**. Dialogue with homeworkers should take place through collective bargaining mechanisms where available. If there is no representative organisation for homeworkers, group or individual consultations with homeworkers should take place. Through direct dialogue with homeworkers, employers can find out the approximate amount of time required to fulfil each task. See the Box below outlining the approach to calculate piece-rates based on time and motion studies.

If the rate is set on the basis of a calculation of the time required to produce the product, this should be determined by the average amount of time required by a homeworker to complete a task. The calculation should not be determined by what the fastest homeworkers can achieve. If employers rely on the fastest worker's output (rather than the average worker's output), many or most workers will not be able to earn a minimum wages during a normal working day. It is important to calculate the time required to complete tasks based on observation of homeworkers' rate of completion, rather than workers doing the same task in a factory. Homeworkers, in particular, may not be able to match the speed required for a rate which is set under factory conditions due to use of different equipment, the different workplace set-up and due to their additional duties involving preparatory work, packing and delivery. Time

calculated to complete tasks needs to be based on the real time required by homeworkers to complete these tasks.

Additional expenses

Homeworkers are employed by companies to supply their labour. They should not have to carry the burden of paying for costs associated with the production process. Additional compensation or reimbursement for costs associated with the production process should therefore be provided to homeworkers. This means employers need to ensure a calculation for additional compensation be made for electricity, water, communications, purchasing of equipment, tools or materials, maintenance of machinery and equipment, purchasing of protective equipment or clothing and for travel, if homeworkers are required to travel distances to deliver or pickup products or materials. Additional expenses can be paid through direct reimbursement for costs or by determining the homeworker's average weekly or monthly expenses and adding these amounts to their wages.

Deductions

Homeworkers are employed to provide labour to employers. They are not subcontractors responsible for producing a final product. Therefore making deductions from homeworkers' salaries for work of poor quality is not a good practice. If the homeworker is not producing high quality work, then the employer or their intermediary should provide the person with additional training, tools or equipment so that they can meet expectations.

Where deductions from a homeworker's salary are made, the criteria for making deductions needs to be clearly informed to homeworkers prior to providing the work. The total maximum deductions permitted by law are 50% of the wage.

Overtime pay

Homeworkers are entitled to daily and weekly rest from production each week. If workers are provided deadlines that require them to conduct extraordinary hours of work (ie work that exceed 40 hours per week), they should be paid overtime for the additional hours of work performed. Overtime is to be calculated at 1.5 times the ordinary rate of pay.²⁴

Regular payment of wages

Wages should be paid on a regular basis to homeworkers. Wages should be paid either upon delivery of each complete work assignment or at regular intervals of not more than one month. The timing for payment of wages should be specified in the written contract and agreed on with the homeworker. Homeworkers should receive the full amount of wages due to them. Any costs associated with the employment of an intermediary or other third party should not impact on the amount of wages provided to homeworkers. To ensure full payment to homeworkers,

24 Manpower Act, Law No.13 of 2003, articles 77 &78.

homeworkers should be required to sign a receipt of payment. All wages should be paid in cash directly to the worker who performed the work.

Information on wages

Employers should establish a system for informing homeworkers of their wages and the relevant piece-rate(s). This information should be included in the written contract of employment with the homeworker. Where rates of pay change depending on the nature of the product being produced, information on wages should be communicated to homeworkers directly prior to or upon delivery of materials to homeworkers. The rate of pay can also be stamped or written on the materials being sent out to the workers so that every worker (whether or not directly engaging with the employer or intermediary) is aware of the piece-rate. Clear information on piece-rates will ensure wages are being consistently paid at the correct rate.

Time and motion studies to set homeworker piece rates

Step 1. Carry out tests to find the 'average' hourly output rate for a specific piece or task

The average hourly output rate is the number of pieces or fractions of pieces that workers produce in one hour. This can be determined by timing workers while they complete a specific piece or task in their home.

- ♦ To ensure this is a realistic estimate of time, choose homeworkers who are already undertaking this work (do not ask factory workers to do this) to perform this in their home.
- ♦ Choose workers who are 'average workers' – ie do not time the fastest worker. Normally homeworkers will know who in their community are the average workers.
- ♦ Time a minimum of five homeworkers in the task. This will ensure the timing is realistic and representative of homeworkers, rather than just based on the speed of one individual worker. It also ensures homeworkers also agree that the rate is fair.

Step 2. Set the piece rate at a level that permits all workers to earn at least the minimum wage

Given the test in Step 1 only times workers over one hour, the system for determining timings of individual work processes needs to include the following as well –

- ♦ Fatigue and rest breaks
- ♦ Time for setting up the work station
- ♦ Time for packing and unpacking materials
- ♦ Routine administration
- ♦ Other tasks associated with the performance of work, including, if relevant, maintenance and cleaning of tools or equipment.

The rate should allow for reasonable variations in speeds as well. For instance, if the rate is set at the average speed of workers, then only 50% of the workers will be able to achieve the minimum wage in normal working hours. If the rate is set with a correction of 20%, this means the majority of workers will be able to receive the minimum wage for normal working hours.

The calculation is:

$$\frac{\text{Minimum wage (per hour or day)}}{\text{Average outputs (per hour or day)}} \times \frac{120}{100}$$

Setting deadlines and production targets

Homeworkers are often engaged in long hours of work during high production periods to help employers meet production quotas. These production quotas and deadlines for completed work should not be set in such a way that they deprive homeworkers of their daily or weekly rest or require homeworkers to involve their family members in the production process. Employers or their intermediaries need to take into consideration the amount of time required to produce the required targets (and therefore the number of workers required) and consult with homeworkers on whether or not they are willing to perform overtime work. As noted above, overtime rates of pay apply to work performed in excess of 40 hours in a week.

Paid leave

All workers are entitled to various forms of paid leave. Paid sick leave should be provided to homeworkers upon receipt of evidence of illness (eg, a medical certificate). All women workers are also entitled to 3 months of paid maternity leave – this applies to all workers irrespective of the type of contract they are on, including regular worker, temporary, daily and seasonal workers. Annual holidays and leave should also be provided to homeworkers who work on a mostly regular basis.

The **rate of pay during paid leave** can be calculated for piece-rate workers by determining the average rate of pay over the past 12 months (or less time if the worker has only been employed on a temporary basis).

Minimum age

It can be difficult to ensure intermediaries or homeworkers do not engage children in production work when there is very little supervision over the production processes. It is extremely important, however, that the employment of children only occurs in accordance with the law.

To ensure employers can meet their responsibilities to protect children from the worst forms of child labour, it is important that employers, or their intermediaries –

- ♦ Keep a register of all homeworkers, including the age of the homeworkers and their family members;
- ♦ Adapt and monitor the amount of work provided to homeworkers below the age of 18 to ensure that their work does not interfere with their schooling;
- ♦ Do not impose unrealistic deadlines on homeworkers that compel homeworkers to engage family members in the production process;
- ♦ Provide information to homeworkers on the importance of education for their children and inform them about their policies on the employment of minors;
- ♦ Provide a decent wage – ie ensure homeworkers do not receive less than the minimum wage for the work performed and can afford to keep their children in school; and
- ♦ Conduct ad hoc monitoring of homeworkers to supervise the use of minors in the production process.

Case Example. Child homeworkers in India

Sports Goods Federation India (SGFI) was established in 1998 by 25 suppliers of sports goods in Jalandar, India in response to growing international concern about the use of child labour in football stitching. The objectives of SGFI are to prevent the incidence of child labour and to rehabilitate children by providing education and facilitating change in community and family attitudes. Suppliers contributed 0.25 per cent of their export turnover to the initiative and the project reached over 3,000 homeworker families.

Among the many international collaborators, FIFA Marketing changed its licensing to only permit suppliers who are members of SGFI to supply footballs.

Source: ETI Homeworkers Guidelines

Social security

All workers are entitled to social security. Irrespective of the nature of the contract, employers are required to enrol and make contributions to Jamsostek or another social security fund on behalf of homeworkers. This applies to homeworkers who are permanent, temporary, seasonal and daily workers, including those who work on a piece-rate basis. It is important that employers maintain a register of their homeworkers so that social security payments can be made efficiently. Employers should directly, or through their intermediaries, notify all homeworkers of their entitlements under the social security scheme and of their contributions. It is also important to inform non-permanent homeworkers of how to continue their enrolment during the periods they are not employed.

Occupational health and safety

Risk assessment

Prior to providing work to homeworkers, employers should conduct an assessment of the occupational health and safety risks associated with the work to be performed. During this assessment, identification of safety equipment, requirements for a healthy working environment and protective clothing or measures to ensure homeworkers' health and safety need to be made.

Once an initial health and safety assessment has been made, employers, or their intermediaries, should inspect the premises of the homeworkers and assess whether additional equipment, tools, protective gear or other measures need to be taken to ensure the working environment of the homemaker is safe.

Employers can use the below table to assist them in conducting health and safety assessments. The additional risks associated with individual homemaker workplaces should be added to the risk assessment table.

Occupational health and safety risk assessment						
What are the hazards?	Who might be harmed and how?	What are you already doing?	Do you need to do anything else to manage this risk?	Action by whom?	Action by when?	Done
Slips and trips	Staff and visitors may be injured if they trip over objects or slip on spillages	We carry out general good housekeeping. All areas are well lit including stairs. There are no trailing leads or cables. Staff keep work areas clear, eg no boxes left in walkways, deliveries stored immediately, offices cleaned each evening	Better housekeeping is needed in staff kitchen, eg on spills	All staff, supervisor to monitor	01/10/2010	01/10/2010

Training and provision of protective measures

Following completion of the risk assessment, employers need to ensure that homeworkers are **provided with all necessary protective equipment**, clothing and tools to mitigate the risks present in their work. Minor modifications to the working space of the homeworkers should also be made to reduce exposure to injury and illness.

Training on the use of protective equipment and proper and safe ways to conduct work should be provided to all homeworkers prior to beginning work. Homeworkers should also be trained and informed on how to properly maintain and care for their production equipment and on how to maintain a safe and healthy work environment. Depending on the nature of the work, refresher training and future assessments of risks should also take place on a regular basis.

Where hazards, chemicals or waste are involved in the work provided to homeworkers, employers should provide proper training to homeworkers on how to handle and dispose of these substances in a way that ensures the health and safety of the homeworkeer's family, community and environment.

Occupational health and safety management

Where enterprise occupational health and safety committees exist, employers should involve homeworkers in committees. Where these do not exist, homeworkers should be directly engaged on a regular basis to discuss occupational health and safety related issues and concerns. This will enable prevention of accidents and illness and ensure homeworkers are consistently available to work and consistently able to meet production targets.

Employers should not punish or reprimand homeworkers who raise occupational health and safety concerns.

Checklist - Occupational Health and Safety			
Yes	No	Not sure	Elements to ensure a safe and healthy work environment
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Issues of occupational health and safety are discussed with homeworkers on a regular basis.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Safety equipment has been provided at no cost to the homeworker.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proper information and training is provided on how to use production equipment and tools, so that the job can be performed properly and safely.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Homeworkers have been informed and trained on how to avoid health and safety risks associated with the types of materials/substances they are working with.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tools and equipment used by homeworkers are appropriate for the work to be performed.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The working environment of homeworkers has been inspected and, where necessary, modifications have been made.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The equipment being used is checked regularly and is kept in a condition that does not cause harm to the homeworker or others.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are communicational channels open to homeworkers to discuss their occupational health and safety issues and concerns with employers or intermediaries.

All responses to the above questions should be ‘yes’. Where any response is not ‘yes’, employers should put in place measures to ensure the health and safety of homeworkers is better protected.

VII. Win-win solutions to improve homeworkers' conditions of work and enterprise efficiency

Employers can make a number of modifications to the ways in which they engage homeworkers, which can improve the efficiency of the supply chain and, at the same time, improve the working conditions of homeworkers. The following practical actions can be taken by most employers to improve their efficiency –

- ♦ Reduce the supply chain/address inefficiencies in the supply chain
- ♦ Improve and encourage communication
- ♦ Promote and provide opportunities for homeworkers

Reduce the supply chain

Employers should consider whether it is in their interests or feasible to reduce or simplify their supply chain. Conducting a comprehensive review of the supply chain can be useful to increase transparency in operations and permit employers to determine where efficiency gains can be made in production processes. The elimination of one or two tiers in the supply chain can provide financial benefits to employers and enable simplification of contractual arrangements and processes. Smaller supply chains are also easier to control and also make it easier to monitor and oversee the conditions of work of homeworkers. The more control or oversight of an employer over homeworkers' supervisors, the easier it is to ensure decent work for homeworkers.

Direct engagement with homeworkers, particularly organised homeworkers, can also eliminate many unnecessary costs associated with the hiring of intermediaries. It also permits employers to better understand the working environment and concerns of homeworkers.

Elimination of intermediaries can be pursued through the following –

- ♦ In the case of large companies, conducting a comprehensive audit and analysis of contractors and suppliers and the costs and benefits of each link in the supply chain. Where possible, this supply chain should be simplified to increase efficiency and control.
- ♦ Merging the functions of two or more intermediaries into one.
- ♦ Trying to establish direct contact with homeworkers.
- ♦ Correcting dysfunctions in the production process. Homeworkers may receive work orders from multiple intermediaries. The employer can correct these types of dysfunctions.

Improve and encourage communication

Through open dialogue with homeworkers (and intermediaries), employers can gain a better understanding of the conditions of employment of homeworkers and jointly find solutions to issues as they arise. Good communication permits the development of a strong working relationship, trust and loyalty to the employer. Open and responsive dialogue also permits employers to find simple solutions to common problems, which can impact on homeworkers' productivity and ability to meet production targets.

By keeping homeworkers happy, employers can benefit from increased worker efficiency and reliability.

Promote and provide opportunities for homeworkers

Homeworkers, like regular workers, can be motivated to perform high quality work if there are tangible incentives for career promotion. By providing homeworkers with opportunities for career growth, employers can motivate them to perform well at their jobs. Therefore, as positions become available in the enterprise workplace, or within the community of homeworkers for higher skilled work, these should be advertised and made available to homeworkers. So long as homeworkers see benefits in remaining with a single employer, they are less likely to look elsewhere for other opportunities for employment.

Investing in the skills of homeworkers through training can also improve productivity and efficiency in the production process.

VIII. Steps to gradually improve homeworkers' conditions of work

There are a number of steps employers can take to gradually improve the conditions of work of homeworkers. The following steps provide some basic information on how to begin this process.

Key steps -

Step 1. Assessment – Review and assess the existing supply chain and employment practices of hiring homeworkers

Step 2. Commitment – Demonstrate leadership commitment to improving the working conditions of homeworkers. This is usually conducted through the development and implementation of a formal policy

Step 3. Define strategies – Define goals, strategies and specific activities to promote and improve the conditions of work of homeworkers

Step 4. Implementation – Implement strategies and actions throughout the enterprise and with intermediaries

Step 5. Measurement – Measure and monitor impact and progress toward goals.

Step 6. Communication and follow up – Communicate progress and challenges. Engage with stakeholders for continuous improvement.

Step 1. Assessment

In order to begin to address the working conditions of homeworkers, employers need to acknowledge the situation and identify the challenges affecting the realisation of decent work for homeworkers. This involves an analysis of the company's production processes, identification of intermediaries and costs associated with engagement of intermediaries, and identification of the homeworkers participating in the production processes and their conditions of work.

The following steps can be taken to better understand the supply chain -

- i. Conduct consultations with intermediaries and determine their methods of production and sources of labour. Where homeworkers are identified as workers in the production process, determine the number and location of these workers.
- ii. Conduct consultations with identified homeworkers. Gather information on who they are, the types and nature of work they perform, the nature of their employment relationship with the intermediary (do they have contracts?) and the conditions under which they perform this work.

This dialogue should reveal the real situation of homeworkers. Therefore employers need to ensure that homeworkers feel safe and comfortable when speaking about their employment conditions. If necessary, engage a trade union, NGO or government official to assist in conducting these consultations.

Inspections of the homeworkers' workplaces are also necessary to gain a proper understanding of the occupational health and safety standards and conditions under which homeworkers perform their work.

From consultations, employers should be able to use the information collected to answer the following questions –

- ♦ How many homeworkers does your enterprise have?
- ♦ Do you use intermediaries to engage homeworkers?
- ♦ If so how many homeworkers are engaged by intermediaries?
- ♦ How many tiers of intermediaries are there?
- ♦ What is the relationship between homeworkers and intermediaries?
- ♦ Do you have any control over the subcontracting arrangements of other intermediaries? What is your contractual arrangement with intermediaries and ability to monitor or oversee the conditions of work or their employees?
- ♦ Can there be direct contact between you and the homeworkers to ensure conditions of work are being fulfilled?
- ♦ What do you know about the conditions of work of your homeworkers?

Use the information gathered to identify weaknesses and challenges in the engagement of homeworkers.

- ♦ Which areas could be improved in the supply chain?
- ♦ Can the type of employment contract be strengthened?
- ♦ What conditions of work need to be addressed (base this assessment on the legal responsibilities and good practices outlined in Sections V and VI above in these Guidelines)?
- ♦ Who can be considered directly responsible for the challenges identified?
- ♦ What is your degree of control over the intermediaries and conditions of work of homeworkers? Can you include provisions in your contracts with intermediaries to improve this?
- ♦ What are homeworkers' priorities, issues and concerns?
- ♦ What impact can this situation have on production processes or quality of products?
- ♦ What impact can this situation have on your relationships with retailers and/or international or local buyers?

Once you have a complete picture of the situation, it is important to make a commitment to address some of the challenges identified.

Step 2. Commitment

Making a commitment to address challenges affecting the conditions of work of homeworkers is the first step to seeing employment practices improve. It also demonstrates a commitment to suppliers, retailers, buyers, intermediaries, workers and the broader public that the employer is serious about being a socially responsible employer.

Commitment to improve homeworkers' conditions of work should be informed to the following stakeholders to ensure broad awareness of the firm's socially responsible behaviour –

- ♦ **Intermediaries.** Commitment to improving the conditions of work of homeworkers will impact on the manner in which intermediaries engage directly with homeworkers or indirectly with homeworkers, through other subcontractors in the supply chain. It is therefore important to inform these entities or persons of your commitment to improving the conditions of work of homeworkers. Ensure that they understand that persistent non-compliance with legal responsibilities will not be tolerated.
- ♦ **Retailers and buyers.** By acknowledging the challenges and indicating commitment to address these challenges to retailers and buyers, employers can strengthen their trust and working relationship. This will also demonstrate that the employer acknowledges the retailer/buyers' interest in social compliance and is attempting to take measures to comply with international standards and good practices. Retailers and buyers can also provide additional guidance and support to employers to implement better working conditions.
- ♦ **Workers.** By informing workers, including homeworkers, of the employer's commitment to improve their conditions of work, the employer can begin to build a strong relationship among its employees. This will support better dialogue between workers and the employer and contribute to harmonious industrial relations.

The most common tool adopted at company level to demonstrate commitment to improve the conditions of work of homeworkers is a **Policy on Home Work**. This Policy generally states the company's commitment to providing decent work to homeworkers.

A Policy on Home Work should be prepared carefully and in consultation with workers' organisations, including homeworkers. The nature of the policy and its manner of implementation will vary from employer to employer depending on the nature of engagement with homeworkers and the size of the enterprise. Smaller firms, for example, may require a lesser degree of formality. There are, however, common elements that should appear in all policies on home work.

Guidelines for preparing a policy on home work

- ♦ Issue the policy in **written form**.
- ♦ State the company's commitment to **improve the conditions of work of homeworkers** in all subcontracting and human resource policies and practices. Confirm that **no discrimination between regular workers and homeworkers**

will be tolerated in the company and that **no breach of responsibilities to homeworkers by intermediaries or the employer's representatives** will be tolerated.

- ♦ Define the **working conditions that should be** covered by the policy. Ensure that at least the all the conditions of work and benefits provided for in national law are covered.
- ♦ **Publish** the policy through company notice boards, staff newsletters, employee handbooks, e-mail and directly distribute this to homeworkers so that all workers know that the policy is in place.
- ♦ Define the **coverage** of the policy by listing the relevant employer representatives and/or subcontractors/intermediaries who must abide by the policy.
- ♦ State explicitly the **commitment** of the company board and senior management to the policy on home work. Have the policy signed by the board or the chief executive officer of the company.
- ♦ Assign a member of the senior management the **responsibility** for putting the policy into practice and for monitoring progress.
- ♦ Appoint a **homeworker coordinator** to coordinate implementation of the policy.
- ♦ **Train** employer representatives, supervisors and subcontractors/intermediaries involved in employing homeworkers on their legal responsibilities and socially responsible ways to engage homeworkers.
- ♦ Conduct an **audit** in homeworker communities to review the existing practices in engagement with homeworkers.
- ♦ Give a brief outline on how the policy is to be implemented and its objectives. Provide for preparation of an **action plan** to define the concrete actions and measures to be taken.
- ♦ Outline how the effectiveness of the policy will be **monitored**.
- ♦ Include a description of how homeworkers can lodge **problems and complaints** to the workplace. A procedure for grievance handling can also be adopted in a separate document and can involve NGOs, the local Government or trade unions.

Sample policy on home work

Below is a sample policy on home work adapted from the *Ethical Trading Initiative Model policy on homeworking* – for use by retailers and suppliers.

[Company X] believes that home work is critical to its supply chain and openly accepts the presence of homework in its production processes. Homeworkers can provide us with the flexibility to cope with rapidly changing volumes of production and provide quality contributions to the production of products.

Commitment to improving homeworkers' conditions

Concurrently, we also acknowledge that labour conditions enjoyed by homeworkers may not meet those set out in international labour standards and international good practices. We are therefore committed to taking action, together with our suppliers, to improving these conditions of work.

Homeworkers are those persons who carry out work in his/her home or in other premises of his/her choice, other than the workplace of the employer for remuneration and which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and of economic independence necessary to be considered an independent worker.

Commitment

We commit to –

- Communicate our position on homeworking throughout our company, to those who supply to us and those we supply to;
- To ensure that the presence of homeworkers in the supply chain will not lead to relocation of work or cancellation of orders; and
- To work with our intermediaries/staff and representative organisations of homeworkers to develop and implement actions for the sustainable improvement of labour conditions with homeworkers in our supply chain(s). We will aim to do this by following the guidance set out in these Good practice guidelines for the employment of homeworkers and conducting frequent monitoring of the conditions of work of homeworkers.

Expectations

We expect those we engage with to –

- Adopt a shared policy of acceptance of homeworking and commitment to improving homeworkers' conditions of work where these do not meet those set out in national laws and these Good practice guidelines for the employment of homeworkers;
- Communicate this policy to all those in the supply chain below them, including homeworkers themselves;
- Work with us to identify where homeworking occurs in the supply chains beneath them (if relevant); and
- Work with us and, where possible, representative organisations of homeworkers to develop an action plan and implement concrete actions to improve the working conditions of homeworkers where these are found to be below those set out in national labour and these Good practice guidelines for employing homeworkers.

Source: Adapted from Ethical Trading Initiative: Model policy on homeworking – for retailers and suppliers.

Step 3 – Define strategies

Strategies will vary from enterprise to enterprise depending on the complexity and nature of the challenges affecting homeworkers and the supply chain. Some solutions will depend on the involvement and commitment of third parties, while other solutions can be implemented directly by the employer.

The development of strategies to implement a Policy on Home Work and ultimately, achieve the goal of providing decent work to homeworkers requires engagement with various stakeholders, including intermediaries. Both employers and intermediaries should be responsible for ensuring decent work for homeworkers. Open communication with intermediaries is therefore necessary to discuss, design and implement activities to gradually improve the working conditions of homeworkers.

The following strategies are examples of actions that can be undertaken with intermediaries²⁶–

- ♦ **Establish commitment** from the intermediary to abide by the Policy on Home Work and requirements in national legislation. This can be included as a clause in the contractual agreement with the intermediary.
- ♦ **Ensure the intermediary meets the legal requirements** set out in the Manpower Act for outsourcing and labour supply.
- ♦ Agree with the intermediary that they should **engage with homemaker organisations, trade unions or representatives of homeworkers** to discuss conditions of work and negotiate a collective bargaining agreement.
- ♦ **Develop a working group** involving representatives from the employer and intermediary to discuss and develop actions for the implementation of these *Good practice guidelines for the employment of homeworkers*.
- ♦ **Agree on areas of responsibility** and areas of zero tolerance (for instance employment of children, bonded or forced labour) and incorporate these provisions in the contractual agreement with the intermediary. Areas of responsibility should be reflected in the internal policies and practices of intermediaries.
- ♦ **Plan the necessary steps** to establish and maintain decent working conditions for homeworkers, including, where relevant, **training** the intermediary on practical actions and their responsibilities to homeworkers.
- ♦ **Determine the needs** of intermediaries to implement the steps agreed on and to ensure decent working conditions of homeworkers. This may involve extra resources, technical assistance or other tools and support. Note – some areas may be straightforward and involve little or no cost; others will take time and additional resources to achieve.
- ♦ Encourage intermediaries to **use these** *Good practice guidelines for the employment of homeworkers*.
- ♦ Ensure intermediaries **collect, maintain and share records of homeworkers**.

26 Adapted from Ethical Trade Institute, *Guidelines for Homeworkers*.

- ♦ **Establish a complaint handling mechanism** whereby homeworkers can directly complain to the employer if the intermediary is not fulfilling their obligations.
- ♦ **Conduct audits** of the conditions of employment of homeworkers and communicate results to the intermediary.

Uniform clauses to include in contracts with intermediaries

It is a term of this Contract that any contractor must act in accordance with, observe and do nothing to undermine [this employer's] Policy on Home Work.

It is a term of this Contract that any homeworkers used in the manufacture of products referred to in this Contract shall be covered by the provisions of the Manpower Act, Law No.13 of 2003 and shall receive all rights and benefits as workers under the law.

The Contractor must, in addition to his/her obligations under this Contract, make and retain records of all homeworkers engaged for the purpose of contributing to the manufacturing processes. These records shall include the following details and be made available to [this employer] upon request –

- name, sex, age and location of homeworker;
- the time allocated for the work to be performed or contract with the worker
- the rate of remuneration;
- costs incurred, if any, by the homeworkers and the amount reimbursed in respect of these costs;
- any deductions made to wages;
- the social security number and record of contributions paid by the employer to Jamsostek or another social security fund on behalf of the worker; and
- the gross remuneration due and the net remuneration paid, together with the date of the payment.

If a Contractor breaches any provisions of this Contract, [this employer] shall cease further commercial dealings with the Contractor unless and until the Contractor has fully remedied the breach of this Contract within 30 days.

If it is shown to the reasonable satisfaction of [this employer] that a homeworker has not been paid in accordance with this Contract, [this employer] shall pay that homeworker the amount due and deduct that amount from the payment otherwise due to the Contractor where such payment to the Contractor is still outstanding.

Company:

Signature:

Date:

Name:

Signature:

Date:

Adapted from Ethical Clothing Australia: *The Homeworkers Code of Practice* (2012)

Where there is **direct engagement by the employer's staff with homeworkers**, internal policies on home work and clear terms of references should be developed to guide staff on their engagement with homeworkers. The legal responsibilities and guidance provided in these Guidelines should serve as a reference for all direct engagement with homeworkers.

When staff are directly engaging with homeworkers the following activities can be incorporated into a workplace strategy to improve homeworkers' working conditions –

- ◆ **Train staff on their legal responsibilities** to homeworkers and how to use these *Good practice guidelines for the employment of homeworkers*.
- ◆ **Provide staff with tools** for collecting and maintaining data and records on homeworkers and ensure records are kept up-to-date (see sample below).
- ◆ **Provide staff with contract templates** for issuing written contracts to homeworkers.
- ◆ **Train staff on conducting occupational health and safety risk assessments** and in developing and implementing modifications to workplaces to mitigate identified risks.
- ◆ **Provide homeworkers with the contact details of the enterprise** and a person to whom they can issue complaints.
- ◆ **Conduct audits** of the conditions of employment of homeworkers and communicate results to staff directly engaged with homeworkers.

Sample log book for homeworkers

Name of worker:

Age:

Sex:

Product:

Piece-rate:

[illegible]

Where homeworkers are organised, formal agreements between the enterprise/intermediary and groups of homeworkers or their trade unions should be pursued. **Collective bargaining agreements with homeworkers** should clearly specify the terms and conditions of employment of homeworkers and the rights and responsibilities of both parties to the agreement.

Improving homeworkers' working conditions does not have to be a costly exercise. It is important to also look at how changes to business operations can take place to respond to homeworkers needs. For example, if one of the problems is that homeworkers are not receiving minimum wages, employers should look at developing strategies to restructure the production chain to save costs in other areas. Other strategies could be to increase the productivity of homeworkers through training or provision of better tools or equipment, so that the increase in wages does not impact too much on the enterprise's profitability. If savings cannot be made elsewhere and an employer is financially unable to provide minimum wages to homeworkers, employers should engage enterprise development services providers to assist them in finding ways to become a more profitable enterprise.

Step 4. Implementation

Once the agreements and strategies have been established with intermediaries or internally, employers should develop an action plan with clear timeframes to implement activities – both for self-implementation and implementation by thirds parties, including intermediaries. Action plans should include clear outputs and goals with corresponding deadlines and dates for their achievement. It is also important that the Policy on Home Work and strategies to achieve the policy are communicated internally.

Communication

The Policy on Home Work and strategy/agreements with intermediaries and internal staff are only effective if they are made know to all staff and managers responsible for overseeing and implementing these strategies. All staff and managers should know **what is and is not acceptable behavior** or practice in relation to engagement with homeworkers, and **what their rights and responsibilities are to ensure decent work for homeworkers**.

Likewise, the **Policy on Home Work requires understanding among homeworkers themselves** of their rights and benefits as workers involved in the production processes. Therefore information on the Policy should be communicated to homeworkers in an accessible way. Methods of communication could be through pamphlets, holding focus group discussions or community meetings or by including a copy of the Policy with materials being sent out to homeworkers.

Employers should ensure that homeworkers have a possibility to communicate their views, ideas and concerns on their employment conditions. This **two-way communication** can be organized through formal mechanisms (e.g. setting up a complaint handling mechanism) or informal discussions in the community. When necessary, the communications by homeworkers should be kept confidential. Implementation of measures to improve homeworkers' conditions

of work should be carried out in consultation with workers' organizations or representative associations of homeworkers.

Training

As outlined in the strategies, actions should include training **intermediaries, managers, supervisors and staff involved in recruitment or management of employment relations with homeworkers** is essential for successful implementation of a Policy on Home Work. Only if these stakeholders understand their responsibilities to homeworkers and how to ensure these are being fulfilled can homeworkers' conditions of work be improved. Training should focus on providing intermediaries and staff with practical skills and tools for carrying out good employment practices.

Appointing a homeworker coordinator

Employers should appoint a coordinator to coordinate the implementation of the Policy on homework and to audit and monitor the implementation of this by staff and/or intermediaries. This person could also be in charge of setting up a hotline for receiving and handling complaints from homeworkers.

The coordinator should take an active role in facilitating change through engaging with intermediaries and staff at all levels, and creating awareness on the importance of decent work for homeworkers. He or she should also provide practical advice and assistance to persons engaging homeworkers to ensure that the Policy on Home Work is being applied.

Step 5. Measurement

All actions agreed on and taken by intermediaries and internally within the enterprise need to be reviewed and monitored to ensure effectiveness. This is essential to make sure that agreed actions and activities are resulting in the desired effect on homeworkers' terms and conditions of work. It is also important to monitor activities to ensure compliance with legal responsibilities.

Systems for internal review should include –

- ♦ Consultations and discussions with intermediaries
- ♦ Monitoring and review of intermediaries' internal documents, including records on homeworkers
- ♦ Consultations and monitoring of homeworkers' conditions of work
- ♦ Consultations with trade unions, homeworker associations or other representatives of homeworkers
- ♦ Review of complaints received by homeworkers and how these were dealt with

Periodic questionnaires should be sent to intermediaries to gather information about their progress in implementing agreed actions and compliance with national laws. These questionnaires should be written in accessible language and make reference to specific rights and benefits of homeworkers as outlined in these *Good practice guidelines for the employment of homeworkers*.

Monitoring of actions taken by intermediaries (and staff if no intermediaries are involved) should involve inspection and review of documentation of the intermediary and consultations with homeworkers to verify the accuracy of the documentation. Visiting homeworkers' homes and holding consultations with them will also be useful to provide additional information on their actual working conditions and any improvements made. Employers should ask for permission to enter homes prior to inspecting workplaces of homeworkers. The types of information that should be sought from homeworkers includes all areas listed in these Guidelines in *Section VI* above.

Consultations with trade unions, homeworker associations or other representatives of homeworkers can be useful to provide additional information on the general situation of homeworkers in an area. These consultations can also serve as an informal mechanism to monitor and receive reports on progress of intermediaries/the enterprise in improving the conditions of work of homeworkers. Consultations with representative organisations of homeworkers can also be useful to obtain practical advice from the representatives on simple strategies to respond to homeworkers' concerns and improve their working conditions.

Reviewing complaints received from homeworkers (if a system for receiving such complaints is established in the enterprise or among unions or other organisations) can be a useful way to monitor homeworkers' grievances. It also provides a tangible basis upon which to monitor whether or not actions have been taken to attempt to respond to address complaints. Complaints also serve as an indication of the level of awareness of homeworkers on their rights. Information from the complaints system can be compared with information obtained from interviews and discussions with homeworkers – it may be that homeworkers are not even aware that some of their rights are not being fulfilled.

Following review of actions taken, it will be clear to the employer where persistent gaps remain and the types of interventions and activities that were and were not successful in addressing challenges faced by homeworkers to decent work.

Step 6. Communication and follow up

Once the review and monitoring of activities and implementation has taken place, it is important to communicate the results to all actors involved in implementing the activities – including intermediaries and representative organisations of homeworkers or the enterprise trade union.

It is useful for companies to also inform their stakeholders and the general public about their homeworker practices and the achievements made through implementation of the equality policy and action plan. Communicating the commitment to providing decent work for homeworkers will also help in strengthening the company brand image, which can help the

company in attracting buyers and building new customer base.

If the monitoring reveals areas of non-compliance with the employer's Policy on Home Work or where further work is needed to improve actions already taken, various follow up actions can be taken such as –

- ♦ Review and revise action plans and strategies to address new challenges and/or include new/revised strategies to address persistent challenges to decent work for homeworkers;
- ♦ Provide additional training to intermediaries and/or staff on specific issues that arose from the monitoring and consultations;
- ♦ If it seems intermediaries are ignoring or evading some of their responsibilities to improve the conditions of work of homeworkers, issue a warning about their performance and provide a timeframe within which the intermediary must improve their performance/address specific issues; and/or
- ♦ Cease engagement with the intermediary and seek a new contractor if it emerges from monitoring that the intermediary is deliberately ignoring their responsibility to improve the conditions of work of homeworkers.

IX. Contacts for further information

- ILO Country Office for Indonesia and Timor Leste - <http://www.ilo.org/jakarta/lang-en/index.htm>
- ILO Better Work Indonesia – <http://betterwork.org/indonesia/>
- APINDO - www.APINDO.or.id/
- Trade Unions:
 - ◆ Konfederasi Serikat Pekerja Seluruh Indonesia - <http://kspsi.com/>
 - ◆ Konfederasi Serikat Buruh Sejahtera Indonesia - <http://www.ksbsi.org/>
 - ◆ Serikat Buruh Sejahtera Indonesia - <http://sbsi.or.id/>
- NGOs and other organizations:
 - ◆ ETI - <http://www.ethicaltrade.org>
 - ◆ SEDEX - <http://www.sedexglobal.com>
 - ◆ HomeNet South Asia - <http://www.homenetsoutheastasia.org>
 - ◆ Homeworkers Worldwide - <http://www.homeworkersww.org.uk/>
 - ◆ Trade Union Congress (TUC) - <http://www.tuc.org.uk/>
- Governmental institutions:
 - ◆ Ministry of manpower and Transmigration - <http://www.depnakertrans.go.id/>
 - ◆ Ministry of Women Empowerment and Child Protection –
- International Buyers:
 - ◆ IKEA - <http://www.inter.ikea.com/>

X. Bibliography

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