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EXPLORATIONS

GLOBALIZATION AND HOME-BASED WORKERS

Marilyn Carr, Martha Alter Chen and Jane Tate

ABSTRACT

Globalization presents threats to and opportunities for women working in the informal sector. The paper, which draws on the work of Women in Informal Employment: Globalizing and Organizing (WIEGO) Global Markets Program and HomeNet, focuses on women home-based workers and analyzes, within the framework of global value-chains, the impact of globalization on labor relations and other market transactions. The chains reviewed are: manufactured goods (fashion garments); agricultural products (nontraditional exports); and nontimber forest products (shea butter). The paper shows how this form of analysis helps to identify the uneven distribution of power and returns within the chains – between rich and poor and between women and men. It concludes by emphasizing the importance of the work of the Self-Employed Women’s Association (SEWA), HomeNet, and StreetNet in organizing home-based workers, both locally and internationally, as well as that of WIEGO in supporting them.

KEYWORDS

Globalization, global value-chains, home-based workers, homeworkers, informal sector/economy, market transactions, labor standards

I. BACKGROUND

Global trade and investment patterns are having a dramatic impact on women’s earnings and employment around the world. But there is no single meaning of economic globalization for women’s work. The impact can be both negative and positive and differs by context, by industry or trade, and by employment status. Some women have been able to find new jobs or new
markets for their products while others have lost jobs or markets. Moreover, many women have seen their wages decline, their working conditions deteriorate, or their workloads increase. Although increasing attention is being given to the differential impact of globalization and trade liberalization on women and men, much of what has been written is as yet quite theoretical, very generalized, or mainly anecdotal. In addition, there is a bias against looking at the impact of globalization on women’s unpaid work and, to a lesser degree, on women’s formal employment.

Relatively little has been written on the impact of globalization on women who work in the informal sector. This paper seeks to contribute to this task by focusing attention on a substantial but often invisible segment of the informal workforce: namely, women home-based workers. It draws on preliminary findings from the research design phase of a set of cross-regional studies of the impact of globalization on women engaged in garment making and in collecting/processing selected nontimber forest products as well as from a recent collection of research studies on nontraditional agricultural exports. Rather than presenting data on the impact of globalization on home-based workers, which is as yet fragmentary, the paper presents the context (Section II), rationale (Section III), and an analytic framework (Section IV) for assessing the impact of globalization on home-based workers. The paper concludes with some recommendations on what needs to be done to support home-based workers and a description of a growing international movement in support of women—including home-based workers—in the informal economy.

II. GLOBALIZATION AND INFORMALIZATION

Global trade and investment patterns are having dramatic impacts on employment relations and other market transactions. Three interrelated dimensions of global integration and competition are of particular concern as they are associated with fundamental restructuring of—and increased disparities in—market relations. The first is the transnational mobility of capital and the relative immobility of labor. The second is the transnational mobility of large companies and the relative immobility of small and microbusinesses. The third is the restructuring of production and distribution into global value-chains: what has been called “the global assembly line.”

There is growing recognition that global integration privileges those who can move quickly and easily across borders—notably, capitalists—to the disadvantage of those who cannot do so—notably, labor. This trend serves to strengthen the bargaining power of employers and weaken the bargaining power of employees or workers who can be substituted for each other across borders (Dani Rodrik 1997). Put in more concrete terms, large companies regularly close down production in one country and move to another—in
search of more lucrative investments or cheaper labor—without giving due notice or severance pay to the workers they leave behind. This mobility of capital—and the associated volatility of labor markets—is related to the fact that economic competition puts pressure on firms to cut total costs by lowering labor costs and on governments to lower labor standards in order to attract foreign direct investment. The combined result of these pressures is a decline in labor standards or, in other words, an informalization of employment relations.

Similarly, global integration privileges large transnational companies, which can move quickly and easily across borders, to the disadvantage of national or domestic companies that cannot. As a result, governments and private businessmen routinely assess—and seek to improve—the competitiveness of their countries or companies. In this competitive climate, little attention has been paid to the competitiveness (or lack thereof) of small businesses, family firms, or individual producers. What evidence exists suggests that micro-entrepreneurs and own-account operators are less able than larger firms to take advantage of emerging market opportunities. Not surprisingly, the most disadvantaged of all appear to be women who produce from their homes. What greater contrast could there be—in terms of market knowledge, mobility, and competitiveness—than that between a large transnational company and a home-based woman producer?

Trade liberalization is often seen as the primary engine of economic integration leading to greater international competition. But global trade and investment patterns are also driven by information technology leading to significant restructuring of production and distribution processes. Information technology plays a significant role in determining not only access to markets but also the location and distribution of production. Two of the notable impacts of information technology—in combination with trade liberalization and transnational investment—are greater flexibility in the production process (accompanied by greater insecurity for labor) and greater distance between the supply of and demand for goods and labor through global value-chains.

Global value-chains are the networks that link the labor, production, and distribution processes that result in different commodities or products. They represent an important dimension of global integration. Two kinds of global value-chains—also called global commodity or supply chains—have been identified, depending on the nature of the product and the production process: buyer-driven chains (e.g., in the footwear and garment sectors) in which large retailers govern production; and producer-driven chains (e.g., in the automobile and computer sectors) in which large manufacturers govern the process. Powerful buyers or producers determine every link in the chain—from production of inputs to the sale of final products—which can reach all over the world (Gary Gereffi 1994). The trend toward buyer-driven chains is reinforced by technological changes in
retailing – notably, the bar code – that allow retailers to stock smaller inventories and change orders more frequently. The result is “lean retailing” that demands quick and timely supply of goods: what is called the “just-in-time” inventory system. In the garment industry, many retail companies now monitor their sales on a day-to-day basis using computerized checkout systems to reorder the most popular items. Because they no longer order large stocks of garments and require short turnaround supply, the subcontractors who supply garments have to be located closer to the main markets in Europe and North America. The just-in-time system has led to an increase in homeworking in countries such as Turkey, Morocco, Mexico, and Guatemala and may threaten the large-scale garment sector in Asia.

The net result of these and other trends is that the informal sector, long considered incompatible with economic growth and industrialization, has been expanding in both developed and less developed regions. In fact, self-employment, casual labor markets, and subcontracting rather than union contracts appear to be a defining characteristic of recent economic trends (Manuel Castells and Alejandro Portes 1989). In the manufacturing sector, informal activities – such as sweatshops, unlicensed factories, and industrial outwork – are proliferating despite the focus on large firms. And, in the agricultural and forestry sectors, most backward linkages – such as production, collection, and processing – are still carried out informally. Many industrial homeworkers face insecure jobs and poor working conditions, including cramped quarters, poor lighting, long hours, and low wages. Many self-employed producers face increased competition or loss of markets. For homeworkers to benefit from new work opportunities, they need increased bargaining power and more secure contracts. And for home-based producers to benefit from emerging markets, they need increased bargaining power and greater market access.

III. HOME-BASED WOMEN WORKERS

Women in the informal sector

Existing data suggest that the majority of economically active women in developing countries work in the informal sector. Even in the once-rapidly growing economies of East and Southeast Asia, which before the recent crisis experienced substantial growth of modern sector employment, a significant share of women workers were outside the formal sector: for example, 43 percent of women workers in South Korea and 79 percent of women workers in Indonesia (World Bank 1995). However, much of women’s informal paid work, particularly home-based market work, is not accounted for in official statistics. If the magnitude of women’s invisible paid work were to be fully counted, both the share of women and the share of informal workers in the workforce would increase.
Even on the basis of existing data, three important gender dimensions of the informal sector emerge. First, a higher percentage of economically active women, than men, are in the informal sector. Second, within the informal sector, the majority of women in the informal sector are self-employed traders and producers, casual workers, or subcontract workers: relatively few are employer-owners who hire others to work for them. Further, men and women tend to be involved in different types or scale of activities even within the same trades. For example, in many countries, male traders tend to have larger-scale operations and to deal in nonfood items while female traders tend to have smaller-scale operations and to deal in food items. Third, while the average incomes of both men and women are lower in the informal sector than in the formal sector, the gender gap in wages or earnings appears higher in the informal sector than in the formal sector. This is largely because informal incomes tend to decline as one moves across the following types of employment: employer–self-employed–casual worker–subcontract worker. And, as noted above, women are underrepresented in high-income activities and overrepresented in low-income activities. The vast majority of subcontract workers or industrial homeworkers, who earn some of the lowest wages worldwide, are women. Even when they are self-employed in petty trade or production, women tend to earn less than men (Jacques Charmes 1998; S. V. Sethuraman 1998).

There is, as a result, an overlap between being a woman, working in the informal sector, and being poor. A higher percentage of people working in the informal sector, relative to the formal sector, are poor. This overlap is even greater for women than for men. However, there is no simple relationship between working in the informal economy and being poor or working in the formal economy and escaping poverty. The relationship between informal employment and the intensity of poverty appears only when informal workers are analyzed by subsectors of the economy and type of employment: that is, employer-owners, self-employed, and workers.

**Home-based women workers**

As used here, the term “home-based workers” refers to two types of workers who carry out remunerative work within their homes – independent own-account producers and dependent subcontract workers – whereas the term “homeworkers” refers to the second category only. Under this usage, homeworkers are a subset of home-based workers. Both types of home-based work involve production for the market and should not be confused with unpaid housework or subsistence production.

Available evidence suggests three basic facts about home-based work. First, home-based work is an important source of employment in many parts of the world. In at least six sub-Saharan African countries, over 50 percent of all enterprises are home-based. In Egypt, over 50 percent of
women’s enterprises and 10 percent of men’s enterprises are home-based. In urban Argentina, about 10 percent of workers in the manufacturing sector are homeworkers. Second, home-based work is an especially important source of employment for women. In Argentina, over 85 percent of home-based workers – both industrial outworkers and own-account producers – in the clothing and footwear industries are women. In Germany, Hong Kong, Italy, and Japan, over 85 percent of home-based workers are women. And, third, home-based workers comprise a significant share of the workforce in key industries. Homework is predominant in the textile and garment industries, the leather industry, carpet making, and electronics. Since the 1980s, an increasing number of homeworkers are engaged in service activities, such as telework.

The case of home-based workers – both own-account producers and industrial outworkers – needs to be considered in the analysis of global value-chains. However, analyses of global value-chains that rely only on firm-based data – without an explicit focus on all levels of workers – are not likely to get information on home-based workers. This is because the dominant producers or retailers who govern these chains either do not know how many homeworkers are employed in their respective chains or choose to ignore the working conditions of such workers. The dominant producers or retailers are even less likely to know how many home-based own-account producers supply goods to their respective chains or whether these individual producers have sufficient market knowledge and access.

IV. HOME-BASED WORKERS AND GLOBAL VALUE-CHAINS

As noted earlier, a global value-chain is the network that links the labor, production, and distribution processes that result in one commodity or product. Such networks link households and enterprises spread across several countries to one another within the world economy (Gary Gereffi and M. Korzeniewicz 1994). As noted above, the relationship between employers and labor – and between large companies and small or micro-businesses – in these chains is often quite unequal. Understanding these unequal relationships is key to understanding the distribution of income within the chains.

Recently, buyer-driven chains producing garments and footwear have received significant public attention. As a result, there is a growing awareness of the condition of workers – including home-based workers – who work in the subcontracting chains in these industries. Some large retailers and brand companies retain control over the key components of production – design, dyeing, and cutting – and put out all labor-intensive activities to scores of smaller companies all over the world; others simply draw on supplies from hundreds of small companies all over the world. A survey of
homeworkers in six countries of Europe found homeworkers assembling the uppers of footwear for a small artisanal company in Italy that supplied a major British retailer with 300 stores in the United Kingdom, overseas stores in the USA, France, and the Middle East, and major catalogue sales. The same study identified homeworkers in a rural area of Spain assembling shoes for subcontractors of a Spanish company that had over 400 shops in Europe, the USA, and Mexico (Jane Tate 1996). In all cases, the dominant companies in each chain retain control of the most profitable segment of these chains: namely, distribution and marketing. The large dispersed workforce is paid well below average wages while many retailers accrue large profits (Tate 1996).

To understand what is happening in these chains, it is useful to chart the different segments and to see who does (and gets) what at each stage and what opportunities and constraints are being faced. By putting out labor-intensive assembly work to homeworkers, subcontractors are able to cut down on both wage and nonwage costs and to avoid risk. The homeworkers have to buy and maintain machinery and cover overheads such as rent for premises and electricity. Paid by the piece with no worker benefits or guarantee of work, the homeworkers—rather than their subcontractors—take much of the risk and loss associated with uncertain orders. As a result, both retailers and subcontractors are often secretive about who supplies to them.

Take for example the case of the garment industry in Australia.

The Australian manufacturing industry operates on a dual model where it hires a stable and secure group of workers who constitute the nucleus of its workforce and on the periphery it hires workers on an ad hoc basis as subcontractor workers or homeworkers. The peripheral workers constitute a labor reserve, allowing the industry to manage labor use according to market demands without incurring the costs of annual leave, sick leave, overtime payments, workers’ compensation and so on. It is also a way of pushing down wages and avoiding trade union representation.

(TCFUA 1996)

As a result, from the mid-1980s to the mid-1990s, the number of home-based workers in the clothing industry in Australia doubled every year. In the mid-1980s, there were an estimated 30,000 homeworkers nation-wide. By the mid-1990s, there were an estimated 330,000 homeworkers. That is, for every factory worker in the garment industry in Australia there are an estimated fifteen homeworkers.

Although many detailed empirical studies on global value-chains have been carried out, few of these studies focus on the “weaker” links in the chain: those with the least knowledge, mobility, or power and, hence, the lowest returns. Few of the global value-chain studies focus on who is
employed, under what types of employment relations, and for what returns. Moreover, many of the global value-chain studies trace the links between the dominant retailers or manufacturers in industrialized countries, subsidiary companies in newly industrialized countries (notably in East Asia), and factories (or sweatshops) in developing countries but fall short of identifying the “weakest” links in the value-chain: namely, the subcontract workers and own-account producers, most of them women, who work from their homes.

Furthermore, whereas some scholars have recognized the role of the subcontract workers – or homeworkers – in these chains, few scholars have studied the self-employed or own-account producers who supply to these chains. Many self-employed women are linked into global value-chains, including those who live in rural areas and work mainly with agricultural and minor forest products. Examples include women who shell Brazil nuts in Peru; collect shea nuts and process shea butter in West Africa; collect medicinal plants in India and Latin America; collect gum in India; or grow fruits and vegetables in several developing countries for export to the U.S. and Europe. Only by looking at these workers within the same sort of value-chain as for garments and footwear can we fully begin to understand their relationships with each other and with other parts of the chain to which they belong. Very few value-chains have been plotted for these types of commodities, and even fewer do so from a gender perspective. Knowledge is still incomplete and much more empirical work is needed to understand who does what and what are the opportunities for advancement.

Finally, recent academic research on global value-chains has focused primarily on manufactured goods. Whereas the origins of value-chain research can be traced to earlier research on agricultural commodity chains, relatively few recent value-chain studies have focused on primary products – either agricultural or forest. As with manufactured goods, the “weakest” links in global agricultural or forest product chains are often women who produce agricultural products, collect nontimber forest products, and process agricultural or nontimber forest products.

Below is a brief description, with figures that chart the backward–forward linkages, of the situation of women in three global export-oriented value-chains: one in manufacturing (fashion-garments), another for an agricultural product (nontraditional agricultural exports) and a third for a nontimber forest product (shea butter). In all cases, women are involved largely at the production–assembly–primary processing stage – the stage that produces the lowest returns to labor.

**Fashion garments**

Among fashion-oriented apparel chains, there is marked vertical disintegration as major retailers and brand companies have moved out of
manufacturing to concentrate only on design and marketing. These companies now subcontract or outsource manufacturing to local firms, which subcontract to middlemen, who further subcontract to own-account producers and homeworkers (see Figure 1). As this is an export-oriented industry, it is subject to international trade policies and particularly to protectionist measures in the United States and Europe, which have had a significant effect on the locational patterns of production. If one compares the global sourcing of apparel (governed by a quota regime) with footwear (for which there is no quota regime), one sees that far more countries are involved in the production and export networks for clothes than for shoes. This is a quota effect, whereby the array of Third World apparel export bases is being continually expanded to bypass the import ceilings mandated by quotas against previously successful apparel exporters (Gereffi 1994).

Two other factors shape the overseas production network. First, economic competition puts pressure on retailers to locate their production networks in countries where costs are lower—a factor that often results in sudden closures and loss of employment for women when a company decides to move elsewhere. Second, the fashion-oriented segment of the apparel industry encompasses those products that change according to retail-buying seasons, with most of today’s leading apparel firms having six or more buying seasons a year. While these firms utilize numerous overseas factories, because they seek low wages and organizational flexibility, there is increasing evidence that they are now sourcing more from domestic producers and from countries nearer to home in order to decrease the lead time needed for delivery (Gereffi 1994). The net result is a highly dispersed

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**Figure 1** Fashion-oriented chain

*Notes:* This figure is a schematic presentation of the U.S. fashion-oriented garment or apparel industry. “807” refers to a U.S. Department of Commerce regulation that levies duties on value-added on U.S. products assembled overseas.

and volatile industry, in which homeworkers are the least likely to receive
severance pay or even be notified when their contracts end.

Countries and corporations are taking two approaches toward increased
competition among developing countries for markets for labor-intensive
products such as ready-made garments. The first is to diversify into differ-
ent types of products for export, especially ones that have higher profits
and less crowded markets. In countries where this is happening, the pro-
portion of women employed in export processing zones (EPZs) is falling as
more men are recruited into the new industries, which are technologically
sophisticated and which demand higher skill levels (which men are given
greater opportunities to acquire). In Malaysia, for example, the proportion
of women workers in EPZs fell from 75 percent in 1980 to 54 percent in
1990. The second strategy is to try to maintain or increase market share in
existing export industries by undercutting competitors—usually by cutting
labor costs: a typical “race to the bottom” strategy. As a result, we are now
seeing a real downturn in the prices for garments in world markets precisely
because corporations are able to bid down labor costs in developing coun-
tries. Neither of these strategies seems to work in favor of women (Susan
Joekes 1999).

Non-traditional agricultural exports

An interesting trend in the agricultural sector in Africa and Latin America,
and increasingly in Asia, is the promotion of nontraditional agricultural
exports (NTAEs)–primarily fruits, vegetables, and cut flowers aimed at the
European and North American markets. According to one recent source,
these are now part of an expanding world trade in horticultural products,
whose total value in 1988/9 was US$40.3 billion, exceeding trade in cereals
whose value was US$38.6 billion (Stephanie Barrientos, Anna Bee, Ann
Matear, Isabel Vogel and Cristobal Kay 1999).

As with garments, the global value-chains for NTAEs are buyer-driven and
controlled by a handful of major supermarket chains in North America and
Europe (see Figure 2). Some economists feel that NTAEs offer some hope
of increased incomes for women, who represent about 80 percent of the
workforce in this fast growing sector. However, in many ways, this is a replay
of the garment export industry in Asia, with large supermarkets and cor-
porations dominating the value-chain, and with women working often on
large-scale “factory” farms for very low wages and in very bad conditions.
In fact, working conditions often are worse for these agricultural laborers
than for garment workers, because of the high use of pesticides and result-
ing physical and mental health risks, including nausea, birth defects, and
acute depression (Catherine Dolan, John Humphrey and Carla Harris-
Pascal 1999).

As with the garment export industry, there is much debate as to whether
such employment opportunities empower women. On the one hand, women do get wages straight into their hands and have more control over income than when they work for their husbands on smallholder export crops. For example, a 1993 study in Morocco showed that women employed in agribusiness not only controlled their own earnings but also, due to their status of “income earners,” had an increased role in household decision-making (USAID 1999). However, research elsewhere has highlighted the fact that, because the work on NTAEs is seasonal, there is no sustained increase in women’s status. Peasant farmers (both women and men) have been displaced from the land they used to farm and now have no alternative but to seek paid (but temporary and insecure) work on the new NTAE farms and plantations. In Chile, for instance, there are an estimated

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**Figure 2** Flows of produce in African FV chain
Source: Dolan, Humphrey and Harris-Pascal (1999).
300,000 temporary workers on NTAE farms of whom over 50 percent are women. There are only 50,000 permanent workers, 95 percent of whom are men (Barrientos et al. 1999).

As the weakest links in the global value-chain for NTAEs, women temporary workers fail to reap much of the benefits from the export boom. In Chile, fruit exports expanded by 258 percent from 340,000 tons in 1982 to 1.2 million tons in 1994. However, the distribution of returns is very uneven. For example, for seedless grapes in 1993/4, producers accounted for 11 percent of costs (of which 5 percent were for wages), while exporters, importers, and Northern retailers accounted for 28, 26, and 35 percent respectively (Barrientos et al. 1999). Similar figures come from other parts of the world. For example, in Zimbabwe, producers account for 12 percent (of which wages are about half) of total costs, while exporters (including packaging and air-freight) account for 30 percent, importers for 12 percent, and retailers for 46 percent of costs (Dolan, Humphrey and Harris-Pascal 1999). Of interest is the fact that even in the retail part of the global value-chain, it is women workers who are in the weakest position. A recent study that traced the journey of tomatoes from the fields of Mexico to the supermarkets and fast-food chains of Canada found that the vast majority of temporary workers in the latter were women who faced the same problems of low wages and insecurity as the women in Mexico (Deborah Barndt 1999). As with garment workers, there is obviously a need to ascertain the extent to which it is possible to increase the share of women workers (both in the South and the North) in financial returns.

Shea butter

Another category of products for which there is now a surprisingly sizable and growing international market is that of nontimber forest products (NTFPs) which include: essential oils, medicinal plants, gum arabic, rattan, natural honey, Brazil and other edible nuts, mushrooms, and shea, neem, and other wild nuts and seeds that produce oils used for cooking, skin care and other purposes. In all, there are now 150 NTFPs of major significance in international trade. Together these involve millions of workers and producers, including many who live in the most remote areas in developing countries.

One such product is shea butter. Shea is a commodity that has been collected, processed, and used by women in West Africa for centuries as a cooking oil or body lotion and for medicinal purposes. Now there is a growing and profitable market for shea butter in Europe, North America, and Japan for use in cosmetics. However, the women who collect the shea nuts get very little of the high price that the final product brings in the North. One study in Burkina Faso has estimated that shea butter is sold to consumers in Europe at eighty-four times the price local women receive for
the raw material (Susanne Provost 1995). Most of this value-added is accrued by the numerous middlemen, exporters, importers, refiners, and retailers who make up the complicated shea butter value-chain shown in Figure 3.
Part of the problem is that while women’s existing level of technology for processing shea nuts is adequate for the needs of local markets, a much higher-quality product is demanded in Northern markets. The result is that women must sell unprocessed nuts directly to middlemen for export to countries where advanced technology is available. Even if women were to gain access to improved processing technologies, there is still a problem in gaining access to market information or links to distant markets, which means that women still are dependent on middlemen further up the value chain.

The price of shea is likely to go even higher if the European Union follows through on its proposed policy to allow shea butter to be used as a substitute for cocoa butter in chocolate manufacture (Zebib Bekure, Maura Donlan, Yma Gordon and Jennifer Thompson 1997). As in the apparel and NTAE sectors, women are stuck in the least profitable segments of the industry and, having little power, are not in a strong position to bargain with those further up the chain for increased returns for their labor (and, in this case, their traditional knowledge). In addition, the fear is that foreign direct investment (FDI) will be attracted to the area to establish processing facilities and that those women who are now engaged in processing shea butter will be displaced from this increasingly profitable industry. With conditions now better understood, programs are under way to organize women collectors and processors, to introduce improved processing technologies, and to find ways of gaining direct access to international markets.

Similar analysis and action is being taken in the case of other groups of own-account workers who are linked into lengthy and often difficult-to-trace commodity chains.

As noted earlier, a set of cross-regional studies of women in the global apparel chain and in selected global forest product chains, including shea butter, are currently being designed. Using common methodologies, including structured interviews with women as well as with other key participants along the commodity chain, these studies will seek to specify the main operations, participants, product flows, production relationships, market linkages, and other key features of the global commodity chain. The goal is to identify the main constraints and opportunities for women in these chains in order to design appropriate policy and programmatic responses.

V. RESPONDING TO GLOBALIZATION

A research–action–policy agenda

Because home-based workers have not been thought of as belonging to global value-chains, development assistance has often taken an isolated project approach with small amounts of credit here, or some training and the introduction of an improved technology there. In order for home-based
women workers to be able to respond effectively to the new opportunities – as well as the negative impacts – associated with global trade and investment, four interrelated strategies are required:

- Research and Statistical Studies: to document the number, contribution, and working conditions of home-based women workers and to assess the impact of globalization on them;
- Action Programs: to help home-based women workers gain access to – and bargain effectively within – labor and product markets (both local and global);
- Grassroots Organizations: to increase the visibility and voice of home-based women workers and other women workers in the informal sector; and
- Policy Dialogues: to promote an enabling work and policy environment for home-based women workers.

A policy framework

To date, few policy-makers have explicitly addressed the opportunities and constraints faced by home-based workers in the context of global integration and competition. In large part, this is because home-based workers remain undercounted in official statistics and poorly understood in development circles. To design appropriate policies in support of home-based workers who work in global value-chains, policy-makers would need, first, to distinguish between own-account workers and subcontract workers. Own-account workers require a range of policy interventions to promote their knowledge of, access to, and bargaining power in markets; while subcontract workers – or homeworkers – require a range of policy interventions to govern and protect their employment relations.

Market transactions

Of the three examples given above, shea butter best exemplifies the needs of own-account workers. Working as they are – in isolation from each other and without access to information on emerging market opportunities or the ways and means of taking advantage of these – the bulk of the high and growing profit margins resulting from increased trade is siphoned off by numerous middlemen and final retailers. Action seems to be called for at both the micro/meso level, and at the macro-policy level.

At the micro/meso level, there is obviously a need to help individual women producers organize themselves into producer associations through which they will be better able to voice their demands and bargain for better prices with middlemen involved in the marketing chain. Organizing will also strengthen their ability to bargain for increased access to credit,
improved technologies, training, and other economic resources required to improve the quality of their produce and the timeliness with which they are able to fulfill orders. Finally, as members of an association, women will also be able to link into ways of accessing marketing information through use of new information and communications technologies and links to international market research channels. Interventions such as these are being introduced in Burkino Faso through a variety of development agencies including the International Development Research Centre (IDRC) and the United Nations Development Fund for Women (UNIFEM). Elsewhere, women involved in other own-account activities such as craft production, gum collection, and salt production have benefited from similar strategies. For example, in Gujarat, India, thousands of women have been organized by the Self-Employed Women’s Association (SEWA) and now are able to cut out some middleman activity and to command higher prices for their products in local, regional, and international markets (SEWA 1999).

However, action is also required at the macro-policy level – to protect women from any negative impact of changes in trade, investment, and other economic policies, and to enable them to seize any opportunities arising. As was seen in the case of shea butter, the change in EU policy – to permit its use as a substitute for cocoa butter in confectionery – will lead to an increase in demand and increased prices for the produce of this traditional women’s industry. On the other hand, policies relating to the liberalization of investment could have a devastating effect on women’s livelihoods by allowing foreign companies – rather than local women – to take advantage of increased profits. Agreements being signed by governments as part of the World Trade Organization negotiations can also have significant implications for own-account workers. For example, through the Agreement on Trade-Related Intellectual Property Rights (TRIPS), which makes it possible to patent life forms if they have been altered in some way for new and innovative uses, shea butter runs the risk of becoming patented by Northern researchers or companies in much the same way as have many other products including neem and turmeric (in India) and brazzein (in West Africa). Brazzein is a substance found in a West African berry that is 500 times sweeter than sugar. American researchers have obtained a patent in the U.S. and in Europe for a protein isolated from the berry and plan to market it worldwide claiming that it is their invention. They have no plans to assist the West African people to share in the estimated US$100 billion-a-year market (Magdalena Kaihuzi 1999).

Labor standards

As noted earlier, global integration and competition often lead to unacceptable conditions of work, particularly for homeworkers. This is because the transnational mobility of capital allows companies to bypass national labor
standards and collective bargaining systems. There is a growing consensus that working conditions need to be addressed from a global perspective. Three different approaches to promoting labor standards have been proposed. The first approach, best expressed in the International Labor Organization’s (ILO’s) core labor standards, is “to build global versions of national institutions by establishing universal minimum standards of work and international inspectorates and courts to monitor and enforce them” (Charles Sabel, Dara O’Rourke and Archon Fung 2000: 1). The second approach is to have transnational companies, voluntarily or under pressure from (usually) consumer groups, agree to adopt various codes of conduct and allow outsiders to verify compliance. A third approach, called “Ratcheting Labor Standards” (RLS) by its proponents, is “to establish a systematic competition between firms based upon their performance in the treatment of workers.” The goal is to make it possible for firms that claim outstanding social performance to credibly document their accomplishments to the public in a way that compels emulation by laggards, and points the way to an enforceable regulatory regime (Sabel, O’Rourke and Fung 2000). Each of these approaches needs to be examined to determine which one – or which mix of the three – would best fit the specific working conditions of homeworkers and other categories of informal workers.

The international movement of women in the informal economy

The Self-Employed Women’s Association (SEWA) of India is the oldest trade union of women who work in the informal sector. Since 1972, when it was founded, SEWA has organized women engaged in home-based work, street vending, and casual work and has provided a range of services (financial, health, child care, and training) to its members. Today, it has a membership of over 250,000 women. For the past two decades, SEWA has also led an international movement to increase the visibility and voice of women who work in the informal sector. Since the early 1980s, SEWA has negotiated with the international trade union federations and the International Labor Organization (ILO) to recognize informal sector workers. In the late 1980s, in recognition of its efforts, the government of India invited the founder of SEWA to lead a commission on women in the informal sector and the ILO called on SEWA’s founder to serve on an expert committee on homeworkers.

Although SEWA is the oldest and largest trade union of women in the informal sector, there are compelling examples from other regions. In Madeira, Portugal, a Union of Embroiderers has successfully fought for a range of social protection measures from the Portuguese government in support of the embroiderers. In Durban, South Africa, the Self-Employed Women’s Union (SEWU) has successfully negotiated government support
for street traders and home-based workers. Also recently, clothing unions such as the Textile, Clothing, and Footwear Union (TCFUA) in Australia and UNITE in Canada have begun to organize homeworkers, recognizing that they now make up the majority of the workforce in selected industries.

In Australia, TCFUA working with consumer, church, community, and student groups, organized a consumer campaign with broad-based public support and media coverage to encourage retailers to sign a code of good practice regarding their employment of homeworkers. The trade union and its allies in the campaign won an industry-wide agreement— which is legally binding—covering the terms and conditions of homeworker employment. A special unit within the Union now monitors the homework in the garment industry and files legal cases against companies that fail to comply with the agreed-upon terms and conditions.

During the 1980s, the various unions, grassroots organizations, and nongovernmental organizations working with home-based workers and street vendors—in both the North and the South—had begun to establish linkages. In the mid-1990s, at two separate meetings in Europe, these organizations came together to form two international alliances of women in the informal sector: one of home-based workers called HomeNet; the other of street vendors called StreetNet. At the first HomeNet meeting in 1994, the founding members planned a global campaign for an international convention that would recognize and promote home-based workers. The culmination of that campaign was the June 1996 vote at the annual general conference of the ILO in favor of an international convention on homework. HomeNet now has active members in over twenty-five countries with its newsletter reaching many more in over 130 countries.

At the first StreetNet meeting in 1995, the founding members drafted an International Declaration that sets forth a plan to create national policies to promote and protect the rights of street vendors. A longer-term objective of StreetNet is to build the case and mobilize support for an ILO convention on the rights of street vendors.

In building the case and mobilizing support for the ILO convention on homeworkers, HomeNet needed data and statistics on the size and contribution of the home-based workforce. In 1995, during the preliminary discussions on the homework convention, the employer group—which together with government and worker groups form the tripartite system of the ILO—asked for statistics on homeworkers. During the final year of the campaign, HomeNet commissioned researchers to compile available statistics on homework for dissemination at the 1996 ILO annual conference and requested the United Nations Development Fund for Women (UNIFEM) to convene a policy dialogue in Asia with government delegations to the ILO convention. These initiatives contributed to a complicated negotiation process leading to the ratification in 1996 of the ILO Convention on Homework.
Recognizing the power of statistics (and research findings more generally) in raising the visibility of the informal sector, SEWA, HomeNet, UNIFEM, and the researchers involved in the homeworker campaign decided to establish a global action–research coalition to promote better statistics, research, programs, and policies in support of women in the informal sector. Founded in early 1997, this coalition, called Women in Informal Employment: Globalizing and Organizing (WIEGO), is comprised of grassroots organizations, research institutions, and international development agencies concerned with improving the conditions and advancing the status of women in the informal sector.

These three international alliances – HomeNet, StreetNet, and WIEGO – are part of a fast-expanding international movement of women who work in the informal sector. This international movement seeks to implement the four-fold strategy outlined above in support of home-based workers, street vendors, and other women who work in the informal sector worldwide. The key objective in building these international alliances – as well as the key focus of their work – is to increase the voice and visibility of the women who work in the informal economy.

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NOTES

1 These studies are being coordinated by the global network called Women in Informal Employment: Globalizing and Organizing (WIEGO).
2 See Jacques Charmes (1998) and S.V. Sethuraman (1998) for the sources of these findings.
3 Another term for the subcontract worker who works from her/his home is “industrial outworker.”
4 See Martha Chen et al. (1999) for the sources of these estimates.

REFERENCES


Textile, Clothing and Footwear Union (TCFUA). 1996. People Behind Profit. Sydney, Australia: TCFUA.
