



Informal work: short-term and precarious

Introduction

It is estimated that a quarter of the world's working population is active in the informal economy. Although they generate 35% of global GDP¹, informal economy workers are not recognised or protected under legal and regulatory frameworks and are highly vulnerable. Often:

- they have no wage agreements and earn significantly less than formally employed workers;
- they are not paid on time;
- they have no employment contracts;
- they have no regular working hours;
- they are not covered by non-wage benefits such as health insurance or unemployment benefits.

So far, their working conditions have not been a priority for most governmental, political or labour organisations. They are mostly women.

A variety of informal working arrangements

While orders for garments are sent to an increasingly concentrated number of agents or companies, these are distributed to many more suppliers, who in turn distribute work to a large network of subcontractors. Many of these subcontractors operate in the informal economy: under pressure to remain competitive, they see informalisation as an important way to cut costs.

Traditionally, informal economy garment workers have been home-workers whose employment relationship with an employer is not recognised or protected; or those who, for various reasons, run a micro-enterprise which they cannot convert into a formally-operating enterprise - and the workers within them.

But informal work has extended into *regular*, formally-operating garment factories. In 2003, research into sub-contracting chains found the following working arrangements²:

¹ "The informal economy: women on the frontline," *Trade Union World Briefing*, No. 2, ICFTU, March 2004.

² "Garment Industry Subcontracting and Workers Rights", Report of Women Working Worldwide Action Research in Asia and Europe (2003, Manchester). See www.cleanclothes.org/campaign/homeworkmain.htm .

work subcontracted to small workshops or homeworkers. Workers often did not have contracts. Factory supervisors acted as agents distributing work outside the factory. Some workers did not receive the income or benefits prescribed by law;

- workers hired for short-term work but employed, mostly illegally, by an agent or a company other than the one running the factory. Such workers may be required to work night shifts specifically and may receive lower wages than those permanently employed;
- a new company set up within an existing factory, recruiting workers who may or may not have received the same pay and benefits as other workers.

Instances were also found of workers operating in garment factories that have supposedly been shut down, where they worked without legal protection and were not paid the legal minimum wage³.

A mostly female informal workforce

Informal economy garment workers are mostly women stitching garments or gluing shoes together from home or in an illegal workshop, or whose factory simply has not given them a proper employment contract. They often have, or are of an age to have, caring responsibilities.

As part-time or temporary workers whose “real” work is seen as caring for families, women in many societies are viewed as supplementary earners rather than “real” workers, who will therefore accept lower wages and informal working arrangements and can be propelled in and out of paid work according to need.

Poverty is of course a powerful incentive for women to enter into informal working arrangements - in spite of the reduced earnings and diminished rights it offers. In a study on women embroidery homeworkers in the Philippines, the women said the work was crucial for the survival of their families - as a “big help” or as the main source of income⁴.

Some argue that flexible, informal working arrangements are particularly suited to women workers and better accommodates women’s family responsibilities. The same Philippino homeworkers saw the benefits as: “earning income while near their children and inside their homes, using the skills traditionally taught to women such as sewing and embroidery, and gaining self-respect and self confidence because of their earnings.” Garment homeworkers in Dongguan, China (who are urban residents rather than rural migrant workers) found “working at home freer than working in factories⁵.”

But generally, the cost in terms of reduced earnings, job insecurity, lack of legal coverage and, for home-workers, isolation - is high. Although women workers may perceive themselves as benefiting from the opportunity to work from home, this perception is a measure of how limited their options are in the first place. Women enter

³ “Organising women in North Africa” ICFTU, March 2004. Available at <http://www.union-network-org>.

⁴ Balakrishnan, Radhika (ed) (2002) *The Hidden Assembly Line: Gender Dynamics of Subcontracted Work in a Global Economy*, Kumarian Press, Bloomfield, page 101.

⁵ Wong, Monina (2003), “Subcontracting in the Garment Industry: Women Working Worldwide Project Workshop,” Manchester, page 15.

the informal economy for the same reasons that they migrate for work: out of a need to survive, not out of choice.

Recognising and protecting all garment workers

Recognition and social and legal protection. Informal economy workers are not recognised under the law and therefore receive little or no legal or social protection. They are either without contracts or in no position to push for the enforcement of contracts. In the province of GuangDong, the heart of China's garment industry, 60% of women workers have no proper contract of employment and 90% have no access to social security⁶.

Informal economy workers want governments to formally and legally recognise them as workers regardless of where they are positioned in the supply chain - and to extend social security protection to all workers regardless of status. They call on their employers to issue formal contracts of employment to all and enforce them.

The right to organise into unions. Some workers are not legally entitled to become trade unions members because they are not recognised as workers or their workplace is not recognised. Others in the informal economy may not be covered by freedom of association legislation. Informal economy workers want their right to join a union recognised and implemented without exceptions.

For this to happen, trade unions themselves must become more receptive to the needs of informal workers. A 2003 study of 27 trade union confederations in 22 countries found that 59% had no experience in organising informal economy workers. Informal workers call on unions to organise and represent the most vulnerable workers; to provide them with training and education; and to go to informal workers instead of expecting them to come to unions.

Better visibility. Informal garment workers are not very visible and their concerns are therefore often unheard. They call on campaign and other groups to focus on raising their visibility as well as public awareness of their needs.

Training and education. Lack of confidence and knowledge about legal and labour rights are regularly mentioned as obstacles to progress. Workers call for helplines and legal advice to help them deal with the informal, often exploitative arrangements for information, markets, credit, training or social security that are typical of the informal economy.

Making a start. Although in the past working conditions in the informal economy were not a high priority, this is changing as workers begin to organise and to grow more aware of their rights.

Mapping projects, which generally aim to get workers themselves to "map" home-working activity, are increasing the visibility and confidence of homeworkers. Homeworkers in Eastern Europe, Latin America and Asia have been compiling information on where they are and what they do, conducting surveys, organising training and education and tracing global supply chains in order to understand their place within them.

⁶ Trading Away Our Rights - Women working in global supply chains, Oxfam International (2004), p.5.

NGO efforts yield unions for Chilean homeworkers

Between 2000 and 2004, AnaClara, a Chilean organisation providing training to women, was a partner of Homeworkers Worldwide in a mapping programme which led to the development of a new form of women's union. The trade unions created are local, include both own-account and dependent homeworkers and come together for national level meetings.

AnaClara started their work with home-based workers in the region of Santiago, the capital city, and in Chile's second city, Concepcion. They found that in the clothing and footwear industry, companies were contracting out much of their assembly work to small workshops and homeworkers. Some of this work was for the national market, some for export. In addition to producing own-brand shoes, the homeworkers were producing Hush Puppies, which appear to have been sub-contracted to Bata.

AnaClara initially carried out surveys with home-workers and followed this up with informal discussions and meetings in women's homes. Formal trade unions were set up at a later stage and a training programme was organised for the leaders. The training included building self-confidence, awareness of the economy and women's place within it, and the sharing of examples from other countries of home-workers organising and of group work techniques.

At the same time, AnaClara was investigating the supply networks involved in the production and distribution of footwear and garments and contacted those who were organising workers at different points in the network, whether in the formal or informal part. This has laid the basis for an alliance of different organisations to work together for better working conditions throughout the sector.

Jane Tate, Homeworkers Worldwide

Mapping projects have led to the setting up of local and international networks and to the development of leadership skills. In some countries, mapping has been a preliminary to organising into unions (see Chile case study) or to campaigning for policy changes.

Trade unions representing and recruiting informal workers are on the increase. Unions have begun to represent home-workers from the garment sector, for example in Australia, Canada, Madeira, Morocco and the UK.

More organisations are highlighting the plight and needs of informal garment workers: in 2004, informal and precarious work was the focus of "Play Fair at the Olympics", an international campaign led by the Clean Clothes Campaign, Oxfam International and Global Unions (in the UK by Labour Behind the Label, Oxfam and TUC).

Further reading

Adapted from:

Made by Women: Gender, the Global Garment Industry and the Movement for Women Workers' Rights, Clean Clothes Campaign (2005)

http://www.cleanclothes.org/ftp/made_by_women.pdf

See also:

The Global Garment Industry and the Informal Economy

http://www.cleanclothes.org/ftp/04-09-informal_labour_seminar_discussion_paper_CCC.pdf and *Campaigning Strategies on Informal Labour in the Global Garment Industry* http://www.cleanclothes.org/ftp/04-12-informal_labour_seminar_report.pdf both by Nina Ascoly for the Clean Clothes Campaign, 2004.