PN-ACX-297

WOMEN AND SUBCONTRACTING
IN THE GLOBAL ECONOMY

A research project of The Asia Foundation's
Women's Economic and Legal Rights Program

GLOBAL WOMEN *in* POLITICS

A Prog[illegible] THE [illegible] FOUNDATION

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Support provided by the Women in Development Office
United States Agency for International Development

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Foreword

This report is intended to contribute to the thinking about women who work as subcontracted workers in an increasingly globalized world economy. It draws on case studies conducted in five countries—India, Pakistan, the Philippines, Sri Lanka, and Thailand. The studies differ from each other in terms of industries covered, geographical scope, and other factors. However, all included a survey of subcontracted workers with more qualitative approaches and documentary research. The case studies illustrate significant differences between and within countries in the circumstances of these women. These differences point to the need for further detailed studies and the necessity of avoiding easy generalizations. It is hoped that the new knowledge generated by the studies will help guide policymakers and advocates in their thinking about how to address the issues raised and so promote women's economic and legal rights.

—Debbie Budlender

Acknowledgements

The Asia Foundation would like to acknowledge and express its appreciation to the primary contributors to this report and to thank the Office of Women in Development in the United States Agency for International Development for its support.

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The views and recommendations presented in this publication do not necessarily represent the views of all of the contributors, The Asia Foundation, or the United States Agency for International Development

Note: Because many people contributed to this report and all sections were edited to ensure that the data matched the text and for consistency in length and presentation, the contents may vary somewhat from the full research reports. The full research reports are available from the country team members/organizations upon request.

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Executive Summary

With support from the United States Agency for International Development (USAID) Office of Women in Development, The Asia Foundation's Women's Economic and Legal Rights (WELR) program collaborates with local organizations in the Asia-Pacific region to empower women to secure their economic and legal rights. In 1998, the Foundation identified a need for research to document women's work in the informal sector, and the implications of their employment on the exercise of their rights in their families, their workplaces, and their society. This research is an important step in understanding the problems women face, and the policies and laws needed to protect the rights of female workers in the informal sector. The research focused on subcontracted female workers in five countries- Thailand, India, Pakistan, the Philippines, and Sri Lanka.

Despite the lack of national data, each country team identified trends corresponding to macroeconomic policies worldwide, as well as specific conditions within the countries examined. The research was conducted soon after the onset of the East Asian financial crisis. In all countries, particularly Thailand, economic globalization deeply affected the nature of opportunities for and the conditions of workers.

One effect is a greater demand for flexibility of production. Outsourcing increasing portions of the production process is one way firms attempt to deal with increasing economic costs and competition. Outsourcing enables firms to deal with fluctuating demand, because it is quicker and easier to increase or decrease a subcontracted labor force than the firm's regular labor force. In some cases, employers circumvent labor legislation and the associated costs. The Sri Lanka research, in particular, highlighted the vulnerability of subcontracted workers to irregular orders. The amount of work done per day, and thus income, varied enormously.

All the country studies noted the failure of labor and other legislation to protect subcontracted workers. In some cases, such as the Philippines, protective laws exist but are not

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implemented. In other cases virtually all laws exclude the informal sector, and subcontracted and home-based workers in particular. Further, the research revealed that there are few social security schemes or other public safety nets for subcontracted workers, who tend to be female.

The research revealed that the gender implications of subcontracted work are not necessarily different from those of work in the formal economy. (In both cases, women tend to perform less skilled work for lower pay than men do.) However, one important distinction lies in the home-based worker's ability to perform her responsibilities in the house and family while earning a wage. While home-based work offers an important advantage for women, it may reinforce traditional social norms that restrict women's roles and movement. In Pakistan, for example, home-based female workers have avoided challenging the social norms associated with going to work in a public place while still contributing to household income.

In all five countries, female workers continue to bear the primary responsibility for child care and other household chores. Although some female workers said that their husbands contributed to household chores, their own workload increased significantly when they took on subcontracted work, as they still had primary responsibility for cooking, childcare, and other domestic work.

The demographic profile of the workers suggested that they are generally older, and more likely to be married, than the female workers in the free trade zones of many Asian countries are. This was especially true for home-based work. Female workers who choose subcontracted work noted the greater ease in combining their household and family work with productive labor, the elimination of the financial and time costs of transport between work and home, and savings from expenditures on clothes.

Female workers stressed that one of the most important motivations for working was to ensure a good education and a better life for their children. Nearly all the workers claimed that the work has increased their self-confidence and their influence in household decisionmaking. However, the head of the household-usually a man-often determined the priorities, and women's personal needs did not necessarily rank highly.

The main problems the women identified with their work were the lack of regulation, irregular work contracts, poor pay, and long working hours. They also acknowledged the great difficulty of organizing subcontracted workers given their vulnerability and dispersed location. The process of contracting out work also makes it difficult to hold one employer responsible for protecting workers' rights because of the many links in the subcontracting chain. Nonetheless, virtually all the women who were interviewed felt that it was better to have the generally low-paid work they were engaged in than no work at all.

Based on their findings, the research teams recommended specific actions for working with employers, multinational corporations, international financial institutions, United Nations (UN) agencies, and consumer campaigns. These recommendations fall into the four broad categories: advocacy, organizing and capacity building, public education, and research and documentation. The report stresses the importance of working at all levels-from the grassroots to the international arena-in order to achieve sustainable impact. The report closes with concrete recommendations:

- The International Labour Organization (ILO) should strengthen and continue to broaden its scope to include subcontracted and home-based workers;
- Governments are urged to provide incentives for corporations to protect workers rights, while penalizing those that fail to uphold minimum standards;
- Corporations should adopt codes of conduct that incorporate the core ILO labor rights standards, take into account the needs of all workers, and apply the standards to workers involved in all stages of production;
- The consumer movements in the more developed countries need to engage with workers to ensure their campaigns benefit workers in producing countries and protect them from losing their employment options.

Introduction

The Women's Economic and Legal Rights Program

The Women's Economic and Legal Rights (WELR) program of The Asia Foundation works with partner organizations in the Asia-Pacific region to empower poor female workers to secure their economic and legal rights. Initiated in 1997, the five-year program is supported through a grant from the Women in Development Office of the United States Agency for International Development.

The objectives of the WELR program are to:

- Enhance the capacity of community organizations to change laws and policies that inhibit women's economic participation;
- Strengthen women's capacity to participate in public decisionmaking on economic issues;
- Raise public awareness about the economic contributions of female workers in the informal sector; and
- Extend legal protections for workers to women working in the informal economic sector.

In the first two years of the WELR program, the Foundation focused on organizations working with women in the informal sector. In Bangladesh, WELR partners are organizing women in the garment industry and seeking to extend the labor laws to protect these workers. In Cambodia, the WELR partner is working with female micro-vendors in the markets of Phnom Penh, using a credit and savings program to encourage women to organize to solve their problems. In Nepal, the WELR partners have provided training in economic and legal literacy to young women in rural districts, enabling many of the women to become small business entrepreneurs in spite of onerous legal barriers. In Sri Lanka, the WELR partners are working with female agricultural workers and coir producers, organizing them into community groups for advocacy.

Based on feedback from non-governmental organization (NGO) partners and from participants in two regional workshops, the Foundation identified the need for research that would capture concrete information about women's work in the informal sector, its implications for their ability to exercise their rights, and its implications for their status within the family.

The project's parameters were as follows:

- The research would identify the needs and concerns of women in the informal sector, as well as their own ideas for how to address and solve their problems;
- The research would enhance the work of WELR partner organizations already working with women in the informal sector. The project would thus strengthen the relationship between the organizations and their constituencies;
- The research results would provide the NGO partner organizations with information needed to inform and influence policymakers and community leaders, thereby strengthening their advocacy work;
- Every stage of the research process would be participatory, from developing the terms of reference (TOR) to sharing the key findings with the research participants. This methodology would ensure that the research stayed grounded in the lives of the female workers; and
- The research would identify concrete policy recommendations at the local, national, and regional levels. It would link efforts across national borders to ensure that women's rights are promoted across the region.

The research project was planned as an important step in a longer process of changing the policies and laws affecting female workers in the informal sector. In order to persuade policymakers of the need for change, advocacy organizations need hard data and clear analysis to support their arguments. By capturing this information through the research project, the WELR program sought to enhance the advocacy capacity of its partners. Planned WELR follow-up activities include support for advocacy efforts at the local, national, and regional levels.

The research focused on a rapidly growing subgroup of the informal sector subcontracted women and on their links to the global economy. Anecdotal evidence suggested that the use of subcontracted labor is growing at an unprecedented pace in Asia. As in the rest of the informal sector, women appeared to form the overwhelming majority of this workforce. The research filled a gap because there is little data on or systematic analysis of subcontracted work in

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the Asia region. Also, governments and international agencies are increasingly interested in gaining a better understanding of this expanding sector of the labor force and its contributions to economic activity. By following the subcontracting chains from the female workers to the consumer, the project would enhance understanding of the implications of the global economy for women's economic activities

Process and Methodology

This research project was designed to build upon a growing body of literature in feminist economics. Key concepts of this literature were integrated into the research framework. The framework enhanced coordination and comparability among the five country studies in India, Pakistan, the Philippines, Sri Lanka, and Thailand. Each national team was encouraged to adopt participatory research methodology, bringing women's voices and participation directly into the research.

Definitions

For purposes of this study, a subcontracting unit was one for which the product and/or the work done by the unit was specified by a parent company or contractor. A subcontracted worker was any person working in a subcontracting unit. This definition embraces a broad range of practices and includes home-based workers as well as those who work for small factories and shops that do subcontracted work for other units.

National research team formation

In the last quarter of 1998, a research team was established in each participating country, consisting of experts in macroeconomics, sociology, or political science, and others experienced in NGO advocacy. This combination provided strong macroeconomic and gender analysis while keeping the research grounded in the advocacy needs of the NGOs. Table 1 gives the names and affiliations of research team members.

Design

The Asia Foundation used a collaborative process to refine the conceptual framework. Team members reviewed draft TORs in October 1998 and provided comments and suggested revisions. The revised TOR integrated this feedback. From November 1998 through mid-January 1999, each team developed a survey instrument based on the TOR and conducted pilot tests with a small sample of female workers. Each team brought the preliminary findings of the pilot test to a regional meeting in Colombo, Sri Lanka later that month. Each team presented its initial survey, identifying key questions for further con-

Table 1: Country research teams

Country	*Researcher*	*Affiliation*
India	Namrata Bali	Self Employed Women's Association
	Jeemol Unni	Gujarat Institute of Development Research
	Jignasa Vyas	Self Employed Women's Association
Pakistan	Saba Khattak	Sustainable Development Policy Institute
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sideration. The teams then established collective parameters for data collection and affirmed the final TOR. They returned home to revise their survey instruments and begin collecting data. The final instruments were similar, but not identical, across countries. The similarity allowed for later comparison of results. The slight differences allowed researchers to capture data on key country-specific issues.

Country scope

Each national team selected the industry(ies), geographical region(s), and types of workers (home-based, those working in shops or small factories, or a mixture of the two) on which its study would focus. A key factor in these choices was that the research should support ongoing work and advocacy efforts. The choices were as follows:

India: The focus was on the garment industry in Ahmedabad, the home of the Self Employed Women's Association (SEWA). The team administered 184 questionnaires to 114 women and 70 men working in small factories. There were also six focus group discussions (FGDs), including three with home-based garment workers in the city.

Pakistan: The team administered the questionnaire to 140 female workers in three industries (garments, carpets, and plastics). The survey took place in three cities in different provinces (Karachi in Sindh, Lahore in Punjab, and Peshawar in Frontier). Some of the Lahore and Karachi respondents worked in small factories, while the remaining respondents were home-based workers.

The Philippines: The team conducted 30 interviews in each of five communities, mostly with female workers. All interviewees were home-based. Four of the communities involved different aspects of the garment industry, while the fifth was part of the gifts, toys, and housewares industry. The five sites were:

- an embroidery community in Malibong Bata, Pandi, Bulacan
- a smocking community in San Vincente, Angono, Rizal
- an urban poor community with garments subcontractors in Balingasa, Caloocan City, Metro Manila
- a bag-making community in Taal, Malolos, Bulacak
- a papier maché community in Santo Angel, Santa Cruz Laguna

Sri Lanka: The team conducted 30 interviews in each of five areas of subcontracted work: three in manufacturing, one in agriculture, and one in construction. The team also interviewed six men and two subcontractors from each area, and key personnel in the subcontracting firms. The five areas were:

- home-based workers winding coil around electronic component cores in a Western Province village
- home-based embroidery workers in a North Western Province village
- weavers of nets and mats for export in a traditional Southern Province coir village
- workers in tobacco cultivation for the cigarette industry in the North Central Province
- workers at two construction sites in Colombo

Thailand: The team interviewed 150 workers in five sites. All were part of the garment industry and worked in Bangkok and satellite areas. In Din Daeng, the respondents were shop-based. In the other four sites Latkrabang, Don Muang, Khlong Toey, and Tarburana they were home-based.

Implementation

The surveys and focus groups took place between February and June 1999. The teams then analyzed the data and prepared draft reports for submission to the research coordinators in early August. At the end of the month, the five country teams met in Bangkok for collective review of the field research results. Each team presented its findings, emphasizing the policy recommendations that emerged from the research. The full group then drafted a collective set of policy recommendations for local, national, and regional level policymakers. The recommendations also identified four categories of critical steps for follow-up: (1) additional research and documentation; (2) policy advocacy positions; (3) organizing and capacity building initiatives for women's organizations and other civil society groups; and (4) public education campaigns. Noting the significance of non-state actors in the global economy, the teams recommended specific actions for working with employers, multinational corporations, international financial institutions, United Nations agencies, and consumer campaigns. Also, the group noted the importance of working at all levels from the grassroots to the international arena to achieve sustainable impact.

Policy dialogue

Following the internal team meeting, the project held a public seminar in Bangkok to share the research findings with a wider audience and encourage broader discussion of the policy recommendations. Participants included representatives of international agencies, such as the United Nations Development Fund for Women (UNIFEM) and the United Nations Children's Fund (UNICEF), as well as national government officials and representatives of donor organizations, bilateral aid agencies, and NGOs. Participants provided feedback on the policy recommendations and identified the work of their own organizations in this area. The seminar was an opportunity to broaden the dialogue on subcontracted female workers and for the partner organizations to network with other groups working on the same issues.

Report development

The teams returned home and revised their reports based on feedback from the internal meeting and the public dialogue. A draft project report was then developed, integrating the data and analysis for each country team as well as information developed at the regional team meetings in Sri Lanka and Thailand. This draft report was circulated to all team members for their input.

Overview of country-level research findings

The aim of this study was to examine the gendered nature of subcontracted work and its implications for gender relations within the family and the community. The survey was designed to elicit information on changes in household dynamics, in labor processes and working conditions, and in women's roles as a result of subcontracted work. Other survey questions looked at trends in time use, child care, and the roles of other family members in both productive work and household work and child care (reproductive work). In addition, the research teams used FGDs and case studies to collect in-depth qualitative data on women's perceptions of their status within the family and the community and on changes in time allocation and budget expenditure in the family. In all of the studies, researchers interviewed primarily women. However, several of the studies included some men to capture the differences in perspective and priorities.

The project found that gendered implications of subcontracted work are not necessarily significantly different from those of work in the formal economy. However, one important distinction lies in the worker's ability to perform her household and child care labor while earning a wage. Subcontracted labor brings women's paid work closer to the home and frequently draws in a new source of labor. Women find that subcontracted home-based or small shop work enables them to combine their paid and unpaid labor more easily. While this factor reflects an important advantage that subcontracted work offers to women, it also highlights the double burden that female workers carry.

Another distinction is that subcontracted, and particularly home-based, work does not challenge traditional social norms as much as other forms of paid work. In Pakistan, for example, home-based female workers have been able to avoid the social stigma associated with going to work in a public place (reinforcing social norms which preclude women's roles outside of the household) but still contribute to household income.

The economic and policy background

Unfortunately, the study countries have insufficient gender-disaggregated national data to provide anything approaching exact numbers on the number of women and men employed in subcontracting. In fact, there is little aggregate data on work in small workplaces and virtually none on home-based work in the five countries as official agencies tend to focus on the formal sector when collecting economic and labor statistics. This means that there is also little or no data to reflect trends. However, no official data exists to confirm this or to show what the development has meant in terms of wages, working conditions, and gender ratios in employment.

The research was conducted during 1998, soon after the beginning of the East Asian crisis. In all countries, particularly in Thailand, this brought to the fore the importance of the globalized economy in determining the opportunities for and conditions of workers.

There have been significant changes in the form of industrial production over the last few decades. Production has become more flexible, dispersing the production process at the same time as the world economy has become more integrated. As manufacturing or service activities performed abroad are now combined with activities performed at home, companies today are outsourcing increasing proportions of the production process. At times, the outsourced production occurs in a different country. At other times,

it occurs in the same country, but at a different place, under different authority structures and by different workers.

Outsourcing is one way in which firms attempt to deal with increasing economic costs and high levels of competition. It is also sometimes used to circumvent labor legislation and its associated costs. Outsourcing provides a means of dealing with fluctuating demand, in that the subcontracted labor force can be more easily and speedily increased or decreased than the firm's regular labor force. The outsourced work processes usually require the least skill and are often repetitive and monotonous.

Subcontracting is a way to reduce costs, and thus prices. It is thus particularly important at the lower end of the market spectrum where lower cost rather than quality is the determining criterion for capturing market share. The need to cut costs increases with competition. Competition itself increases with globalization, as firms must compete with foreign as well as other local producers. The tariff reductions and regulations put in place worldwide in recent years have increased the levels of foreign competition.

Why did the women do this work?

The surveys showed that the most common reasons for doing subcontracted labor were increasing household costs, a recent loss of family income, or unemployment of other members of the household, usually males. In Pakistan, for example, almost 70 percent of the women interviewed said they took the job because of rising costs. Relatively few cited the desire for financial independence as a reason for engaging in the subcontracted work.

For some respondents, including one-third of the female workers in Thailand, subcontracted work was their first job. Of those women who had done previous work, many stayed within the same industry, but on new terms. In India, 72 percent of the female workers and 60 percent of the male workers had a previous job in the manufacture of garments. Reasons for leaving their previous employment included closing of a factory or a need for higher wages. This latter reason is interesting in that it suggests that subcontracted work is not always associated with lower earnings. Finally, there were a few women who moved from agricultural work to the subcontracted job. However, some agricultural workers continued to engage in subcontracted work on the side to earn the additional income needed by the household. In Sri Lanka, some married women had lost their jobs or were not hired in the export processing zones because of their marital status. These women turned to subcontracted work as a way of staying employed.

The reason given most often by female workers as to why they preferred subcontracted work was the greater ease in combining tasks such as child care and household chores with productive labor. Another important reason was to eliminate the money and time costs of transport between work and home. In Pakistan, women also referred to the social difficulties associated with transport and appearing in public places. Elsewhere, women noted that working in "public" necessitated extra expenditure on clothes.

Who are the female workers?

The demographic characteristics of the subcontracted female workers varied significantly between, and sometimes within, the five countries.

Age

In India, the factory-based female workers surveyed were relatively young, with over half below the age of 25. In Pakistan, the average age was 27, and the majority of workers were between the ages of 20 and 35. However, a significant number were younger than 20. In the Philippines, the average age was higher, with most workers in their late thirties and early forties. In Sri Lanka, the average age varied according to industry. The electronics and embroidery workers tended to be younger, but most of the workers in the coir, tobacco, and construction industries were over 35.

Marital status

The younger age of the female workers in India was reflected in their marital status in that approximately 45 percent were unmarried, with an equal proportion married. In Pakistan 45 percent were married and 50 percent were single. Married women comprised three-quarters of the sample workers in the Philippines, 68 percent in Sri Lanka, and 73 percent in Thailand.

These statistics suggest that the demographic profile of subcontracted workers differs from that of female workers in the free trade zones of many Asian countries. In these zones, workers tend to be younger and mostly single. With the exception of the Indian factory-based workers and the workers in Pakistan, far more of the workers in this study were married and over 30 years of age. This was especially the case for home-based work. This provides support for the women's statement that they engaged in subcon-

tracted work-and especially home-based work-in order to combine household and child care with productive labor as it is usually married women and those with children who bear the most responsibility in terms of household and child care work.

Education

Slightly over half of the female workers in India had finished the eighth grade and about one in ten were illiterate. In India as a whole, 44 percent of adult women are illiterate. The factory workers studied were therefore more educated than the average Indian woman. In Pakistan, more than half of the female workers surveyed were literate. Again, this suggests that the workers interviewed were more educated than the average woman in the country, as the overall rate of female adult literacy in Pakistan is 29 percent (United Nations Development Report, 2000). These relatively high literacy rates-at least in comparison to other women in their countries-could again reflect the fact that the workers in these two countries were relatively young.

In Sri Lanka, the majority of workers had reached secondary school. The construction industry was an exception, in that over 80 percent of construction workers had not proceeded beyond primary school. In contrast, in embroidery and electronics, approximately 40 percent had completed their secondary education. In Thailand, 84 percent of the workers surveyed had completed the sixth grade of compulsory primary education. In the Philippines, over 40 percent of the workers had finished elementary school, but more than 70 percent had not finished high school.

Household size

The average household size of female workers in India was 5.2 members. Many of the women were young and unmarried and therefore probably living at home with their parents and other family members. The male workers in India tended to have smaller household sizes as they were more likely to be married and living in their own nuclear families. In Pakistan, the average household size was 7.6 individuals. There was little variation in household size across cities and sectors. There was, however, a large range. The smallest household consisted of two members and the largest of 16. In the Philippines, the average household size was more than six people.

In Thailand, the typical household consisted of a married couple with three children. However, the Thai workers offered different definitions of household. Some single young women identified their parents' home in the countryside as their household, rather than the people in the dwelling in which they were living while working. Others who stayed with relatives in Bangkok felt that they were part of their relatives' urban households.

Income and expenditure

The research teams examined both the income from subcontracted work and household income and expenditure. While the survey focused on earnings from the subcontracted labor, some female workers in all five countries also earn income from other sources to ensure their household's survival when there is little or no subcontracted work available. In addition, the household often had other sources of income. Household income was examined in order to understand how much the subcontracted female workers contributed to overall household welfare.

Income from subcontracted work

The majority (70 percent) of subcontracted female workers in small shops in Thailand earned between 3,000 and 6,000 baht (US$75-150) per month. Home-based workers in Thailand did not fare as well, as 37 percent earned less than 3,000 baht (US$75). In the Philippines, the average annual income from women's subcontracted work ranged from 15,100 pesos (US$376) for the smocking community in San Vicente to 33,700 pesos (or US$843) for the garment workers in Balingasa. Thus, the average monthly wages ranged from 1,258 pesos (US$31) to 2,808 pesos (or US$70).

The female workers in Pakistan earned among the lowest wages. The average monthly income was 1,215 rupees (US$23). In India, the average income of the female workers in small factories was slightly higher, at 1,250 rupees (US$28) per month. However, most of the Indian workers received less than the minimum set by the government of Gujarat for piece rate work.

Coir workers in Sri Lanka recorded the lowest wages of the five studies, in that 13 percent earned less than 300 rupees (US$4) per month. Wages for other industries in Sri Lanka were higher. The highest wages were recorded among embroidery workers, where 10 percent said they received between 3,000

and 3,500 rupees (US$38-44) per month. These wages were still markedly lower than the averages recorded for Thailand and for some industries in Philippines. Further, 77 percent of the workers interviewed in Sri Lanka received less than the minimum wage laid down by the government for the formal sector.

Household income

The female workers studied contributed a significant percentage of household income in all five countries. In both Thailand and the Philippines the woman's income often exceeded that of men in the household.

In Pakistan, subcontracted female workers contributed, on average, about a quarter of their household's incomes. Overall, the study households had incomes that were markedly lower than the national average. Whereas the average national monthly per capita income in 1998 and 1999 was 1,877 rupees (US$36), the average for the sample was 595 rupees (US$11), less than one-third the national average.

In India, the household income levels of the small factory workers ranged from 2,000 to 5,000 rupees (US$45-$112) per month. In Sri Lanka, mean household monthly incomes ranged from 1,914 rupees (or US$24) for the tobacco growers to 5,654 rupees (US$72) for the electronics workers. Earnings from subcontracted work accounted for between 40 percent and 75 percent of total income in households with incomes below 2,500 rupees (US$32). As expected, the relative contribution of the subcontracted work decreased with a rise in household income.

Household expenditure

Among the Philippines workers, total household income was said to fall short of necessary monthly expenditure for many workers. Similarly, in Pakistan, the average household monthly income was less than the average expenditure in two of the three study cities. In Thailand, female workers' wages covered about 60 percent of household expenses.

In India, the research team asked about changes in household expenditure since the worker began doing subcontracted work. About a quarter of the respondents said that the subcontracted work had enabled them to increase their expenditures or savings. Most of these respondents stated that they could now meet the needs of the household, while a small percentage said they were saving money for marriage. Approximately 8 percent of the female workers said they now had money to spend on their own needs.

In several countries the female workers stressed that one of the most important motivations for working was to ensure a good education for their children and a better life than they had. This response was particularly common in Pakistan and India. These are also the two countries where overall levels of education were low.

Social security and safety nets

There are few social security schemes or other public safety nets for subcontracted female workers. In Pakistan, there are no social safety nets at all. In Thailand, the female workers relied on a traditional safety net of family, friends, and their rural village community to provide food security, housing, and health care. In the Philippines, a majority of the survey respondents were not part of the government social security system. In India, only 14 percent of the female workers had access to a provident fund.

In Sri Lanka, the government offers vulnerable members of the population a range of safety net schemes. These include coupon systems, subsidized food supplies, and cash payments. The researchers learned that the female workers were generally not using these programs, but the reasons were not apparent. When asked about services or programs offered through community service organizations, women in all of the countries noted that they had not taken advantage of these opportunities. One of the reasons they gave was lack of time.

What is the work like?

In India, Pakistan, Sri Lanka, and Thailand the study examined both home-based workers and small shop or factory employees. In the Philippines, the research looked only at home-based workers.

Working conditions

In Thailand, the female workers in small shops worked for long hours in a small space with no air ventilation and poor lighting. Most of the shops were filled with dust from the cloth and materials used in the production process. This adversely affected their health. The female workers frequently shared sleeping quarters over the shop. The shop owners charged the women rent for these sleeping quarters, for two daily meals, and for the utilities they used in the production process. Home-based workers reported that they had more space than shop-based workers did. They could also more easily take a break from the repetitive production work to do other household tasks. Noise pollution was less severe in the homes, but the problem of dust from the cloth was the same.

In India, the facilities in the small factories were often unsatisfactory. Only 19 percent of factory units

where women were working had fire-fighting equipment on the premises.

Although most of the female workers had a window in the room in which they worked, less than three-quarters had a fan. Most of the factory units had drinking water facilities, but these were generally unsanitary. Nearly all had access to a toilet in the building, but the workers generally considered these facilities to be unusable.

Overall, in all countries the research suggested that the working conditions in the small shops and factories of the subcontracting chain were generally worse than conditions in the formal sector. Many home-based workers seemed happier with their work setting than those working outside the home.

All the studies noted the failure of labor and other legislation to protect the subcontracted workers. In some cases, such as Philippines, protective laws existed but were not implemented. In other cases, virtually all laws excluded the informal sector, in particular subcontracted and home-based workers.

The Sri Lanka research highlighted the vulnerability of workers who do subcontracted work to irregular orders. Only half of the workers interviewed had stable work orders. The amount of work done per day also varied enormously. Working hours in the subcontracted industries were not limited to the statutory eight hours per day. Some construction workers reported that they were expected to work as much as 24 hours in a day. None of the women interviewed had received maternity leave, social security, or other benefits given to the formal sector.

Health and safety concerns

In the Philippines, the home-based workers complained of pain from sitting in one position for a long time and of deteriorating eyesight. Workers were responsible for the costs of treating health problems arising from work.

The female workers themselves often dismissed health concerns and seemed to pay little attention to potential health problems. However, while 72 percent of the women in Sri Lanka said they did not perceive a need for protective health and safety measures, 50 percent of the male family members interviewed said that the women faced many occupational hazards and that these should be addressed.

Sexual division of labor

The sexual division of labor in the subcontracting industries was generally consistent with that of the formal sector. In both the home-based work and the work in small shops and factories, women were usually the unskilled workers and men served as the supervisors. In addition, if there were jobs that required a higher level of skill, such as cutters in the garment industry, these jobs were usually given to men, along with higher wages.

In Pakistan, there were no male home-based workers, but children often assisted their mothers and sisters. In Thailand, men sought and took orders and dealt with the intermediaries and contractors. However, often a husband and wife owned a small shop together and shared some of the responsibilities in the workplace.

In several countries, female workers served simultaneously as subcontractors and workers. These women would get work from intermediaries or companies and work on the orders themselves. When and where necessary, they would hire additional people-usually women-to help them complete orders, or farm out the orders to other home-based workers. The case studies in the country papers profile several such women.

How has subcontracted work affected gender roles?

The questionnaire included several questions aimed at understanding the implications of subcontracted work for gender roles within the household.

Household work

In all five countries, female workers continued to bear the primary responsibility for household work. In Sri Lanka, some male family members complained that the women ignored household chores in order to meet subcontracting orders. Other men believed that the subcontracted work was complementary to household chores and enabled women to do more for the family. None of these male respondents contributed to household work themselves.

In Pakistan, many women had to overcome familial opposition in order to begin working. This opposition was countered by the argument that home-based work would allow them to carry out their household responsibilities at the same time as engaging in productive work. The argument ended the opposition of male members of their household. However, again there were no efforts from the men to assist in either the paid or household work.

In India, most of the female workers did their subcontracted work for a maximum of eight hours per day so as to have time for their household duties. The male workers worked overtime more frequently to earn more money but did little to contribute to house-

hold responsibilities. Women received some help in household duties, but usually from other female members of the household. In the discussion on time allocation, it appeared that men spent more time in sleep and for themselves than women did.

In the Philippines, the female workers said that their husbands were doing more of the household chores now that they worked. Nevertheless, their own workload had increased significantly when they took on the subcontracting work. In Thailand, the women reported that men continued not to accept any responsibility for household work.

Control of household spending

In every country, female workers felt that they had a voice in determining household spending. However, the head of the household-usually a man-often determined the priorities. Women's personal needs did not necessarily rank highly.

In Pakistan, women claimed to be spending some of their wages on themselves, although the percentage was not clear. In the Philippines and Thailand, the women had the authority to determine daily household expenses; but for larger expenses such as children's education, land purchases, home construction and furniture, the decision was made jointly.

In Sri Lanka, there was no perception of male dominance in decisionmaking among the married female workers. Instead, the pattern of power was clearly one of joint decisionmaking between spouses. Thus women claimed to be decisionmakers regarding the purchase of household goods, savings, and health care.

In India, both female and male workers claimed that either they themselves controlled the spending of their earnings or their parents did. Most of the women's earnings were spent on household expenditures, while half of the men spent their earnings on themselves or on non-household items.

Child care

Among home-based workers in every country, many of the respondents chose this work to be able to care for their children while engaging in productive work. The female workers in the small factories frequently relied on family to provide child care. In Thailand, grandparents often provided child care either in Bangkok or in the rural areas. In India and Sri Lanka, grandmothers, siblings, or other children often assisted with child care. In all countries, the family members providing child care were generally female.

How has this work affected women's perceptions of themselves?

The interviewed women generally felt positive about their work and contributions to the household. There were more mixed responses from other family members about the impact of the work on women's roles and status.

Self-confidence

Nearly all respondents claimed that the work has increased their self-confidence and their influence in household decisionmaking. In the Philippines, female workers believed that they were their husbands' equals in making decisions about family matters. In Thailand, because of their income contribution, the female workers felt that their bargaining position with their husbands and other male members of the household had improved in relation to issues such as capital investment, household expenses, children's education, community participation, and even family size.

In Sri Lanka, participation in economic activity reportedly increased the self-confidence of 70 percent of the respondents. The two primary reasons were that the women were no longer financially dependent upon spouses or parents and that they felt that their status within the household had improved. Close to two-thirds (63 percent) of these workers said that their influence on decisionmaking within the family had increased since they started working.

In India, close to three-fifths (58 percent) of the women felt that their engagement in subcontracted work had earned them greater respect in the household and in the community. Nearly four-fifths (79 percent) said that their families were supportive of the work because of the economic contributions. In Pakistan, women claimed that their self-confidence has increased, but this confidence was limited to the private sphere.

The unmarried women in all five countries generally ceded decisionmaking authority to their parents, but nevertheless believed that their work had enhanced their position in the family.

Others' perceptions of women's status

While male family members generally appreciated the female workers' income contributions, in several cases husbands resented the family's need for the women's income. They believed the need implied a deficiency on their part. There was also resentment that the women had less time for family needs and household chores. This phenomenon was clearest in

Sri Lanka, where only 26 percent of the female workers believed that their economic participation had earned them the respect of their spouses.

Most of the female workers did not believe that their engagement in subcontracted work had significantly changed their status within the community. Because subcontracted work is generally requires a low skill level, and offers low wages, the community still viewed these women as poor and did not value their economic contribution. In Sri Lanka, the research revealed a distinction between the position of female workers as income earners and social status. The latter is largely contingent on the level of the work done within the occupational hierarchy.

One notable exception to the lack of community appreciation of the women's work is that of the organized workers in Thailand. For those subcontracted workers who had formed groups, civic participation was reported to have increased their status within the community. The community groups gave the women the opportunity to demonstrate leadership skills and to influence local policymaking. These opportunities also increased their profile in the community and raised their public status.

Addressing problems

The main problems identified by the women with their work were the lack of regulation, irregular work contracts, poor pay, and long working hours. In terms of strategy, there was acknowledgement of the great difficulty of organizing subcontracted workers given their vulnerability and dispersed spatial location. The process of contracting out work also makes it difficult to hold one employer responsible for protecting workers' rights because of the many layers of the chains.

In most cases, it was difficult to get detailed information on the subcontracting chains. Workers generally knew little about where the products they produced were being sent either in the domestic or international market.

Policy recommendations

Each country study identified policy recommendations for the local, national, and international levels. These recommendations are included in the country reports. This section of the report summarizes the national recommendations and reports in more detail on the regional and international ones. The latter are grouped into the four broad categories of advocacy, organizing and capacity building, public education, and research and documentation.

National recommendations

At the national level, the India team placed strong emphasis on organizing strategies around issues such as minimum wages, identity cards and social security. The Pakistan team identified several recommendations for action by the national government. These included the need for comprehensive labor legislation and effective enforcement mechanisms, as well as the need for further national research on the scale of subcontracted employment and wage differentials across sectors, regions, and gender, and the economic contribution of subcontracting to the economy. Further, the team suggested that government support programs for enhancing the skills of subcontracted workers and providing credit opportunities. The Philippines team identified a range of national level advocacy issues. These included the need for import controls and government support for credit facilities, skills training, and other ways of increasing the livelihood opportunities open to female workers. The team also saw the need for advocacy with respect to labor laws and social protection.

The Sri Lanka team captured the views of the female workers and their families on how their economic activities and working conditions could be improved. In particular, respondents suggested that the benefits available in the formal sector should be extended to informal sector workers, including home-based workers. They also suggested alternative ways of organizing subcontracting.

The Thai team reported the different ways in which female workers felt the government could assist them. These included legislative changes, welfare and health benefits, minimum wages and conditions, and an information center related to job employment opportunities and orders. As in other countries, workers also spoke about the need for cheap loans and skills development.

Several of the teams saw the need for awareness raising on explicitly gender-related issues, such as greater sharing of household responsibilities, child care, and domestic violence. Several also suggested ways in which to support and strengthen organizations of subcontracted and other informal sector workers.

International recommendations

Policy advocacy

The research teams strongly affirmed that policy advocacy needs to take place concurrently at all levels to be effective. While advocacy at the internation-

al level might not take into account the particular needs of a community of workers, advocacy at the local level might be ineffective against the power of national and global macroeconomic policies. As there is increased global economic integration, policy advocates must become more effective at making links from the local to the international levels.

Further, many of the workers' concerns were similar across countries. One example is the need for better access to child care. While the most effective immediate approach to the problem might be to address it at the local level, the universality of such concerns points to the need to share experiences. Through collaboration across borders, the efforts of female workers in one community can be informed by the lessons learned in other countries.

One of the national level issues common to all five countries was the increasing cost of utilities. This is of particular importance to home-based workers for whom utilities such as water and electricity are important inputs into effective production. Expensive utilities also place extra pressure on employers, encouraging them to look elsewhere-including labor-for opportunities to cut costs. The increasing cost of utilities in the different countries is often at least partly a result of macroeconomic policies that aim to reduce subsidies and cut public expenditure.

Another common feature across countries was the lack of legal protection for home-based workers. In most cases legal protection does not exist, even on paper. In the Philippines, on the other hand, the laws are progressive but are not enforced. The research teams recommended that policy advocates urge governments to promote positive incentives, such as tax cuts or subsidies, for those companies that protect workers rights. Using both the carrot and stick, national laws should reward those who raise the standards of labor rights and penalize those who fail to uphold the minimum.

The research teams suggested that governments could use this same carrot-and-stick approach in their trade relationships with other nation states and particular companies. The teams called for the establishment of corporate codes of conduct for both national and international businesses. The international garment factory in the Sri Lanka study showed the power of ethical investment as well as the dangers when insufficient attention is paid to workers employed on a more arms-length basis. These codes should therefore include the core labor rights standards recognized by the International Labor Organization (ILO) and ensure that they are extended to all workers involved in production, at whatever stage of the process. They must provide mechanisms for independent monitoring of labor practices by both the factories and the subcontractors. It is particularly important that codes of conduct take into account the needs of female workers and are not male-biased.

The teams called for a strengthening of the ILO. The organization has already taken the first steps in broadening its scope to address subcontracted workers. A range of further steps is needed. For example, recent ILO conventions that cover home-based workers need to consider the particular circumstances of subcontracted workers both at home and in small shops.

The teams agreed that the tripartite structure of the ILO was better suited to securing the needs of informal sector workers than the structure of organizations such as the World Trade Organization (WTO). Implicit in this view is the need for the workers concerned to be involved in the discussions and negotiations concerning their rights, conditions and protection.

The consumer movement can be an important ally for advocates of workers' rights. However, those involved in consumer campaigns launched in the North need to have more dialogue with NGOs working with subcontracted workers in the target countries. Too often consumer campaigns protesting abuses of workers' rights have resulted in the loss of the only employment options for those same workers.

Organizing and capacity building

Two important follow up steps to the research project are increased organizing of workers, as well as capacity building for individual workers and for organizations working with subcontracted workers. The research teams felt that these forms of action were the most important priorities for groups working at the national level. Women around the world often lack the individual power to influence policymaking. But women organized into groups have the power of numbers, which is almost always a more effective tool for attracting political attention. By organizing themselves, women can demand fair wages and benefits, changes in company policies, and changes in national policy. They can also establish solidarity with others who share their problems. Organizing is the first step to women's empowerment.

In working to organize subcontracted workers, it is important to take into account the flexibility women need to meet the household and child care and productive demands on their time. Another important constraint is the lack of physical mobility of many

women due to both cultural and structural barriers. Organizing efforts should identify new strategic entry points for organizing workers. For example, organizations can play a role in issuing identity cards or providing social security. There might also be a need to develop separate strategies for organizing women in the domestic subcontracting chains and women in the export subcontracting chains. The research teams advocated participatory and community-based action research as the basis for organizing workers.

Capacity building incorporates training in many areas. Skills training is often needed by individual workers, especially those who are self-employed or home-based workers. This includes upgrading of skills for their current job and skills that will lead to alternative employment options. Other training needs include organizational management, fundraising, leadership skills, media skills-as well as many more. To enable female workers to stand up for their rights, governments need to support capacity building efforts through financial and technical assistance.

The teams emphasized the need to promote alliances and collaboration with trade unions. Some trade unions currently see informal sector workers and subcontractors as a threat, as people who undercut and bring down formal sector wages. Trade unions need to include informal sector workers and subcontracted workers, in particular, to ensure that these workers are not pitted against organized formal sector workers. The teams suggested that unions adopt a one-union-one-industry concept of organizing that includes all workers. However, some subcontracted workers work in multiple industries in order to support their families year-round. More understanding of the industry- and locality-specific gender and other variations in the informal and formal sectors is needed to come up with the appropriate strategy in each case.

Public education

One of the greatest needs is for public education about and increased awareness of the conditions and livelihoods of subcontracted female workers. In particular, gender-sensitive information is needed so that there is an understanding of the different needs and priorities of female and male workers. Through better public understanding of subcontracted workers' lives, policymakers will garner stronger support for initiatives to protect and promote their rights.

At the international level, international development agencies and funding organizations are important targets for educational initiatives. This is necessary so that subcontracted workers are included in the planning and implementation of projects. At present, subcontracted workers are too often invisible to institutions that offer assistance or support to the labor movement.

At the national and local levels, education campaigns should be aimed at trade unions, domestic companies, and women's organizations. Trade unions need to understand the implications of the globalizing economy and associated patterns of work organization on their organizing efforts. As subcontracting continues to appeal to corporations wishing to minimize labor costs and legal obligations, trade unions could witness an increase in the numbers of their members being pulled or pushed into the informal sector. An education campaign will enable trade union organizers to identify the common objectives for all workers and emphasize the solidarity that can be established with informal subcontracted workers.

Employers in domestic companies need to be educated on the long-term benefits of protecting subcontracted workers' rights. In some of the study countries, domestic companies have legal obligations to subcontracted workers, and these obligations should be clearly understood. Women's organizations also need education on the characteristics of the globalizing economy and its impact on female workers in order to provide more effective services to their members. As more women in developing countries are pulled into the informal sector, women's organizations need to become more effective in representing their members' needs to economic policymakers.

Another important target for education is the consumer movement. In many developed countries, consumers are learning how to use their purchasing power to support socially responsible businesses that protect workers' rights. Yet often the very campaigns intended to help workers have harmed women in the subcontracting industries. By protesting poor working conditions and boycotting goods made by unorganized workers, consumer groups have sometimes effectively pushed companies into taking jobs away from the poorest women (or children). While other better jobs may be substituted, the individuals benefiting from the changes are not the original victims. Consumer groups need to collaborate more effectively with local organizations to ensure that the poorest workers benefit from their efforts.

Finally, the workers themselves need to be educated. Because subcontracted workers are usually not organized, are scattered across many locations, and fall outside of traditional legal protections for organ-

ized workers, they are often unaware of or cannot access services provided to their formal sector counterparts. Yet for all these reasons, they are the workers who most desperately need support.

In the era of globalization, all of these education campaigns need to develop more effective media and Internet strategies to build cross-border alliances and support. The only way to ensure that companies are not moving poor jobs from one developing country to the next is to share information. The Internet offers new opportunities for collaboration between consumers in the north and workers in developing countries, between factory workers in Latin America and home-based workers in Asia. For these reasons and others, donors and international aid agencies should continue to support efforts to make the Internet accessible to all.

Research and documentation

This small study provides only a glimpse of the phenomenon of subcontracting. At the macroeconomic level, more research is needed on the relationship between international, regional, and national macroeconomic policies and subcontracted work. Another important area that needs gendered analysis is the impact of economic liberalization on flexible technology and the de-skilling or re-skilling of workers. More information is needed regarding the relationship between export and domestic markets and production methods that could have the most benefit for workers.

There is also the need for a critical discussion on the relationship between economic liberalization and political liberalization. The research teams recommended that the best responses to many of the subcontracted workers' needs were in the form of political action. This linkage demonstrates the importance of political participation by all members of society, and thus points to the importance of governance and democracy issues.

In terms of subcontracting itself, more research is needed to understand the factors that tend to encourage and discourage the phenomenon. The researchers found it very difficult to acquire information about the subcontracting chains. Most workers were only aware of the immediate links to their employment. More research is needed to understand the implications of globalization for shrinking (or lengthening) the chains of subcontracting.

One of the most critical issues for the NGOs that are organizing workers is the possibility of establishing social security models for their members. The research included some discussion of social security models. One involved a cash grant scheme in Sri Lanka and the second India's tripartite bidi (also spelled beedi) workers' scheme that involves government, workers and SEWA. Research is needed to ascertain the applicability of such models to other subcontracted workers and other countries. Further research is also needed on micro-credit models. Such research needs to examine whether, and under what circumstances, entrepreneurship is the best answer to poverty alleviation.

Lastly, the research teams stressed the need for national-level, gender-disaggregated data about informal sector workers and the different sub-groups among them. Ideally, such data should be collected on a regular basis by national statistical agencies. In the short-term, one-time research initiatives can help to establish the best methods for gathering such data and demonstrate its usefulness to those in the official agencies.

This study should encourage a broader look at, and greater interest in, gender and subcontracting. Although it provides an important glimpse into the lives of subcontracted female workers, more research in the areas outlined above is crucial.

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Subcontracted Female Workers in the Global Economy: The garment industry in India

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Background and context

Introduction

The project of which this study forms part examines the impact of subcontracting on production within five national economies. This report is based on the India country study. This first section of the paper provides a brief background and macroeconomic analysis of the country's history in the 1990s. Section 2 presents the policies related to the garment industry and the position of India in the world garments market. Section 3 focuses on the female subcontracted workers in the garment industry. Here we have restricted ourselves to the garment industry in Gujarat, and Ahmedabad city in particular. Section 4 discusses organizing strategies for garment workers and the policy implications emerging from the study.

India in the world economy

India was one of the last developing economies to embark on a structural adjustment program (SAP) along the model of the World Bank and International Monetary Fund (IMF). It did so in 1991. The IMF-World Bank formula for faster growth of national economies is integration into the world markets through export-led growth. The East Asian miracles were based on this philosophy. The share of exports in gross domestic product (GDP) in the East Asian and Pacific countries was considerably higher in 1997 than in the 1980s-28 percent compared to 16 percent. This is perhaps part of the success story of these countries.

The South Asian economies traditionally had not been dependent on international markets, except perhaps for Sri Lanka. The growth of exports in the nineties had positive implications for growth of production and employment. However, along with the liberalization process, it opened up these previously protected economies to fluctuations in international markets. Employment could grow, but it could also fluctuate considerably. In addition, the quality and nature of employment could change substantially.

The Indian economy is only beginning to open up to the international markets. Due to its size, the impact of this process on economic activities and the labor market has been slower. However, the effects of the globalization process are being felt.

Macroeconomic policy in India

Three categories of policies can be distinguished within the 1991 SAP. They are:

- Macroeconomic policies using indirect tools of monetary management, budget tightening and exchange rate adjustment;
- Sectoral measures such as fiscal, financial and trade policy reforms; and
- Microeconomic reforms which relate to the organization of the firm or unit such as reforms in the agricultural sector, industrial policy and public enterprise, public administration and labor market (Rana, 1997).

All these policies are aimed at opening up the economy and making industries competitive. It is expected that this will lead to faster economic growth.

Policy for small scale enterprises

Development of small-scale industries (SSI) has been an important objective of the planning process in India. Reservation of items exclusively for this sector was one of the main planks of the policy. Different kinds of fiscal concessions, in the form of lower excise duties, differential taxation, subsidies and sales rebates, were other important protective measures for the SSIs. Various financial and other institutions have also been set up to facilitate the growth of this sector.

The 1991 policy reforms included a new provision to facilitate financing for SSIs. The new policy provided for 24 percent equity participation in SSI units by other industrial undertakings. The 1999/2000 budget made further provisions in the form of fiscal concessions and loans and credit availability. These included exemptions for SSIs in rural areas that produce under the brand name of others. In a bid to boost rural industrialization, the 1999/2000 budget provides for the setting up of 100 rural industrial centers every year through the Small Industries Development Organisation and Khadi and Village

Industries Commission (Pani, 1999).

The policy measures have major implications for inter-firm linkages of the subcontracting type. After the third five-year plan, there was increasing emphasis on closer integration between large and small firms. Protective measures in the form of frequent changes to the reservation list put constraints on the growth of the large firms. They also led to the growth of subcontracting arrangements between large and small firms for items reserved exclusively for the SSIs. Large differences between excise duties charged to large and small industries for the same items have helped subcontracting thrive.

Stringent licensing laws in the 1970s also put constraints on expansion and encouraged subcontracting. Strict labor laws for large firms had the same effect. Simultaneously, the inadequacy of laws to provide benefits to workers in the small-scale sector has proved beneficial to their growth.

Trade policies

Prior to 1991, India's trade policy regime was complex and cumbersome. There were different categories of importers, different types of import licenses, alternative ways to import, and other issues. In the post-reform period, except for a list of negative items, import licensing was virtually abolished. Quantitative restrictions were replaced by tariffs. These tariffs were reduced in stages: from 400 percent in 1990 and 1991 to 65 percent in 1994 and 50 percent in 1995. The average duty was reduced from 50 percent to 27 percent over the same period.

A recent study compares the impact of these trade policies on imports and exports in India in the post-reform period with those in the pre-reform period (Mehta, 1997). Mehta computes an index to measure the changes in protectionism in the form of quotas or non-tariff barriers. He estimates that the index was close to 90 percent in the pre-reform period. By 1995, it had come down to 44 percent. Agriculture-based industry had the highest index and other primary products the lowest. The textile industry had the second highest index, at 66 percent. The textile industry thus continued to be protected from external competition in the post-reform period.

Analysis of India's export basket showed that there was no major change in composition during the same period. Among manufactured goods, the share of three commodity groups-gems and jewelry, textiles and readymade garments-accounted for 56 percent in 1995/6, rising from a share of 50 percent in 1990 and 1991. In terms of the direction of exports, Asian countries seemed to account for an increasing share of India's exports (Mehta, 1997).

The informal sector's contribution to India's exports

The informal sector accounts for a large percentage of India's manufacturing industry, in terms of both employment and value added. A recent study estimates that the informal sector accounted for 40.5 percent of total exports in 1995 and 1996 (Ghatate, 1999). The percentage share of the informal sector in manufactured exports was 43.6 percent in the same year, falling slightly to 41.4 percent in 1996 and 1997. However, a sharp fall in exports of other goods was largely offset by the increase in the export of textile items. Cotton exports increased by 50 percent and ready-made garments by 22 percent between the two years (Ghatate, 1999).

Subcontracting in India

A broad definition of the term subcontracting is the manufacture of goods by one firm for another based on the latter's specification. The essence of subcontracting is that one or more firms must mediate the relationship between the subcontractor and the final user of the product. The relationship of subcontracting is usually between firms of different sizes, hence of unequal economic power. The parent firm can exercise considerable control over its subcontractors through technical, financial, input, and market linkages.

Previous Indian state policies restricted the growth of large industry and supported the growth of small scale industry through product reservation and other measures such as concessional credit for fixed and working capital and fiscal incentives. The small-scale sector was also not subjected to capacity licensing. The first policy limited the growth in capacity of large firms and forced outsourcing for additional output. The second policy facilitated outsourcing through the growth of a small-scale sector capable of producing numerous intermediate and final products with simple technology.

Liberalization and the structural adjustment pro-

gram have removed many of the restrictions on large industry. The protection provided to small-scale industry in terms of product reservation has also been reduced. The reason for the continued growth of the small-scale sector must therefore be sought elsewhere.

A 1996/7 survey of about 2,000 small-scale units spread over 12 states included a question about whether the unit undertook subcontracted work. About 40 percent of the firms reported that they undertook some form of subcontracted work. Nearly 25 percent of the units said that subcontracting accounted for up to 30 percent of their turnover (Morris et al., 1999). Larger firms, firms with a brand ownership, and those with an export orientation were less likely than small firms to be engaged in subcontracting (Pani, 1999).

The putting out system comes into operation when industrial firms supply raw materials to other factories for treatment, finishing, and processing. In another study, the value of subcontracting was estimated to be 56 percent of value added in large textile garments factories (Ramaswamy, 1999).

These figures are probably underestimates, as they mainly reflect firm-to-firm subcontracting. Other forms of subcontracting are less visible and are not usually captured in official data collection efforts. One of the new forms of subcontracting not captured in the data is the large component of workers engaged in manufacturing activity in their homes. In a recent survey in Ahmedabad city, we observed that 24 percent of the female workers were engaged as home-based workers (Unni, 1999).

India's garment industry

India's garment sector exports grew from US$1,598 million in 1989 and 1990 to US$3,675 million in 1995 and 1996. The garment sector accounts for 12 percent of the country's merchandise exports and nearly 16 percent of its manufactured exports. India's share of world clothing exports rose from 1.5 percent in 1980 to 2.6 percent in 1994.

Regulations governing garment exports

The two major markets for garment exports from developing countries are the United States of America and the European Union (EU). The Multi-Fibre Arrangement (MFA) first came into effect in January 1974 and has been renewed several times since.

The MFA framework for conducting trade in textiles and clothing was a significant departure from the General Agreement on Trade and Tariffs (GATT). GATT's provisions in respect to tariffs applied to imports from all countries in an equitable manner. The MFA is based on quantitative restrictions or quotas and is targeted only at imports from developing countries. There are no international rules governing the international quota allocation under the MFA. Instead, the agreement provides for developed countries to negotiate bilateral agreements with individual trading partners. India has bilateral trading arrangements with the United States, Canada, EU, Austria, Sweden, Norway, and Finland under the MFA (Chatterjee and Mohan, 1993).

The MFA IV came into force in 1991. In MFA IV, for the first time there was recognition that the final objective is the application of GATT rules to trade in textiles. The MFA is to be phased out in four phases. By 2005 all quotas are expected to be eliminated. The United States has published a list of products that it intends to integrate in each of the stages. India has an advantage in the most import-intensive products, such as shirts and women's outerwear. These will not have their quotas removed until 2005. Further, the permitted quotas are more generous for developing countries such as India than those of dominant suppliers such as Hong Kong, China, and South Korea (Ramaswamy and Gray, 1999).

Structure of the industry

There are no official estimates of the number of garment manufacturing units or workers in India. The Lalbhai group is a prominent textile and garment manufacturing industrial house in India. They suggest that there are about 77,000 manufacturing units, of which those with 50 or more machines constitute only 6 percent. Most units work as subcontractors. The size of the typical unit does not allow it to innovate, to upgrade its products and operations, or to build brands (Lalbhai et al., undated). Consequently most compete at the lower end of the market.

The export sector is based on a similar system involving a number of small tailoring and fabricating units that operate under contract from a parent firm. The seasonal nature of demand for Indian garments makes this a cost-effective mode of production for the exporting firms (Chatterjee and Mohan, 1993).

This industry structure is a direct result of the government's policy of reserving the garment industry for the small-scale sector. At present, for example, regulations state that investment in the small-scale sector cannot exceed 6 million rupees, or 7.5 million rupees in the case of ancillary units.

Exports of garments

The quota-controlled regimes described earlier have determined the principal export markets for Indian garment exports. Western European countries and the United States account for the largest share of exports. Their share grew from 37 percent of the total in 1985 to 51 percent in 1991.

Two significant features of Indian garment exports are the predominance of cotton as the fiber base and the high share of a few items in the composition of the trade. Women's outerwear accounts for approximately 40 percent of total value. Men's cotton shirts account for nearly 20 percent. This specialization has been attributed to globalization, which promotes the development of market niches (Ramaswamy and Gray, 1999).

The garment industry in Ahmedabad

Ahmedabad's garment industry is segmented in terms of organization of production, size of units, area of concentration of manufacturing activity, products manufactured, and the markets to which it caters. There are three broad segments in this market. The topmost segment is the large factory sector, the second consists of small units and shops, and the third comprises the home-based garment workers.

All factories employing 10 workers with electrical power or 20 workers without electrical power must register under the Indian Factories Act of 1948. They constitute the formal or organized segment of the garment industry. Published data on the formal segment is available only at the level of Gujarat state. However, we were able to obtain unpublished data for the city of Ahmedabad.

The number of units in Ahmedabad city increased from 70 in 1977 to 127 in 1995 and 1996. The number of workers increased at more or less the same rate, from 1,559 in 1977 to 3,197 in 1995 and 1996. The average size of units thus remained relatively constant, at somewhat more than 20 workers per unit. The figures above refer to the manufacture of all textile products.

Large factories engage from 200 to 800 workers in each factory. They are concentrated in the Gujarat Industrial Development Corporation (GIDC) industrial estates of Vatva and Odhav, and in Narol and Chandola. Between 60 percent and 90 percent of the workers in these factories are women. Women mainly work as piece-rate garment workers, either in machine work or in other jobs such as trimming the threads, sorting, and packing.

The factories in Vatva and Narol manufacture mainly bed sheets, cushion covers, and napkins. These are destined mainly for the export market. The products are exported to European countries such as Denmark, Germany, and Russia. The factories in Chandola and Odhav manufacture mainly jeans and shirts.

Small factories and shops are concentrated mainly within the walled city areas in Gheekantha and Mirzapur. Most of these units obtain their orders from large merchants. It is probable that many employ more than 10 workers, yet avoid registration under the Factories Act. They engage from 5 to 15 or more workers and operate in large rooms with a number of sewing machines. The workers are mostly engaged on piece-rate wages. Most of the workers are women.

The units manufacture mainly shirts, pants, skirts, Bermuda shorts, dresses, and gowns. Some units manufacture exclusively school uniforms. The units cater to two kinds of market. The better quality products, Bermuda shorts, shirts, dresses, and gowns are meant for the national level markets, mainly Bombay, Delhi and Calcutta. The products are also subcontracted out by the large well-known garment shopping chains in Ahmedabad city. The lower quality products ("chalu maal") are destined for the local market in Ahmedabad. They are sold by local shops and vendors in the Lal Darwaza and Teen Darwaza areas of the walled city. This segment of the garment industry also caters to the regional market such as the small towns and rural areas of Gujarat.

Some units in the Gheekantha area also manufacture covers for televisions, refrigerators, sofas, and other items. Some of this work is done on a seasonal basis. Making of items such as dresses and shirts is particularly prominent in the festival season, Diwali and Id, when many people fulfill their yearly clothing needs.

The National Sample Survey Organisation collects data on the unorganized segment in its Unorganized Sector Surveys. In the latest survey conducted in 1994/5, 12,157 units, employing an estimated 34,478 workers, were reported for the textile products sector as a whole. Within this total, there were an estimated 2,237 garment units employing 5,967 workers. Of these workers, 84 percent were women.

Home-based garment workers

An independent estimate (Kantor, 1999) suggests that there were 34,957 home-based garment workers in Ahmedabad city in 1999. Of these, 78 percent were

women. The term "home-based" is used for two types of workers. The first consists of own account self-employed workers and the second of dependent subcontracted workers.

Home-based garment workers form the bottom most layer of this industry. The workers operate mainly through contractors. Contractors take material from the large merchants or shops and supply it to home-based workers in the city. They then collect the finished product and return it to the supplier for final sale in the market. Virtually all home-based workers are women. The female workers are spread over Rajpur, Gomtipur, Shahpur, Khokhra, and Maninagar with smaller concentrations in many parts of the city, such as Wadaj, Dhudeshwar, and Chandkheda.

The workers manufacture mainly dresses for children, slips, and gowns. The products are of low quality and destined for small retail outlets which supply the local market. This segment also becomes active during the festival season.

Small factories and subcontractors

In order to get a better view of the local market, we interviewed 57 owners of small factories and 52 subcontractors in the garment industry in Ahmedabad. Overall, the characteristics and work profiles of the contractors and factory owners were not very different from each other. However, the small factory owners had specific premises in which they engaged in the manufacture of garments with family labor or by hiring workers. The subcontractors did not necessarily manufacture garments themselves. They generally operated as intermediaries between the garment makers and merchants or factories.

While subcontractors were mainly concentrated in the age group of 26 to 35, the small factory owners were relatively equally distributed in all age groups between 18 and 45 years. About 35 percent of both types of unit were less than two years old. However, nearly 46 percent of the small factories, compared to 38 percent of the subcontractors, had been operating for more than five years.

Nearly 72 percent of the small factories and 61 percent of the subcontractors hired workers with experience in garment making. Another 12 percent of the small factories and 33 percent of the subcontractors selected their workers based on a test in which the workers were expected to prepare a sample. Most of the employees were previously engaged in garment making.

Many of the small factory owners used family members, mostly men, as supervisors. The subcontractors used both male and female family members in cutting the garments. The cut material was then distributed to the subcontracted workers in small factories and to home-based workers. The role of the subcontractor into this field can thus perhaps be explained as a way of utilizing the cutting skills that existed in the family. Often the skill lay with the subcontractor him or herself.

Nearly two-fifths of the small factories, in addition to engaging in garment production themselves, put out work to home-based workers. Similarly, 90 percent of the subcontractors acted as agents supplying work to small factories and 42 percent put out work to home-based workers.

A large percentage of the workers engaged by the small factories and the subcontractors were working in the small factories. Contrary to our expectations, a large percentage of the factory and home-based workers were men. This could reflect the fact that the products were mainly men's shirts and pants.

For factory workers, monthly payments were most common. However, factories paid most of their home-based workers on a weekly or daily basis. With subcontractors, 45 percent paid their workers on a weekly basis and almost 30 percent monthly. Here there was not much difference in the mode of payment to factory and home-based workers.

Most of the factory workers were provided with the raw material required for their work, including thread, canvas, and zippers. This practice was not as common with home-based workers. However, nearly 60 percent of the factory owners and 70 percent of the subcontractors claimed that they provided raw materials to home-based workers as well.

Female subcontracted workers in the garment industry

This study was aimed primarily at analyzing the working conditions of female subcontracted workers in the garment industry, and the impact of their work on their lives and gender roles in the household and society. This section of the report focuses on these key issues.

Methodology

The primary research for this part of the study consisted of a survey and focus group discussions (FGDs). A structured interview schedule was administered to female workers in Ahmedabad's small factories. We also conducted six FGDs, three with fac-

tory workers and three with home-based garment workers.

To compare the situation of female workers with that of male workers, we administered the same interview schedule to a smaller group of male workers. We had originally hoped to interview 150 female and 75 male workers. However, we found few female workers in small factories. Many of the factory owners were also not willing to allow us to interview the women in their factories. We finally administered the interview schedule to 114 female workers and 70 male workers.

Profile of workers and their households

Age and marital status

Table 1 shows that the female workers surveyed were relatively young. More than half (56 percent) were below the age of 25 years, with 36 percent between 15 and 20 years old. In comparison, only 21 percent of the male workers were below the age of 20 years. Almost all of the factory workers who participated in the FGD were between the age of 18 and 30. The home-based women included a large number of older women between 30 and 55 years old.

The age profiles of surveyed female and male workers were reflected in their marital status, in that 45 percent of the women and 37 percent of the men were unmarried. Conversely, while 63 percent of the men were currently married, only 45 percent of the women were. The remaining women were widowed (7 percent) or divorced (4 percent). Some of these women would have been compelled to engage in factory work to earn a living after divorce or widowhood.

Level of education

Table 2 shows that the level of education of the workers was quite low. A higher percentage (9 percent) of women than men (6 percent) was illiterate. On the other hand, a higher percentage of women (16 percent) than men (11 percent) had attended higher secondary school. In the FGDs, factory workers were more likely to have studied beyond the primary school level, compared to home-based women.

Household size

The average household size of the female workers was 5.2 while that of male workers was 4.8. Less than 2 percent of female workers' households had only one or two members, compared to 17 percent of men's households. These patterns are consistent with the age and marital profiles, as younger, unmarried women are likely to live in larger sized households with their parents. The male workers were more likely to be married and living in nuclear households with their spouses.

Table 2: Level of education of workers (%)

Level	*Women*
Illiterate	9
Till standard 7	27
Standard 8-9	24
Secondary school	21
Higher secondary school	15
Attended college	4
Total	100 (114)

Table 1: Age profile of workers (%)

Age in years	*Women*	*Men*
15-20	36	21
20-25	20	27
25-35	25	34
35-45	16	10
45-60	4	6
No response	—	1
Total	100 (114)	100 (70)

Religion and caste

Table 3 shows that most of the male and female workers belonged to Hindu households. However, while nearly 19 percent of the men belonged to Muslim households, only about 8 percent of the women were Muslim. A large percentage of the Muslim population in the old city areas of Ahmedabad, where the garment units are located, is poor. The limited number of Muslim workers reflects the cultural and social limitations placed on the mobility of the Muslim women.

Muslim women were more likely to work as home-based workers, as this type of work need not contradict social norms. The three groups of factory workers in the FGDs did not have any Muslim women. However, two of the groups with home-based workers consisted solely of Muslim women. The third group also contained a few Muslim women.

Among the Hindu households, about 45 percent of both men and women belonged to lower caste groups. The women belonged to both scheduled and backward caste groups, whereas a larger percentage

Table 3: Religion of the household (%)

Religion	Women	Men
Hindu	90	79
Muslim	8	19
Other	2	3
Total	100 (114)	100 (70)

of the men was of backward caste groups. In the Indian social hierarchy the scheduled castes form the lowest strata of the Hindu society, followed by the scheduled tribes and backward castes.

Employment status

Table 4 shows that most of the garment workers, both male and female, were casual workers earning a daily or piece-rate wage. About two-fifths of the fathers and husbands of the female workers were salaried workers. Almost 35 percent of the husbands and a smaller percentage of the fathers were casual workers. As we shall see below, the earnings of these husbands and fathers were relatively low. Only a small percentage of the fathers and husbands was unemployed. In contrast, the overwhelming majority of the wives of the male workers was not economically active and was engaged in household duties. Most of the working wives were casual workers.

Economic status of the household

Table 5 shows that the households to which the men belonged appeared to be worse off than the women's households were. While about 23 percent of the men's households had monthly incomes below 1,500 rupees, about 15 percent of the households of female workers did so. At the other end of the scale, about 14 percent of the male worker households earned monthly incomes above 5,000 rupees while about 18 percent of the female worker households did so.

The reverse pattern was, however, true for the workers themselves. The female workers earned much lower incomes than the male workers in the small garment factories in our sample earned. About 76 percent of the women earned less than 1,500 rupees per month, while only 34 percent of the men earned such low incomes. At the other end of the distribution, only about 3.5 percent of the female workers earned more than 2,000 rupees per month whereas about 34 percent of the men did so. This could be a reflection of the division of labor within the garment factories and the kind of work that the women did compared to the men. The men were more often engaged as supervisors on a monthly income than women were. The men also undertook the cutting and tailoring of men's garments such as pants and shirts. These tasks had much higher piece-rates.

Some of the women in the FGDs were sole breadwinners in their households. The income levels of the households ranged from 2,000 to 5,000 rupees per month or more in the case of the factory workers. The household income levels of the home-based workers were somewhat lower, ranging from 100 to 4,000 rupees per month.

Profile of the enterprises

Size of the unit

Nearly 80 percent of the workers worked in units that operated in just one room. Only 24 percent of the women and 19 percent of the men worked in units whose area was more than 300 square feet.

Number of workers

The small factory segment selected for study consists of units that are not registered under the Indian Factories Act. As noted above, it is mandatory for units that have more than ten

Table 4: Employment status of the worker and family members (%)

	Women			Men		
	Self	Father	Husband	Self	Father	Wife
Salaried	34	41	41	36	39	3
Casual labor	61	26	35	60	12	10
Self-employed	4	11	18	3	19	3
Unemployed	—	7	4	—	4	—
Household work	—	—	—	—	—	82
Old/disabled	—	—	—	—	27	—
Other	—	15	2	—	—	3
Total	100 (114)					

Table 5: Monthly incomes of workers, family members, and the household (%)

Income (rupees)	Female workers			
	Self	*Father*	*Husband*	*Household*
<1000	29	23	20	—
1000-1500	47	28	35	7
1500-2000	20	19	31	8
2000-2500	4	9	6	15
2500-5000	—	17	6	52
5000-10000	—	4	2	14
>10000	—	—	—	4
Total	100 (114)	100 (47)	100 (49)	100 (114)

Income (rupees)	Male workers			
	Self	*Father*	*Wife*	*Household*
<1000	7	62	97	1
1000-1500	27	8	—	7
1500-2000	32	23	—	14
2000-2500	19	—	—	19
2500-5000	16	8	3	44
5000-10000	—	—	—	14
>10000	—	—	—	—
Total	100 (170)	100 (26)	100 (39)	100 (70)

workers and use power or have more than 20 workers without using power to register under this Act. This makes it mandatory for them to provide certain benefits and facilities to the workers. These include a provident fund, maternity benefits, and a range of facilities at the work place. Registration also brings them under the supervision of the office of the Chief Inspector of Factories. However, many factories try to avoid registering under this Act and report fewer workers than they actually employ. Further, a range of contractual arrangements are utilized, such as engaging temporary workers and putting out work to households, so as to technically remain under the mandatory figure.

Table 6 shows that about 40 percent of the female workers and 47 percent of the male workers were working in units employing fewer than five workers. Only about 17 percent of the women and 11 percent of the men were engaged in units of more than ten workers.

Number of sewing machines

The sewing machine is the primary piece of equipment in garment factories. The technological level of a unit can be judged by the type of sewing machine used. The units covered in the survey used very simple manual or electrically operated sewing machines. Most of the machines were secondhand and locally manufactured.

Table 7 shows that approximately half of the workers were engaged in units with five or fewer sewing machines. Only 13 percent of the women and 10 percent of the men were engaged in units with more than ten sewing machines.

Facilities

The investigators were asked to record the existence of certain facilities in the units in which the respondents worked. Overall, the facilities were very rudimentary, although those available at the units where the women worked were marginally better than those where the men worked. This may be due to a slightly larger percentage of women working in larger units. For example, while all units in which female workers were engaged had at least one window, only 88 percent of the men's units did. Further, while 72 percent of the units with female workers had a fan, only 52 percent of the men's units did.

Almost all the units had drinking water facilities

and 96 percent of the units with female workers had a toilet in the building. A slightly lower 87 percent of the men's units had a toilet. However, hardly any units had separate toilets for women. Further, the condition of the toilets was very poor. The general conditions of hygiene in the area in which the drinking water facility was kept and in the unit as a whole were far from the ideal.

Of particular concern is the fact that only 19 percent of the units with female workers and 7 percent of those with male workers had equipment to be used in case of fire.

Table 6: Total number of workers in the units (%)

Number of workers	*Female workers*	*Male workers*
1-2	3	13
3-5	37	34
6-10	43	41
11-20	14	10
>20	3	1
Total	100 (114)	100 (70)

Table 7: Total number of sewing machines (%)

Number of machines	*Female workers*	*Male workers*
1-2	7	11
3-5	42	44
6-10	37	34
>10	13	10
Total	100 (114)	100 (70)

Table 8: Location of training (%)

Place	*Women*	*Men*
Home	14	11
Majoor Mahajan	6	1
Institute	2	—
Shop	14	30
Other	22	20
No training	42	36
No response	1	1
Total	100 (114)	100 (70)

Employment profile

Skill and training

Cutting, stitching, and tailoring are relatively skilled activities. In all, 57 percent of the female workers and 64 percent of the men reported having undergone some training in these activities before joining the unit in which they were currently engaged. Table 8 shows that most of the workers obtained this training in the shops where they were employed. Many women reported to have been trained at home and in training programs organized by a local trade union, Majoor Mahajan.

More than half (52 percent) of the women, but only 33 percent of the men, said that they had received training at their current workplace. However, the duration of the training was more likely to be less than a month for the women. This is in line with the lower levels of earning and lower skilled activities in which they are engaged.

In the FGDs almost all the women reported having acquired the skill of sewing from their mothers, relatives, and friends. Only one large factory was reported to have provided training. The training was provided to relatively young new recruits and the factory was relatively new and modern, with modern sewing machines. This factory made jeans and cotton trousers and took pride in the fact that they recruited only new workers and provided training themselves.

Previous employment

Nearly three-quarters (72 percent) of the women and 60 percent of the men reported having worked in other garment units before joining this one. Approximately half of both women and men had been working in the current unit for one to four years. However, 48 percent of the women and 24 percent of the men had worked in other units for less than four years. Thus, many of the workers were relatively recent entrants into the garment manufacturing activity. Overall, a larger percentage of the men than the women had worked longer years in both the current and other units in garment manufacturing. This at least partly reflects the age profiles of the female and male workers.

Of the 30 percent of women and 42 percent of men who responded to the question about the reason for changing jobs, the most common

response was that the previous factory had closed. Coming a close second was the response that their current employment offered better earnings than the previous one.

In the FGDs women reported that they were either engaged in household work or in stitching and tailoring activities at home before undertaking their current work. Many of the younger girls in the factories were new entrants to the labor force. A few home-based garment workers said they had previously been rolling bidis or making agarbattis (incense sticks).

Reasons for undertaking work in the garment industry differed between women and men. Among women, 43 percent said it was due to economic need, while 43 percent of the men said that they had skills in stitching. Conversely, 32 percent of the women said they had skills in stitching while 32 percent of the men mentioned economic reasons. The other predominant reason, interest in the activity, was shared by 22 to 24 percent of women and men.

Satisfaction with work

In two of the FGDs with factory workers the women were working in relatively larger factories in the registered sector. They were thus earning better wages and had access to facilities such as a provident fund and insurance. These workers were generally happy with their work situation and regular income. The female home-based workers expressed satisfaction with the fact that they were able to work at home in their free time. They also said that the work did not generate dirt around the house. The women who were earlier engaged in bidi and agarbatti making said that such work was not available throughout the year, whereas garment work was available.

Mode of obtaining garment factory work

In our interviews with the garment factory owners and subcontractors we observed that a large majority of the workers were recruited because of their work experience and through a process of sample preparation. Table 9 shows that, in the survey of factory workers, about 30 percent of the men and 42 percent of the women said they obtained this work through formal procedures of recruitment. However, a large percentage of the women said that they obtained the work through neighbors and friends. Again, this might reflect the lower skill levels and age of the female workers.

Seasonality of garment work

Table 9: Mode of obtaining the current job (%)

Source	*Female workers*	*Male workers*
Family	6	4
Friend	18	20
Neighbor	31	8
Formal procedure	42	30
No response	3	39
Total	100 (114)	100 (70)

The questionnaire asked about the amount of work obtained in each of three seasons, June to September, October to January, and February to May. A clear seasonality emerged. The peak season appeared to be February to May, which was also reported to be the marriage season. October to January was average, with a number of festivals being celebrated during this period. The slack period was in June to September, which is the monsoon season.

In the FGDs women reported October to December to be the peak period with most of the festivals being during that time. In the factories, some of the women said they got work only for ten months. During the slack season in June and July they had to stay at home. As noted above, though, many of the FGD participants noted the regularity of their work as one of its attractions.

Hours of work

Table 10 shows that nearly 75 percent of the women worked for eight or less hours per day, while only 34 percent of the men did so. This difference in hours partly explains the difference in earnings. Longer hours of work with even the same piece-rates would yield higher monthly incomes.

Mode of payment and incomes

Table 11 shows that about half of the workers were paid piece-rate wages. Only about 30 percent received a regular monthly salary.

Piece-rates varied according to the type of garment and work undertaken. In general, the larger garments, and particularly men's wear, had higher piece-rates. The range of rates within each type of garment was also considerable and depended on the kind of cloth, skill of the worker, and other factors. Thus rates ranged from one rupee per dozen of a small garment to one hundred rupees per piece for a single larger garment. The minimum wage for garment manufacturing was fixed by the government of

Gujarat at 60.6 rupees per dozen garments in 1996. Only a few workers, both men and female, reported receiving payment equal to or above this minimum rate. The average monthly income earned by female workers was 1,115 rupees, while that of men was 1,549 rupees. For an average month of 22 working days this implies a daily wage of 50.68 rupees for women and 70.44 rupees for men.

Besides variations in piece-rates, workers encountered losses due to rejection of the pieces stitched by them. About 30 percent of the female and 19 percent of the male workers said that the factory owner sometimes rejected their garments. About 6 percent of the women and 3 percent of the men said the owner cut the payment for rejected sample pieces.

Table 10: Hours of work (%)

Number of hours	*Female workers*	*Male workers*
Less than 7 hours	10	—
7-8 hours	65	34
9 hours	14	19
10 hours	7	34
More than 10 hours	4	11
No response	—	1
Total	100 (114)	100 (70)

Table 11: Mode of payment (%)

Mode of payment	*Female workers*	*Male workers*
Piece-rate	52	56
Per day	7	4
Monthly salary	32	30
Others	10	10
Total	100 (114)	100 (70)

Benefits

In large factories registered under the Indian Factories Act it is mandatory for the enterprises to provide a provident fund or pension, accident insurance, and other benefits to workers. About 20 percent of the surveyed workers said they received some benefits. About 14 to 15 percent received a bonus or provident fund. About 23 to 24 percent said that the owner gave them a dress manufactured in the unit as a gift. Only about 5 percent said that they would receive compensation in the event of an accident. There was little difference between women and men in respect to each of these benefits.

Division of labor

There was a clear division of labor in terms of the type of garments stitched by women and men. Among the workers stitching readymade garments, about 12 percent of the women stitched men's pants and shirts, while 36 percent of the men did so. Most of the women made dresses and hosiery (27 percent and 29 percent respectively). Only 18 percent and 24 percent of the men made these two types of garments.

Many of the men did not undertake the actual stitching. Instead they were engaged in the supervision of work, cutting and allocation of work, and other activities such as procuring orders and marketing. There were very few female supervisors. However, women did engage in other minor activities such as cutting loose threads, stitching buttons, and other finishing and ornamentation work. This division of labor further explains the lower piece-rates obtained by the women and the overall lower monthly incomes earned by them.

Some female factory workers in the FGDs also reported that there were distinct differences in the garments sewn by men and women. Women sewed only "salwar suits", pajamas, and children's clothes, while only men sewed trousers. Some women said that customers and subcontractors would not like trousers and shirts sewn by women. FGD participants from larger factories said that women were involved in the finishing activities while only men did cutting work. Men consequently earned much higher wages per day.

The older women felt that there was no particular reason for this division of labor except that it has been this way traditionally. Some of the younger women from larger factories said there was no preference for male workers, and that employers were only interested in good quality work. However, men had a distinct advantage in that they could work overtime where this was necessary, while women could not do so.

Effect of subcontracted work on workers' roles in the household

Change in household income and expenditure

About 48 percent of the female and 51 percent of the male workers

said that their household income had increased since they started this work. About 5 percent of the women and one man said that their income had decreased, presumably because they were previously employed in more remunerative activities. The remainder reported no change in their income.

The workers were asked if there was any change in the pattern of expenditure of the household since they started the work. About a quarter reported such a change. Most said they were now able to satisfy the needs of the household members. A few said they saved money for their marriage. About 8 percent of the women said they now had some money to spend on their own needs. Only one man reported this, perhaps because previously the men generally did not previously feel a constraint in this respect.

Role in decisionmaking

Table 12 shows that only about one in ten respondents reported that they made household decisions alone. A large percentage of the women said that their parents made household decisions. This directly reflects their youth and unmarried status. A quarter of the female workers said that they made the decisions together with their spouse, while only 10 percent of the men said so.

In response to a direct question as to whether they felt that their decisionmaking power had increased since taking up subcontracted work, a full 36 percent of the women and 38 percent of the men responded positively. In the FGDs, too, participants noted that their decisionmaking power had increased with entry into this work. Nevertheless, important decisions such as marriage alliances were still made by men.

Another aspect of empowerment is the capacity to spend one's own earnings. Table 13 shows that 38 percent of the women and 34 percent of the men said that they spent their earnings themselves. In line with the youth of many female respondents, just over half said that they hand over their earnings to their parents. Men were more likely to mention other family members.

Table 12: Decisionmaking in the household (%)

Who makes household decisions	*Female workers*	*Male workers*
Self	11	11
Spouse	9	2
Parents	42	27
Spouses together	25	10
Self & parents	2	3
Other family members	6	6
No response	5	4
Not recorded	—	37
Total	100 (114)	100 (70)

Table 13: Persons spending the earnings (%)

Who spends the earnings	*Female workers*	*Male workers*
Self	38	34
Spouse	4	—
Parents	51	21
Spouses together	—	—
Other family members	6	44
No response	—	—
Total	100 (114)	100 (70)

Table 14: Types of house hold expenditures (%)

Who spends	*Female workers*	*Male workers*
Household/child	35	34
Own expenses	3	19
Household/child/own	61	16
Other	10	31
Total	100 (114)	100 (70)

Finally, we investigated possible differences in the types of expenditure incurred by the female and male workers. Because of multiple uses of earnings, it was difficult to obtain clear answers regarding specific items. However, table 14 shows that, in broad terms, almost all the earnings of the female workers were spent on the household and child care. In contrast, about a fifth of the male workers stated that they spent the money mainly on themselves and 31 percent that they spent the money on items that could not be included in household expenditures. Clearly, the women's earnings were used to benefit the household, irrespective of their marital status, while this was not always true for the men.

In the FGDs, women said that most of their income was spent on food and rent for the house. Anything between 10 percent and 90

percent of the husband's income was reported to be available for household expenditures.

In the FGDs we also inquired about gender differences in the allocation of resources. There was consensus that the male child got priority in education. Similarly, in health-related expenditures participants related the order of priority as: household head, male child, female child and, last, the women of the household. Regarding consumption of food, in most cases it was noted that the men ate first.

Savings

More than a quarter of the women and 30 percent of the men said they were able to save some of their earnings. About half said that they deposited their savings in a bank and the rest kept it at home. The amounts they were able to save were very low. Less than 5 percent of the workers reported ever having taken a loan. Loans were mainly obtained from the employer.

Time allocation and household work

In order to capture the gender allocation of household work we included a series of questions on the time spent in household duties, personal care, economic work, and time of waking up to all respondents.

As expected, most of the women woke up earlier than the men. Nearly two-thirds of the women woke up at or before six in the morning. In contrast, nearly 50 percent of the men reported waking up only at or after 8 a.m., while only about 25 percent rose before 6 a.m.

Only 27 percent of the women, compared to 66 percent of the men, spent more than eight hours per day in economic activities. However, most of the female workers were involved in household duties of cleaning, cooking, and child care. Among the male workers, only 9 percent spent time on house cleaning, 7 percent said they cooked, and 16 percent said they looked after children. The comparable percentages for women were 95 percent, 92 percent, and 21 percent. Thus the classic gender roles were performed even in households where the women were working. The shorter economic work hours of women enable her to fulfill her role. However, overall, men had more time left over for leisure and themselves.

When the women were asked if they received any help from family members in respect to household duties, 18 percent said that they got help in cleaning, 17 percent in cooking, 3 percent in child care, and 4 percent in other activities. This help was mainly from the other female members of the households.

In the FGDs, all the women reported that they bore the dual responsibility of work and household work. Only the unmarried women had some relief from household responsibilities. Child care was, however, shared by mothers-in-law, husbands and sometimes by the neighbors. Some husbands helped to buy provisions and with other tasks outside the household. However, none of the men ever entered the kitchen. All the women in all the FGDs stated that the men had more time than they had to relax and socialize with friends.

Perceptions and awareness

Perceptions regarding work

In spite of all their problems at the factories, workers reported in the FGDs that they were satisfied with their work since they earned much needed income. The factory work was strenuous for the women who also had to manage the households. Many also noted that they had to stay away from their children for long hours. The children did not get enough attention at the poorly managed municipal schools, and therefore sometimes had to drop out. The married women felt that their absence from home for as long as ten hours a day adversely affected their social and family life. They said they had to compromise on social functions such as marriages and Navratri, an important festival. All household-related activities, including socializing, had to wait till Sunday.

The home-based workers in the FGDs also said they were satisfied with the work. They reported that the irregularity of work is the main problem. Another common problem was that they had to go to the merchant or subcontractor to pick up and deliver the goods. Sometimes they came back without further work. This led to tremendous loss of time and money. They felt that the subcontractors now took them for granted whereas, during the festival season when the subcontractors needed garment work done, they would themselves deliver and collect the work.

The home-based workers had to work long hours, often 11 to 17 hours a day, to juggle their household work and garment making. Family and social activities took up the rest of the time. Some of the women lived in roadside slums and could not work on garment making at night because they did not have an electric connection. Insufficient income prevented their spending money on social functions.

Greater respect and support

We asked the surveyed workers if they perceived that

their work earned them greater respect in the household and society more generally. More than half of the women responded positively. They said they were now given respect due to their economic contribution and because they were independent. Similar responses were obtained from the men.

About four-fifths of the women said that family members encouraged them in their work. For the most part this was due to the economic contribution they made.

Awareness about SEWA and other organizations

Only 5 percent of the workers said they were members of the Self Employed Women's Association (SEWA), while 7 percent said they were aware of SEWA and the services and benefits it provided. However, only 3 percent said they had received any of the services.

We also asked if the workers were members of any other association or trade union. Nine in ten men said they were members of an association and 10 percent said that they had taken out life insurance. None of the women reported membership in any other association, although 8 percent said they had taken out life insurance.

Awareness about the garment unit

About 7 percent of the men and none of the women reported knowing where the owner procured the cloth for garment making. Similarly, none of the women knew where the owner sold the garment or the owner's markets. About 4 percent of the male workers said they knew the destination of the final product.

Suggestions for improvement

None of the workers in the survey were able to suggest any organizing strategies. We were also not able to communicate this question clearly to them. Regarding what they thought was required to improve their economic situation, they mainly responded that wages should be paid on time and when required.

In the FGDs of factory workers, the women wanted to obtain higher wages, and felt the need for child care facilities and transportation. They said organized efforts were needed to improve their conditions, but they had no idea how to achieve this. One suggestion was that a joint representation to the factory owners with the leadership of an organization could help. Some women felt that organizations concerned with the welfare of factory workers should somehow help them to get better monetary benefits and facilities.

In the home-based worker FGDs, participants felt a definite need for an organization to intervene in their favor. One group felt that an organization such as SEWA could help them to form a "mandli" (cooperative) which would purchase the cloth, and that women would then stitch the garments and deliver it back to the mandli. They said that at present the home-based workers are at the mercy of the subcontractors and there is no scope for bargaining. The subcontractors do not take any clothing below a given standard and force the women to buy the garment when it is below standard. While the contractor expects the women to return the garments in three days, he pays them only once a month. This creates much hardship for the women.

Policy implications and organizing strategies

When we asked academics, industrialists, industry spokespeople, and others for their analysis of the problems of the Indian garment industry and suggestions for policy, most focused on large manufacturers of garments. The presence of subcontracting chains in the industry means that the growth of large manufacturers would also be beneficial to smaller units. But it is not clear how it would affect the large mass of units in the small factory segment studied by us, nor the female subcontracted workers who work in and for them.

Organization of the small units is clearly necessary to enable them to survive in the new scenario that may emerge after 2002. Here we discuss the large trade union of Ahmedabad, SEWA, and its strategies.

SEWA organizes self-employed women to achieve their goals of full employment and self-reliance through the joint strategies of struggle and development. Through struggle, women build the collective strength needed to ensure that employers and government officials treat them fairly and equitably. Through development, they work to create their own economic institutions, generate new employment opportunities, build their financial assets and obtain vital social security benefits such as health care and child care. One of SEWA's new activities is an employment center designed to increase the employment opportunities available to SEWA members and to address the problems of unemployment and underemployment they face in a changing economy. We first discuss the strategy of SEWA in the garment

sector. We then discuss this new initiative of providing employment to its members.

SEWA's strategy in the garment industry

SEWA recognizes that the garment industry is segmented. The three segments they identify are similar to those identified by us, namely:

- Large factories that are registered under the Indian Factories Act and are in the organized sector;
- Small factories and workshops employing between five and 15 workers; and
- Home-based garment workers.

In an earlier phase of organization SEWA concentrated on the large factory sector. In the initial stages there were victories, but these were followed by setbacks. Partly in response to the SEWA strategies, the large factories now hire a number of "contractors", and split up the workers in the factory into small groups of 11 to 15 workers who work on the same premises. When the Chief Inspector of Factories visits the factories, SEWA members are invited to join the inspection. However, the factory owners claim that the workers are working under independent contractors. In this way they are able to avoid giving a number of benefits to the workers. If workers provide information to the officials, they are sometimes given no further work.

SEWA would now like to concentrate on the unorganized sector. The organization has a large membership among home-based workers. In the small factory segment, however, it is difficult to unionize. Workers are afraid to join any organization because they fear that the factory owner or contractor will not give them further work if they come to know of their membership.

Issues for organizing

This sub-section highlights some of the issues that need to be brought into focus through campaigns and struggle.

Minimum wages

The minimum wage for garment workers has recently been fixed at 60.6 rupees per dozen garments, regardless of the type of garment. Two issues are whether this is adequate and how to ensure that workers receive this wage. Further, adequate rates are not enough to sustain livelihoods. Some norm for the minimum number of days of employment in a year is also required. Most female workers work less than 250 days in a year.

Identity cards

Minimum wage regulations on their own do not guarantee that a worker will receive the specified wage. The worker first has to prove that he or she is a worker in that industry. This problem faces workers in all segments in the garment industry because even the large factories do not provide the workers with written contracts or other documents. The problem is most acute for home-based workers. This raises the issue of identity (ID) cards.

One question is whether ID cards should be issued by industry or trade, or by category of work, such as home-based workers, vendors, etc. This issue arises because of the seasonal nature of work. A worker may make garments in one season and make kites in another season. Similarly, vendors may hawk different commodities in different seasons. However, since most regulations are trade-based, it might be necessary to issue ID cards based on trades.

Social security

The Welfare Fund for bidi workers provides an excellent example of social security for largely home-based workers. Bidi making is a well-regulated trade because it is very old and a specific Act, the Bidi and Cigar Workers Act, exists for it. The Welfare Fund is regulated by a tripartite body of government, employers, and worker's representatives. ID cards are provided to workers, who receive minimum wages. Education of children is supported through scholarships and money for uniforms, and hospitalization costs are met. There is insurance in case of sudden death. A similar fund for garment workers, agarbatti workers, and contract labor is under discussion. However, a way of funding the benefits will need to be found. The bidi workers' fund is successful because it is funded through a cess or tax on the commodity. Similar options for other workers will need to be devised.

National legislation

While there are national level laws such as the Minimum Wages Act, Provident Fund Act, and Employees State Insurance for Health, the laws generally extend only to workers in certain trades or only cover the formal sector. Home-based workers are excluded from most legislation. However, certain states have extended the Provident Fund to include certain categories of informal sector workers.

The invisibility of these workers is a barrier to extending legislation to cover. Legislation that states that all workers require an ID card will go a long way in helping organization and campaigning for minimum wages and social security benefits for all workers.

Unemployment, underemployment, and the changing economy

Recent changes in the economy are transforming employment opportunities for self-employed women in Ahmedabad and throughout Gujarat. Globalization and liberalization of the economy bring both problems and opportunities for these workers. Industries that previously provided stable jobs in cities such as Ahmedabad are slowly declining. Many of the textile mills that once formed the backbone of the local economy have closed, leaving the husbands of many SEWA members without full-time jobs and the benefits that come with employment in the formal sector. While these changes affect women's household income, their own employment options are being threatened as well. As work traditionally done by home-based workers becomes mechanized, these trades offer fewer employment opportunities for self-employed female workers. At the same time new employment opportunities are opening up for these women in the service and export sectors.

SEWA members began approaching the organization in 1997 for help in responding to these larger economic shifts. In many households, a woman is the main wage earner. As self-employed workers, they cannot afford to stay without work or on strike indefinitely without a short-term means of supplementing their income. Members asked SEWA for help finding work to increase their income and reduce their economic vulnerability. They also asked for training to upgrade their existing work skills and to develop the different skills needed for new kinds of work. Additionally, the older generation of SEWA leaders was looking for new and better employment opportunities for their daughters.

Over the past two years, SEWA has explored new ways of responding to the problem of unemployment and underemployment in a labor surplus market where full-time, permanent jobs are increasingly hard to find. One of its responses has been the development of an Employment Center to assist members in finding new sources of employment in Ahmedabad city.

SEWA Employment Center

In 1997, SEWA started an Employment Center. The Center had two primary goals. The first was to connect its members and their families to regular work opportunities. The second was to provide training to upgrade their existing skills and develop new ones to meet changing employment opportunities. The Center soon found positions for 175 women at the Avadat factory making Ruf & Tuf jeans. SEWA negotiated with the employer to create an on-the-job training program for these women and to provide a stipend of 25 rupees per day for the new workers. At the end of the training period, the 175 women were hired as regular employees. Despite this initial success, however, the Employment Center later became inactive, in part due to insufficient staffing.

In April 1999, the program was re-activated at the request of SEWA members. Since then, the Employment Center has provided training for many SEWA members, found employment opportunities for 237 members, and developed a list of 300 other members who are seeking employment. The primary role of the Center is to match members seeking employment with potential employers. Women are divided into activity-based groups according to their skills and the type of employment they are seeking. The Employment Center then identifies employers who are seeking workers in these areas. Employers are located through classified advertisements, word of mouth, and through employers' contacting SEWA for workers. Assistance is also provided to home-based workers by linking them with existing SEWA programs that can help them sell their products to outside retailers and through SEWA outlets.

As members of SEWA, the women placed through the Employment Center have the union's support in resolving workplace problems that arise in their new positions. Despite the potential concerns that an employer might have about hiring the members of a strong union, many have proven eager to hire SEWA members because they consider them to be honest, reliable, and hardworking. Before placing women in these positions, SEWA negotiates basic minimum workplace standards in respect to wages, hours, and days off. Many employers do not provide benefits as women are often employed in temporary positions. SEWA members do, however, have access to basic social security benefits as well as health and life insurance through other SEWA programs. Ideally, these workers should be covered by national labor legislation. Further, government should ensure that the laws have teeth so that the workers and their organizations can effectively fight for their own rights.

The two case studies below provide examples of three members whom SEWA and its Employment Center have helped to have better lives.

Mumtazbanu, a garment worker

Mumtazbanu is an employee [illegible] seven years ago after forming [illegible] Mumtazbanu worked [illegible] retail shops. [illegible] range of 1,500 to 2,000 rupees per month.

Mumtazbanu has, however, gained more than just [illegible] the SEWA movement. Mumtazbanu says she has gained [illegible] contact with the [illegible] with all kinds of people: shop owners, suppliers and customers. Now I know how to deal with them successfully."

Nazeema Banu Mohammed Salik and Sahida Banu Shaikh

Nazemaben and Shahidaben were in the first group of 17 SEWA members [illegible] in August 1997. They are still employed at the company and [illegible] them. The job is especially important to Nazemaben, whose husband died in a car crash. She lives [illegible] parents and is raising three children, whom she supports on her monthly earnings of 2,000 rupees. Sahidaben also has children, and sometimes needs to stay at home to care for them. Her employer allows her to work a flexible schedule of less than a full workweek, while earning 1,200 rupees each month.

Both women receive benefits. These include [illegible] it lacks others. Their employer agrees that in other [illegible] times of hardship. Nazemaben and Sahidaben are two of 30 [illegible] who still work in hospital.

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Subcontracted Female Workers in the World Economy: The Case of Pakistan

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The state shall ensure the elimination of all forms of exploitation and the gradual fulfillment of the fundamental principle, from each according to his ability, to each according to his work.
Constitution of Pakistan, Article 3

The state shall make provision for securing just and humane conditions of work...
Article 37(c)

...Provide for all persons employed in the service of Pakistan or otherwise, social security by compulsory social insurance or other means; provide basic necessities of life, such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment; reduce disparity in the income and earnings of individuals...
Article 38(d) and (e)

Introduction

This research was initiated jointly by the Sustainable Development Policy Institute (SDPI) and Pakistan Institute of Labor, Education and Research (PILER) as part of a five-country study on subcontracted female workers funded by The Asia Foundation. In particular, three areas were analyzed: First, how is subcontracted work linked to national and global economic trends? Second, how does subcontracted work contribute to women's relative subordination or empowerment? Third, what are the conditions of work for subcontracted female workers both inside and outside the home? Based on this information, this report makes advocacy suggestions and policy recommendations.

Very little research exists on subcontracted female workers in the Pakistani context. The information that is available is of limited use, as its reliability cannot be gauged. Also, this information does not examine subcontracted work in the wider context of the world economy. This study, therefore, attempts to bridge existing gaps in our knowledge of subcontracted work and female workers.

For purposes of the study, the definition of the subcontracting unit is where a parent company or contractor specifies the product and/or the work done by the unit. This definition also includes homeworkers.

The research is based upon questionnaire data and qualitative interviews in three industries, namely: garments, carpets and plastics in the cities of Karachi, Lahore, and Peshawar. These three cities represent the provinces of Sindh, Punjab, and North West Frontier respectively. As subcontracting work is not accounted for in either the national manufacturing or national labor force data, we have no means of determining its spread within and across industries or different regions of the country. For the same reason, we do not have information relating to the share of female and male workers within each industry. This limits what we can say about whether our information is representative of the situation in the country as a whole. Further, we did not look for subcontracted home-based male workers to compare their remuneration and work conditions with those of women. This needs to be explored in further research.

The research team and authors of the report are Dr. Asad Sayeed (economist) and Dr. Saba Gul Khattak (social scientist and feminist). The national context and background, as well as issues relating to methodological clarifications of the questionnaire data, were authored by Dr. Asad Sayeed, PILER, with minor input from Dr. Saba Khattak. The assessment of gender relations and implications for women's empowerment and subordination was authored by Dr. Saba Khattak, SDPI. Six qualitative interviews in Karachi and Lahore were conducted by Ms. Najma Sadiq (journalist and activist), Shirkat Gah, while four interviews were conducted by Saba Khattak in Peshawar. The introduction and recommendations were authored by Saba Khattak who relied on final workshop discussions and material from advocacy organizations to compile them.

Information for each section was collected through a combination of different strategies. The section on background economic policies relies on quantitative

data from government surveys and reports as well as secondary sources. The descriptive sections are primarily based upon facts and figures drawn from questionnaire data and qualitative in-depth interviews with selected respondents. There are, however, some overlaps in sources between sections. Additionally, some questionnaire data from another unpublished study conducted by PILER was utilized due to its relevance to the study.

The questionnaire design was based on the underlying concerns of the study: the exploration of the links among macro policies, the nature of subcontracted work, and their impact on individual women's lives as well as gender relations. Exploration of possible advocacy strategies for the female workers was also built into the questionnaire design. A pilot test based on approximately 25 questionnaires was conducted and discussion of its results led to modifications of the questionnaire. The larger survey of approximately 161 female workers was then initiated by separate teams of fieldworkers in the three cities. Asad Sayeed and Saba Khattak trained the field workers.

Najma Sadiq and Saba Khattak, assisted by some of the field staff, conducted the in-depth interviews. Themes emerging from questionnaire data were used to direct the selection of case studies for in-depth interviews. Interview questions and themes were drawn up by the primary researchers prior to the interviews. The interviews were conducted in informal settings, either at the respondents' workplace or at their homes. Exhaustive notes were taken during these interviews and transcripts based on these were then used for qualitative data analysis.

Subcontracting work, economic liberalization, labor force dynamics, and labor legislation

In this section we first delve into the nature of subcontracted work. Different forms of subcontracting are triggered by different incentives and lead to different outcomes for workers. The most significant manifestation of globalization in Pakistan has been the liberalization of the economy. We look at the incentive structure that economic liberalization has created in Pakistan and the particular form of subcontracting that it is likely to dominate in this environment.

Further, although South Asia, in general, did not bear the brunt of the crisis in East Asia, it managed to create its own economic crisis. Nuclear tests, first conducted by India, with Pakistan following suit, resulted in economic sanctions being imposed against both countries. As a relatively smaller and more fragile economy, the direct and indirect impact of sanctions on the Pakistani economy has been much more severe than on India. This section also points to the impact of this crisis on subcontracted work and female workers employed in it.

The incentive structure for subcontracting

Subcontracting, in essence, is a change in the Fordist pattern of the division of labor associated with mass production. The movement towards subcontracting can be conceptualized as occurring as a result of both pull and push factors.

The pull toward subcontracting

The simplest pull mechanism towards subcontracting is based on the famous dictum of Adam Smith that "the division of labor is determined by the extent of the market." As demand for a particular downstream industry increases, the minimum efficient scale of the upstream products increases and often leads to that product being manufactured independently (Stigler, 1968). Subcontracting in these cases is generally associated with capital intensive, continuous flow methods of production and production technologies where economies of scale are central.

The above form of subcontracting is, however, different from subcontracting in sectors where technology is based on batch production. Labor and/or skill intensive sectors dominate this profile. Here innovations in the division of labor occur either due to technological change or changes in organizational strategies to minimize transaction and labor costs.

In sectors where labor and skill intensity is high, subcontracting reduces monitoring costs and thus enhances labor productivity. Monitoring costs are reduced either by piece-rating or by shifting work to smaller units where supervision of the labor input is relatively easy. Examples of this form of subcontracting are generally associated with manufacture of consumer goods, such as garments, footwear (at the higher value-added end), and carpets. Since the work is labor intensive, it also increases overall productivity. Whether increased labor productivity is translated into higher returns to labor depends on the degree of labor market segmentation as well as compliance

with labor laws.

In Pakistan, the labor market is sharply segmented along both skill and gender lines. Further, most labor legislation is only applicable to registered manufacturing units and those employing more than ten workers. In these circumstances, productivity benefits are less likely to be passed on to workers.

However, even in a segmented market with virtually no legal coverage for workers, employment conditions can improve in skill-intensive sectors. Whether this happens will depend on two factors: the relative ease or difficulty of imparting skills, and growth in demand of the final product. If imparting skills is relatively cheap or not time-consuming, then wages will remain depressed as the supply of skilled labor increases. If skill development is costly and time-consuming, improvements in wages and working conditions are more likely. Similarly, if demand for the final product is growing, and particularly if demand growth is export led, beneficial outcomes for workers are more likely.

The pull towards subcontracting is, therefore, determined by a mix of technological and skill related factors. At the upper end of the spectrum, wages and working conditions for highly skilled workers are likely to improve. At the lower end of the spectrum, the particular mix of skill development and demand will determine whether improvements in wages and working conditions occur.

The push into subcontracting

Firms can be pushed into outsourcing because of increasing economic costs, heavy competition, and to circumvent labor legislation. Such outsourcing will not necessarily result in productivity enhancement. Its function, rather, is to maintain or enhance profitability. The impact on wages and working conditions is thus more likely to be negative. Production of consumer non-durables at the lower end of the market and much of home-based work are examples of a push into subcontracting. The outsourced work process is usually the least skill-intensive, involving minimal capital outlay, and the labor process is generally repetitive and monotonous.

As noted, firms may be pushed into subcontracting as a response to increasing economic costs of production. These may include increasing costs of land, utilities, exchange rate pressures, and capital. Since the overall increase in production costs is beyond the control of individual entrepreneurs, they resort to reducing labor and overhead costs by outsourcing those aspects of the production process where this is technologically and administratively feasible.

Similarly, when there is heavy competition at the lower end of the market, where lower cost rather than quality is the determining criterion for capturing market share, cost reduction can take place through subcontracting work, typically to home-based workers. Heavy competition, in turn, is often a function of liberalization, where entry barriers for firms or finished products in the market are either absent or have been eliminated by tariff reductions and deregulation of investment decisions. This is true for several developing countries, including Pakistan.

The impact of liberalization

Liberalization of the economy is one of the most enduring politico-economic changes that took place in Pakistan in the early 1990s. These changes have largely been dictated by the conditions of the structural adjustment programs (SAPs) introduced under the aegis of the International Monetary Fund (IMF). This macroeconomic environment has shaped the incentive structure for sub-contracting work in the economy.

The central element of liberalization has been deregulation of prices. Three key prices-domestic prices, interest rates and the exchange rate-are now deregulated. Domestic price liberalization meant that administered prices, which entailed either an absolute subsidy (such as for fertilizer, wheat, and edible oil) or cross-subsidies (such as those on agricultural produce, electricity, and gas), were to be gradually phased out. Reduction in the subsidy on utilities, especially electricity and gas, has resulted in a stiff increase in the price of these essential public goods. Between 1991 and 1997, electricity and gas tariffs have increased at a rate of 20.9 percent and 16.5 percent per annum respectively (calculated from Government of Pakistan (GOP), Statistical Yearbook and Economic Survey, various issues).

As a result of financial liberalization, interest rates on long-term projects have increased from an average of 12 percent per annum in 1990 to an average of 20 to 23 percent per annum in 1997 (Zaman, 1997:46). Interest rates on working capital also increased, to 20 to 25 percent per annum, in this period (ibid.).

Although the exchange rate was liberalized from a fixed peg to a "managed float" in 1982, exchange rate devaluation was initiated in earnest only after the financial sector reforms in 1991. Whereas the average rate of devaluation of the rupee in the 1980s was 8 percent per annum, between 1991 and 1999, it increased to 24 percent per annum on average in

Table 1: Growth in GDP and manufacturing: before and after liberalization

Years	*GDP* Growth (% Per annum)	*Large scale manufacturing* Growth (% Per annum)
1981-1991	7.05	8.7
1991-1998	4.22	3.9

Source: Economic Survey, various issues and 50 Years of Pakistan in Statistics.

more recent years (calculated from State Bank of Pakistan, Annual Report, various issues).

While deregulation of prices has increased the cost of production, reduction in import tariffs is said to have exposed key economic sectors to unfettered competition. Although the process of removal of tariff and non-tariff barriers in the economy was initiated in the early 1980s, the 1990s saw a swifter reduction in tariff ceilings. From a maximum tariff rate of 225 percent in 1986-1987, the maximum rate was brought down to 125 percent by 1988-1989, to 65 percent in 1996, 45 percent in 1997, and subsequently to 35 percent in March 1999. However, maximum tariffs do not reveal the actual incidence of tariffs in the economy. Because of numerous tariff exemptions, average tariffs in Pakistan have hovered in the range of 24 to 27 percent in 1983-1984 and 1994-1995 (Kemal, 1997). Thus tariff reduction has not played an important role in altering the role of protection (or the lack of it) in Pakistan. To the extent that tariffs have been reduced on finished goods, this will lead to increased competition and thereby increase pressures for price reduction on domestic producers.

The push toward subcontracting has been increased by the deceleration in the economy and, more significantly, in the manufacturing sector. Table 1 shows that gross domestic product (GDP) growth decelerated from an average of 7 percent per annum in the 1980s to 4.2 percent in the 1991-1999 period. Pakistan has traditionally had healthy economic growth. In the absence of other direct welfare measures undertaken by the state, economic growth has helped generate employment and is primarily responsible for improvements in per capita incomes and living standards. Slower growth thus has serious consequences.

Table 1 also shows that growth in large-scale manufacturing decelerated considerably from an average 8.7 percent per annum between 1980 and 1991 to 3.9 percent per annum between 1990 and 1999.

One of the goals of policy reforms in Pakistan was to promote exports. Market-determined relative prices are expected to remove distortions that promote production for the home market and divert resources toward exports. However, total exports grew at 8.5 percent per annum between 1981 and 1991, but only 7.6 percent per annum between 1991 and 1999 (Economic Survey, various issues).

Nuclear tests and the economic crisis of 1998-1999

Although Pakistan and the rest of South Asia remained relatively insulated from the financial and economic crisis that afflicted East Asia in the late 1990s, they generated their own crisis. This crisis was the result of the uncertainty created in the wake of the country's test detonations of its nuclear device in May 1998.

Although the short-term damage to the economy as a result of the sanctions imposed on Pakistan in the aftermath of the test detonations was contained, policies adopted to contain the short-term damage may have deleterious long-term consequences. Some of the fire-fighting mechanisms initiated during the crisis hit investor confidence substantially. The freeze of the foreign-currency accounts in order to stem the outflow of foreign exchange is the most important in this regard. Between 1998 and 1999, gross investment in the economy declined from 17 percent of GDP to 14 percent of GDP.

Labor force dynamics

Aggregate labor force data

Aggregate labor force data in Pakistan is of poor quality, inconsistent, and published with a considerable time lag. However, it is the only consistent source of information on labor.

Table 2 shows the share of manufacturing employment over the period from 1982 to 1997. It shows that the share declined marginally during the 1990s. Since subcontracting is expected to appear in the small-scale sector, this is the relevant category. However, aggregate data does not tell us the division of employment between large and small-scale sectors. The last year for which disaggregated information on employment is available (1990-1991) shows that the division of employment between large and small-scale sectors at that time was 25 percent and 75 percent respectively (see Sayed & Ali, 1999). Over

Table 2: Percentage share of employment: 1982-83 to 1996-97

Sector	*1982-83*	*1987-88*	*1990-91*	*1993-94*	*1996-97*
Manufacturing	13.5	12.7	12.2	9.9	11.1
Large-scale	2.7	2.6	3.1	NA	NA
Small-scale	10.8	10.1	9.2	NA	NA

Source: Labor Force Survey; various years; Sayeed and Ali (1999).

Table 3: Female labor force participation rate and share in employment in urban areas

Years	*Pariticipation rate*	*Share in employment*
1987-88	3.38	2.28
1991-92	8.02	3.04
1993-94	7.20	2.82
1996-97	8.40	3.00

Source: Labor Force Survey; various years.

the last nine years, this share almost certainly increased as growth in the large-scale sector-for which information is available-has decelerated considerably, as shown in Table 1.

However, even if incremental employment generation occurred in the small-scale sector during the 1990s, it does not necessarily imply that this employment was generated in subcontracting industries. Thus aggregate data does not provide any conclusive evidence to the prevalence of subcontracting within manufacturing.

Female employment patterns

Aggregate labor-force data is problematic; that on women is even weaker. As Kazi (1999:385-86) notes:

> Most standard labor force data, including the population census and the labor force surveys, are known to greatly underestimate the extent of female labor force participation...inappropriate definitions of what is considered economic activity and questions which lay stress on recording a single main activity, as well as unsuitable methods of data collection where usually both enumerators and respondents are males [are used]. In the Pakistani context, where women perform multiple tasks and where there are social inhibitions to admitting to women's work, these procedures lead to under-enumeration of the female labor force.

This is most apparent in Table 3, where participation of urban women in the labor force is shown to have taken a sudden jump and then tapered off from 1991. Similarly, the share of women among the employed labor force in urban areas continues to be extremely low. This is perhaps due to the non-reporting of female work, particularly home-based work. Since there is evidence from several surveys that the bulk of urban employment among women is generated in the informal sector and particularly among home-based workers (see Kazi, 1999:390-94), female labor force participation is almost certainly underestimated. Given this basic lack of data, it is virtually impossible to discern aggregate patterns of sub-contracted work among the female labor force.

There are several other factors, however, which point towards increasing participation of women in the labor force in the 1990s. First, increasing literacy among women is expected to have increased their participation in the labor force. Between the 1981 and 1998 censuses, the percentage of literate women older than 10 years in the urban areas increased from 37.3 percent to 55.6 percent (Economic Survey, 1999:125). While literacy does not necessarily imply participation in the labor force, increasing literacy usually results in increasing labor force participation, even if the elasticity between literacy and labor force participation may be low in Pakistan for cultural reasons.

Second, the government pursued privatization vigorously soon after launching its liberalization drive in 1991. Of the 109 industrial units in the public sector, 82 were privatized by 1996. Employment in public industrial enterprises declined from 73,565 workers in 1991-1992 to 43,425 workers by December 1997 (GOP, 1998). The state also downsized government departments and public sector entities. Between 1991 and 1998, employment in the public sector was halved, dropping from 514,620 employees down to 258,780 (GOP, 1998). Since the bulk of this retrench-

ment affected men, more women are expected to have entered the labor force to protect household incomes.

Third, the period of economic liberalization coincided with increasing poverty in Pakistan. On all indices-calorie consumption, head counts on income and expenditure, or basic needs-the incidence of poverty consistently declined through the 1970s and 1980s. However, in the 1990s this trend was reversed (see Amjad & Kemal, 1997; Mahbubul Haq Centre for Human Development & the United Nations Development Programme, 1999; Social Policy & Development Centre, 1998). An increase in poverty usually leads to an increase in labor supply, especially of women who have never worked before. As skills among the poorest of women are assumed to be low, they generally occupy the lowest rungs of paid employment. If firms are being pushed into subcontracting, women can be expected to take up these jobs.

Legal protection

Pakistan became a member of the International Labor Organization (ILO) soon after independence and has since ratified more than 30 ILO Conventions. However, in practice, state policy has led to more curbs on labor rights rather than protection for them. Trade unions were given recognition in 1961. However, they are required to register under an amendment of the Trade Union Act of 1926. While trade union numbers increased, no cohesive trade union movement was emerged due to government as well as management interference.

Since the onset of liberalization, the trend toward privatization, the establishment of Export Processing Zones (EPZs) and Special Industrial Zones and contract labor, trade union numbers and members have declined drastically (Jilani, 1998:88-89). Organized labor now constitutes less than 3 percent of the total labor force. Trade unions are not involved in the formulation of major economic policies. They have limited influence even in the formulation of labor policy. The labor policy announced early in 1999 offers no specific reassurance on concerns such as job opportunities and job security. The trend of retrenchment and privatization has added to labor problems, not only in terms of unemployment but also in terms of denial of salaries and provident fund.

Methodology and sectoral background

Methodology

Due to the paucity of national or industry-level data and secondary information, it was not possible to establish a universe for the sample. We thus resorted to the purposive sampling technique. The choice of sectors, i.e. garments, carpets, and plastic manufacturers, was primarily based on the prevalence of subcontracting in these industries as well as a high percentage of female employment, as revealed in different surveys conducted in the recent past (see Kazi, 1999).

The sample was spread across three cities-Karachi, Lahore and Peshawar-to capture variations in culture and attitudes towards women's work. The prevalence of subcontracting and the presence of female workers in the chosen sectors were obviously qualifying criteria. Within cities, the central concern was to look for female workers within the relevant sectors. Where such work is widespread, as in Karachi and Lahore, the poorest locales in the city were chosen. Where the employment of women in subcontracting industry in the chosen sectors was limited, as in Peshawar, the sample was not necessarily chosen from amongst the poorest segment of the workforce. As such there is some unevenness in the regional pattern of the survey. In particular, the results in Peshawar appear as outliers in terms of nature of work, incomes derived from work, household income and expenditures, compared to the other cities. However, the variety and richness of different regions compensate for this unevenness.

The total sample size of the survey was 161 female workers. The sample was distributed more or less evenly across the three sectors. In terms of regions, Karachi and Lahore each accounted for roughly 37 percent, while in Peshawar the sample was relatively small, with 40 workers, or 25 percent of the total sample.

The distribution across home-based and small industry-based work had a bias towards home-based work in that roughly two thirds of the sample comprises home-based workers. This bias occurred because the entire sample in Karachi belonged to this category. As our criterion was to find subcontracted female workers in the poorest parts of the city, the sample that emerges was not dictated by a priori distribution between home and factory based workers.

Table 4 shows the distribution across the different

Table 4: Distribution of sample by type of industry and sectors (%)

Type of industry	*Garments*	*Carpets*	*Plastics*	*Totals*
Small scale				
Sample	20	2	33	55
Percentage	39	4	62	34
Home based				
Sample	31	55	20	106
Percentage	61	97	38	66
Total				
Total sample	51	57	53	161
Percentage	100	100	100	100

Table 5: Percentage distribution of age groups by sectors (%)

Age groups	*Garments*	*Carpets*	*Plastics*
Under 20 years	27	54	23
20-35	55	39	68
Over 35 years	18	7	9
Total	100	100	100

sectors of home-based and small-scale factory workers. The table shows considerable variation across sectors. The highest percentage of factory workers is found in the plastics sector (62 percent) while the smallest percentage is in carpets (4 percent). The share of factory-based workers in garments is just over one third (36 percent).

We did not control for the workers' age in selecting the sample. Table 5 shows that while the majority of the women (57 percent) were in the age range of 20 to 35 years, roughly one fifth were either under 20 or over 35 years old. There was no significant difference in the age of workers surveyed across sectors and cities.

More than half of the sample (54 percent) was literate. Regionally, the highest percentage of literate women was in Peshawar (65 percent) whereas the lowest was in Lahore (39 percent). Sectorally, the highest percentage of literate women was in the garments sector (73 percent) whereas lowest literacy was found among workers in the carpets sector (35 percent). Later, we will see whether the literacy level has had any affect on wages, working conditions or gender relations.

Background information on sectors

We encountered severe difficulties in finding documented background information on the sectors chosen for the study. Since there is no sector-level data available since 1990-1991, data on economic variables and the labor force could not be found. Therefore, much of the information in this section is based on observations in the field during the course of the survey.

The garment industry

Since the 1980s, the garments industry has been one of the most diverse and dynamic sectors in Pakistan. Between 1977 and 1988, the garments and apparel industry was the leading growth node of the industrial sector. Growth averaged 21 percent per annum during the period 1978-1988 compared to the overall growth rate of the manufacturing sector of 9.6 percent per annum (Census of Manufacturing Industries (CMIs), various issues). Exports as well as a huge surge in local demand spurred the growth between 1977 and 1988. Export growth in the wearing and apparel sector also averaged 20.6 percent per annum. Additionally, the sector was able to increase its share in Pakistan's manufactured exports from 5.7 percent in 1978 to 16 percent in 1988. Similarly the share of Pakistani garments and accessories in the world market almost tripled from 0.25 percent in 1978 to 0.72 percent in 1988.

The increased output of the sector can also be attributed to increased local demand. With

GDP per capita increasing swiftly, local demand also increased rapidly during the period. This increase in demand was also driven by Gulf migration, which had increased disposable incomes astronomically.

The overall downturn in the economy in general and the manufacturing sector in particular in the 1990s has, however, had an impact on the garments sector. While output growth rates for the period are not available, the growth rate of exports decelerated to an average 8.5 percent per annum between 1991 and 1998. Deceleration in the growth of per capita incomes in the 1990s and thus in disposable incomes contributed to the deceleration in the growth of local demand.

Pakistan's garment exports, for the most part, are concentrated at the lower end of the market in the United States. According to Gereffi (1994:110), Pakistan belongs to that group of countries that supply to the "large volume discount stores that sell the most inexpensive products." As with other similarly placed countries, the elimination of the Multi-Fibre Arrangement (MFA) in 2005 will hit Pakistan's garment industry badly.

As elsewhere, the production process in the garments sector in Pakistan is labor intensive. While subcontracting for both export production and the local market are common, the linkages and processes differ somewhat. As exporters are under greater pressure for quality control and timely delivery, our investigations revealed subcontracting is to specialized small-scale producers. While these small-scale producers generally have their own sweatshops, certain processes-usually the more monotonous and unskilled tasks such as button sewing and hemming-are further subcontracted to home-based workers.

Our sample of garment workers was mostly drawn from those producing for the local market. We controlled, to the extent possible, for similar work and processes in different cities. Thus the sample in Karachi consisted of women making pony-tail bands, while in Lahore they were sewing baby dresses, shalwars, and women's kameez-shalwar suits after the necessary cutting and designing had been done. Women in Peshawar were generally engaged in sewing children's dresses. The products in all three cities are sold in the lower middle and middle class markets. A small number of women contended that some manufactures were also part of the up-scale and export markets.

The subcontracting arrangements varied a great deal. For factory workers, work was obtained either from large wholesalers or branded companies. The factory owner arranged all the material supplies as well as the machinery and equipment. Workers were all women while supervisors were either male or female. For home-based workers there was significant regional variation. In Karachi and Lahore all workers obtained material from factory owners, while workers in Peshawar purchased their own material. Even where material was provided, the women purchased the machinery or needles themselves.

The carpets industry

The industry for hand-knotted carpets is almost exclusively export-oriented. While annual production and growth figures are not available, export figures show that growth in exports over the last two decades has been negligible. While carpet exports grew at about 1 percent per annum in the 1980s, its growth has been slightly negative (-0.2 percent per annum) between 1991 and 1998. The share of carpet exports in total manufactured exports also declined from 16 percent in 1978 to roughly 2.5 percent by 1997-1998 (calculated from Government of Pakistan, Economic Survey, various issues).

There are several reasons for the lackluster performance of the carpet industry. First, by definition, hand-knotted carpets are highly labor-intensive. In fact their specific market niche is based on this characteristic. As such, there is little room for productivity improvements. Second, because hand-knotted carpets are an up-market product, growth in demand is also low. Given these two factors, there is little prospect for the industry to grow further. Third, since the beginning of the decade the issue of child labor has resulted in sanctions being imposed against Pakistani and Indian carpets.

The carpet industry has traditionally been based on subcontracting and is the result of a pull phenomenon. But whereas there is a one-time productivity gain through subcontracting on a piece-rate basis, because of the inherent stagnancy in productivity, very little further productivity increase can be expected. Since skill can be imparted cheaply and in a short time, the skill intensity of the sector is also very low.

Large wholesale and retail houses contract out most work. The persons to whom the work is contracted out can then either produce themselves or further subcontract. It is then up to the contractor or the person who will be responsible for the production process to secure the labor. If the primary contractor owns multiple production units, she or he may choose to manage one and subcontract out the work in others.

Carpet manufacturing draws upon the labor of men, women, and children. Women often do the work in their homes, while men and children work in the small factory-type production units or workshops. In our sample, only a minuscule number of women (4 percent of the total sample within the sector) were working in factories in Peshawar. Men usually work in a supervisory capacity and are often the master crafters who provide the final touches to the finished product. Women and children are preferred for the job primarily because their labor is cheaply obtained, although the pretext of "nimble fingers" necessary to make fine knots is generally invoked. Of the three sectors in our sample, average monthly wages are the lowest in this sector whereas the working day is the longest. Considering the high returns obtained from carpet sales by the export houses, women in the carpet sector are the most exploited.

Plastics sector

The plastic manufacturing industry began in Pakistan in the late 1960s. It still consists of manufacturing plastic products, as there is no local capacity to produce polymers, the main raw material in plastic production. For some time the industry remained confined to the large-scale sector. Initially production concentrated around construction equipment. Later, some diversification into consumer items took place. After the simplification of technology in the mid-1980s and an increase in demand for cheap durable consumer goods, production diversified into independent small-scale units that manufactured a whole range of consumer items, such as bottles, utensils, crockery and cutlery, bangles, and buckets. Lately, the manufacture of plastic toys has begun.

Few plastic products are now made totally in-house. Caps, small bottles, and similar items, as well as specific parts for industrial products are made in the small-scale sector. The majority is made in small units with a few machines producing a variety of items for numerous companies.

As consumption of plastic goods increased, yet another dimension was added to the industry. Recycling of plastic products to make inferior quality products that cater to a specific segment of the market has also proliferated. It is estimated that roughly 90 percent of plastic waste is recycled and that the present consumption of recycled material is 40 to 50 percent of virgin consumption.

The plastic industry has traditionally worked under little protection. It faces a form of negative protection in that there is fairly high imported input content on which there are high tariffs. On the other hand, the import duty on several finished items is much lower. Smuggling of plastic consumables has also increased substantially.

Technical change has enabled large-scale producers to subcontract work to smaller ones, and small-scale producers can themselves subcontract work at the lower end of the product spectrum to home producers. Usually the subcontracting chain extends from the large-scale producer providing raw materials and the mold on which the particular product is to be manufactured to the smaller production unit. The smaller production unit in turn subcontracts finishing of the product and its packing to home-based female workers. As such, this industry is a prime example of a push into subcontracting.

We could not discern the extent of division of labor across gender in the production process. However, given that a large number of women are working in the small-scale plastic factories, it can be conjectured that women are involved in the production process. Supervisory work is done exclusively by men.

Of the three sectors, plastics had the highest number of workers in factories, at 62 percent. Regionally, we see that home-based work is prevalent in the industry only in Karachi. In both Lahore and Peshawar the entire sample for the industry was drawn from factory workers. The home-based workers in Karachi were finishing and polishing plastic toys and packing them. Both these tasks were carried out on specific instructions from the subcontractor, who in turn supplied the implements for finishing as well as for packing. The factory-based workers in Peshawar and Lahore were mostly involved in the manufacturing process of pouring melted plastic into specified molds and then in the process of finishing.

Data analysis: Income and expenditure patterns

Contractual arrangements, working time, and incomes

Home-based work is remunerated on piece-rate basis, while workers in factories earn time-based wages. However, there is no formal contractual arrangement between the employer and the employees in small factories as to workday or the workweek. Whereas among home-based workers, no protection would be expected, the non-registration of factories and their non-compliance with labor laws leaves factory women unprotected even about something as basic as

Table 6: Average monthly income of workers by sector

Sectors	*Rupees*
Garments	1323
Carpets	1224
Plastics	1097
Weighted average	1215

Table 7: Average monthly income of workers by city

Cities	*Rupees*
Karachi	675
Lahore	1092
Peshawar	2187
Weighted average	1215

workdays and workweeks.

The average workweek in the survey was 6.4 days per week. There is little variation around this mean sectorally, regionally, or by industry type. Although the overall mean working hours in a day was eight, there was significant variation around this mean. For example, the median in the garments sector in Karachi and Lahore was 10 hours a day and the maximum number of hours worked was 12. Similarly the maximum number of hours worked per day in carpets in Peshawar and Karachi was 10 and 16 respectively.

The average monthly income across sectors and cities was 1,215 rupees. This translates roughly into a monthly income of US$22.5. There was, however, significant variation around this average across sectors, cities and industry type. Table 6 shows the average for the three sectors.

Sectorally, the lowest paid workers were in the plastics industry. Their average monthly wage was 1,148 rupees, or US$21.30. The fact that the extent of specialization is less than the other sectors in the sample may explain this wage difference.

Table 7 shows average wages by city. It reveals that women in Karachi were the lowest paid. Unlike those in Lahore and Peshawar, women working in the plastics industry in Karachi were all home-based. The nature of work performed was also different. Whereas in Karachi women were finishing already manufactured toys and packing them, factory workers in the other cities were more directly involved in the production process, e.g. pouring melted plastic into molds.

There was a significant difference across cities in incomes of carpet workers. In both Karachi and Lahore, where women work at home, the average monthly income was only 546 rupees (US$10). Incomes of carpet workers in Peshawar were the highest in the sample. The size and design of carpets manufactured in Peshawar as well as their payment rates may account for the differential.

The low wages in Karachi and high returns in Peshawar are interesting, as the carpet industry is the only sector that is exclusively export-oriented in our sample. Results from Karachi, in particular, point towards extreme exploitation of workers in this industry, while results from Peshawar are more in line with the pattern observed worldwide that workers in the export-oriented industries are better paid than those producing for the domestic market.

Workers in the garment industry are, overall, relatively the best paid in the sample. The marked divergence across regions is at least partly explained by differences in industry type as well as the nature of work. Whereas the entire sample in Karachi was home-based, 45 percent and 55 percent of workers in Lahore and Peshawar respectively worked in factories. Further, women in Karachi were engaged in a less specialized garment accessory production of pony-tail ribbons, while women in Peshawar and Lahore were stitching shalwars, shorts, and infant dresses. The differences in the process of work are reflected in the wage differentials.

Household size, number of earners and incomes

The average household size in the sample was 7.6 individuals. There was little variation in the household size across cities and sectors. However the median and range varied considerably. The minimum size of households was two people while the maximum was sixteen. The average number of wage earners in the household was three. This number was also constant across cities and sectors. However, the average number of dependants in Karachi and Peshawar was five, while in Lahore it was four.

Overall, the average monthly income during the previous six months was 4,520 rupees, or US$83.70. The female workers thus contributed, on average, 27 percent of household incomes. The workers' households are considerably below the average per capita income in the country. Whereas the average monthly per capita income in 1998-1999 was 1,877 rupees in the country as a whole, per capita income in our sample was 595 rupees per month-less than one third of the national average.

Table 8 shows the average monthly household income by sector. It shows the highest average for garments and the lowest for carpets-a different pattern than that for workers' wages shown in Table 6.

Table 9 shows average household income by city. It shows that the average household incomes in Peshawar were considerably higher than in Karachi and Lahore. In Peshawar, 33 percent of the household income came from the woman worker, whereas the average contribution was 29 percent and 17 percent per cent in Lahore and Karachi respectively. Higher household incomes in Peshawar are partly explained by the inflow of remittance income from overseas relatives.

Table 8: Average monthly income of household by sectors

Sector	*Rupees*
Garments	4691
Carpets	4286
Plastic	4610
Weighted average	4520

Table 9: Average monthly income of households by city

Cities	*Rupees*
Karachi	4058
Lahore	3772
Peshawar	6335
Weighted average	4520

Gap between household income and expenditure

The survey data does not reveal any direct correlation between family size and indebtedness across cities. Only in Karachi did we find a positive correlation in that families with six or more members were for the most part indebted. In Lahore, the majority of households, regardless of family size were indebted. In Peshawar, there was less indebtedness than elsewhere and, where found, it did not correlate with either absolute income levels of the household or the family size.

The expenditure pattern of working class families in developing countries is expected to be dominated by expenditure on basic necessities such as food and clothing. Our survey results corroborate this expectation. The highest share of expenditure on food and clothing is observed in Karachi, which has the lowest household income in the sample whereas the lowest expenditure in this category is in Peshawar that has the highest average household income in the sample.

The share of house rents in total expenditure was much lower than expected. In both Karachi and Lahore, the share of house rent in total household expenditure was less than 5 percent, while in Peshawar it was roughly one fourth. Poorer households, as in Karachi and Lahore, live in kutcha houses for which they have perhaps paid a lump sum, whereas some workers were living in government-provided housing.

There were significant expenditures on items in the "other" category. Across all cities and households, the respondents defined the category as expenditure on hospitality and marriages. While marriages are expected to be a one-time affair, hospitality is constant and ongoing. Thus, extra-economic, essentially cultural factors define household expenditure in a significant manner.

The survey revealed a significant increase in expenditure on groceries and other expenditures over the last year. Eighty-one percent of households reported an increase in expenditure on groceries-97 percent or more of respondents in Lahore and Peshawar and 55 percent in Karachi. Less than half of the sample reported increases in all other named items except the "other" category, where 66 percent said there had been an increase.

Health and safety

Only women working in small factories were asked about health and safety conditions. The sample is thus small, consisting of 26 respondents, of whom 16 are from Lahore and 10 from Peshawar.

All but one woman reported the presence of ventilators while all but four said that exhaust fans were available. Gloves and glasses (over three in five), masks (over a third), and fire control equipment (nearly three in five) were also provided to a majority. First aid was available to nearly two-thirds, while cold water and restroom facilities were available to all but one. The small sample thus paints a relatively optimistic picture.

An even smaller number of women could respond to the questions regarding injury during work and owner help for treatment because very few were employed by factories and formal establishments. Therefore, the sample was restricted to 19 women, 14 from Lahore and 5 from Peshawar. Two-fifths said they had been injured at work, and four in five said that factory owners do not provide any help if a worker is seriously ill or hospitalized.

Subcontracted work and gender relations

Background

Women's incorporation into the labor market has increased substantially over the last decade and especially since the introduction of SAPs. However, women are largely part of the informal workforce. There is some degree of awareness in government circles about this trend and the need for protection given low levels of organization, poor pay and general vulnerability. For example, in 1994, the Task Force on Labor of the government recommended the

"... constitution of a special committee to study and identify the problems faced by the working women and their needs and to suggest ways and means to evolve certain minimum standards to protect female workers and prevent their exploitation" (Report of the Task Force on Labor, Ministry of Labor, Manpower and Overseas Pakistanis, Government of Pakistan, October 1994, pp. 14-15).

Further, according to the government's National Report for the Fourth World Conference on Women in Beijing (1995), "In 1990-91 about 77 percent of the economically active women in the urban areas were employed in the informal sector. The overwhelming majority of these women, four-fifths of informal sector workers, are engaged in home-based work, which has very low remuneration. The average monthly earning of home-based workers is less than one-third the average monthly income of factory workers the lowest level employees in the formal sector."

And according to the Report of the Commission of Inquiry for Women (1997), "The exclusion of some sectors of the economy...from the ambit of the labor laws is likely to leave women unprotected in certain industries where their participation might be disproportionately high. On an analogous note, because the informal sector of the economy, by its very nature, goes unmeasured, the substantial contributions of women to it are both unrecorded, and often made under conditions unprotected by law."

However, women constitute only a fraction of the membership of trade unions, and the latter have not made any serious effort to address the specific problems of female workers. Furthermore, women have few opportunities to participate in union activities, partially due to social norms that discourage such activity and partially due to the internal policies and workings of unions. No role models for women exist in the unions at the prominent leadership level. Therefore, there is little incentive or space for women to join unions and make demands in their capacity as women. Despite the awareness and wish-list type recommendations, the government and civil society institutions have not adopted any concrete measures to address the situation of female workers, especially those who fall outside the protection of Pakistan's patchy labor legislation.

Profile of subcontracted female workers

The average age of female workers in our survey was 27 years, and 57 percent were found in the 20-35 age bracket. The rest were more or less evenly divided between the other two age brackets, below 20 and above 35, at 21 percent and 22 percent respectively.

A large percentage of the surveyed female workers had not worked before. In Peshawar and Lahore, only 10 percent reported having worked previously. Figures for Karachi are not available.

Many respondents from all three cities reported that no other women in their family had worked before. Two-thirds of the women in the garments sector had no other female family member who has worked before, 85 percent in plastics and 56 percent in carpets. Thus, except for the carpets sector, the majority of female workers had no role models to follow within their own family.

Almost 70 percent of the survey respondents said they started subcontracted work due to an increase in household expenditures and rising inflation. The death or illness of a family member accounted for 10 percent joining paid work while 8 percent said that they started work due to the unemployment of a family member. Only 8 percent stated that they began working because they wanted to be financially independent. Thus the survey data indicates that structural conditions rather than the goal of personal empowerment through economic independence were the primary factors precipitating women's incorporation into subcontracted work.

The impact of social conditions and cultural norms

Over a third (38 percent) of the home-based workers reported that they did not seek employment outside the home due to objection from other family members. A further third stated that they themselves considered it wrong to go outside the house, while 23 percent said that they did not seek work outside the home due to a combination of objection from family members and

people in the neighborhood, as well as the fear of creating a bad impression in the neighborhood.

Among those working at factories, 47 percent would have preferred to work at home. This is interesting, as remuneration at home could be significantly less than that earned at the small factory.

While there is a certain amount of convenience attached to working at home, this convenience is based upon women's gender roles as well as the hostile public arena that discourages women from going outside the home. For example, most women want to avoid using public transportation not only because it is inefficient and can take well over an hour to commute one way, but also because they are potentially exposed to sexual harassment. Only two seats are "reserved" for women, right next to the driver of the vehicle (usually a small van or wagon). As these seats are quickly occupied, women have to wait much longer than men do before they can catch a van. Sometimes the transporters try to accommodate three women on a seat meant for two persons, making the women feel crammed for space. Women avoid sitting next to the driver because usually his hand, while changing gears, touches the women's knees or legs, which in the local cultural context is tantamount to sexual harassment. Thus the psychological strain involved in entering the public domain is enough to dissuade some women from leaving the house.

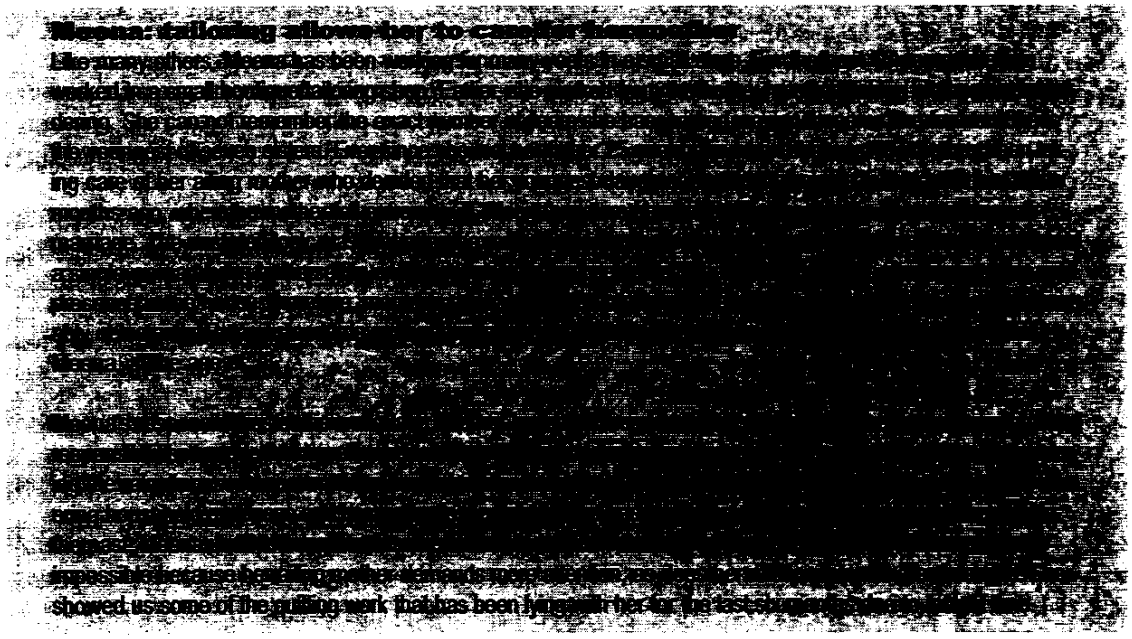
The potential threat of sexual harassment extends to the workplace, where those in management positions can exert power over female workers. There is a widespread perception that, due to women's economic vulnerability, they suffer the unwanted advances of men in the factory without being able to put up effective resistance. This perception reinforces the stigma attached to work outside the home.

Women's productive labor, and household chores and child care

Women incorporate the care economy, including household work and care for family members, into their daily work. A snapshot of the life of a woman worker in Peshawar outskirts, Meena, provides an idea of what this means for female workers' daily lives.

Meena's story is unusual in that she has managed to work outside the house, within the restricted atmosphere of a village on the outskirts of Peshawar. However, due to the care economy, she has had to suffer in terms of a late marriage in order to continue to look after her mother. In return, her mother will probably leave her the one-room, one verandah house where they live.

In Meena's case, the care economy's effects were her late marriage and late high-risk pregnancy. For some other women, marriages do not take place because the women bring home money that helps meet the family's expenses. Late marriage or the absence of marriage affects their self-image, as "spinsterhood" is neither socially rewarded nor considered attractive.



Shahjehan is the first of three wives and earns 1,300 rupees per month sorting plastic and scrap from 8 a.m. to 5 p.m., six days a week. Her workplace is a large plot enclosed by high walls but with no ceiling. There is thus no protection from the summer sun or winter cold. Shahjehan shares some of the household work with her daughter and stepdaughters. Her husband was a brick-breaker and general-purpose laborer who stopped working some years ago when his first two wives began to earn money. Both support him and his third wife. He works occasionally when he feels the remuneration is good.

Razia supports her 70-year-old husband when he comes to visit her for three to four months each year, usually during winter. She worries about her 18-year-old son who slipped from a roof and broke his right arm. Despite three operations, the arm has become useless and his ability to serve customers in the shop he works at is thus severely impaired.

Fokraaj is 40 years old. Her monthly salary recently increased from 1,600 to 2,000 rupees. She stitches children's dresses in addition to supervising and teaching other women in the shop where she works. She is the eldest of two brothers and two sisters. She and her youngest sister are not married. Her brothers are unable to cover all the household expenses from their electrical repair shop. They say that business is not good, as these days people neither buy electrical gadgets nor bring in the old ones for repair. Fokraaj said that recently one of her brothers cried because another long day had passed with no customers. The brothers were reduced to having green tea (cheaper than black tea, because it needs no milk) with roti for lunch as they could not afford a proper meal.

Fokraaj's income has always been critical for the household. She broke down when she recalled her sick mother's wish to have chicken broth when she could not afford to buy a small chicken. She also felt helpless when her mother asked for talcum powder and toothpaste. She explained that, despite trying to save by foregoing public transportation and walking instead, she was unable to provide more than the doctor's fee and medicines for her mother. She said that she had managed to save some money in the past for her dowry. However, it was unclear whether she still hoped to get married or was resigned to supporting her family.

Three other case studies also illustrate how women's earnings are crucial to the support of a sick parent or a non-working husband.

While all these women are acutely aware of the centrality of their work and earnings, they are equally conscious of their limitations and helplessness. They feel that compared to the type and amount of work they do, their remuneration is unfair. But the needs and survival of the family come first, so they continue to work under bad conditions and simultaneously shoulder the responsibility of looking after the home, bearing and bringing up children, and looking after sick family members.

More than 50 percent of women reported no change in their household work responsibilities since beginning work, 35 to 40 percent reported a decrease in their household responsibilities, while 10 to 15 percent reported an increase. Where there is a decrease, it is probable that either the grown-up daughters have assumed responsibility for some of the chores, or other women (such as sisters, mother, or mother-in-law) have accepted responsibility to support the female worker. It could also be that the husband and children are helping out.

The qualitative interviews clearly indicate that household chores as well as home-based subcontracted work involve the labor of children. For example, Salma, who has six children, earns between 500 to 700 rupees per month by trimming plastic bottles and cooler caps at home. The older children work as apprentices in factories earning 100 rupees per week for 12 to 14 hours of daily work, 6 days a week. The youngest, an eight-year-old son, stays at home, as he is too young to be accepted as an apprentice. He helps his mother in household chores as well as with her paid work. Some women whose daughters were attending school also reported that they helped with cooking and washing after school. Women who did not have children reported that they fulfill their household responsibilities of cooking and cleaning on returning home at the end of the day.

Gender hierarchies and new forms of power relations

Some changes in values can be clearly observed from the survey. For example, 95 percent of women said they give equal importance to girls' and boys' education, only 4 percent said that they give boys' educa-

tion greater importance, while 1 percent claimed to give girls' education more importance. Notwithstanding these attitudes, not all women reported that their children were going to school. Just over half (53 percent) of boys and 47 percent of girls were attending school. About half of the women whose children did not attend said that they could not afford to send their children to school.

Nearly two-thirds of the women (63 percent) reported that their opinions and decisions are seen as important in the home. There were variations across sectors in that 45 percent of the carpet sector female workers said that their suggestions are not seen as important, while this was the case for only 13 percent in the garments sector.

Despite trying to sensitize interviewers about the thrust of the question about decisionmaking, most women interpreted it to refer to everyday issues such as what will be cooked in the house or the decisions regarding children. It did not extend to the public sphere in terms of decisions related to women's mobility or their autonomy. For example, none of the respondents felt confident to venture outside certain boundaries within the public arena. They did not feel that joining any kind of a neighborhood organization was within the prescribed gender roles. Similarly, staying on till late outside the house in connection with a possible meeting was not possible without the permission of a male relative or family elder.

Furthermore, it is not the commencement of work alone that determines decisionmaking powers. Rather, these are directly related to marital status in conjunction with the age and status of the woman concerned. If she is older and is a mother or mother-in-law, her say will carry weight. But if she is young and unmarried, she will not be expected to be a part of the decisionmaking hierarchy.

Nine in ten women reported that men in the family do not object to their paid work. This could be because the majority works at home, within the confines of social norms and taboos. Only 8 percent reported household quarrels related to their paid work while 3 percent admitted that physical violence takes place. The relatively low percentage could be an understatement. First, there might be under-reporting of physical violence for reasons of privacy, pride, and fear. Second, paid work might not have anything to do with the incidence of the violence against women insofar as the latter takes place for a variety of reasons.

Change in women's self-perception

As noted above, although the majority of reasons for starting work related to everyday survival, 8 percent of the women said it was for reasons of financial independence. Most of these women were unmarried and wished to pursue work in order to have money of their own to spend as they chose. A relatively larger percentage of women in the plastics sector chose to work in order to acquire financial independence, even though this is not a highly paid sector. Also, it is a relatively new sector in which the average age of the female workers was 28 years

While 69 percent of the women reported zero savings, some said they retained earnings for personal use. In the garment, carpets, and plastics sectors, 39 percent, 37 percent, and 51 percent respectively, said they spent a percentage of their earning on themselves. The higher percentage in the plastics sector further strengthens the conjecture that women in the plastics industry do not work under family compulsions alone.

There was a clear sense among the women of being underpaid, but simultaneously a sense of coming to terms with reality. As women, they felt that this was the best opportunity available to them since they did not have much choice. Many said that if they refuse to work at the rates offered by the intermediary, he would take the work elsewhere. As a result, they would be unable to earn even the little that they are earning. A variation on this response was the belief that they were better off than many others. Therefore, a comparatively low wage for their skills was rationalized on the basis of a Hobbesian world from which they received a bit of protection through the good offices of their employer. This was the case for women working in a shop or small factory.

The respondents did not associate their situation with structural conditions in the national economy or international economic order. Similarly, their knowledge of any legal protection was virtually non-existent. They knew about factory workers and the advantages accruing to them, but they were also acutely aware of their own as well as the intermediary's limitations.

Strategies for organizing

We did not want to treat women as passive victims of a larger system, and therefore asked if they had any strategies to address their situation. Four different questions directed at assessing the possibilities for

organizing among subcontracted female workers were thus included in the questionnaire. Three of these questions were indirect in that they did not ask if the women had any organizing strategies but rather attempted to obtain this information by asking about related issues. The last question asked directly if the worker felt she could fight for fairer remuneration through organizing with other women in similar circumstances.

Given that unemployment of a family member and the rise in expenditures had pushed many female workers into subcontracted work, our first question attempted to explore the degree of friction and competition over trying to obtain work. The results indicate that women do not fight over work. Only 7 percent reported some degree of fighting or friction. This is a positive finding in respect to opportunities for collective organization.

The second question asked respondents whether they were aware of any organizations working in their locality. Only 12 percent answered in the affirmative. Peshawar workers were more likely than others to know about organizations.

The third question inquired into women's personal experience regarding informal systems of savings. They were asked if they saved any money through the "committee system". This is a system through which women pool money, usually on a monthly basis for a specific number of months, and each month one woman receives the lump sum. One third of the women said that they took part in such schemes. The others explained that usually there was very little money to save hence it was impossible to participate in the committee system. There were also some women who did not know what the committee system was.

After posing this question, we asked the women if the same principle could be extended for solidarity among female workers with regard to their remuneration. Often, the response was in the negative but some stated that such a possibility, if it existed, would be ideal. A small number of respondents tried to explore options, but they mostly drew blanks. They did, however, emphasize that they would be interested in working with any organization that might promote such arrangements.

Finally, to a question as to whether they felt they could obtain a better wage from the intermediary by organizing, only 25 percent replied in the affirmative. Of these, none were able to discuss concrete strategies to bring this about. Those who responded in the negative explained that the intermediary had his own constraints. They also feared that he would take the work to another home or community.

Given that only a few women are aware of the possibilities of the limited legal protection available and their disadvantage vis à vis the subcontractor, there is little room for strategizing at the community level at this point. The possibility exists, but will require much patience, risk, and painstaking, continuous work within communities and among female workers as well as subcontractors. Simultaneously, and on a more urgent basis, one needs to advocate at the national level with policy-makers and other stakeholders to provide humane work conditions and fair remuneration to subcontracted workers. This process has already begun, as can be observed in the statements contained in various government reports issued by the labor and women's ministries. These statements must be highlighted and publicized to spread general awareness and force action.

Recommendations

- Comprehensive labor legislation to ensure workers rights is required. The informal sector worker in the cities should be brought within the purview of the labor laws, including the right to a minimum wage and collective bargaining. Effective enforcement mechanisms must be established to ensure widespread compliance.
- The government should sign and ratify the 1996 United Nations convention on home workers.
- The government needs to recognize the need for protection of the majority of the labor force through programs aimed at improving their conditions of work and legal rights.
- The government should encourage workers to organize simultaneously with the pursuit of privatization.
- Better statistics and information are required to understand the situation of subcontracted workers. Basic information is required on the scale of employment and wage differences across sectors, regions, and gender. Also, information on subcontracted workers' economic contribution to the national economy would be useful for devising advocacy strategies for workers' economic rights and legal protection.
- Research studies that highlight issues pertaining to subcontracted work from multiple perspectives should be encouraged. This would include examining not only the living and working conditions of

workers but also developing an understanding of the chains and intermediaries involved in the process, the macroeconomic policies that contribute to the phenomenon, and the perspectives of employers who face competition both nationally and internationally. Additionally, research needs to be undertaken on national, regional, and international variations in conditions of work and remuneration.

- Debate must be encouraged among all stakeholders, and advocacy should promote awareness among employers of the need to provide minimum wage and humane conditions of work including health and safety standards, while canvassing for legal safeguards.
- The role of civil society institutions needs to be strengthened. Local community organizations as well as nongovernmental organizations can play an active role in helping subcontracted workers build their own organizations to advocate and fight for their rights.
- The development of regional links between subcontracted workers' organizations will help promote workers' agendas on regional forums. This might not be the most effective tool at the moment, but it will be useful in the medium term to pressure governments into agreeing to protect labor.
- Programs for enhancing the skills of subcontracted workers must be developed and opportunities and credit facilities provided.
- There is a need to pay special attention to the needs of women by highlighting the kind of jobs that are being created for them in current circumstances. There is a need to address women's specific problems related to transportation, language barriers, and gender hierarchies. Local communities must be sensitized to the needs of women so that the mullahs and fundamentalists do not oppose steps for empowering women.

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Subcontracted Female Workers in the Global Economy: Philippine Report

based on the report prepared by Rosalinda Pineda Ofreneo *University of the Philippines*, Joseph Y. Lim *University of the Philippines*, Lourdes Gula *PATAMABA (National Network of Homeworkers)*

The economic background

Economic trends since the seventies

From the seventies to the nineties, the Philippines opened its doors to globalization via export promotion, trade and capital liberalization, and increased incentives for foreign investment in both the real and financial sectors. Unfortunately, both the macro and micro fundamentals of the economy did not develop sufficiently to enable the country to become an East Asian tiger, strongly competing and winning in international markets.

The labor-intensive export promotion strategy undertaken by the Marcos government in the seventies changed the Philippines' export composition from largely agricultural and resource-based to non-traditional manufactured exports such as garments and related products on one hand, and semiconductors and electronic parts on the other. This resulted in an increase in the female labor force in manufacturing, as both the garment and electronics industries were heavily dependent on female labor in the final assembly stage of production. The production of these two export products is, however, import-intensive and yields little added value as intermediate products-electronic parts and textile fabrics-are largely imported from abroad.

The promotion of these two sectors is believed to have led to a rise in subcontracting in order to meet the demand of exporting firms. Production of garments, in particular, is flexible, allowing a combination of both firm-based and home-based production. Unfortunately, however, regular economic and labor statistics do not fully or accurately capture the extent of subcontracting to either firms or home-based production.

From 1983 to 1986, the Philippines experienced a foreign debt crisis as well as political and economic decline and hyperinflation. The decline was exacerbated by strong monetarist policies introduced on the advice of the International Monetary Fund (IMF) which led to a credit crunch and near financial collapse. This decline and the ensuing boom-bust cycle inhibited the country's ability to compete in the international arena.

With the assumption of power by the Aquino government in 1986, there was a temporary recovery. While this was marred by net capital outflows as well as political instability, the Aquino government implemented important structural reforms:

- Import liberalization that lifted almost all quota restrictions. Many quota restrictions were converted into tariffs, but these were reduced in the nineties.
- Financial liberalization that started in the early eighties but was implemented in earnest during this period.
- Rehabilitation of many state enterprises, privatization of a sizeable number of them, and sale of non-performing and sequestered assets.

The sharp decline in the mid-eighties, political instability under the Aquino administration, and the foreign debt overhang in the second half of the eighties prevented the Philippines from replicating the gains of other Association of Southeast Asian Nations (ASEAN) countries during this period. Another recession and economic slowdown in 1991 and 1992 further distanced the Philippines from its fast-growing neighbors and reduced its competitiveness.

Fortunately, the implementation of the Brady Plan significantly reduced the debt burden of the country. The new Ramos government injected political and economic stability and confidence into the system. The Ramos administration deepened the market liberalization and privatization processes started by the Aquino government. On the external front, the government joined the World Trade Organization (WTO), the ASEAN Free Trade Area (AFTA), and the Asia Pacific Economic Cooperation (APEC). The Philippines reduced its tariff unilaterally both ahead of the schedule it was bound to by international agreements, and well ahead of its neighbors.

Monetary policies meanwhile favored an overvalued exchange rate. This further cheapened imported products and made Philippine export products expensive in the world market. It intensified foreign goods competition to Philippine tradable products, mostly in manufacturing. The export and import share of gross domestic product more than doubled from 23 percent and 28 percent, respectively, in 1982 to 52 percent and 64 percent respectively in 1997.

Starting in 1996, some clear winners and losers emerged among the different industries. Among the major winners in terms of growth rate and export share are electronic and electrical equipment and parts, and machinery and transport equipment. The clear losers include garments and footwear, wood manufacture, baby carriages, toys, games and sporting goods, basketwork, and wickerwork. Unfortunately these are precisely the sectors in which many female homeworkers and subcontracted workers are employed. The declines can explain why, in the communities we studied that were producing for export, subcontracting work has declined enormously. Garment exports, in particular, have stagnated such that their share of exports fell from 21.7 percent of the total in 1990 to a mere 8 percent in 1998.

It is in this context of intense foreign competition in the external and internal markets that subcontracting and related practices have become potential coping mechanisms for firms. At the same time, however, home-based subcontracting seems to have shrunk as traditional sectors of the garment industry have stagnated or substituted machines and computers for labor. The Survey on Specific Groups of Workers released by the Bureau of Labor and Employment Statistics shows that between 1994 and 1997, the number of registered subcontracting firms increased by 51.5 percent, from 361 to 547. However, these firms are more often than not large establishments employing many workers on a firm-basis rather than on a home-basis (Diaz, 1998).

The East Asian crisis struck at a time that job orders and piece rates were declining for many of the home-based subcontracted workers engaged in the troubled industries. The crisis had two dimensions. First, the financial and economic crisis hit the urban areas, throwing workers out of manufacturing, construction, finance and real estate. Second, the El Niño and La Niña phenomena increased unemployment and underemployment in the agricultural and rural areas.

Lim (1999) uses labor force statistics to show that men became unemployed in agriculture, manufacturing, and construction while women became unemployed in agriculture and the formal manufacturing sector. The only sector currently absorbing labor is the service sector, especially market vending and personal services such as domestic work. The latter is female-dominated. It seems that a significant coping mechanism of families is for women to enter or to take additional jobs in the trade or service sectors.

The garments sector

The garments sector is the biggest employer of home-based subcontracted women. Footwear and wearing apparel declined during the economic collapse of the mid-eighties. After this, however, their share grew from around 4 percent of total manufacturing in the mid-eighties to 6.5 percent by 1995. In 1996 the garments sector registered a sharp decline of almost 9 percent. Between 1996 and 1998 the garment industry's share stagnated at 5.5 percent to 5.8 percent of total manufacturing. Meanwhile the share of garment exports to total exports declined sharply from almost 22 percent in the early nineties to just 8 percent in 1998.

The decline of the textile sector started earlier and was even more pronounced. The textile industry's share stood at 4 percent of total manufacturing in the second half of the eighties, but was only 2.3 percent in 1998. The decline of the textiles sector affects the garments sector, as an integrated garment-textile industry would have provided value-added and efficiency gains. As it is, raw materials and intermediate goods for garment exports are almost wholly imported.

The employment share of the garment and textile industries is much higher than their contribution to gross value-added. Garments accounted for 17.5 percent of total manufacturing employment in 1988, and around 15 percent in 1998. Textiles accounted for 7.9 percent of manufacturing employment in 1988, and 5.6 percent in 1998. The garment industry is the second largest employer in manufacturing after the food industry, while the textile industry is the fourth largest employer in manufacturing. Yet most statistics are gross underestimates since the survey of formal establishments conducted by the National Statistics Office (NSO) does not capture employment in firms with fewer than 10 workers or in firms and workers in the informal sectors, including homeworkers. The Garments and Textile Export Board (GTEB) estimates there are nearly a million workers in the garment industry if all subcontracted and homeworkers are included.

During and after the recession of 1991, real wages declined significantly for the manufacturing sector as a whole, including the garments and textile sector.

The decline was a result of both sharp inflation and strong competition from foreign goods.

The external causes for the garment industry's problems are:

- The entry of many low-wage and low-cost countries in the exports of garments, which was accelerated by regional and other trade treaties and liberalization measures of the WTO more generally.
- The lifting of quotas as agreed in WTO negotiations. The Philippines previously enjoyed favored status in the United States and European Union (EU) markets and so stands to lose with the lifting of quotas. The schedule for removal of quotas consists of three phases that started in July 1995. The problem is exacerbated by the fact that the United States is trying to circumvent the lifting of quotas to favor its own garment manufacturers.
- The North American Free Trade Agreement (NAFTA) and the Caribbean Basin Initiative give Mexico and Caribbean nations an advantage in the American market, which is the main destination of Philippine garment exports.
- For production geared to the domestic market, there is growing competition from imported products.

Domestic reasons for the garment sectors' problems are:

- High labor costs relative to world standards due to historically high inflation rates and a higher cost of living.
- Higher electricity costs and poor infrastructure.
- Labor problems in response to coping measures by employers, which have forced exporting firms to close down or reduce production.
- Overvaluation of the peso from the mid-eighties till 1997, making exports expensive abroad and cheapening imports domestically.
- Low investments in efficient and productive machines by the big firms.

Subcontracting in the garments sector

Subcontracting in the Philippines has become multi level. Orders may come from a foreign principal in the United States, Japan, Australia, or Europe. The Manila based exporter subcontracts the work to provincial manufacturers or agents, who further farm out the jobs all the way down to the rural households. By utilizing these production chains, the foreign principals, exporters/suppliers and big subcontractors can reduce production costs to a minimum, principally through cheaper labor supply and lower capital requirements. They have a great deal of flexibility to increase or decrease production according to fluctuations in demand.

Some garment firms are involved in all facets of production. Others are subcontractors, smaller producers who concentrate on producing whole garments or on specialized processes on orders from a principal. Subcontractors can either be independent or subordinate. Independent subcontractors have access to more than one buyer. Subordinate subcontractors are dependent on a single large customer. Lately, subcontractors have become 'satellites' of exporters for whom they solely produce in exchange for machines and advances on payroll.

The number of subcontractors accredited by the GTEB decreased from 2,396 at the end of 1993 to 1,502 in 1997. In 1997 these firms employed 159,033 in plant workers and 2,546 homeworkers. But figures fluctuate widely. In 1998 there were 1,507 subcontractors but only 99,550 in-plant workers and 1,553 homeworkers (Subcontractor's Information System Employment Statistics, GTEB). These figures are underestimates in that subcontractors accredited with the GTEB do not include the many unregistered subcontracting businesses in the informal sector.

Further statistics are available from the Industry and Trade Statistics Department of the NSO, which reports that there were 16,067 firms involved in the manufacturing of wearing apparel (excluding footwear) in 1995. Of this number, 12,628 had only one to four workers, and 1,181 had five to nine workers. Most enterprises employing fewer than ten workers are part of the informal, unregistered sector.

Focus of this study

PATAMABA

This research was closely informed by the needs, interests, and objectives of the Pambansang Tagapagugnay ng mga Manggagawa sa Bahay (PATAMABA-National Network of Homeworkers) with respect to their advocacy and overall development agenda.

The Labor Code of the Philippines states that a homeworker is one "who performs in or about his/her home any processing of goods or materials, in whole or in part, which have been furnished directly or indirectly, by an employer and thereafter to be returned to the latter."(Section 1, Rule XIII, Conditions of Employment, Rules and Regulations Implementing the Labor Code.)

Homeworkers are at the bottom of the subcontracting ladder in the garments, handicraft and other industries requiring flexible or contingent labor. They are usually not covered by laws and regulations applying to employer employee relations. They have no security of tenure and generally do not enjoy social protection in terms of access to maternity and sick leaves, as well as medical, death, and other benefits.

PATAMABA was founded in 1991 with the assistance of the International Labour Organization (ILO) in an effort to build the national network of homeworkers and provide support services for them. It has chapters in Luzon, the Visayas, and Mindanao. PATAMABA engages in a variety of programs and activities: organizing, networking, and advocacy; capability building through education and training; and providing socioeconomic assistance. In the early 1990s, PATAMABA had around 2,000 members who were subcontracted workers. This number is now down to about 250, as subcontracted workers have had to shift to self-employment due to stoppage or decline of orders.

For PATAMABA, the research was significant in the following ways:

- It helped them clarify how subcontracting is related to the larger economy and macroeconomic trends connected with globalization and the current economic crisis;
- It made them more conscious of the interrelationships between gender and class;
- It honed their skills in participatory action research;
- It helped strengthen their advocacy work with respect to the economic and legal rights of subcontracted workers; and
- It helped them plan realistic development interventions for subcontracted workers based on felt and articulated needs.

Research methodology

The study followed the principles of participatory action research with PATAMABA as the partner organization. The survey consisted of 150 interviews, most of them with women, in five communities. Interviewees included both members and non-members of PATAMABA. Additional methods included focus group discussions (FGDs) and five case studies. The five sites were:

- an embroidery community in Malibong Bata, Pandi, Bulacan;
- a smocking community in San Vicente, Angono, Rizal;
- an urban poor community with garments subcontractors in Balingasa, Caloocan City, Metro Manila;
- a bag-making community in Taal, Malolos, Bulacan; and
- a papier maché community in Santo Angel, Santa Cruz Laguna.

In the first four communities, different facets of the garments industry can be found. The last community provides a glimpse of a sector of the gifts, toys, and housewares (GTH) industry.

The five sites

Malibong Bata, one of the 22 baronages of Pandi, Bulacan, is an agricultural zone planted mostly with rice. In 1996, there were 1,632 people belonging to 297 households in Malibong Bata, of whom 816 were male and 816 female.

Women in the garments industry work as embroiderers producing garments, patches, placemats, and tablecloths. Men help by cutting cloth, folding the finished products, and repairing machines. Younger women and men engage in high speed sewing. Boys and girls do trimming. Subcontracting is the common arrangement, with jobs obtained from agents, relatives, and contacts from neighboring communities. However, orders are now very rare and many sewers and embroiderers have shifted to other means of livelihood. Some have migrated to other countries.

The FGDs revealed that some homeworkers used to embroider the national men's costume on the basis of orders from subcontractors based in Pandi or neighboring towns serving Metro Manila. But since the mid-1990s orders for this particular product have declined. The women of Malibong Bata used to embroider table napkins and other articles on the basis of orders from local or neighboring subcontractors who in turn supplied exporters. Interviews with individual subcontractors and their homeworkers revealed a range of further different patterns and chains of subcontracting.

San Vicente is one of the ten *barangays* of the municipality of Angono, a farming and fishing town located within the Laguna lake area. As of 1995, San Vicente had a population of 6,750 belonging to 1,473 households. Economic activities include agriculture, raising livestock (including poultry and pigs), and

small businesses.

The smocking industry in the area is long-established. Smocking was introduced into the country by American garment exporters in the 1930s, and has been subcontracted ever since. The usual arrangement then was for a United States-based importer to have an agent in the Philippines who would take charge of doing a sample or supplying an order through Philippine-based subcontractors.

Today, there is multi-level subcontracting in Angono, with local operators supplying foreign principals with baby dresses and lingerie ordered from subcontractors and sub-subcontractors. At the bottom of the subcontracting ladder are the factory-based and home-based outworkers. Some of these workers themselves subcontract to other workers.

Subcontractors in Angono are of different types. Some have their own small factories where the sewing of garments into whole pieces is done by 5 to 50 workers. Others are mobile, getting orders from a range of operators and placing orders with an array of sub-subcontractors. Their principal role is to check for quality and to have the goods delivered on time to the local operators. This second group often lives as poorly as the homeworkers to whom they give smocking orders. They are often caught in a bind as they are expected to advance payments for finished work so that homeworkers have money for their daily subsistence while, more often than not, the local operators and higher-level subcontractors do not pay them on time. The small-time subcontractors are sometimes homeworkers themselves, doing smocking with their children. The majority of the workers in the smocking industry are outworkers, and most are female.

Balingasa is a poor community located on the boundary of Quezon City and Caloocan City in Metro Manila. The *barangay* had a total population of 19,781 in nearly 4,000 households in May 1996. Business establishments in the area include garments and other factories and subcontracting firms. Economic activities of the residents include factory and subcontracted work, market and sidewalk vending, teaching, government employment, and micro-entrepreneurship.

Subcontracting in garment production has been known to exist since the 1980s. The researchers encountered three subcontracting outfits in the community. One is a man who serves as cutter for his four sewers. The second is home and family-based, supplying ready-to-wear products of a well-known quality brand to a central factory which in turn delivers to 15 outlets in various shopping malls. The sewers are all sisters, and one of them serves as the subcontractor. They are featured in the case study portion of this report.

The third subcontractor is a woman who is currently producing pants for a factory that exports to Los Angeles. She claims that she gets paid only 75 pesos (less than $2) for a pair of boy's pants that sells for $7 to $8 dollars in the United States. She has five sewers working inside her crowded home, and her raw materials are stacked in plastic-covered piles outside the door for lack of space. She belongs to a charismatic religious group that provided some of her sewing machines. She used to work as a quality controller in the garment factory from which she now gets her orders. Because of her close personal relationship with the factory owner, she is not inclined to push for the implementation of Department Order No. 5 (DO 5), which would enable her sewers to claim their rights from their ultimate employers-the factory owners.

Santo Angel Central is located near the public market of Santa Cruz proper, a town about 87 kilometers south of Manila. It has a population of 1,925. Most of the working-age population is self-employed. Others work for government or the private sector, or are overseas contract workers. Men are usually employed as farmers, fishers, carpenters, plumbers, drivers, and tailors. Women engage in papier maché making, laundry work, beauty culture, sewing, and selling vegetables, buko salad, and rice cakes.

There has been a decline in orders of papier maché products since the early 1990s, when China began to produce for the global market at about 50 percent of Philippine prices. Prices of products being ordered have also steadily declined. The decline in prices can partly be attributed to cutthroat competition among suppliers, and the tendency of Manila-based exporters to use nearer suppliers within the metropolis to save transport costs. The other reason is competition from cheaper foreign sources. As a result of the serious decline, many papier maché workers are looking for other ways to earn a livelihood.

Taal, Malolos is located about 7.5 kilometers from the center of town. The population is estimated at 1852-927 male and 925 female-from 383 households and 432 families. The major sources of livelihood are agriculture and bag-making.

A handful of subcontractors operate in Taal. In the 1980s, they embroidered traditional garments, mainly for the market around the American base in Angeles City. When the bases were closed down in 1991,

orders declined. In the mid-1990s, computer-aided embroidery emerged. Subcontracting shifted to bag making, since the machines that subcontractors and their homeworkers possessed could also be used for the new product.

Three of the subcontractors operating in Taal, all of whom are women, are based in a nearby barangay and market their own products to retailers all over the country. Two subcontractors supply Divisoria outlets.

Some of the homeworkers are also subcontractors. During the validation workshop they explained that subcontracting in bag-making takes the form of orders through Divisoria outlets for custom designed bags for company give-aways. In such cases, the materials, thread, and pattern are provided by those who order. But the subcontractors also produce items such as schoolbags to market on their own. The main complaint of workers at the bottom of the subcontracting chain is that their piece rates have declined in real terms with inflation.

Survey results

Characteristics of respondents

Female respondents account for 92 percent of all respondents, as it was very difficult to find men doing subcontracted homework in the communities identified. In terms of geographic location, 43 percent of the respondents were from Pandi, as this community has the most numerous subcontracted homeworkers and diverse products. Twenty-two percent of respondents were from Malolos, 12.5 percent from Balingasa, 12.5 percent from Santa Cruz, and 10 percent from Angono and Binangonan.

Most respondents were between 20 and 60 years of age with a sprinkling over 60 years. Average ages were in the late thirties or early forties. Pandi and Malolos, with their diverse products, had relatively younger respondents. Male respondents tended to be younger than female. This may be due to the fact that only younger and less powerful male members of families are willing to undertake home-based subcontracted work.

Three-quarters of the respondents were married and living with their partners. Single respondents accounted for another 14 percent. Among the female respondents there were some widows, and a few who were separated from their spouses or living with another partner (1 percent).

As expected none of the men were members of PATAMABA, though their female relatives might have been. In Angono and Santa Cruz, PATAMABA members dominated. In Balingasa non-PATAMABA members dominated. Malolos and Pandi had a fairly even mix of members and non-members. Overall, 50 percent of total respondents were PATAMABA members.

In the more rural Pandi, Santa Cruz and Malolos respondents tended to be native to the place. The more urban communities-Balingasa and Angono-had a larger share of migrants among the respondents. The male respondents were more likely to be native to the communities than their female counterparts.

Respondents had an average of three children if respondents without children are included, and four if only respondents with children are included. Thus for the majority of respondents with spouses, the average nuclear family size would be six people. However, household sizes were generally larger than six, suggesting an extended family setup. Angono had the largest average at 7.8 people to one household. Pandi had the smallest, at 6.1 people.

The numbers of earning household members averaged slightly more than three, including the respondent. With the large household sizes, the dependency burden was thus more than two people to one earning member. The burden would have been increased by the fact that not all income-earning members were fully employed and earning adequately.

More than 70 percent of respondents did not finish high school. Five women reached college or vocational levels, and three finished college or vocational school. None of the men went beyond high school.

Fifty-eight percent of husbands in Balingasa, 38 percent in Angono, 33 percent in Santa Cruz, and 22 percent in Angono were unemployed. In Pandi, 13 percent of husbands were unemployed, while more were engaged in farming and animal raising. They had, however, been hard-hit by the El Niño and La Niña phenomena in 1998 and 1999. Malolos and Pandi had a significant number of farmers, while Santa Cruz had a significant percentage of fishermen. Almost all areas also had a significant percentage of men working as drivers of tricycles and other vehicles and in construction. For the male respondents, the wives were either unemployed, or in sewing or embroidery.

Subcontracted work

Most subcontracting arrangements are verbal. The only area with significant numbers of written contracts was Balingasa, Quezon City, where 40 percent are written. This is because the homeworkers in Balingasa are subcontracted directly by the firm. For

informal and individual subcontractors and intermediaries, the arrangements are usually verbal, unwritten, and often personalized.

In embroidery and patches (Pandi) and papier maché (Santa Cruz), the homeworkers usually had to provide their own materials. For smocking (Angono), bags (Malolos), and wearing apparel (Balingasa), the subcontractor or firm usually provided the fabrics and materials. In Pandi, the respondents also usually provided their own equipment. In Balingasa and Malolos, there was a mix of equipment owned by the subcontractor and by the respondent. In Angono, no equipment was used for subcontracted work. In Santa Cruz, the molds used for papier maché were initially owned by the subcontracted workers, but when they stopped doing papier maché many sold their molds to the subcontracting firm. Most respondents bore the costs of electricity except where they were working in home-based "shops".

Most subcontracted work arrangements stipulated a set period for the output. A significant minority in Malolos and Balingasa reported some fines for tardy submission.

Embroidery products and patches (Pandi) and bags (Malolos) are sold in the domestic market. Final garment products of smocking (Angono) and sewing (Balingasa) have a mix of local and export markets. Papier maché products (Santa Cruz) are mostly exported. Respondents said that subcontractors and intermediaries took most goods to firms in Metro Manila before they were sold in the local or foreign market.

In Pandi, Angono, Balingasa, and Malolos, there was a mix of respondents bringing their materials to the subcontractor and subcontractors picking up the finished merchandise from the home of the respondents. This may not be a big problem inasmuch as the subcontractors are neighbors of the respondents. In Santa Cruz, respondents brought the products to the subcontracting firm in the next town by rented jeepney, incurring significant transportation costs.

To determine daily pay we asked respondents about the piece rates for their products and how many pieces they can produce in eight hours. The responses can be compared to the current minimum daily wage of 198 pesos in Metro Manila and all communities within two hours' drive. The responses revealed that the majority of respondents earned well below this minimum. Further, in all areas except Balingasa, demand was seasonal, and there were months in which pay for subcontracted home-based work was low or nil. Pay was particularly low for papier maché makers in Santa Cruz. Female workers in Angono were also very poorly paid. While there were some respondents who could make more than 198 pesos a day, they produced products that require high levels of skill and efficiency.

In Pandi, where home-based work is more prevalent and products quite diverse, respondents gave a resounding nod to a question about the benefits of home-based work. Respondents in Balingasa and Malolos were also positive. However, respondents from Santa Cruz and Angono were not so enthusiastic about the benefits of home-based work. They saw the main benefit as the capacity to earn while still being able to take care of children and housework. The other two positive points, except in Balingasa, were ease in learning the work, and the flexibility of time and place of work. Balingasa is probably different because of the higher skills required, as well as the fact that many workers work in "shops" owned by subcontractors, and do not enjoy flexibility in time and place of labor.

To questions about problems, the most common responses across most communities were low pay, the lack of social security benefits and protection, the lack of stability and job security, the lack of regular job orders, and the high cost of electricity. The cost of electricity is one of the reasons Philippine products are losing out to foreign competition.

Many Balingasa respondents did not answer the question about problems. This could be because the respondents are not PATAMABA members or personal acquaintances of the PATAMABA interviewers. They may have feared that complaints would reach the subcontracting firm or individual subcontractors, who were also respondents of the study. Balingasa respondents also did not see job stability, job security, and lack of regular orders as major problems since their job orders are quite regular and steady. They did not see electricity costs as high since many of them work in "shops".

Problems with the high cost of materials were common in Pandi and Santa Cruz, since workers in these areas provide their own materials. Surprisingly only a minority of women claimed there was too much paid and household work. The exception was Angono, where

a majority claimed that this was a problem. This may be because more than 50 percent of female respondents in Angono said they earn income in other ways as well as subcontracting work.

In Balingasa and Angono, female respondents were more likely than those elsewhere to talk about problems with husbands. These two communities are the most urbanized and have the highest rates of unemployment for men. In Angono, Santa Cruz, and Balingasa a significant number of respondents cited problems with land and land rights.

Only Angono and Malolos had a significant portion of respondents reporting complaints to the subcontractors. The bulk of the complaints concerned stagnant piece rates despite continuing inflation. Most complaints came to naught, except in Malolos where half of the respondents concerned said that piece rates for bags were adjusted upwards.

Income and expenditures of respondents

Balingasa appeared to have the highest average income from primary occupation, at around 33,700 pesos. Santa Cruz was next, at 31,100 pesos, but only four respondents gave primary income estimates, as most of those working in papier maché production now have other livelihoods. Malolos and Pandi were similar in their average income, at around 25,000 pesos. Angono had the lowest average income, at around 15,100 pesos.

Balingasa respondents did not have secondary livelihoods, as orders were regular. Around 40 percent of respondents from Pandi and Malolos and 56 percent in Angono had secondary livelihoods. All Santa Cruz respondents have had secondary livelihoods since they left papier maché production. The secondary income sources for female respondents ranged from raising pigs in Pandi, to farming in Malolos, to selling food or washing laundry in Santa Cruz and Angono, to other sewing activities in Angono and Pandi. The resilience of these homeworkers in coping with adverse economic situations is perhaps one of the best coping mechanisms of families in difficult times.

Santa Cruz had the highest average annual income from secondary sources (38,300 pesos). This was, in fact, their primary source of income given that they had stopped papier maché production. Next highest were Angono (22,400 pesos) while Pandi and Malolos respondents averaged more than 12,000 pesos from their secondary source.

The project team conducted a few selective interviews with respondents in all communities in order to get a feel of the sources of income by household member, the composition of women's versus men's income, and the income levels versus expenditures. The interviews showed that in practically all communities, income fell short of expenditures. Women's incomes in all areas were a big percentage of total income and in most cases exceeded that of the men. This was particularly true in Balingasa where women's income from subcontracting was regular while many men were unemployed due to the economic crisis. In some areas, especially Angono, Malolos and Santa Cruz, other household members in addition to the principal man and woman also contributed to total household income.

Respondent's perception of their economic situation

In the FGDs and validation workshop practically all respondents said that 1997 was worse than 1996, and 1998 worse than 1997. They predicted that 1999 would be worse than 1998. Two-thirds to three-quarters of Malolos, Angono, Santa Cruz's, and Balingasa respondents said that their incomes were not sufficient to meet their families' needs. Only in Pandi did more than half of the respondents say that their income was sufficient.

Pandi's respondents viewed devaluation, low demand for their products, local skilled labor moving abroad, stronger competition from imports, and computerization of the embroidery process as some of the principal reasons for their economic difficulties. Angono's respondents viewed low demand for their products and devaluation as causes. Balingasa's respondents cited inflation and competition from domestic sources. Santa Cruz respondents named competition from foreign goods and high cost of inputs, while Malolos respondents viewed low demand for their product and a range of other reasons as causes of their problems.

Coping mechanisms

An overwhelming majority of respondents in all communities except Pandi said that they were looking for additional sources of income. Most wanted to set up a new business of their own, but faced the obstacle of lack of capital and funds.

Around 30 percent to 40 percent of respondents in Balingasa, Malolos and Pandi, 47 percent in Malolos, and 72 percent in Balingasa said they had attempted to start a business. Favorite areas were food and market vending, sari-sari stores and, in Pandi and Balingasa, selling and sewing clothes and bags. The majority failed, primarily because of insufficient cap-

ital, and also due to competition from other vendors or stores, and for health reasons. For those who continued, the most common problems encountered were intensifying competition and lack of demand.

The majority of respondents from all the communities said that they had received gifts or donations, mostly from relatives or friends. Gifts included clothing and shoes, cash, food, jewelry, and small household appliances. Most of the gifts were worth 2,000 pesos or less.

A sizeable minority of respondents in Angono (44 percent), Balingasa (40 percent), Santa Cruz (35 percent), and Malolos (29 percent) said they received assistance from the government. The majority of those who answered affirmatively in Angono, Malolos, Santa Cruz, and Pandi received disaster relief after typhoons and floods. Respondents from Balingasa cited government help in cooperative training, women's training, and health service training.

We asked about membership of the Social Security System (SSS), Government Service Insurance System (GSIS), and Pag-Ibig (Government Housing Loan Fund). Almost all (95 percent) respondents from Santa Cruz, 86 percent from Malolos, 84 percent from Pandi, 56 percent from Angono, and 40 percent from Balingasa said they were not members of any of these funds. The patterns reveal that the more urbanized communities-Balingasa and Angono-had more respondents who were members of the government insurance system. This could be because a larger number of respondents in these communities had worked in the formal private or government sectors. Common reasons for not being a member of the social security system were lack of knowledge on how to become a member, and no time or an inability to fix the necessary papers and requirements.

All respondents from Santa Cruz, 91 percent from Malolos, 90 percent from Balingasa, 75 percent from Angono, and 68 percent of respondents from Pandi had debts of some kind. Overall, the female respondents transacted the majority of the loans. However, in Pandi the majority were said to be undertaken jointly by the wife and husband, and a third of female respondents in Angono claimed that their husbands undertook the loans.

In Pandi, the main sources of loans were banks, and immediate relatives and friends. In Angono, the main sources were neighbors and friends, and cooperatives. In Balingasa, the sources were immediate relatives and friends, banks, and government institutions. In Santa Cruz, the main sources were informal lenders, PATAMABA, and government institutions. In Malolos, the main sources were informal lenders, PATAMABA, and immediate relatives and neighbors. The loans were usually either without collateral or collateralized with the respondents' land. The uses of the loans were varied, ranging from business ventures to household expenses, health, education and other expenses, support for the home-based subcontracted work, and seed funds to work abroad.

In all the communities, the major item that suffered cutbacks due to the continuing economic difficulties was food, followed by clothing and shoes. Reported cutbacks on alcohol and cigarettes were very few for both men and women. Cutbacks on education expenses were small, suggesting the value respondents place on children's education. Utilities were also not widely cut, since they are necessities that are difficult to reduce, especially when engaged in homework.

Gender issues

Overall, 81 percent of the female respondents said that they were responsible for the household money. The percentage did not fall below 75 percent for any of the communities. Male respondents also reported that women tended to be responsible for the household's money, although they were less likely than women to report this. In general the women had a bigger say about food and clothing. With respect to other items, most respondents said that both wife and husband decide jointly.

Respondents were asked who decides on issues concerning sexual intercourse, number of children, family planning method, education of children, jobs and occupation, business opened, household spending, participation in organizations, participation in community activities, and child care. The majority of the respondents answered that husband and wife jointly decide. A significant minority of female respondents said that they made the decisions about starting a new business, spending related to job or occupation, household spending, participation in organizations, participation in community activities, and child care. Male respondents tended to answer that both jointly decide on all items but a minority said they, the male respondents, made all the decisions.

Respondents were asked who was primarily responsible and who helped often with a range of work and household activities. Most respondents did not name anyone who helped often. For most of the subcontracted work processes, there was either no response or a report that the woman was solely responsible. The only work process in which the woman reported some help was in the delivery of the

product.

In terms of washing clothes, ironing, dishwashing, and cleaning the house, primary responsibility lay with the woman, though in a significant minority of cases, the daughter took charge in these activities. The daughter was usually also mentioned as the one who helped out often in these activities. A small minority said that men help out in washing clothes, cooking, and dishwashing. The woman was mainly in charge of child rearing, preparing clothes to wear, and buying food from the market. A minority said that husbands helped often in child rearing, while daughters often helped prepare clothes to wear and went to the market. In households and areas where fetching water is essential, female respondents said that the primary responsibility rested with themselves, their husbands, or their sons. Male respondents said that primary responsibility lay with either themselves or their sons. In households that raised animals, female respondents said that primary responsibility lay with themselves or their husbands, while male respondents claimed that primary responsibility lay with themselves or their sons.

Only six female respondents reported domestic violence. The violence consisted of cursing and verbal degradation, slapping, and beating. One reason commonly given for the abuse was the woman's inability to take care of the man's needs due to the subcontracted work. Other reasons were quarrels and assertion of male dominance.

Respondents reported backaches and aches in other parts of the body, blurring and deterioration of eyesight, headaches, and cramps in the legs and feet. Malolos respondents' illnesses also included flu, cold, and dengue fever. In response to illness, most female respondents took western medicines, saw the doctor, and bought eyeglasses. Some used traditional medicines or traditional massage. Men responded mostly by buying western medicines and resting. Body aches, headaches, and loss of eyesight are all illnesses which could be related to the subcontracted work. Costs for these were borne mainly by the respondents.

An overwhelming majority of respondents agreed that the subcontracted work increased their earnings. The majority also agreed that subcontracted homework increased their self-confidence and self-respect and gave them more equal power in household decisionmaking. Most agreed that husbands now helped more with household chores because of their subcontracted work, and that they now had something to spend for themselves. However, most also said that their productive as well as household and child care work has increased.

The majority of women knew that there were local facilities for family planning, pre-natal check-ups, post-natal check-ups, infant health care, and free medicines. Few respondents were aware of any crisis centers for female victims of domestic violence.

Interpretation of the results

The survey results show clearly the financial burdens of female home-based subcontracted workers. Piece rates are stagnant or decreasing over time and job orders are declining. The incomes of these workers are not sufficient to meet the expenditure needs of the workers' large families.

Coping mechanisms include cutting family expenses, especially food and clothing, and incurring debts. Many female homeworkers are already undertaking secondary jobs and other alternative livelihood projects to supplement their meager income. Many want to set up their own businesses or become subcontractors themselves, but lack capital and contacts in the subcontracting chain. The few who become small subcontractors are not economically well off, although their income may be higher than that of the average homeworker.

Subcontracted homework is beneficial for the women, as they are able to earn income while being near their children and her homes. They can use skills that have traditionally been taught to women, such as sewing and embroidery. Many respondents say they are able to earn self-respect and self-confidence because of their earnings. In the context of high male unemployment, some male spouses find themselves helping in housework, because the women are busy doing subcontracted work.

Even with these benefits, women find themselves burdened simultaneously with subcontracted, home, and nurturing activities. Stagnant or falling piece rates and declining orders have reduced their earning power. They find themselves burdened with the responsibility of cutting expenses, incurring debts, and undertaking secondary paid work activities to increase their income. Their problems are aggravated by the current recession and weather disturbances, which have thrown men out of their jobs and decreased their income as well. Deterioration of physical and social infrastructure further adds to the problems. The result has been an increase in the financial, physical, and psychological burden of the female subcontracted workers.

Case studies

The case studies below provide additional and textured insights into homeworking women's lives that can not be obtained in a survey or a FGD. Four of the five case studies are based on interviews conducted by homeworker leaders. A member of the research team, together with a graduate student, interviewed the fifth worker and her sisters. The stories below are based on the taped transcripts.

Norma Perez, Smocker and inspector

When Norma was a young girl her mother was [illegible] was a widow and relied on sewing [illegible] trips were never through. Norma and her [illegible] mother that she would [illegible] the family.

Because Norma's mother's earnings were small [illegible] then, she continued smoking, but [illegible] about 13 centavos per piece, and [illegible] way, then, but the family still struggled [illegible] from the take, or [illegible] wanted to learn. She wanted to [illegible]

Norma [illegible] money in return. [illegible] pesos per day. She [illegible] her work [illegible]

Norma [illegible] thought [illegible] ly. Sometimes, they [illegible]

[illegible] suffering to make her [illegible]

Norma had stated that [illegible] have no bad feelings [illegible] children, but she [illegible]

[illegible]

when the [illegible] style [illegible] out, subcontractor [illegible]

1.80 pesos, but has settled at 2.00 pesos. Norma receives it at that price, and gives it to the smockers at 1.50 pesos. But she says that other contractors might get it for 1.50 pesos and pass it on to the smockers at 1.20 pesos.

Norma's life changed considerably when she joined PATAMABA. She says that before, she was content with the life she lived, and didn't care about other people. She says that her membership in PATAMABA proved to be a great thing because she learned a good deal, considering that she did not finish grade six. She learned that she should not feel small while mixing with highly educated people, and no longer feels ashamed when talking to them.

At a discussion on DO 5, she learned that even as a small subcontractor, she has obligations, such as a Christmas bonus, to her smockers. But she wonders how smockers can get anything from her if she herself isn't paid enough. She wants to convince the woman who pays her to go to the person who gives her orders, to request a bonus for the subcontractors at Christmas time. She attributes that understanding to her membership in PATAMABA.

This year, Norma's life is hard. She feels that her income is never enough now. She remembers last year, when the family could celebrate Christmas and the town fiesta. This year, it looks to her as if there will be nothing, as they have had no money for a few days. It is the beginning of the school year, but she can't afford the children's school needs. She has a small smocking order, but does not know how she will pay the smockers. Her husband's earnings will go toward rushing the smocking job.

Norma says that even if there are other means of livelihood, she will still continue with smocking. The products do not get spoiled and there is no loss, except when she isn't paid. She says that this work is a great help to her. When she gets orders, she simply gives them to other people, then goes into another livelihood. She just waits until the smockers finish. "While it is running, my percentage is always there."

Her dream is that her local organization can manage the production of baby dresses themselves. Norma knows the smocking part, others know the sewing. They have agreed that twelve of them will work together. Their problem is marketing, which they do not understand as well. They also do not know where to get the materials. But they know that they will no longer rely on a subcontractor, and can divide the income among themselves.

They do not desire a good deal of comfort, but do not want to go back to hardship.

Maria Gonzaga: Surviving with a problem husband

Maria (not her real name) is 41 years old, and married with four children. An embroiderer who makes patches, she supplements her meager income by raising vegetables, pigs, and fish. Her daughter helps her by working in a store. Her husband, a farmer, drinks and has another woman so she does not depend on him. Maria has been a member of PATAMABA since 1992.

Maria comes from Malsan, Kalookan City. She is the fifth of eight children, and was not able to finish high school. From childhood, she has been helping her parents make a living. At the age of 11, she was gathering kuhol (edible snails) and tamarind blossoms, which her grandmother sold in town. When she was 16 years old, she became a dishwasher and helper in a carinderia (small eatery). She found the work hard, and stayed for only one year. Her employer paid her only 60 pesos a week.

When she turned 17, she applied for a job in a factory producing cartons. Because she was still a minor, she was paid only 30 pesos a day. If there were labor inspectors, the factory owner would hide the young workers. If they were discovered, they had already been rehearsed as to what answers they should give to the questions of the inspectors. Maria worked in the factory for a year.

Gloria Aragon: Hard times

When Gloria was [illegible]

Gloria became a paper mache subcontractor [illegible]

mache making was good business. Every time Gloria made a delivery, she was immediately paid. But business is waning. The people to whom she delivers products are not paid on time by those who order from them. Sometimes, she finds it difficult to produce because if she is not paid, she does not have money to buy raw materials. Orders are still coming in, though.

In the past, Gloria's family was very poor, sometimes going without food or medical care. Today, she thanks God that they are able to solve financial problems, recover from debt, and send their children to school.

The economic crisis has affected Gloria with higher prices. Tuition fees have increased, and in public elementary and high schools, books have to be paid for. Even if schools lend books to be taken home, they assign books that have to be paid for. Books cost about 60 pesos each. Gloria says, "Even if you work very hard, your earnings will never be enough."

Gloria would like to give up subcontracting work and establish her own business, but says that it is difficult to do without capital.

Gloria wakes up at 3 a.m. and does housework. At about 11 a.m., she buys food to cook and sell. When her children come home, the food is ready. She rests for a couple of hours, then starts with her other work, working until 10 p.m.

Her husband helps when he is home, but because he also has a job, he is usually out of the house. Her children are in school in the mornings and afternoons. Gloria guides her children when it comes to housework, especially those in the elementary grades. She teaches them to do it correctly, and says that the older children do not need to be told what to do.

She and her children discuss family problems. She tells them her worries, and they give her advice.

Gloria sees benefits from her membership in PATAMABA. She says that was able to get a little capital for materials and increase her knowledge. She realized that she should analyze her earnings in terms of capital put in and profit gained.

Benito and Ellen Paras: Partnership is possible

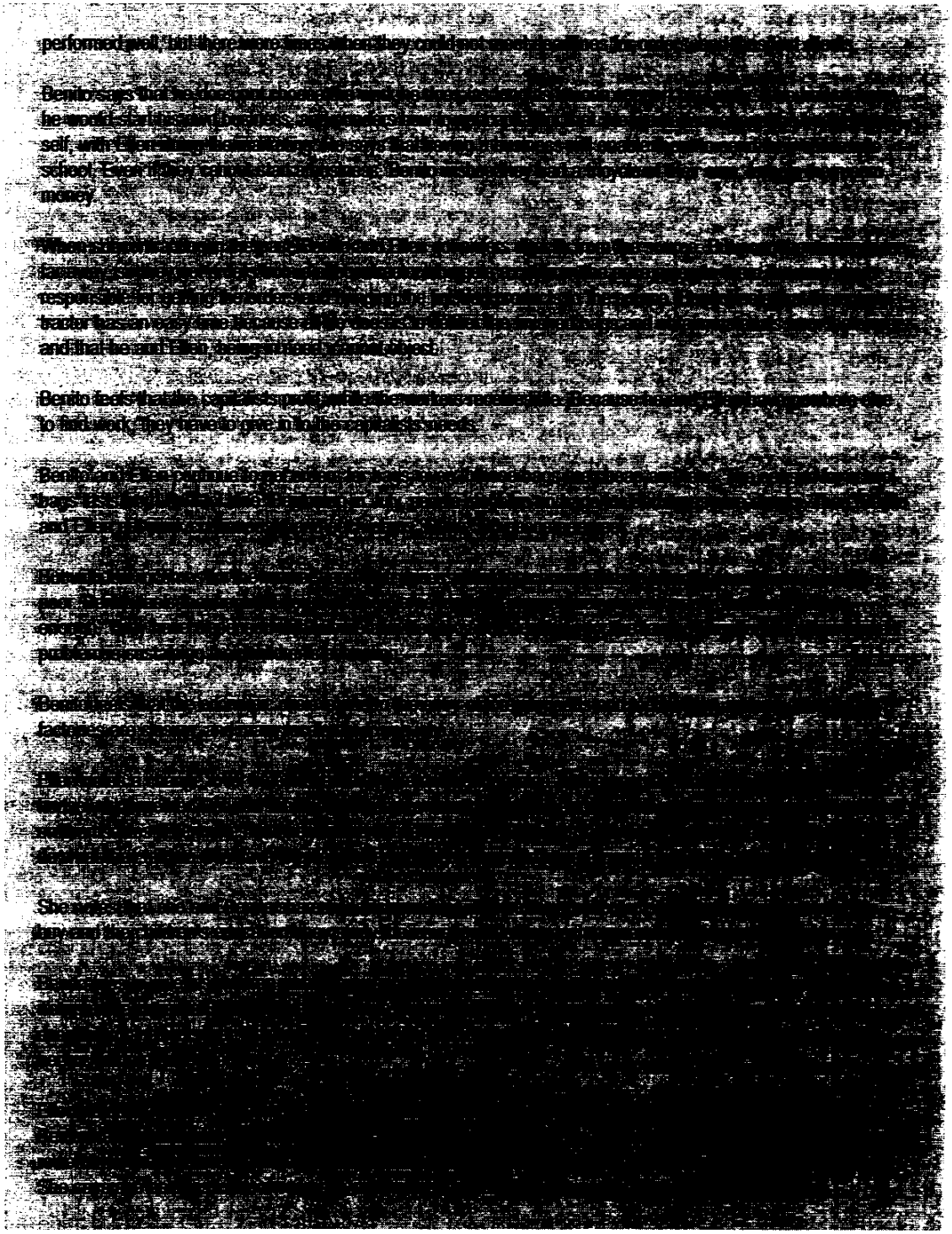
Benito has been working in the fields since he was eight years old. He says that there he experienced tilling and cleaning the soil, planting, and harvesting. There, in the middle of the fields, he experienced being caught in the rain amid thunder and lightning.

Benito says that his family's work in the fields assured them that we would not need to buy rice for the whole year. He did not feel abused, because his father was the boss. His father took care of all the farm input and expenses. Benito still works with his father.

When Benito is not in the fields, he drives a tricycle or works as a construction hand. If there is work to sew, he sews. He started sewing when he was 14 years old and worked in a small sewing shop. Then, he says, income from sewing was good and he was able to meet his needs, unlike now. He learned a good deal about sewing different kinds of styles and designs of bags, and experienced getting bags from bag sewing shops and taking them as far as Olongapo and Tuguegarao to market.

Benito works in the fields for about six weeks. He has another six weeks before harvest time, during which he can do other work. When income from subcontracting work is not enough, Benito and Ellen survive through their combined efforts.

Early on, Benito and Ellen were able to acquire some capital, so they engaged in subcontracting. Initially, they



Some insights from the five cases

Child labor is common to all the cases. Because they were working and their families were poor, the child workers could not continue schooling even if they wanted to. In Mila's case, there was clear gender discrimination as it was her brother whom her parents chose to send to school.

The case studies also provide additional insights to gender issues and relations. On one hand, there are incidents of wife-beating (Mila) and infidelity on the part of husbands (Maria). On the other hand, Gloria's case shows possibilities of more egalitarian relations as her second husband does his share of the housework and assists in all her efforts to support her many children. The case of Benito and Ellen shows the flexibility of gender relations under conditions of hardship and how they can be changed. Benito and Ellen, both involved in progressive people's organizations for years, have acquired the ethic of gender equity and engage in joint decisionmaking in many areas of life. There are spheres, however, where their efforts fall short. Household and child care work is still largely the responsibility of Ellen and her daughters. In terms of sexuality, according to Benito, they were reluctant to use available fertility management methods because of perceived negative side effects. Leaving this matter to chance led to having seven children, much more than they really wanted.

Except for one case (Maria), all the other workers progressed from being subcontracted workers to being micro-level subcontractors. As subcontractors, all experience problems with falling piece rates and lack of operating capital. Mila's case shows the peculiarities of urban-based subcontracting where the chain is short and easy to trace, where subcontracted workers are clearly part of a dual labor force both inside and outside the factory, and where the possibilities are greater because of proximity to a variety of clients and larger markets. Her access to family labor gives her power to dispose of pooled income. However, this could be to the disadvantage of her kin. In separate interviews they related how, as single women, their individual interests were subsumed into those of their original family in the province and their sister's family in the city.

Those who are members of PATAMABA express an appreciation of the benefits they derive from the organization, and seem to be more committed to group and community effort. Only one of the case study subjects, Benito, articulated an understanding of globalization. Benito belongs to a community where there is relatively higher consciousness about macroeconomic issues.

Policy implications and organizing strategies

Most of the recommendations that follow emerged during the FGDs and validation workshop conducted with the women and men who participated in interviews. During these discussions, the researchers fed back the results of the survey. The last part of the discussions focused on their recommendations for action regarding the issues and problems that surfaced during the research.

Ensuring the rights of workers

A strategy which concentrates on ensuring the rights of subcontracted workers and giving them social protection can only be attempted in areas where subcontracting remains a viable activity. In Santo Angel Central, papier maché making seems to have no future and homeworkers have transferred to other forms of livelihood. In some of the other areas, too, orders are decreasing. In Taal, on the other hand, bag-making has more flexibility, since producers can either supply subcontractors or market their products themselves.

The instrument for securing homeworkers' rights under subcontracting is DO 5 of the Rules Implementing Book III of the Labor Code on Employment of Homeworkers. The rules include:

- The right to organize and register homeworkers' organizations which "shall be entitled to the rights and privileges granted by law to legitimate labor organizations";
- Registration of employer, contractor and subcontractor;
- Immediate payment for homework after delivery of goods, and remittance by the contractor or employer of contributions to the SSS, Medicare, and Employees Compensation Commission (ECC);
- Standard output rates determined by time and motion studies to equalize piece rates received by workers in the main undertaking of the employer, and by homeworkers performing the same job or activity;
- Prohibition of any deduction from homeworkers' earnings for materials lost, destroyed or damaged, except under specified conditions;
- A requirement that a homeworker redo work improperly executed only once without payment;

- Liability of the employer if the subcontractor fails to pay the workers;
- Regulation of employment of minors as homeworkers;
- Prohibition of homework in dangerous occupations; and
- Assistance by the DOLE regional office to registered homeworkers' organizations, employers, contractors, and subcontractors.

These rules would be the envy of homeworkers in many other countries. However, when asked during the validation workshop if any of the homeworkers' groups were ready to serve as a test case for the implementation of DO 5, there were no volunteers. This reluctance is due to the risks encountered when workers assert their rights under the law. There was, for example, reference to the case of the bamboo weavers of Bataan who lost their orders after they complained. Other constraints are the time lost and expenses occurred in following up cases filed in far-away regional offices of DOLE.

Some of the homeworkers suggested attempting a test case in a community where those involved already have an alternative livelihood they can rely on if they lose their orders. There were also those who said that a non-confrontational approach may work. They suggested, for example, engaging in dialogue with subcontractors and principals, or asking friendly subcontractors to mediate between principals and homeworkers. The assumption in this approach is that these subcontractors are allies of the workers on the strength of their kinship or neighborly relations with them. Of particular interest to homeworkers is a clear contract between them and their subcontractors, and facilitation of their membership in the SSS so that they can claim sickness, maternity, disability, retirement, and death benefits. They also want to receive the piece rates due them, to be paid on time, and to have fair compensation for rejects that they have redone.

PATAMABA was also considering pushing for a Magna Carta for Homeworkers in light of the fact that DO 5 does not cover the self-employed. Initial dialogues with other non-governmental workers and sympathetic legislators have, however, convinced them that it may be more fruitful to push for a Magna Carta for Informal Sector Workers to widen the base of support for advocacy. Timing may also be bad in terms of pushing for any new legislation, given the spate of laws already approved but which have remained unfunded due to government's tight fiscal position.

The homeworkers wanted the Philippine government to ratify ILO Convention 177 (the Home-work Convention of 1996) and the accompanying Homework Recommendation. These measures have provisions similar to DO 5 but elaborate in the areas of data collection, the rights to organize and to bargain collectively, remuneration, occupational safety and health, hours of work, rest periods and leave, social security and maternity protection, protection in case of termination of employment, and programs related to homework.

PATAMABA is already part of an Informal Sector Coalition, together with the Trade Union Congress of the Philippines (TUCP), Balikatan sa Kaunlaran (BSK), Kalipi, and others, which is pushing for the ratification of the ILO Convention and implementation of DO 5. The Coalition had a national congress in April 1999 and is doing work in five pilot areas with funding from the United States Agency for International Development.

Regulating subcontracting

A further law affecting homeworkers is Department Order No. 10 (DO 10) of 1997, which governs subcontracting. Some of the significant provisions of DO 10 are:

- It recognizes the principle of business flexibility, but not at the expense of labor;
- It recognizes the trilateral relationship among contracting parties;
- It defines legitimate contracting and subcontracting. The definition includes a clause which states that contractual employees are entitled to all labor and occupational safety and health standards, free exercise of the right to self-organization, security of tenure, and social and welfare benefits;
- It lists permissible types of contracting and subcontracting;
- It expressly prohibits, among others, labor-only contracting, contracting out of work which will displace employees of the principal or reduce their regular work hours, taking undue advantage of the economic situation or lack of bargaining strength of contractual employees, or undermining their security of tenure, basic rights, and contracting out by reason of a strike or lockout;
- It reiterates that the contractual employee is entitled to all the rights and privileges due to a regular employee;
- It states what should be included in the labor

contract;

- It stresses the liability of principals in respect to actions by the contractor; and
- It requires contractors and subcontractors to register with the regional offices or the Bureau of Labor Relations of DOLE.

As with DO 5, these provisions are far better than what is applicable in many other countries. But again, the order is of little use to homeworkers if it is not implemented.

PATAMABA is a member of HomeNet, which is an international network of homeworkers. HomeNet has additional suggestions as to what nation-states affected by the financial and economic crisis can do. PATAMABA has taken up some of these suggestions. In particular, they are exploring the possibility of supplying government agencies with bags, uniforms, and other products made by homeworkers' groups.

Facilitating access to social security and protection

The Philippines is a signatory to ILO Convention 102 on social security. Two state-run institutions provide social security in the form of sickness, maternity, disability, retirement and death benefits. The GSIS covers government employees and the SSS covers workers in the private sector. In 1997 the two funds together covered only 65 percent of the total labor force. Many vulnerable sectors are not covered and therefore not ensured of social protection even if, theoretically, they can apply for membership. The social protection provided is also inadequate if measured against the ILO definition, because it does not include unemployment benefits or subsidies for families with children (Amante et al., 1999).

Since its inception, PATAMABA has lobbied for homeworkers' membership of the SSS. PATAMABA leaders made several representations with SSS officials to arrive at special arrangements for homeworkers, but to no avail. One difficulty for subcontracted homeworkers is the identification of employers who will shoulder part of the SSS contributions. With no such identification, membership is not possible unless the workers are classified as self-employed. But to gain membership as self-employed, one has to shoulder the entire contribution, which can be a heavy burden for small income-earners. To date, only some self-employed homeworkers in Iloilo and Rizal have succeeded in becoming SSS members, paying a monthly contribution of slightly more than a hundred pesos. Their membership was facilitated by their leaders, who collected individual applications and submitted them in batches to SSS offices.

In the absence of SSS membership, PATAMABA members have become members of non-governmental, private and indigenous social protection schemes. These do not cover the full range of social security. Many, for example, focus on funeral benefits.

Shifting to alternative livelihoods

In places where subcontracting seems to be on the wane, the workers suggest a more organized, systematic and sustainable shift to alternative livelihoods. This involves gaining access to breakthrough credit, as opposed to micro-credit, training in business management and cooperatives development, and ensuring stable markets. In several of the areas workers have identified possible products and markets.

Successful negotiation of this shift would entail mobilization of community groups and resources as well as effective networking efforts. This is where information gathered about available resources in the different communities acquires utmost relevance.

Addressing gender concerns

In the validation workshop, workers had some suggestions regarding the gender issues raised. They said that communication and dialogue between husbands and wives should be encouraged. Children should be raised in a non-sexist way, with boys and girls being taught to share in the housework. Within the community setting, both women and men should attend gender awareness seminars. Informal child-minding arrangements can be created among parents with small children who can take turns round-robin style. Alternatively, child care centers can be established through community initiatives with funding from the barangay and support from local government units (LGUs). Such centers should render eight-hour services so that parents are free to work. Regarding violence against women, women's health, and reproductive rights, awareness campaigns could be conducted and counseling and other services provided through women's NGOs and LGUs.

Access to micro-finance services

Even though many government and non-government organizations are already engaged in providing micro-finance services to women, these in no way meet the need. Only a minority of the population has access to such services and many people rely on usurers for their credit and emergency needs. The particular problems faced by women have been documented elsewhere (Pineda Ofreneo, 1999). In particu-

lar, the income-generating projects made possible by micro-finance often serve to reinforce the gender division of labor, with women doing work akin to, or compatible with, what they already do at home. In addition, they continue to bear the burden of household and child care work.

Ideally, group and cooperative projects should be encouraged, and such projects should address the felt needs of the community, thereby contributing to a sense of solidarity and mutual help. However, there is a tension between the goals of equity and sustainability because the amounts, if distributed equally to all members of the group, often turn out to be too small to make a livelihood initiative viable. There is a need, therefore, to increase aggregate amounts given to groups, or to conduct awareness-raising regarding the need to give lending priority to those who have higher chances of success so that repayment is assured and the money plowed back can be used for others.

Micro-financing programs and micro-enterprises can make a lasting difference in poor women's lives if they are integrated into a more comprehensive program of empowerment. Micro-enterprise development can never be a substitute for asset or structural reforms such as land and aquatic reform or for social services such as health care, family planning, child care, and environmental sanitation and protection.

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Invisible Women: Workers in Subcontracted Industries in Sri Lanka

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Introduction

There is very little research in Sri Lanka on workers in subcontracting industries. In 1989, the Centre for Women's Research (CENWOR) carried out a study of female workers in four subcontracting industries in the Colombo district-the local bidi (also spelled beedi) industry, the manufacture of components for the Bata shoe industry, the export-oriented artificial flower making industry, and the production of wearing apparel by a small unit of sewers. The study brought to the fore many features of subcontracting industries. It found, too, that it was often women with child care responsibilities or without other avenues of employment who had responded to the demand for outworkers. For the most part these workers were at the bottom of a hierarchical production structure characterized by an inequitable distribution of economic rewards, and were unprotected by labor legislation.

The present study constitutes part of a cross-country research project initiated and funded by The Asia Foundation, covering Sri Lanka, India, Pakistan, the Philippines, and Thailand. The first part of this country study comprises an overview of the economic and labor market context in which the subcontracting relationships have evolved. The second part looks at the situation and experience of the female workers concerned and explores the effects of subcontracted work on their lives. The overall goal is to provide inputs into an advocacy program to promote the interests of women in subcontracting work.

Methodology

Five areas of subcontracted work were chosen for study, three in manufacturing, one in agriculture, and one in construction. It was not possible to identify a significant area of work in the service sector, thus this sector was excluded from the study. Table 1 provides details of the five chosen areas.

The research was conducted through:

- interviews with 150 subcontracted female workers in their homes, with 30 women from each of

Table 1: Selected areas for study

Industry	*Location*
Electronics—winding coil around a core of components in electronic products	A village near an electronics factory on the periphery of the Western Province contracted to produce components for overseas
Embroidery—knitting and smocking	A village in Kurunegala district in the North Western Province in which women are subcontracted by a rural garment factory producing children's wear for a leading British firm
Coir—weaving of nets and mats from coconut husk fiber for export	A traditional "coir village" in the Southern Province where women are subcontracted by a large Colombo-based firm
Tobacco cultivation for cigarette industry	A farming community in the agricultural heartland of the North Central Province that cultivates tobacco for a leading tobacco firm in Sri Lanka
Construction—provision of labor for construction of buildings	Two construction sites in Colombo

the five identified areas of subcontracted work;

- case studies of two women in each of the areas covered;
- interviews of six men from among the 30 households representing each area of subcontracting activity;
- interviews of two subcontractors from among those who engaged the interviewed female workers in each area of subcontracting work;
- interviews with key personnel in the firm that subcontracted these economic activities through subcontractors; and
- review of available literature.

The pilot study was completed in January 1999. After revision of the questionnaire, fieldwork was conducted between March and May 1999.

The next section of this paper provides the macro background to the study. This is followed by pen-sketches of the five case study industries and individual workers within them. Further sections provide analyses of the responses of female workers, male members of households, and subcontractors. The paper concludes with policy suggestions.

An overview of subcontracting in Sri Lanka

Economic context

Sri Lanka is a low-income economy with a population of 18.8 million and a per capita income estimated at US $823 in 1998. Over the last two decades the economy has grown at an average rate of around 5 percent per annum. On the human development index, Sri Lanka's ranking is 91, nine places above the per capita income ranking. This reflects the economy's higher achievements on the human development dimension relative to countries with a comparable level of income. However, income is unevenly distributed. A study by the World Bank in 1995 concluded that about 22 percent of individuals were below the poverty level. In absolute numbers, about 3.8 million people are below the poverty line.

The labor force is estimated at 6.6 million, yielding a labor force participation rate of 52 percent. The annual addition to the labor force is estimated at around 150,000. Three-quarters of the population and the labor force belong to the rural sector.

The government has a range of income transfer programs to assist vulnerable groups of the population. These include subsidised universal distribution of rice, food stamps, and cash payments for targeted low-income families. By 1995, nearly 50 percent of the population received welfare benefits under the programs for alleviating poverty.

On the economic policy front, Sri Lanka's experience of the last quarter century has been one of a regulated and inward-oriented economic strategy in the early and mid-1970s, followed from late 1977 by deliberate policies to integrate the domestic economy into the global economic system through international trade and investment flows. With growth rates averaging only 3 percent per annum and unemployment at 20 percent or more of the labor force, the inward-looking policy of the early and mid-1970s failed to generate the growth momentum which the economy so badly needed. The policy turnaround coincided with the change in international development thinking away from closed, inward-oriented economic policies towards open, outward-oriented strategies.

The features of the new strategy included:

- liberalization of imports and foreign exchange;
- liberalization of the price mechanism and reduction or elimination of consumer subsidies;
- withdrawal of the government from direct commercial and production activity;
- promotion of direct foreign investment; and
- active encouragement of labor migration.

The shift, in essence, was towards a "private sector-led", "export-led", and "market-led" approach to economic development. Administered pricing, widespread in the pre-reform period, was eliminated. Government's withdrawal from economic activities resulted in privatization of a number of public sector corporations and public utilities.

The open market system opened the doors to foreign investment and sought to promote international competitiveness. Export processing zones (EPZs) were established, with the offer of an array of concessions to investors. The stock market was opened to foreign participation. The policy shift also favoured a non-interventionist approach in labor markets.

The post-1977 phase recorded an increase in the pace of growth to an average 5 percent per annum over the next two decades. It also saw substantial structural change in the economy. The share of the primary sector dropped progressively from 31 percent in 1977 to reach 20 percent by the mid-1990s. The tertiary sector's share was enhanced from 40 percent to 50 percent over the same period.

Manufacturing in the late 1990s accounted for only around 16 percent of both gross domestic product (GDP) and employment. The reforms of the late 1970s featured a break away from the import substitution approach followed earlier, towards export-oriented industrialization. This was coupled with a vigorous drive to attract foreign investment through the offer of duty concessions, guarantees on repatriation of profits and other benefits. For purposes of foreign investment, in November 1992 the entire island was effectively declared an investment promotion zone. Access to Sri Lanka's quota in the United States and western markets was an added attraction for foreign investment in the garments industry.

Sri Lanka's manufacturing sector consists of a formal, factory subsector on one hand, and an assortment of small and medium industries (SMIs) and cottage industry operators displaying characteristics of the informal sector on the other. The industrial census of 1983 reported 103,000 registered and informal units in manufacturing, with a total workforce of 639,000. Establishments with fewer than five employees accounted for 84 percent of total establishments and 28 percent of total industrial employment. However, they accounted for only 7.5 percent of total industrial output. Following liberalization, the share of the factory subsector has risen to more than 75 percent of manufacturing value added. Casualties have been high at the small entrepreneur end of the scale. GDP statistics show that the cottage and small industry share in total manufacturing output declined from 15 percent in 1982 to 7 percent in 1996.

Another major change is the expansion of the non-crop processing factory component to reach more than 80 percent of total manufacturing value added by the 1990s. The export-oriented garment industry became the largest single contributor to industrial production, accounting for 39 percent of industrial production by 1996. However, trade liberalization and the exposure to foreign competition led to the demise of certain lines of production such as the local textiles industry.

Industrial diversification also led to changes in the economy's export profile. Industrial exports more than doubled in volume between 1981 and 1990, with a further 85 percent increase in the next half decade. Garments and textiles exports currently account for over a third of the country's total export earnings. Their share in industrial exports rose to 63 percent by 1996.

The labor market

Sri Lanka's labor market comprises two parts. The first is a "regulated" market with institutional intervention in respect of terms and conditions of service. The second is an informal or non-regulated market where the forces of demand and supply determine the outcomes. The regulated segment consists of a plantation workforce (0.4m workers), government employees (0.7m), public corporations and the organized private (non-estate) sector (0.9m). This segment is highly unionized, labor regulations are enforced and job security and incomes are protected. At the other end of the spectrum, one-third of the employed workforce is in casual forms of employment (Central Bank, 1996/7:56). In addition, as much as 30 percent of the employed are self-employed and a further 10 percent are in unpaid family work. Thus, out of the employed workforce of 6.6 million reported for 1998, over two-thirds fall into the non-regulated segment.

Despite a significant reduction in unemployment in the liberalized economy, the rate remained at two-digit levels in the mid-1990s. Unemployment is heavily concentrated in the younger age groups and among the educated. Women constitute more than 50 percent of the unemployed and, at 15 percent, their rate of unemployment was double that of men in 1998. There is also a high incidence of underemployment in the economy. The Central Bank defines underemployment as the total number of persondays lost due to inadequacy of work as a percentage of the total number of persondays for which employed people were available for work. By this definition, underemployment stood at 17.5 percent in 1996/97.

Labor force participation of women has been on the increase. This is a result both of demographic developments, such as the high birth rate cohorts of the 1950s and 1960s joining the workforce, and of changing preferences and attitudes. As female school leavers began entering the market in increasing numbers, enterprises found in them a source of cheap labor to sustain their competitiveness in labor-intensive lines of production. In particular, Sri Lanka was able to establish itself as a low-cost producer of garments. And around 90 percent of the people in the EPZ workforce are women. Older women also benefited from household employment opportunities that opened up in overseas destinations such as the Middle East. The figure of around 125,000 women reported as leaving for overseas employment annually in the 1990s is well over double the net addition to the female labor force in a year.

Yet in conditions of widespread unemployment and low income, female job seekers often take up peripheral forms of employment as an alternative to unemployment. In addition to high levels of unemployment, there are also sociocultural factors pushing women into informal and flexible forms of employment. In eastern societies the woman's home-family-child care workload is heavier than in developed economies. Only around 10 percent of the female workers in the EPZs are married. Other women have withdrawn from this type of work upon marriage, but this withdrawal does not preclude engagement in the labor market if more flexible opportunities enable a combination of home and family care and income generation. Subcontracting offers such an opportunity.

Alongside these supply-side factors, demand-side pressures have pushed enterprises away from standard types of employment to non-standard types. Besides the cost-rationalizing innovations of multinationals, the intense competition of the free market era has also imposed pressure on enterprises catering to the domestic market to raise cost efficiency. Greater flexibility is being sought in labor use, in part at least to avoid labor laws.

Labor legislation and conventions

Sri Lanka has been a member of the International Labour Organization (ILO) since June 1948. The ILO had by 1998 adopted 181 conventions of which Sri Lanka has ratified 36. Of particular relevance to women are the Maternity Protection (Revised) Convention No 103 and the Equal Remuneration Convention No 100, both ratified in 1993.

International standards embodied in these conventions have served as guidelines to policymakers in drafting labor laws and policies. Sri Lanka has its own substantial body of legislation dealing with different aspects of labor welfare. Major provisions with respect to terms and conditions of employment in the private sector are embodied in the Wages Board Ordinances of 1928 and 1941 and the Shop and Office Employees Act of 1954. Currently 37 tripartite wages boards are in operation laying down statutory minimum wages and other conditions of service in the trades covered. The coverage extends over some sectors where contracting and subcontracting labor arrangements have seen a marked proliferation in recent years. Thus, while benefits such as leave have qualifying conditions attached to them, the decisions of wages boards regarding issues such as minimum wages, maximum working hours, and overtime are legally binding irrespective of the worker's employment status (casual or regular) in these sectors.

For redress of grievances the working population of Sri Lanka has access to the standard dispute settlement mechanisms of conciliation, voluntary or compulsory arbitration, industrial courts and collective agreements, as provided for in the Industrial Disputes legislation of 1950. A special procedure of Labor Tribunals was set up in 1957 to handle disputes relating to terminations. The procedures also contain provisions for appeals to higher bodies of the judicial system.

Trade union rights are recognized in Sri Lanka and the standard privileges and immunities are conceded in the Trade Unions Act. The right of association is guaranteed by the Constitution. The right to strike is accepted as an extension of the right of freedom of association. In late 1995 the government issued a Workers Charter spelling out its policy on labor matters.

Among other labor welfare provisions guaranteed by legislation are provisions relating to safety and health in factories, maternity benefits, and superannuation benefits. The employment of women and the young is regulated by the Employment of Women, Young Persons and Children Act, 1956 and its amendments. The Workmen's [sic] Compensation Ordinance of 1934 provides for payment of compensation for accidents in the workplace. The Payment of Gratuity Act, 1983, provides for a gratuity at retirement, resignation, or death. The Termination of Employment of Workmen [sic] (Special Provisions) Act provides protection to workers against arbitrary termination by employers.

The existing legislation contains certain provisions to protect the interests of contract labor. Of special relevance are the definitions in the major statutes. The Wages Boards Ordinance defines an employer as "any person who on his [sic] own behalf, or on whose behalf any other person employs, any worker in any trade, and includes any person who on behalf of any other person employs any worker in any trade" (Section 64). The coverage of the legislation thus extends over subcontracted labor. Most other pieces of labor legislation have the same or similar definitions of employer. Further, under the provisions of the Wages Board legislation, the principal or contractor who subcontracts work to another is held liable in relation to the wages due to the subcontractor's employees.

In practice, there is a disparity between the de jure and de facto positions. No system exists for registering contract labor and enforcement mechanisms are weak. Establishments capitalize on the loopholes in the law and administration machinery. A few reputed

firms adhere to statutory obligations but there is widespread evasion and abuse (see Wesumperum a, 1999).

Subcontracting: Definitions and coverage

Subcontracting entails a triangular relationship involving the worker, the user, and one or more intermediaries. Workers subcontracted through intermediaries are not direct employees of the user enterprise. Contracting and subcontracting manifests itself in the labor market in several forms:

- Labor contracting, where a "principal" firm contracts with an intermediary to obtain a supply of workers;
- Work contracts, where contractors carry out the assigned work for the principal company through their own workers.

Several variations can be distinguished within the work contract system. Firstly, there is "on-site" contracting where production occurs on company premises with the machinery and equipment of the principal company. The construction industry provides an example of this pattern. Secondly, there is off-site production. This can occur in workplaces owned or rented by the intermediary or in the workers' own homes.

Subcontracting in Sri Lnka

A quantitative appraisal of subcontracting in Sri Lanka is handicapped by the fact that the national data collecting procedures do not distinguish subcontracting as a distinct work form for estimation purposes. On-site employment is grouped under paid employment while workers in home-based operations where production is organized on a putting-out basis fall into the category of self-employed workers. Where members of the worker's family help in production in the worker's home, they are reported in the category of unpaid family workers. In the absence of national statistics, the extent of the phenomenon has to be inferred from fragmentary sources and micro studies of selected branches of activity.

Available evidence suggests that subcontracting is widespread in areas such as construction and certain seasonal operations in agriculture. Labor-intensive activities such as bidi (also spelled beedi) wrapping, making of joss sticks, firecracker shells, reed products, handicrafts, and cultivation of tobacco and sugarcane are also areas where subcontracting has prevailed for a long time. Many of the products involved are low-priced items sold in the domestic market.

The liberalization of the Sri Lankan economy in the late 1970s resulted in an increase in cross-country production linkages and subcontracting relationships. Overseas firms have established production activities in the country both in collaboration with local investors as well as on a full-ownership basis. The production strategies have led to a set of secondary contracting linkages with the hinterland, for provision of requisite material and service inputs or for finishing, labelling, and packaging. A further spin-off is the evolution of a second tier of smaller subcontractors who are called in when there are excess orders.

In their sample of 299 small and medium industries in the Western Province, Lakshman et al. (1991) found subcontracting arrangements in the making of yogurt, tea bags, textiles and garments, wooden office equipment, tea boxes, sawn timber, light wooden boxes, paper bags, tin cans and other tin goods, cables, household electrical goods, metal, tricycles, and wall clock assembly. Nevertheless, the extent of subcontracting arrangements should not be exaggerated. Overall less than 12 percent of the firms had subcontracting relationships. Similarly, in a sample of 106 small and medium scale manufacturing units in the Kurunegala area surveyed in 1992 and 1993, Lakshman et al. (1994:148) found only 16 firms involved in subcontracting. Dias (1991), in a 1989 survey of 150 enterprises in light engineering and textile manufacturing, found only 11 engineering and 15 textile firms reporting regular subcontracts. Of the large-scale firms, only 9 percent were engaged in subcontracting.

Export promotion and tourism have also expanded the extent of subcontracting activity in handicraft production as wholesalers or export houses secure orders and pass them down to agents, cooperatives, and intermediaries who then take them to artisans. The coir work industry is one example of this. The Export Promotion Village (EPV) is a government experiment, launched in 1981, to link entire communities to foreign markets by providing an intermediate service between rural producers and export houses. A total of 32 EPVs were established between 1982 and 1986. The results have been mixed in that two-thirds of the targeted villages are reported to have failed to reach the production stage or were severely hampered with various problems (International Trade Centre, 1992). Much of EPV work is home-based, and women constitute 90 percent of the labor force (Ruwanpura et al., 2000).

Similar limited success is reported for the Subcontracting Exchange Programme established in 1980 by the Industrial Development Board (IDB).

The Programme aimed at developing subcontracting relationships between the small and large-scale sectors. However, out of 534 small industries in rural and semi-urban locations covered by the International Labour Organization-Asian Regional Team for Employment Promotion (ILO-ARTEP) survey only seven reported having even heard of the Programme (1987:xii).

In the industrial structure that evolved under liberalization the import content of inputs remains conspicuously high. In the 475 non-Board of Investment firms covered by the Central Bank Survey in 1998 the costs of imported raw materials and domestic raw material as a percentage of total cost of production were 42.5 percent and 31.4 percent respectively (Central Bank, 1998). In another study, Kelegama and Wignaraja, (quoted in Edwards, 1992) found the share of material inputs for large-scale industries acquired from local industry to be as low as 12 percent.

Tax-free import facilities granted to export-processing companies, delivery problems in obtaining inputs locally, and considerations of quality are among the factors that discourage bigger companies from switching over to local sources for procuring their inputs. Policy initiatives such as the 200-garment factories program, which provides incentives to companies to open up subsidiary units in peripheral areas, could also operate as a disincentive. A further disincentive would be turnover taxes, which are imposed at each step of the supply chain. Furthermore, the Free Trade Zone (FTZ) factories brought with them integrated plants, which facilitate in-house production.

Nevertheless, globalization and liberalization do provide push factors as competition encourages firms to find ways to reduce labor cost. Since the major regulatory provisions are applicable only to the regularly employed workforce, outsourcing can provide a means of evading social security payments and other mandatory labor costs imposed by legislation.

The five industries

The embroidery industry

The garment factory in the Kurunegala district belongs to a well known apparel enterprise that is subcontracting for a leading retailer of wearing apparel and other products in the United Kingdom (UK). The retailer has a dual mode of operations. It has sales outlets or works in partnership with firms selling its products in approximately fifty countries. It also obtains goods in diverse product ranges by subcontracting orders to production sites in more than thirty countries. It operates through suppliers who could have their own subcontracting chains in these countries. The Sri Lanka garment enterprise that employs the embroidery workers has 31 garment factories island-wide. Ten of these factories are linked exclusively with the UK firm.

The Sri Lanka enterprise in Colombo produces samples according to the design and specifications

Sumana: Embroidery allows her to stay with her husband and child

Sumana is 30 years old and belonged to a farming family that was engaged in paddy and chena cultivation for their living. She is married to a farmer who is sometimes employed as a wage laborer, and has a school-going daughter.

Three years after her marriage, Sumana left her child with her mother and went to work overseas as a housemaid in Dohar. She sent money regularly to her husband. When she returned after two years, they were able to build an adequate house on inherited land. Although she had the opportunity to work overseas again, she did not wish to do so as her objective of building a house had been fulfilled, and she did not wish to leave her child and husband.

She was, however, in search of some form of home-based employment and in 1998 joined the subcontracted embroidery group that met in the village temple. When the temple premises were not available because of a festival, she and her husband offered space in their new house for the group to meet.

Sumana gets up at 4 a.m. to prepare meals with her husband's help, sends her daughter to school, and then goes to the embroidery center from 9 a.m. to 5 p.m. After 5 p.m., she prepares dinner, cleans the house, and continues embroidery until around 10 p.m. while watching TV. If work is heavy she has to work until midnight to meet targets. Her husband does not like her to miss her rest, but does not oppose it because the income is necessary.

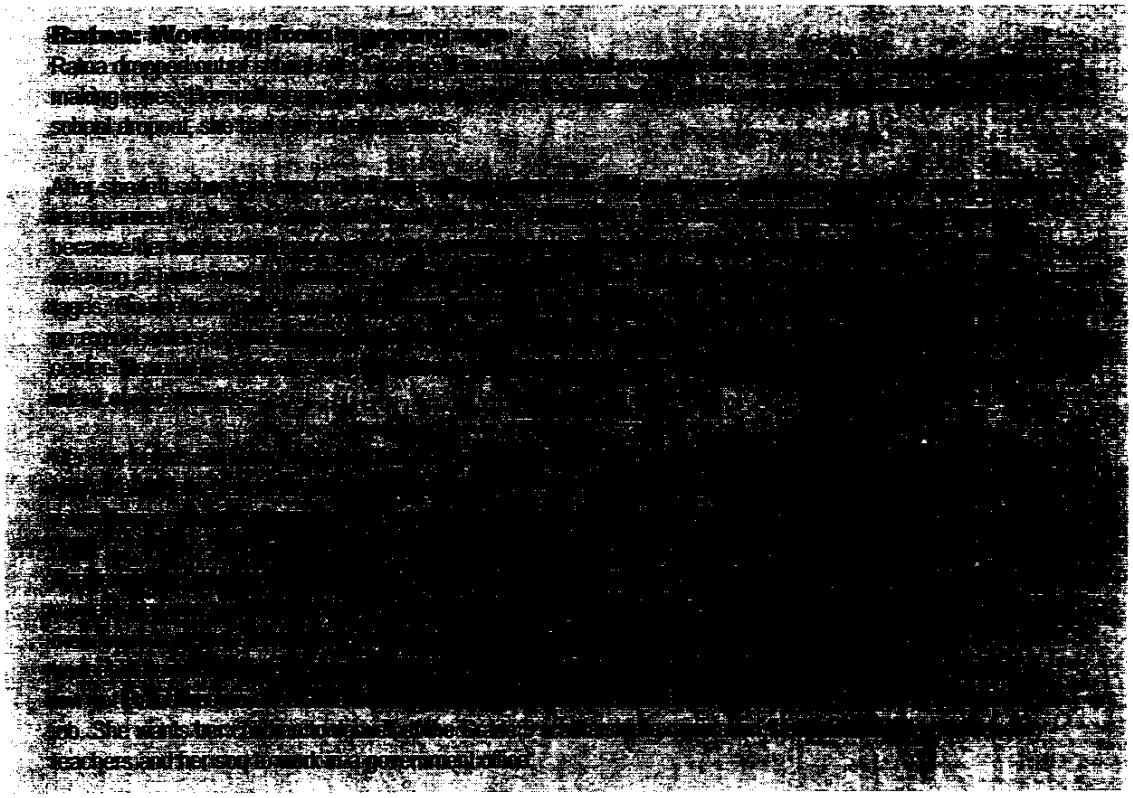
provided by an "international" subcontracting agent. Once approved by the agent's representatives in Sri Lanka, the samples are distributed to the appropriate factories and production commences. The agent's representatives visit these factories daily to ensure quality control and timely delivery of products.

The factories are permitted to subcontract to smaller factories at times of peak demand subject to the approval of the agent's representatives. But the embroidery workers to whom the factory subcontracts the labor-intensive tasks are not perceived officially as part of the subcontracting process. It is claimed that their work is a "value adding" extension of the work of the factories. The fact that one of the subcontractors is a regular employee of the factory lends support to this perception. Yet this categorization is a matter of semantics that obscures the fact that the embroidery workers are outside the formal sector of the industry.

The UK firm enjoys a reputation for maintaining high standards of quality for products, as well as satisfactory working conditions in its subcontracting chain. Its Global Sourcing Principles require all suppliers to ensure that the human rights of their workers are respected in terms of working hours and conditions, rates of pay, terms of employment, minimum age of employment, health, and safety. All subcontracting units are expected to comply with national labor laws and regulations, and to permit employees to join lawful trade unions and other workers' organizations. All production sites should be regularly visited and inspected by the British suppliers' agents and by the staff of the main firm.

The garment factory has made every effort to comply with these norms and with labor laws for its regular factory employees. In addition, it provides benefits such as free tea and a nurse on the premises. However, the embroidery workers operate outside the ambit of labor regulations. The Kurunegala factory has 16 "centers" managed by 32 subcontractors or "supervisors". The field study provided evidence that minimum wages, statutory working hours, maternity leave, and other workers' rights were not enforced with respect to these workers.

The UK firm's sales have declined recently as a result of increased production costs and high prices in a competitive market. These international trends have been reflected in instability in the recent fortunes of the Sri Lankan enterprise.



The coir industry

The export firm that is the focus of this study was associated originally with the IDB in assigning small-scale production to workers in cottage industries. In recent years the firm has mechanized and established a link in the global market for export of erosion control products made of coir and other inputs. The production process is largely dependent on subcontracting the primary, labor-intensive phase of production to home-based female workers in coir villages in the South.

The local export firm obtains its materials by purchasing coir twine from the coconut triangle in the North Western Province and importing nylon rope from South Korea, Taiwan, and Germany. These materials are sent in the firm's trucks to the villages identified for production. The leaders of around 700 women's groups, identified with assistance from the IDB, collect the materials from the truck, and are given specifications of the goods they must produce. The leaders are expected to organize the production of coir and nylon netting by home-based female workers. The leaders later hand over the products to the firm's trucks which bring them to the firm in the suburbs of Colombo, where "value adding" takes place by additional manufacturing processes.

The Sri Lankan firm is not exclusively tied to a subcontracting enterprise overseas although its autonomy is limited by the vagaries of the global market. In this sense it is less overtly dependent than the garment embroidery enterprise.

The firm's term "leaders" appears to be a euphemism for "subcontractors". There was no evidence of autonomous groups, participatory organizations or consensual leadership. Neither leaders nor groups were aware of the activities in the chain outside their village. There was no interaction between the firm and the women. The firm does not appear to be aware of, or overly concerned about, the working conditions of the women nor to have intervened to maintain minimum standards.

The electronics industry

The electronics company commenced operations sixteen years ago in the wake of market liberalization. It identified overseas electronics companies with the assistance of the Export Development Board in Colombo, rented a small building in the periphery of Colombo district, and began with 30 workers by importing materials from two companies in Japan and three in the United States to assemble electronic components. Most of the workers were women. The company was a very small link in the international subcontracting chain. Its progress was checkered, as it was wholly dependent on the demands of these companies and there were occasions when operations ceased.

With the policy thrust into rural industrialization in the 1990s, the company was able to expand its activities. In 1994 it was recognized as an export-oriented industry by the state Board of Investment. The company continues to work in the same area with a factory of around 250 workers, mostly women.

The mode of subcontracting has not changed. The same five overseas companies continue to send materials. Approximately 100 components are assembled,

Indi: Winding coils to fund her education

Indi's mother was widowed when Indi was three years old. As a single parent, her mother sought employment to support her son and daughter. She worked in a factory and, when she fell ill from exhaustion, tried self-employment, sewing articles from pieces of cloth. When she found this was not profitable, she began working for a relative who was an electronics subcontractor. Her job was to wind coil around a core in her home.

From childhood, Indi assisted her mother in winding coil. When she was around twelve or thirteen, in grade 8 in school, she felt it would be more useful to have an independent income and began to get the materials directly from the subcontractor. She worked with enthusiasm completing her target on time. She woke at 4:30 a.m., studied until 7 a.m., went to school, returned around 3 p.m., engaged in winding coil from 3:30 to 5:30 p.m., assisted her mother with housework, completed her school work, and went to bed by 11 p.m. Their house did not have electricity and she had to work with the aid of a bottle lamp. The only interruption to her subcontracted work was when she appeared for her school examinations, at which she performed very well.

Indi used her income to meet her school private tuition, clothes, and travel expenses and funded her own education without any dependence on her mother. This year she entered the Ruhuna University. During the university vacation, she was again engaged in winding coil to meet her expenses.

conforming to the samples and specifications sent by the companies. The company is not aware of the final products manufactured and assembled with the components.

Production in the factory conforms to the pattern of operation in formal sector factories in the manufacturing sector. Working conditions appear to be reasonably satisfactory. The company provides benefits such as tea, claimed to comply with most labor laws, and said they paid the factory workforce even when demand slackened.

The company has continued to utilize the labor of home-based women. This extension of the subcontracting process appears to have expanded, encompassing many villages in the neighborhood of the factory and in contiguous villages. The subcontractors are former factory employees as well as other interested individuals. Unlike in the factory, the scale of operations expands and contracts according to changing demand from Japan and the United States.

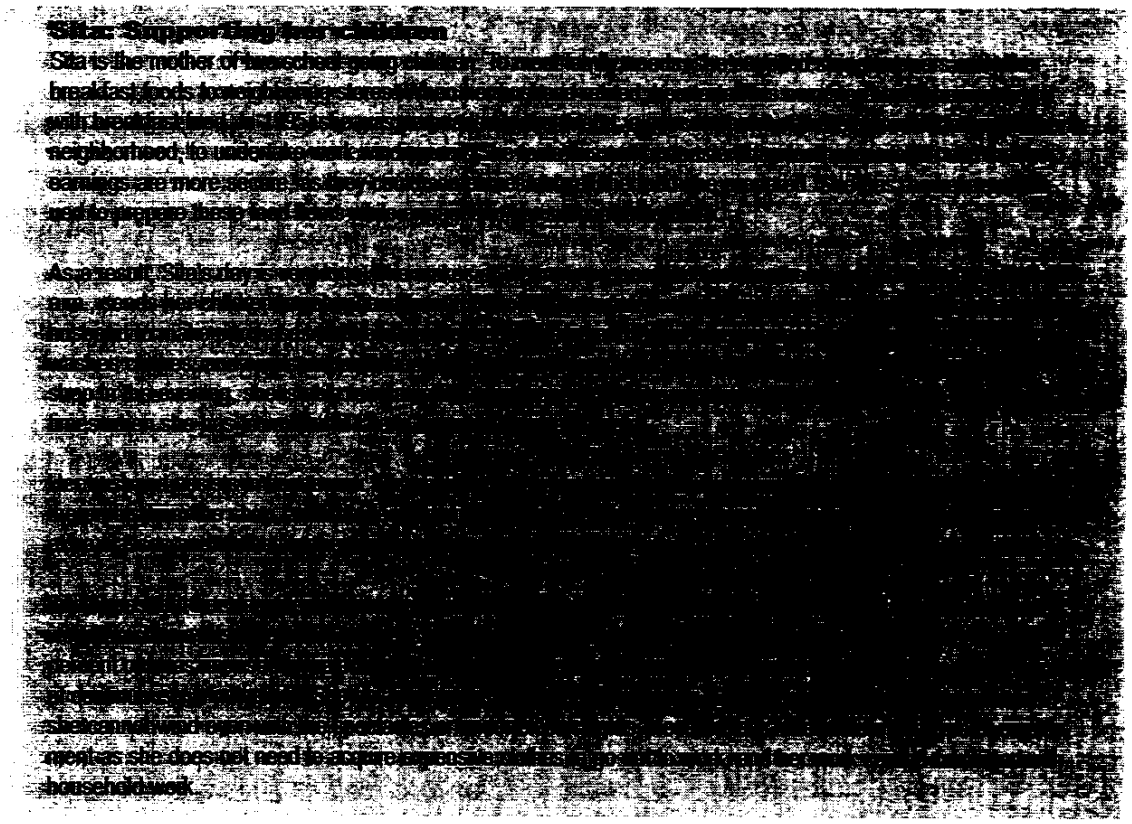
The home-based women are not protected by labor legislation and their economic activities are characterized by instability and poor returns. The factory describes the workers as former factory employees who have been compelled by marriage and child care responsibilities to be confined to their homes but are able to continue economic activities when there is peak demand.

The tobacco industry

The tobacco company engages in both export-oriented production of tobacco and local-based production of cigarettes in Colombo. The export-oriented operations do not involve subcontracting.

The subcontracting chain has been in operation for several decades and operates in both the Central and North Central Provinces. The largest local depot is located about sixty kilometres from Colombo and serves five locations in the North Central Provinces. The study focused on village-based tobacco growing and processing in one of these locations.

Subcontracting operations are organized through a group of around 200 "barn owners" or subcontractors. The company provides selected barn owners, who are themselves often cultivators, with input such as seeds, fertilizer, insecticides, cash for construction of the barn, and credit through bank loans. Each barn owner, of whom around 5 percent are women, is responsible for tobacco from approximately ten acres of cultivated land. The barn owners identify 15 to 20



women or families in the village who wish to devote the second season to tobacco cultivation, as less water is available for paddy cultivation than in the main season. They plant the seeds obtained from the company and distribute the plants, fertilizer, and pesticides to the cultivators according to the extent of land cultivated. The barn owners also assist in preparing the land for cultivation using a tractor and hired labor.

The cultivators tend the plants for around four months and pick the green leaves. The barn owner buys the leaves at the regulated price but deducts the cost of materials and labor. The barn owners cure the leaves using hired male and female labor. They then take the cured leaves to the company where they are graded and payment calculated on rates based on the quality of the products. The local depot deals chiefly with the subcontractors but its extension staff provides advice on cultivation and ensures quality control.

Both cultivators and subcontractors are aware of the total production process and that the end products are cigarettes for local consumption. The tobacco industry is currently under threat from the anti-smoking lobby on the one hand, and environmentalists and local farmers who are concerned about the adverse effects of erosion of cultivable land on the other.

The construction industry

Large and small construction companies differ in how they organize labor. The large companies contract with smaller firms, which in turn subcontract labor to meet specific skill needs such as masons and carpenters. The smaller establishments have fewer layers of subcontracting, as their scale of operations is more limited.

The female workers in the study were employed in small and large enterprises as unskilled labor. Their task was to move concrete and carry out the initial laying of the concrete slab, a process that is completed by masons. The subcontracting process begins with the call for estimates for the construction of the concrete slab from around 15 to 20 subcontractors. The employers select the lowest estimate and provide the cement, sand, and stones to the subcontractor. The subcontractor identifies a group of female and male laborers from low-income families, provides them with equipment and food, and supervises the construction of the slab. Payment to the subcontrac-

Prema: Powerless against the barn worker

Prema left school after the General Certificate of Education (GCE) and assisted in the cultivation of family land. She received training at the weaving center in 1973 but married a farmer and continued in agriculture. However, their yala cultivation suffered because they did not have access to an adequate water supply. They therefore turned, like many of their neighbors, to tobacco cultivation. Company officers gave advice. The barn owner supplies all the materials so that they do not incur any expenses. At the end of the season they receive around 35,000 rupees.

Prema awakens between 4:30 and 5 a.m., and prepares meals with the help of her daughter and husband. By 7:15 a.m. the house and garden have been swept. After breakfast, at 8 a.m. she and her husband go to the field. She returns at 11:30 a.m., has lunch at 12:30 p.m., tends the home garden, and works in the field again from 2:30 to 4:30 p.m. She returns home, has tea, waters the garden, prepares dinner, and eats dinner at 8 p.m. She listens to the radio or goes to watch TV at a neighbor's house. Sometimes she weaves a mat. She goes to sleep between 10 and 10:30 p.m.

Prema controls her own income and expenditure and her husband also hands over his income to her, as she is skilled in managing finances. He spends on bidi, betel, and alcohol and when he has drunk heavily, has to be forced to go to the field next day.

Prema wishes to continue to cultivate tobacco. But she says that the soil is adversely affected as after two to three years of cultivating tobacco, it is not possible to cultivate anything. She believes also that the barn owner makes excessive profits. She says he falsifies accounts by recording higher payments than actually made to cultivators, and lower outputs. She does not see any point in protesting as he has all the power.

Prema's efforts are directed to support the education of her children to university level, but she has not had the means to do so. Her daughter did not perform well at the GCE and therefore works in a factory, dashing Prema's hopes.

Rupa: Construction worker of 40 years

Rupa was married and [illegible] eyesight is failing. She [illegible] five. She lives the fact that she earns a daily wage [illegible] had to wait until the end of the month for her salary. [illegible] there are lower, and workers are at the mercy of unfair employers.

Rupa has been [illegible] for 40 years. [illegible] up between 4 and 5 and [illegible] does not have enough [illegible] socializing in neighbors' houses [illegible] hand, keeping for herself only the bare minimum [illegible] expenditure.

The family lives in a thatched [illegible] The house has not been completed. [illegible]

Rupa cannot work as hard as she did in the past [illegible] like her working but they have their own economic problems. She [illegible] does not want to be [illegible] for ever.

tor is according to the estimate, and subcontractors pay the workers on the basis of daily wage rates.

The workers are aware of the final outcome of their labor-the house, hotel, office, or other building. But the different layers of subcontracting in large establishments and even the single layer in the smaller enterprises isolate them from the main enterprise. Daily wage rates tend to be uniform but the working conditions of these workers are determined by market conditions. For example, working hours extend into the night when required by the pressures of the industry.

Female subcontracted workers in the five industries

Demographic and socioeconomic background

Around 60 percent of the female workers in the electronics and embroidery industry were under 35 years old, while the majority in the coir, tobacco, and construction industries were older. Most of the surveyed women were married, but 57 percent of the embroidery group and a few in the electronics, coir, and construction industries were unmarried. There were also a few widowed or separated female coir, tobacco, and particularly construction workers.

The majority of the workers were secondary school dropouts. The exception was the urban construction industry, where over 80 percent had never been to school or were primary school dropouts. The percentage with 10 or 12 years of complete secondary education was highest in the embroidery (40 percent) and electronics group (37 percent).

Employment profile

The percentage of respondents saying that they worked in response to the need to generate income ranged from 83 percent among embroidery workers to 20 percent among tobacco workers. Similarly, 23 percent in the construction industry said they had no other alternative to unemployment. For some workers, home-based activities offered other advantages. Thus over three-quarters of the tobacco workers, 47 percent in electronics, and 33 percent in the coir industry appreciated the fact that they could work in their homes, did not incur additional expenditure in going out to work and had easy access to input such as materials. A minority said they were making use of their free time.

The electronics firm from which we surveyed workers was established 17 years ago, and 23 percent of the women had been engaged in these activities for 11 to 15 years, 17 percent for 6 to 10 years and 60 percent for 5 or fewer years. This pattern could reflect the expansion of the company. Rural garment factories have existed since 1990. In the embroidery group, 47 percent had worked for 1 to 5 years and 53 percent for less than a year. In contrast the coir, tobacco, and construction industries are much older, but have expanded in terms of the volume and range of activities. Seventy percent of the construction

workers had been engaged in this activity for more than ten years and 66 percent of tobacco growers for more than six years. The coir industry is a traditional occupation of women but the export orientation is a recent development. Hence 60 percent of the women have been engaged in producing these specific articles only in the last five years.

Workers mostly received training for their specific tasks on the job. Between 10 percent and 40 percent in the different locations had some vocational training in other areas, mainly sewing (11), beauty culture (2), weaving (5), typing (2), computer training (2), food preparation (3), and pre-school training (1). With the exception of sewing, in which 23 percent of the embroidery workers had some training, other areas of vocational training were unrelated to their current economic activities.

Over half (57 percent) of electronics workers, 43 percent of construction workers, 30 percent of embroidery workers, 23 percent of the tobacco growers, and 13 percent of the coir workers had previously engaged in other economic activities. All had moved from jobs in factories, the service sector, trade, or domestic service rather than from other subcontracted activities. Some women changed jobs for reasons directly related to the need to work from home, such as child care (20), marriage (8), and difficulties with transportation (6). Inadequate remuneration (5) and loss of jobs (7) were other reasons.

A few electronics workers said that they were engaged in concurrent economic activities such as rubber tapping and petty trade. A few coir workers continued their traditional coir production, and virtually all the tobacco growers were engaged in vegetable cultivation and some in paddy cultivation.

The nature of the subcontracted work

All the women were engaged in tasks that were inputs into a larger process of production. The electronics workers were engaged in winding coil around a core for the factory which itself was subcontracted to produce electronic components that are finally assembled by five large companies overseas. The embroidery workers were knitting single and double petals or smocking, all manual operations required for children's wear by the large factory nearby which is subcontracted through agents by a leading firm in the UK. The coir workers were weaving coir nets or nylon and coir nets, cutting carpets according to blocks, or weaving and painting carpets for export through a Colombo-based firm. The tobacco workers were growing tobacco for subcontractors, who were responsible for a quota of cured tobacco leaves for the manufacture of cigarettes by the major tobacco company in the country. The construction workers were employed on building sites to mix concrete, pass the mixture in a line, move the mixture and other materials in wheelbarrows or carry stones, sand, and cement. In general, these tasks are monotonous, often arduous, activities. They are operations at the bottom of a vertical production process.

The workers were employed individually by subcontractors, both female and male. The majority (83 percent) had materials provided directly by subcontractors. Training was largely on the job and was provided by the subcontractor (47 percent) or factory or tobacco company officers (15 percent). The net weaving coir workers and construction workers did not receive any training and the tobacco workers mainly picked up skills from family members. Where training occurred, it took place in the subcontractors' homes or in a center in the case of the embroidery workers. All the electronics, embroidery, and coir workers carried out their tasks in their homes, the tobacco growers on their own land, and the construction workers on building sites.

Only half the women had continuous work. The other half were allotted tasks only when demand was at a peak. In each industry, 93 percent of embroidery workers, 57 percent of coir and tobacco workers, 33 percent of construction workers, and 3 percent of electronics workers had continuous employment.

Working hours per day were not restricted to the statutory eight hours. About three in five (59 percent) of workers worked between one and eight hours a day and 24 percent worked between nine and fourteen hours. Long hours were most common among embroidery workers, of whom 90 percent worked more than eight hours. The time taken to complete a unit of work ranged from less than an hour to four hours, except in the case of coir mats and building construction.

Under two-thirds (63 percent), including all embroidery and construction workers, said they completed their work without assistance from family members. Husbands, children, parents, or siblings assisted others. When asked what course of action employers took if targets were not met, 47 percent of the embroidery workers said that work had to be completed on schedule. Other female workers said payments were reduced, that work was re-allocated to others, or that they were given additional time.

A quarter of the women, chiefly in the coir and construction industries, said they had sustained

injuries in the course of their work. Tiny sums had been paid to two women in the construction industry as compensation. Nearly three-quarters (72 percent) of the women did not perceive the need for protective measures. Just over a quarter (27 percent) said that they used protective measures such as a plaster round their fingers in electronics, gloves and caps in tobacco growing, and gloves, caps, and shoes in the construction industry.

Over half the married female workers continued to work during pregnancy and immediately after childbirth. Those who had not done so had voluntarily or involuntarily withdrawn temporarily. None of the women had been given maternity leave. Withdrawal from work thus resulted in loss of income.

Remuneration

Workers received payment on the basis of piece rates per specified number of units for the electronics, embroidery, and coir workers, output per season in tobacco growing, and daily wage rates in the construction industry. Overall, over three-quarters (77 percent) of workers said that they earned below 2,500 rupees per month, the minimum wage stipulated by the state for the formal sector. Only 4 percent earned above this level. Thirty percent of the electronics workers, 13 percent of coir workers, and 23 percent of the tobacco growers said they had an income between 300 and 500 rupees per month. A further 13 percent of the coir workers had an income of between 100 and 300 rupees per month. In the embroidery industry, 20 percent of the workers earned less than 1,500 rupees, and over three-quarters between 1,500 and 3,500 rupees. Among coir workers, 36 percent earned between 600 and 1,500 rupees, and 23 percent between 1,500 and 3,000 rupees. The majority of tobacco growers (60 percent) earned between 600 rupees and 1,000 rupees. Over two-thirds of the women in the construction industry said they could not estimate their monthly income as work was irregular and they depended on daily wages. None of the workers received allowances or were entitled to social security.

Two-thirds of the women had no other source of individual income besides the subcontracted work. However, all but one of the tobacco growers participated in cultivation of their family plots, contributing a further 200 to 3,700 rupees to family incomes.

Half of the workers did not voice any grievances about work. Apparent satisfaction was highest among embroidery workers (87 percent). However 41 percent of all the women-with a high of 73 percent among electronics workers and a low of 7 percent among embroidery workers-complained that payments were inadequate. Other complaints included no fixed day for payment, no increments, no social security benefits, instability in employment, ignorance of prices of raw materials and sale prices, high standards for acceptance of products, and the arbitrary actions of subcontractors.

Role and position of female workers in the household

The surveyed women lived in poor families. Only 20 percent had spouses who earned more than 3,000 rupees per month. Higher spousal earnings were found mainly among electronics workers. Few parents of unmarried workers earned above 3,000 rupees except among embroidery workers. Unemployment was particularly high among the families of construction workers. One third of the households had no savings.

Mean household monthly incomes ranged from 1,914 rupees for tobacco growers to 5,654 rupees for electronics. According to workers' estimates, only 39 percent of the households could live within their incomes. Earnings from subcontracted work accounted for between 40 percent and 75 percent of income for households with incomes of less than 2,500 rupees.

Nearly three quarters of the women were solely responsible for care of the sick. Just under half of the married women had no assistance in child care and a slightly lower percentage bore sole responsibility for household chores. The participation of husbands was highest in marketing (30 percent). However, many women received assistance from other family members such as parents (particularly mothers), children and siblings. Thus all the electronics, tobacco, and construction workers, 83 percent of coir workers, and 62 percent of embroidery workers were satisfied with child care arrangements.

Overall, 62 percent of the women said that they found it relatively easy to combine their economic activities with household and child care responsibilities. Others had to organize their day through, for example, getting up very early and carrying out their economic tasks during their free time.

Parents were named as the main decisionmakers in the families of unmarried workers. Among married women there was no perception of male dominance in any of the nine areas explored in the study, from daily activities to children's education, health care in the family, economic decisions, and use of leisure

and excursions. The overall pattern was one of joint decisionmaking by the two spouses in the families of embroidery workers and of female leadership in the families of construction workers. Children appeared to share decisionmaking with mothers in the families of construction workers.

Most spouses (86 percent) were said to approve of their wives participating in these subcontracted industries. Reasons for approval were largely economic, in terms of the need for additional income. Around 5 percent said that their husbands welcomed economic activities that made it possible for them to work at home and combine economic and domestic tasks. A few appreciated the fact that their spouses could use their free time profitably. The few who had a negative attitude (14 percent) said that their spouses neglected their household responsibilities, did not receive adequate remuneration, or fell ill as a result of their intensive economic activities.

As far as parents and children were concerned, 75 percent approved of the respondent's participation in these activities. Here, too, over 90 percent were influenced by the economic constraints of the families.

Perceptions of female workers of the effects of their economic participation

About a quarter (26 percent) of the women felt that their participation had increased the respect of their spouses. This response was particularly high (54 percent) among electronics workers. Significantly more-63 percent in all-felt that their decisionmaking powers had increased. They said they now had the freedom to buy what they wanted to, to spend more (including on the private tuition of their children), to save more, to invest, and to go on pilgrimages.

Only 38 percent overall believed that their economic activities had enhanced their status in the community. A higher percentage (65 percent) felt that they were accepted in society as income earners. They thus made a distinction between recognition of their economic position as income earners and social status in the community. Social status is clearly a more complex issue and is dependent on the level in the occupational hierarchy.

Economic participation had reportedly increased the self-confidence of 70 percent of the female workers. Positive responses varied from 100 percent of electronics workers to 44 percent of embroidery workers. As noted previously, the majority of embroidery workers were young and unmarried and still under parental authority. Workers said they were more self-confident because they had their own economic resources and were no longer as dependent on spouses or family.

Just over half (51 percent) felt that their self-esteem had increased. Among tobacco growers the percentage was 90 percent. Reasons were similar to those for increased confidence.

Overall, 75 percent of the women felt that the participation of women in the economy had increased in response to macro policies. Agreement was lowest among construction workers, where growth has been slow since the late 1980s. Female workers who felt that the situation of women had improved said that more women were employed now because there were more jobs for them, and more women were seeking avenues of higher education. They felt they now had greater opportunities than before to fulfill their needs and aspirations. Those who did not agree said that women had access to lower paid jobs that were also not permanent or "respectable".

Eighty percent of the coir workers, 87 percent of tobacco growers, and 50 percent of construction workers felt that employment in subcontracted industries was more beneficial than other forms of work. Over half (53 percent) said they had the advantage of working in their own home, freeing them from the need for expenditure on "good clothes" and on transportation to work. Some construction workers said that payment on a daily basis was convenient as it met their immediate needs. Those who preferred regular employment emphasized that subcontracted wages were low, employment was not permanent or "respectable", no increments were given, and there was no fixed day for payment as in the formal sector.

Views of men in the families of women subcontracted workers

Of the thirty men interviewed, twenty-one were spouses, five were fathers, three were sons, and one a brother of subcontracted workers. All but one (who was a marketing officer) belonged to low income occupations such as farmers, artisans, fishermen, and laborers. Fewer than half had job-related skills.

Attitude about women's economic activities

Over four in five (83 percent) of the men were in favor of women's engaging in economic activity. This included all the men interviewed in the families of electronics, embroidery and coir workers. Of those whose response was positive, 92 percent said economic needs made participation necessary. The five men who did not approve gave physical strain, neglect of household responsibilities, and old age as their

reasons. When asked about their preference for a specific type of employment, 44 percent of the 25 men who favored the economic participation of women, identified self-employment, 32 percent a salary or wage job, and 24 percent subcontracted work. The current occupation of these women was therefore the least acceptable.

On the other hand, when the men were asked directly whether they liked the women engaging in subcontracted industries, 87 percent gave a positive response. Of these, 58 percent gave economic reasons, 35 percent said it was easier to combine domestic and economic roles, and 4 percent said there was no other job available. Over half (57 percent) of the men said that they assisted the women in their occupational tasks. The tobacco workers said that they worked together in the field.

The men had negative views on some aspects of the subcontracting process. Hours of work were not a major concern, as less than a quarter felt that the female workers had excessive work hours. However, 50 percent said that the physical strain was severe, and 43 percent said that the work was monotonous and not satisfying. The majority complained that remuneration was inadequate (80 percent), employment was unstable and impermanent (97 percent), and workers received no benefits such as maternity benefits (100 percent). Half commented on the occupational health hazards of these jobs-eye strain (electronics), chest pains (coir), injuries to fingers (embroidery and coir), and injuries and risks in construction activities.

The men's estimation of the contribution that female workers made to household income varied widely. It is likely that the contribution of some at least of the unmarried workers was not considered crucial to the family by parents. The men in the families of the electronics workers gave a significantly lower estimate than the women did, largely because these women were perceived as complementary earners. On the other hand, the assessment of the men in the construction workers' families was very much higher than that made by the women, suggesting that these women were primary or sole income earners.

Position of women in the household

About half of the men said that they shared in most household and child care tasks. The highest participation was reported in the marketing (80 percent), followed by cooking breakfast (67 percent). The lowest participation was in washing cooking utensils and plates. These percentages are higher than those reported for men by female workers.

Men reported that the main decisionmakers were parents in the families of unmarried workers, and a large element of joint decisionmaking in families of married workers. The men reported higher participation in decisionmaking by themselves than the women did. There is, however, no evidence of male dominance in the reports of either female workers or men in their families.

The men indicated that the pursuit of economic activities by the women had not been detrimental to non-economic family interests. Thus 77 percent said that household work and care of children had not been neglected, and 80 percent said that family life had not been adversely affected. Similarly, 77 percent reported that the women still had time for family relationships.

Seven in ten men observed that women had increased in self-confidence as a consequence of their participation in these economic activities. They said the women were more active and tended to take more decisions, at least partly because they generated independent economic resources. The men appeared to link self-confidence and self-esteem, in that 73 percent said the women had improved in self-esteem. For the most part, they explained that the women appeared to have higher respect for themselves because they had economic resources, could fulfill their own needs and were able to assist the family.

Three-fifths of the men felt that there was greater regard for the women on the part of the family while only 30 percent felt that there had been an improvement in community regard. As with the women, the least change was reported for construction workers as these women had been engaged for many years in these activities. The sharpest change was reported for tobacco workers whose income from cultivation was traditionally subsumed as family income.

Suggestions of female workers and their families

Generally the women perceived subcontracted industries as an important means of livelihood, and wanted the work to be expanded to provide opportunities or continuous work in permanent jobs with better facilities. Some suggested having more subcontractors, offering incentives, and providing training before occupational tasks commenced. A few of the men suggested more jobs and facilities and equipping workers with knowledge and skills to increase

production.

In terms of working conditions, the women suggested a better system of payment such as payment on collection of products or on a fixed date each month, daily work opportunities, and the delivery of raw materials to and collecting products from their houses. Other demands were for benefits such as incentive bonuses, medical allowances, food, tea, water, day care centers, paid leave, compensation for occupational health hazards, higher wages, bonuses, insurance, Employees' Provident Fund/Employees' Trust Fund (EPF/ETF), permanency, letters of appointment, and rules and regulations governing their occupation. The electronics workers living in the periphery of the metropolis appeared to have the greatest awareness of these benefits, most of which are applicable in the formal sector.

Men gave priority to daily work and higher wages. They suggested permanent employment, incremental wage scales, and more consideration before rejecting products for poor quality.

In terms of alternatives, the strongest demand-particularly among electronics, coir, and tobacco workers-was for direct dealing with the main company, bypassing subcontractors. Alternatives were organization of women's groups, and establishing a permanent place of work or centers from which materials could be purchased at low cost and output could be delivered. A few suggested supervision and financing through the state or other finance institutions. The men in the families of the electronics, embroidery, coir, and tobacco growers endorsed these views.

Subcontractors: Experiences and perspectives

All four subcontractors interviewed in the embroidery and coir industries were women. In each of the other industries one male and one female subcontractor were interviewed. Ages ranged from 36 to 69 years. Eight of ten had been employed previously in other jobs. One embroidery subcontractor was a permanent employee of the garment firm and the male construction worker had worked his way up in concrete work to the position of subcontractor.

Of those with previous employment experience, the woman electronics subcontractor had been a factory worker in the same firm for six years until illness compelled her to give up full time work and accept the job of subcontractor. The coir subcontractors had been coir workers since adolescence at the state coir center but had shifted to this enterprise because income was low in their earlier jobs. Both tobacco subcontractors were cultivators. The male subcontractor had undertaken similar work for a bidi company for two years before it closed down, and had then begun working for the tobacco company. The male electronics subcontractor had been self-employed and had undertaken a subcontract for the sewing of uniforms for the army camp in the area for a few years. The female construction subcontractor had been employed in concrete work earlier, but had also been employed previously in a tea packing industry and as a domestic worker in the Middle East. One embroidery subcontractor had taken this job on her return from working as a domestic worker in Lebanon.

Most were assisted in obtaining positions as subcontractors by experience as well as "connections". The female electronics and embroidery subcontractors had direct links with the main firms, the second electronics subcontractor had a relative working in the main firm, the tobacco subcontractors lived in villages in which the company was working intensively, the construction subcontractors used their contacts with contractors and the coir subcontractors were assisted by the local officials of the IDB.

Despite differences specific to particular industries, there were many common features in the operation of the subcontracting system. Across industries, the main subcontracting firm through the subcontractors provided materials and workers incurred no expenses. Generally subcontractors collected the materials from the main firm, distributed the materials among the workers, collected and handed over the product to the company.

There were some additional activities undertaken by subcontractors. The electronics subcontractors exercised their judgement in rejecting products and packed and labelled those selected before handing them over to the factory. The embroidery subcontractors had to go every two or three days to the factory where the product was checked for quality and those with defects given back to the workers. As a permanent employee, the second subcontractor often had to work in the factory as a regular worker until 8 p.m. when there was peak demand. The coir subcontractors collected materials from a truck sent by the firm, handed over their output to the truck, and had to collect payment from the Colombo office. In the tobacco industry the subcontractors were responsible for the intermediate process of "curing" the leaves collected from workers. In construction, the subcontractor had to hire the machine to make the concrete mix-

ture and provide mixing utensils and gloves, as well as tea and lunch for the workers.

The size of each group of workers managed by a subcontractor was generally between 15 and 25, but one coir subcontractor had a group of 55, and the two tobacco subcontractors had two and four barns respectively, each barn catering to around 15 growers.

All workers were paid on a piece rate basis or, in the case of construction, a daily wage. Payment was not regular, as the subcontractor had first to receive the funds from the company. The worst affected were the coir workers as the subcontractors received their cheques from the company only once in five months. Tobacco growers were paid at the end of the season after the subcontractors received their money.

The subcontractors' own earnings differed. Both electronics subcontractors were given an incentive allowance, a travel allowance and an allowance if rejects were few. The woman charged a 2 percent commission on the payment received by the workers. Both subcontractors also wound coils themselves and received an additional income for this. The woman subcontractor said her total earnings were around 5,000 rupees, while the man earned around 12,000 rupees a month.

Both embroidery subcontractors were paid a monthly salary and a daily travel allowance. They claimed to earn between 3,100 and 3,500 rupees. The coir subcontractors were paid an allowance of 1,000 rupees by the firm and levied a charge of 25 rupees and 30 rupees respectively on each worker to cover travel costs to Colombo. One also charged 50 cents per meter of net collected from each woman worker. Both themselves were engaged in net weaving. Total income exclusive of the contribution to travel from the women was estimated to be between 3,000 rupees and 3,500 rupees a month.

The company paid tobacco subcontractors for the cured leaves by weight and grade minus 40 percent for costs of materials. They paid a fixed rate for the leaves to the grower according to quality, deducting from the payment the cost of materials and labor hire. The woman subcontractor also cultivated tobacco on her own land. Their incomes at the end of the season were reported to be 120,000 rupees for the woman and 200,000 rupees for the man.

Construction subcontractors were paid between 12,000 and 15,000 rupees per slab. They paid the regular wage for manual labor of 350 to 400 rupees per day. The male subcontractor said that on average he was paid 8,000 rupees per job and his own residual income after paying materials and other costs was 800 rupees.

In addition to reported formal practices, the researchers uncovered some dishonest practices. Both electronics subcontractors were reported to have names of non-existent workers on their list whose quota they appropriated and for whose "output" they received payment. Tobacco subcontractors were said to falsify records of materials distributed and leaves collected so that their profits increased. Such practices fuel demands for eliminating the role of subcontractors.

The subcontractors confirmed the instability of this type of work. The electronics subcontractors reported that orders declined from November to February to such an extent that there was a strike of factory workers in 1995. Supplies of materials were so unstable that the male subcontractor was compelled to close down two centers. The garment factory also had problems that in 1998 resulted in the temporary closure of some centers. Tobacco growers had some stability, as the company is a leader in this field with a stable history of around four decades. The construction industry is volatile and competitive and both subcontractors and workers are therefore at the mercy of market forces.

All the subcontractors, women and men, said that women were more suited for these tasks which they perceived to require "nimble fingers". There was also the perception that female workers were motivated and hardworking while male workers were clumsy and hasty.

Conclusion

Subcontracting is not a recent phenomenon but has been an under-researched area in Sri Lanka. The paucity of macro data and the subjectivity of the responses of entrepreneurs, subcontractors and the women and their families imposed limitations on this study. The findings will, nevertheless, hopefully contribute to better understanding of the economic and human facets of this phenomenon, and facilitate the introduction of an advocacy program to promote human rights and the economic and social advancement of women.

The five selected sub-studies illustrate some of the different manifestations of subcontracting as a production strategy. In particular, the garment, coir, and electronics industries provide examples of international links, while local subcontracting takes place without international linkages in the tobacco and construction industries. The examples show that where there are international links, there are different

degrees of complexity and different forms of organization.

The case studies also confirm diversity within subcontracting. The embroidery workers appeared to have the best working conditions, as they were outworkers in an enterprise that has had a reputation for looking after the workers in their factories. Electronics, coir, and tobacco workers were clearly at the mercy of subcontractors and more "remote" from the authority of the main enterprise. The construction workers were unskilled laborers employed in heavy work.

Overall, the relative invisibility of subcontracted workers is clear. Such workers are not counted in labor force data or identified in most studies that focus on industrial establishments. The incidence of subcontracting is thus much higher than reported in macro, sectoral, and regional studies. The official stance of the Board of Investment, which oversees foreign investment, is that subcontracting can be undertaken only with its approval. The major overseas garment retailer in this study also insists on approval by its international agents of subcontracted locations. Nevertheless, the majority of subcontracted workers fall outside the ambit of labor legislation. Further, embroidery was the only case study with relative stability of employment.

Subcontracting in both the local industries is an open process with official approval from the relevant authorities. The female workers are, nevertheless, excluded from the benefits enjoyed by workers in the formal sector. Thus the female workers in all five case studies shared many common disadvantages. Economic returns were poor, in that more than 75 percent received wages below the official minimum wage for employees in the formal sector. About a quarter exceeded the statutory eight hours in the formal sector. They did not have access to maternity leave. And few regulations governed other aspects of employment, including those specific to subcontracting. For example, there appear to be no set rules regarding penalties for non-completion of tasks on time.

Subcontractors act as intermediaries between the enterprise and the "external" workers and wield considerable authority over the women. Their power is reflected in the selection of female workers, allocation of tasks, monitoring the pace and quality of work, and even manipulation of payments and malpractice in the organization of work. Their earnings are much higher than the earnings of the female producers on whose labor the subcontracting process depends.

Throughout the study economic imperatives have emerged as the decisive factor in seeking employment. Three in four women have also perceived subcontracted industries as a more beneficial and practical alternative to regular employment given their personal circumstances. The major cause of dissatisfaction was the meager remuneration they received. Yet in families in which resources are constrained, these women have made a significant contribution to family survival and maintenance and to the quality of life in the family. The case studies show how many women have used the income to promote the upward mobility and life chances of their children.

The traditional inequitable gender division of labor appears to have changed very little in the context of home-based economic activities. Assistance from the extended family and children has enabled women to cope with domestic and economic roles. At the decisionmaking level, gender relations appear to be more equitable and confirm the pattern of joint decisionmaking seen in other studies. Unmarried female workers were, however, clearly subject to parental authority.

Access to income earning opportunities has brought some measure of economic empowerment to the women. Control of at least some resources has increased self-confidence. The women generally felt that the community recognized their role as economic producers and that women in general had more economic opportunities now than in previous decades. On the other hand, the majority did not feel that the respect of the family, their social status in the community or their own selfesteem had improved, presumably because they were engaged in low skill, low status and low income economic activities. Yet, interestingly, the men in their families tended to be more critical than the women of the inequities they perceived in an economic system that uses women as low-cost labor without adequate economic and social returns.

Policy directions: Expansion or change?

Under the current policy environment and market conditions, subcontracted work is likely to remain an integral part of the domestic labor market in the years to come. This study points to the need for change at both policy and operational levels from human rights and human and national development perspectives.

The female workers and the men in their families had three suggestions:

- As they considered economic participation in these activities as crucial to the survival and maintenance of their families, they proposed that subcontracting industries should expand opportunities

by increasing the numbers of subcontractors and offering incentives.

- At the same time, they said that working conditions should improve. Suggestions included: the availability of uninterrupted work or permanent employment; regulations and letters of appointment; better pay and facilities such as social security, bonuses, medical allowances, provision of food, tea and drinking water; compensation for occupational health hazards; day care centers; and resource centers for purchase of materials and sale of products. Some of these suggestions are consonant with working conditions in the formal sector and with provisions in labor legislation while others go beyond them.

- Some of the women proposed bypassing the subcontractors who, in their view, increased the production costs of enterprises and reduced their own remuneration. Instead, enterprises could deal directly with women's groups through their nominated or elected representatives and could also assist in setting up resource centers for the purchase of the materials and payment for products.

It is unlikely that most enterprises will voluntarily intervene in improving working conditions for subcontracted workers, although the policies of the large overseas retailer in this respect are good models. Yet the state has a duty to intervene to protect the human rights of its citizens. The Board of Investment must publicize and monitor the implementation of existing regulations. The enforcement of labor laws needs to be strengthened and extended to cover the small units to which production is subcontracted. Sri Lanka should also be urged to ratify the ILO Convention on Home-based Workers, which protects the rights of workers such as those in the study.

The proposal that enterprises should deal directly with women's groups could be beneficial to the women. But nongovernmental organizations (NGOs), women's organizations, and even state programs such as the Integrated Rural Development Program need to facilitate the mobilization of strong and cohesive women's groups. This should not be an impossible task in view of Sri Lanka's history of two decades of social mobilization and "change-agents" program and the skills and experience developed in organizations and communities.

Over the years, self-employment projects have been promoted and implemented within the framework of women and development, credit and savings, and poverty alleviation. The projects have not contributed significantly to assisting low-income families to move out of poverty. They have provided credit but have not included critical input such as technology, vocational and management skills, quality control, and marketing information. If these projects are improved, women in low income families seeking a means of livelihood will have an alternative mode of generating an income which will enable them also to develop autonomy and self-respect.

The major task is to prevent the marginalization of women from low-income families in poorly remunerated, dead-end jobs with poor working conditions. The macroeconomic policy framework should meet their needs as much as it satisfies the requirements of large-scale entrepreneurs and investors. Some safeguards need also to be introduced at international and regional levels.

Women's groups, activists, and academics have an important role to play in undertaking policy- and action-oriented research. In particular, they need to monitor the situation of women in subcontracted industries. Further, the findings of studies need to be used to develop purposeful advocacy programs for policy change, for improving working conditions, and for assisting women to mobilize themselves to engage in economic activities and at the same time protect and promote their interests and rights.

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The Situation of Female Subcontracted Workers in the Garment Industry in Bangkok, Thailand

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Introduction

This report examines the conditions and position of subcontracted female workers in both row-house shops and home-based production. The garment industry was selected as the focus since female workers dominate the labor force in this sector. Also, the textile and clothing industry has contributed significantly to industrial expansion and the proliferation of subcontracted work in Thailand. As the majority of female subcontracted workers work in Bangkok and its satellite areas, these areas were selected as field research sites.

The following section of the study discusses subcontracted work within the context of macroeconomic changes at both the national and global levels. The third section discusses labor market dynamics in the garment industry, the subcontracting chain, and the international and national policy implications for subcontracted workers. The fourth section examines the survey results. The fifth section discusses gender issues arising in this study. Finally, the last section provides conclusions and policy recommendations related to female subcontracted workers.

Thai economic development in the context of the global economy

Economic development after World War II

Thailand, like many Asian countries, has adopted modernization theory as the basis of its development path. The development policy has been influenced strongly by the country's relationship with the industrialized world. Since the end of World War II, Thailand and the United States have developed a close relationship in terms of economic and security interests. Thailand received economic and military assistance from the United States to finance development projects and military and police operations to combat communist insurgency in the countryside. After the American withdrawal from Indochina in the 1970s, the World Bank became the major external source of funding for the Thai government.

Although Thailand experienced an impressive economic growth rate in the four decades prior to the economic crisis of 1997, the country continues to face many development problems. These include the lack of human resources development, unemployment, conflicts over land and natural resource rights, the lack of appropriate technological development, unequal income distribution and insufficiency of internal capital accumulation. These problems were exacerbated by the recent economic crisis. Many firms went out of business. Some of those that survived have attempted to reduce their cost of production by reducing the scale of production, lowering wages and benefits, and laying off employees.

From import substitution policy to export promotion industry policy

Since the Third National Development Plan (1972-1976) was implemented, the Thai government has had a policy of export and industrial promotion. The import substitution policy (ISP) of the 1960s encouraged foreign investment through economic measures such as tax reduction for imported raw materials and easy transfer of profits to the home countries. The government meanwhile neglected the rural agricultural sector. Prices for agricultural production were kept low to subsidize the expansion of the industrial sector despite the fact that the majority of Thai people remained in the rural agricultural sector.

During the 1960s, investment in many industries increased. Initially industries relied on unskilled workers from the rural agricultural sector. Many young and middle-aged rural people were attracted to migrate to work in Bangkok and its vicinity, because income derived from working in the industrial sector was much higher than could be gained in the rural agricultural areas. However, the ISP failed to generate overall economic growth of the economy or to eradicate rural poverty.

By the 1970s and 1980s, the main economic policy was export promotion industry (EPI). EPI policy was intended to help increase job opportunities and attract foreign investment. The EPI policy resulted in the country becoming increasingly involved with the global market economy. The EPI policy also led to structural changes. By 1991, the industrial sector was larger than the agricultural sector. By the mid-1980s, many foreign investors from the newly industrialized countries (NICs) had transferred their pro-

duction plants to Thailand due to the ready availability of cheap skilled and unskilled labor. As a result, the country experienced an increase in gross domestic product (GDP) and export value.

In the late 1980s and early 1990s, Thailand experienced an impressive economic growth rate. With the mid-1997 economic crisis, however, the government had to allow the floating of the Thai baht currency. The economy was vulnerable despite the period of growth. Many medium and large industries went out of business. Not only unskilled workers were laid off. Skilled labor, educated employees, and many executives also lost their jobs. The crisis affected people's livelihood in both urban and rural areas profoundly. The annual per capita income and the overall standard of living of the majority of Thai people are now lower than before the crisis. Having been laid off from their work in the industrial and service sectors, many rural migrants have returned to their home in the rural areas. These returnees have added to the economic burden of the rural agricultural sector.

When the International Monetary Fund (IMF) stepped in to attempt to stem the crisis, conditions set by the Fund initially increased the economic problems of Thailand. The government balanced the national budget by cutting back on welfare, health, and education. Poor people were badly affected by these measures. In addition, the financial measures applied at the beginning of 1998, which allowed unusually high rates of interest, resulted in a decrease in business investment and increase in unemployment.

The labor market

Structural transformation also affected the labor market. Today, many Thai people are both wage workers and farmers. Many rural people of working age have migrated to work in urban areas. Among these are young rural women. Labor in Thailand can today be classified into two distinct categories. The first type of labor has job security and receives reasonable wages and benefits. Usually, such workers are employed in large factories producing for export. The second type is composed of those working in the informal sector, including those under subcontract, who generally have little employment security and relatively low wages.

The rapid expansion of export production and strong competition in the world market between the end of the 1980s and the early 1990s forced industrial entrepreneurs in each country to lower their production costs in order to remain competitive. Technological innovations and the use of machines were encouraged. Industrial production requiring labor-intensive work was allocated to small-scale enterprises under the subcontract scheme to lower the cost of production. Initially, large factories could supply regular orders to smaller enterprises and individual subcontractors as demand from international market was strong.

With the economic crisis, many factories went out of business, while others cut back on production. Many workers were laid off, especially in Bangkok metropolitan areas. The formal economic sector was hardest hit. A report from the Ministry of Labor and Welfare (1997) indicates that out of the total labor force of about 33.6 million, over one million were unemployed. About 40,000 were out of jobs because of the economic crisis. The rate of unemployment is higher for women than men. In the initial period of the economic crisis, over 75 percent of workers laid off from labor- intensive industries, such as textiles, shoes, toys, frozen food, and jewelry, were women (Kokit, 1997).

The informal sector and the subcontracting system

Most subcontracting falls within the informal sector. Definitions of the informal sector vary. Some definitions rely on non-registration, others on the number of workers or business status. Generally, economic activities in the informal sector are unregistered, and thus do not abide by labor laws and regulations. In 1994, 75.3 percent of employed men and 78.6 percent of employed women were in the informal sector (Marukatat, 1996). The economic crisis has contributed to the expansion of the informal sector as many workers in the formal sector were laid off.

The informal sector has been very important for particular groups of citizens, such as poor working class women in rural and urban areas, migrant laborers, and unemployed people. The informal sector has helped to decrease the government's burden of providing job opportunities and social welfare to the country's people. In addition, workers in the informal sector have contributed significantly to profit maximization for the growth of the industrial sector.

On the negative side, subcontracted work is unregistered and so not covered by labor laws and rights. The workers are usually paid by a piece rate. They have no job security and work without written contracts. On the plus side, many of these workers find that the subcontracting sector is flexible. They have freedom in terms of work time allocation and workplace. The informal sector provides opportunities for unskilled workers to be trained and get employment. It also provides opportunities for aspiring entrepreneurs, as most business in the informal sector requires a low investment.

The relationships between the formal and informal sectors

Although the formal and informal sectors may produce similar products, they differ in terms of staff recruitment, the use of technology, number of workers, and the like. Many workers in the informal sector are migrant laborers who cannot find jobs in the formal sector. Women account for the largest percentage of migrant laborers.

The subcontracting chain may contain several layers between workers and factory. A contractor may obtain orders or work from a factory, subcontract to the next subcontractor, and so on. Other factories act as direct contractors of workers. Most contractors are wholesalers, retailers, or entrepreneurs whereas subcontractors take the form of small-scale production units such as row-house garment shops or independent homeworkers.

There are also different types of home-based production. Firstly, a family may be the owner of a small-scale home-based factory and hire neighbors and relatives to work as workers in their factory. This situation is similar to that of a row-house garment shop. Secondly, a home-based factory may act as an intermediary and subcontract work to individual homeworkers to produce at their homes. Thirdly, a group of rural villagers may join together in getting orders from contractors on behalf of their group. Fourthly, a homeworker may have a direct link to a contractor.

Thus, under the subcontract scheme, an owner of an enterprise can have many work statuses. She can be both a contractor and a subcontractor simultaneously. If she plays the role of contractor, she subcontracts orders to others with or without supplying necessary material inputs for production. Subcontractors can work anywhere they want. Contractors may pass their orders through intermediaries or contact subcontracted workers directly.

Women predominate among homeworkers. Most have completed only primary education and are independent workers. Each has her own network to get orders or works individually. Work hours are usually flexible. Orders are seasonal. Fierce competition among subcontractors in seeking orders exerts downward pressure on piece rates.

Thailand has a long history of subcontracted work. Presently, one sees the proliferation of subcontracted work in many industries in the informal sector such as garment, electronics, jewelry, artificial-flower making, and the like. Subcontracted work has, in particular, contributed a great deal to the expansion of the textile and clothing industry in Thailand.

The Thai subcontracted garment industry

The garment industry

The Thai government has promoted the garment industry since the 1960s. During the 1970s and 1980s the number of garment business investors increased. Partly, this was due to the relocation of production plants from foreign countries to Thailand where labor cost was cheaper and there were plenty of skilled and unskilled laborers. The relocation was made possible because the Thai government made rules and regulations that supported international trade and foreign investment such as special tax rights. Also, the government promoted industrialization through encouraging local capitalists to invest in the garment and other industries.

In 1995, the number of garment exporters reached 3,006, generating employment for 887,040 people. There were 5,096 investors in the textile business, providing employment for more than a million people (Nimlaor, 1997). Nevertheless, between 1992 and 1995 employment in the formal sector increased by, at most, 2.3 percent because of the relocation of production units from large factories to row-house garment shops and home-based production in the outskirts of Bangkok and rural villages under the subcontract scheme.

Further, while there was a decline in the overall growth rate of garment export value, there was an increase in the amount of clothing imported into the country. One reason was that Thailand has to compete with countries that receive special trade rights from their trading partners. By 2000, according to the Asian Free Trade Agreement, Thailand will need to reduce its import tax to zero. Thus cheaper

imported goods, especially ready-made apparel from countries such as Indonesia, will increasingly compete with local products.

A second problem is the need to import raw materials from abroad due to the low ability of local industries to produce all the necessary inputs themselves. As a result, the government has imposed a high import tax to protect domestic industries. This, in turn, increases the production cost for the garment industry.

A third problem is that garment production is a labor-intensive industry and labor costs in Thailand are somewhat higher than those of many other garment exporting countries. All these difficulties caused gradually decreasing investments in the garment industry throughout the 1990s. Many large garment factories began to lay off their workers and replace them with machinery or to transfer parts of their production to small-scale production units or subcontractors via subcontracted work.

Since the financial crisis of the country occurred in mid-1997, the number of unemployed former garment workers has increased sharply. The workers still employed no longer enjoy job security. Of those who lost their jobs in the formal sector, many are looking for work in the informal sector.

The subcontracting chain

Entrepreneurs in the garment industry in Thailand can be classified into four types (Nimlaor, 1997) according to the subcontracting chain in which they are involved.

Large garment enterprises that engage in mass production themselves have their own production unit. They are responsible for their own marketing and export. High quality, reliability, pattern and design, and the presentation of their products are important factors to motivate customers to buy their ready-made clothes. Prices of their products range from medium to high. Usually, their products are sold abroad, for example in Europe and the United States.

Large garment enterprises that subcontract work to smaller enterprises maintain control over both production and quality of their products. They are also responsible for marketing and export of the products. Generally, subcontracted factories are small, with about 30-150 workers. The small-scale factories are able to produce high quality products with lower costs of production than the large factories. There is a tendency to expand this type of small-scale factory to rural home-based factories in the countryside where there are plenty of unemployed laborers.

Garment wholesale and retail entrepreneurs usually do not have their own production units. Some of them design their own clothes patterns, cut the cloth materials or provide cloth materials and subcontract work to row-house garment shops, home-based factories, or individual homeworkers to produce. Since they subcontract to many small-scale units, it is hard to control the quality. The low price of the apparel is the main motivation for customers to purchase. Thus, low-cost labor and inputs are important to keep prices as low as possible. The retail market for low-cost clothing is concentrated in Bangkok and in the countryside. The wholesale market is found in the countryside and abroad.

Subcontracted factories and workers exist primarily in the form of row-house garment shops or home-based factories. Usually there are not more than 25 workers in each production unit. There are also individual homeworkers. There is great flexibility in the quantity and type of products.

Subcontracted workers have become the main labor force for the third and the fourth types of ready-made clothes production. It is possible that subcontracted workers also exist in the second category in that small factories may subcontract parts of their work to individual homeworkers or row-house garment shops.

Implications of international and national policies

Trade liberalization

The textile and clothing industry in Thailand is closely linked with the international market. While the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO), aimed at promoting trade liberalization, in practice, many developed countries continue to have domestic policies that impede free trade and protect their own industries. This has obstructed efforts by developing countries to expand their international trade (Hale, 1996).

According to the Agreement on Textiles and Clothing (ATC), trade in textiles and clothing would be liberalized over a period of ten years beginning in 1996. The Thai textile and clothing industry has been relatively competitive compared to Latin America, Europe, the United States, and other Asian manufacturers (Nimlaor, 1997) but is less competitive when compared to China whose production costs are lower. Consequently, it is possible that the Thai

textile and clothing industry may be replaced by low-cost textiles and clothing from China. Competition has affected entrepreneurs and workers in the textile and garment industry in both the formal and informal sectors.

Further, the ethical trade movement in Europe and Australia attempts to set standards for labor working conditions and the environment in line with conventions of the International Labour Organization (ILO). Subcontracting work is often seen as flouting the conventions. If the code of conduct becomes effective, many subcontracted economic activities in the informal sector will disappear. If there are no other job alternatives for poor people, their welfare will deteriorate.

Gender is usually considered irrelevant to the trade agenda. Yet women and men are affected differently by macroeconomic policies because of the different social, economic, political, and cultural dynamics that shape their lives, and because of their different positions in the labor market in terms of industry, occupation, and status in employment.

National policies related to subcontracted workers

The Eighth National Development Plan (1997-2001) considers labor in the informal sector as a disadvantaged group that needs to be protected and promoted. The Plan states that the government will extend labor protection and the social welfare system to subcontracted workers. This subsection discusses policies that either directly or indirectly affect subcontracted workers.

Policies on industrial promotion

The Ministry of Industry, through the Department of Industrial Promotion, has implemented policies in support of home-based industry in the rural areas, including subcontracting work. The Ministry has provided financial assistance, training, measures to improve the quality of products, and marketing. So far, these policies have been relatively successful in motivating the business sector to distribute parts of their work to subcontracted workers and create employment among rural villagers. However, these policies have not yet paid attention to working conditions, wages, or the welfare of subcontracted workers.

Policies on labor promotion and protection

The Ministry of Labor and Social Welfare has, since 1996, implemented a program to promote homeworkers through the establishment of the National Commission for the Promotion and Protection of Home Workers and the establishment of the Home Workers' Office. The main goals of the program are to:

- improve the capacity of homeworkers in terms of skill development, and provide the necessary materials and business arrangements through homeworkers' organizations;
- promote, support, and strengthen homeworkers' organizations by encouraging group formation, providing legal status, and advocating network organizations;
- protect the employment and working conditions, wages, welfare, occupational health and safety, and social security of homeworkers; and
- promote cooperation between public and private agencies related to skill development and social welfare of homeworkers.

All these initiatives are still in the initial stage of operation.

In addition, there are several programs in other departments of the Labor and Social Welfare Ministry that may benefit homeworkers. These include the Employment Promotion Department, Skill Development Department, and Social Welfare Department. The problem is that each government department works separately. Coordination among related government departments would enable homeworkers to benefit from these programs more effectively.

Policies on social protection

In terms of the employment code of the civil law, subcontracted workers are protected in respect to payment of wages. However, the Labor Code of 1998 still excludes homeworkers. Under the Social Security Act, subcontracted workers have access to the self-employment scheme, which enables them to obtain death and accident benefits. However, they must pay double premiums, both for themselves and for their employers.

Subcontracted workers can apply to have health insurance cards from the Ministry of Health. Workers who have their home of origin in the countryside must seek approval from their village heads prior to joining the program. The premium is 500 baht, which covers five people in a family. Due to the economic crisis and strong demand for health

insurance cards, the government has imposed a yearly quota in order to balance the national budget. It has allocated only a few hundred baht for each person each year to pay for their medical care. This is often insufficient. Also, some workers complain that they do not receive proper care from the health personnel in a hospital.

Other policies

The economic crisis led the Bangkok Metropolitan Administration (BMA) to be very active in helping alleviate problems of poor people, especially in slum communities. In order to assist homeworkers, the BMA has given the sizable contract to make student uniforms for the schools under its jurisdictions to grassroots community groups. The order was previously given to private business enterprises. Nevertheless, it was reported by the Urban Community Development Office (UCDO) that, of the total budget of 200 million baht to support this project, community organizations received only 20 million baht. The rest of the budget has benefited private business enterprises.

Survey results

With the help of a non-governmental organization (NGO) partner, HomeNet Thailand, 150 subcontracted workers were interviewed. Table 1 shows the number interviewed in each of the study areas.

The research team also attempted to get male perspectives on the situation of female workers and related gender issues. However, the research assistants discovered that male homeworkers were almost non-existent except in Din Daeng. Therefore the team decided to obtain male perspectives only through case studies and focus group discussions (FGDs). A total of 15 case studies were developed-13 women and 2 men.

The team also conducted interviews with representatives of NGOs. Twelve people, including representatives of workers, NGOs, and academics attended the focus group session. Finally, the team supplemented the primary research with secondary research.

From poor rural villagers to urban subcontracted workers

The majority of subcontracted female workers in this study is from the rural agricultural sector and has a low level of education. The overwhelming majority (84 percent) have not gone beyond the sixth grade of primary education.

About three-quarters (73 percent) of the respondents are married. Half of those working in row-house garment shops report that they began to do paid work when they were 15 years old. Of the homeworkers, 23 percent started to work when they were under 15 years old.

All the respondents have rural backgrounds. The largest grouping of migrant workers (41 percent) is from the Northeast. The Central Plains account for a further 30 percent, the South for 17 percent and the North for 11 percent.

Poverty and unemployment in the rural agricultural sector are fundamental push factors for many young and middle-aged women and men. In addition, some young female migrants are drawn to Bangkok through images of the urban middle class depicted through television, popular magazines, newspaper, commercial advertising billboards, and fancy shopping malls (Mills 1993). Yet, while wanting to emulate the urban middle class lifestyle in Bangkok, many young rural migrants feel unaccepted and looked down upon culturally and economically, especially by the Bangkok elite. After several years of struggling to earn a living in Bangkok, many become ambivalent about their work situation and identity and want to save money and return to their rural homes to establish their own row-house garment shops. Others feel that they may have to stay in Bangkok for the rest of their lives because far more

Table 1: Interview sample by area and type of worker

	Din Daeng (shop)	*Latkrabang (home-based)*	*Don Muang (home-based)*	*Khlong Toey (home-based)*	*Ratburana (home-based)*
Total subcontracted workers	400	400	400	100	200
Sample size	40	40	40	10	20

formal and informal employment opportunities are available in the city than in the countryside.

Household composition

Most female homeworkers are married with children. These women have settled and established their own households in Bangkok. Although most still occasionally remit some money to their parental home in the countryside, they do not consider parents and siblings who are still living in the countryside as part of their immediate households in Bangkok. In some cases, siblings and other relatives in the countryside move to stay with them in Bangkok. These people are then considered as members of their households in Bangkok. Thus generally a household comprises father, mother, children, and relatives from rural villages who have migrated to find jobs in Bangkok or aged parents who have come to help look after young grandchildren. Other couples have entrusted their children to their parents in the countryside.

Some single young female migrants who work in row-house garment shops feel ambivalent about the meaning of the word "household". Workers who stay at the shops feel that they still belong to their parental home in the countryside. Others who stay with relatives in Bangkok feel they are part of this new household. Yet they still feel more attached to their parental home in the countryside.

Usually female members bear primary responsibility for household work. Although most female subcontracted workers have low levels of education, they want their children to get a higher education and get good jobs in the future. Thus, many children are not required to help their mothers with the garment production, but are instead encouraged to concentrate on their studies.

Safety nets

Because the government does not provide labor welfare and social security for subcontracted workers, they must rely on their traditional safety nets. The network of family, kin, friends and the rural village society is very significant. It provides them with food security, housing, health, education, access to employment information, refuge when they are jobless, and a source of social security when they are old. Many married couples have also entrusted their children to the care of their parents while they migrate to work in the city. From all 15 case studies and survey results, it is clear that without this safety net it would be very difficult for these subcontracted workers to survive in Bangkok.

Most of the women migrated to Bangkok because they had relatives or friends who had come to settle in Bangkok earlier. Many went to live with members of this traditional network and are still living in the slum areas where they first settled. Most women also followed the path of relatives or friends in finding work. For example, working relatives or friends would introduce them to the owners of the garment enterprises and recommend them. They would often work as apprentices for two weeks to a month, and then begin work full-time. For subcontractors and home-based workers, families, relatives, friends, neighbors and communities often provide important connections, which help workers get orders, and provide occasional financial assistance as well as welfare, health, and general advice.

Reasons for doing the work

About a third (32 percent) of the shop workers started this work because they had relatives who are in this business. However a further 33 percent gave their reason as wanting to earn an independent income, and 30 percent said they only have sewing skills and like to work independently. Among home-based workers, 85 percent started this work because they wanted to combine household chores with paid work. They like the freedom of subcontracted work, where there are no office hours and no boss and where they manage their own time and work responsibilities. Also, because they work at home, they do not need to dress up and to commute daily in the congested Bangkok traffic. In this way they can save time and money for other household expenses.

Getting orders

The majority of row-house garment shop and home-based workers produce shirts, pants, or skirts for the low-cost international and local garment markets. For the most part, they sew the entire garment. For garment row-house garment shops, 45 percent of orders are from contractors directly, 50 percent are from intermediaries, and only 5 percent are from their own initiative. For home-based production, 30 percent are orders from contractors directly and 68 percent from intermediaries. Usually there are one or two layers between a row-house garment shop subcontractor and a con-

tractor and about two layers between a home-based production unit and a contractor.

Row-house garment shops in the Huai Khwang-Din Daeng area derive most of their orders directly from wholesale and retail shops in Pratunam, Bai Yok, and Bobe markets in Bangkok. Ready-made apparel from these markets is generally sold to local and foreign traders who buy with cash at the wholesale and retail shops.

Many individual homeworkers also obtain their orders directly from Pratunam, Bai Yok, and Bobe markets. Some shop owners also occasionally subcontract parts of their work to individual homeworkers whom they have known for some time, including their former shop workers. In addition, there are intermediaries in the neighborhood who act as contractors and subcontract orders to both row-house garment shops and individual homeworkers in the neighborhood. Moreover, a homeworker who is a member of a community sewing group can have access to the quota from the Bangkok Metropolitan Administration and some NGOs.

Most orders for row-house garment shops come in between November and April. For home-based production, most orders come in between November and December, and between March and April. Half of the 150 respondents agreed that clothing orders for row-house shops diminished in 1998 from 1997 numbers. Likewise, 61 percent of homeworkers reported that orders for home-based production diminished in 1998 as a result of the economic crisis.

Working time, wages, income, and expenses

The majority of garment shop workers work more than twelve hours a day, six days a week. Homeworkers generally work between nine and twelve hours a day. Two-thirds work seven days a week and a quarter six days.

Almost all (95 percent) respondents were not satisfied with wages. Payment was generally regular, but 26 percent of the homeworkers said they were cheated at least once by contractors or intermediaries who had not paid them their wages.

Despite long hours and low pay, these female workers contended that poorly paid work is better than no work at all. They felt that if they are healthy and get orders regularly, they earn more than working in a large factory that pays only a daily minimum wage. Nevertheless, since labor laws do not protect subcontracted workers, they are not entitled to any labor rights or welfare.

Generally, subcontracted workers have no role in deciding on rates for different garments. Instead, entrepreneurs, contractors, competitors, and market mechanisms determine their pay. If the subcontracted workers make demands for higher pay, they may not get further orders. They have also realized that the economic crisis has caused a decline in garment export volumes. This adds pressure to all the actors involved. Thus, they feel it is not the right time for workers to demand higher wages.

Most subcontracted workers receive their pay once or twice per month. Seven in every ten row-house workers and 47 percent of homeworkers receive between 3,001 and 6,000 baht as their monthly income. Over a third (37 percent) of homeworkers receive less than 3,000 baht per month. Although income derived from subcontracted work is an important source of support for their households, it is not enough. Usually, household members earn

Table 2: Wage and market prices of good produced by surveyed workers

Products	*Latkrabang*	*Don Muang*	*Din Daeng*	*Khlong Toey*	*Ratburana*
Shirts	Thai Baht	Thai Baht	Thai Baht	Thai Baht	Thai Baht
wage	14.6	17.8	11.5	8.25	13
market price	91.25	85.9	149.0	—	—
difference	76.65	68.1	137.5	—	—
Skirts					
wage	16.31	14.58	9.3	—	8
market price	180.0	89.0	70.0	—	—
difference	163.69	74.42	60.7	—	—
Pants					
wage	23.62	20.1	18.20	16.25	14.5
market price	191.0	172.50	210.0	—	—
difference	167.38	152.40	191.8	—	—

income through a combination of economic activities such as other wage work, agriculture, commerce, trading, industries, and services. Estimated average total monthly household income of row-house garment shop and home-based workers are 27,051 and 25,636 baht, respectively.

Table 2 shows the wages received by workers, market prices for clothing products, and the difference between the two. Unfortunately, the figures exclude non-wage production costs. These were difficult to obtain during the survey as the micro and small entrepreneurs said that they did not remember the details of costs incurred with respect to management, goods transportation, food, utilities, and raw materials. Nevertheless, the figures in the table suggest that there is a significant gap between wages received and the amount for which the goods produced are sold.

Over half of the row-house workers and 83 percent of the home-based said that their income in 1998 was much less than that in 1997, while the majority said that the cost of living increased over the same period. Estimates of average monthly household expenses of row-house garment shop and home-based workers were 9,994 baht and 10,469 baht, respectively. The workers prioritize spending on food, home construction and renovation, education, and money remittances to their parental homes. Among shop workers, education is the second priority whereas homeworkers see house construction or renovation as their second priority.

Work-related issues

Eighty-four percent of home-based workers and 89 percent of row-house workers reported that they had good relations with contractors, owners of row-house garment shops, and intermediaries. Nearly nine in ten row-house workers and 65 percent of homeworkers did not want to change their current jobs. The row-house workers who wanted to change were not able to do so because of lack of capital, low education, lack of information and advice, lack of other skills, insufficient time and family restrictions. Most homeworkers shared similar limitations. However, family restrictions were the most important limiting factor for homeworkers.

While working as subcontracted workers, 74 percent of respondents had received no further skills training. Nearly nine in ten (88 percent) did not know about labor laws and rights. Very few row-house workers belonged to community organizations, as they simply did not have time to participate in group activities. A few women from the case studies said that they were members of the Credit Union League of Thailand in Din Daeng. Being members, they have access to loan money at reasonable interest rates. By contrast, 59 percent of homeworkers were members of community organizations such as women's sewing groups.

Health and welfare

Most shop and home-based workers rely primarily on themselves and their traditional safety net, especially with regard to maternal care. The majority have learned about maternal care from their mothers, older female relatives, and married women in their communities. Talk shows on radio and televised programs on health and maternity have also shaped their understanding on issues related to maternity.

The workers do not receive any benefits from shop entrepreneurs, contractors, or intermediaries. About 5 percent have health care cards issued by the Public Health Department. With the use of this card, they pay less for medical expenses when they consult a doctor at a public hospital. When there are minor illnesses, homeworkers use alternative medical treatment methods. Since their wages are relatively low, they usually buy their own medicine from a local drugstore rather than visiting a doctor. Only when they have serious illnesses do they go to a public hospital, private clinic, or primary health station in their neighborhood. Eight in ten row-house shop workers and 65 percent of homeworkers said they had never had an annual physical check up. Three-quarters of shop workers and 86 percent of homeworkers have reported back, neck, and body aches as well as eye problems resulting from the current subcontracted work.

Gender-specific issues

Traditionally, Thai women have played an important role in economic activities. Although patriarchy has been predominant in Thai society, the role of Thai women has never been restricted solely to the household sphere. Thai women have worked side by side with men in agriculture, industry, commerce, and services for generations. Thai women perform numerous economic activities in the informal sector, such as in the textile and clothing industry, petty trading, food processing, and homeworking.

The main reasons that the female workers in our study entered paid production were to ensure family survival and to become economically self-reliant. Since formal employment is difficult to get, female

Chamriang: From subcontracted worker to shop entrepreneur

Chamriang is now 30 years old. She was born in a farm family in the South of Thailand and finished the sixth grade of compulsory primary education. When she was 15 years old, she decided to migrate to work in Bangkok, because there was no job available for her in the village.

When she first came to Bangkok, Chamriang stayed with one of her relatives. With the help of her relative, she found work as an apprentice in a garment shop for about a month. She then became a full-time worker and worked there for the next ten years. She worked from 5 a.m. to 11 p.m. daily, except Sundays. She was paid by piece rate. She could make an average of 20 pairs of pants per day and got paid 13 baht per pair. The owner of the shop provided her with three meals daily and accommodation. After work, she slept in an open room with all the other female workers on the second floor of the shop.

At the age of 20, Chamriang married a male subcontracted worker who came from her home district. The new couple decided to rent a row-house shop to set up their own small garment production unit. They used their savings of the previous ten years to invest in sewing machines. They started with five workers whom Chamriang brought from her home community. Now she has seven female and eight male workers. All of them are relatives of either Chamriang or her husband. Chamriang now owns 20 sewing machines, six of which she bought on credit.

When jobs need to be done urgently, Chamriang joins in sewing. Her husband occasionally helps in sewing pants, but he is in charge of looking for orders and marketing. The couple has two children. They want their children to have good educations and good jobs. Their children do not help in the shop.

Chamriang gets regular orders from two wholesale garment shops in Pratunam that have subcontracted her shop to sew pants for years. The two wholesale shops have their own patterns and designs and cut the cloth for Chamriang's workers to sew. The pants are sold domestically. Chamriang reports that a worker gets 13 baht for sewing a small-sized pair of pants, while a worker reports she gets 10 baht. The workers usually work from 5 a.m. to 11 p.m. daily except Sundays.

Chamriang charges each worker 200 baht per month for utilities, as well as daily breakfast and dinner. The women also get accommodation in an open room shared by all female workers on the second floor of the shop. Male workers find their own rental accommodation outside of the shop. The shop workers receive no benefits. Chamriang reported that she earned little from the business. She says that if a contractor pays her more, then she can pay her workers more. She says that she and her husband established this shop as a way of helping poor relatives and friends from the countryside. She notes that the economic crisis has resulted in a decline of orders which affects small garment enterprises and subcontracted workers negatively.

workers tend to take whatever jobs are available to them. An estimated 900,000 women work in textile and garment factories. This figure rises to 1.2 million if rural women sewing for subcontractors are included (Moghadam, 1995).

Many local manufacturers in Thailand were unable to withstand the Asian financial crisis. Women report that they are the first to be laid off by companies that employ both male and female workers. A survey by the ILO (1998) reported that 60 percent of the unemployed are women aged 30 years and over. Nearly a quarter of these women worked previously in the textile and garment industry. Married women over 30 years of age find it difficult to get jobs because of their age, lack of higher education, and/or skill base. A World Bank report notes that some companies continue to hire women but are reducing their wages or hours (1999). In these circumstances, homeworking, either as self-employed entrepreneurs or as subcontractors, is emerging as a refuge for many laid-off female workers.

In our survey, 37 percent of respondents said the work was their first employment. The rest previously worked in different professions including agriculture, industry, petty-trading, and services. The majority said that they had worked in textile and garment production for the past five years of their employment. While the garment subcontracted work is poorly paid and involves poor working conditions, it was often an improvement over other alternatives and helped raise the standard of living for many poor women and their families, particularly among those from rural and urban slum areas.

Case studies of the lives of female subcontractors

Among both row-house and home-based workers there are both small self-employed entrepreneurs and workers or subcontractors. The case studies below show some of the differences between these categories.

Ray: The life of a row-house garment shop worker

Ray is 24 years old and completed the seventh grade in a public school in Nakhon Sithammarat, the southern province of Thailand. She was one of seven children of a farm family. She is unmarried.

Upon completion of her primary education, Ray worked as a saleswoman and cashier in a garment shop that belongs to her aunt. She worked with her aunt for six years. Then she decided to change her career because of three month courses in tie-making. She [illegible] for each. She [illegible] aunt. A month later, this aunt introduced her to an owner of a row-house garment shop in Bangkok [illegible] from the same village.

The owner of the shop accepted Ray as an apprentice for one week. While receiving on the job training, Ray was paid 200 baht per week. She received two months position and [illegible] the accounting book of the shop, for which they paid [illegible] and has worked there for the last two years. [illegible] parts and [illegible] sewing machines, designs the [illegible] name. Ray does not know in which [illegible]

Ray finds her wage is low but she has [illegible] position than being [illegible] an opportunity for unskilled, poor rural [illegible] countryside. She feels she has [illegible] school graduate. If she [illegible] [illegible] Shop owners [illegible]

[illegible]

[illegible]

[illegible] labourers and rights.

Small row-house garment shop entrepreneurs

The garment industry has provided some young and middle-aged women from poorer strata with a ray of hope that there might be a possibility for them to move upward economically. Chamriang, a woman from the south of Thailand, is among the small number of rural migrants who have become small-scale entrepreneurs.

Row-house garment shop workers

While a few row-house workers become entrepreneurs, many remain as ordinary workers. Ray is typical of these workers.

Community sewing groups as home-based entrepreneurs

In all five research areas, some home-based producers and shop workers have organized themselves into credit and sewing groups. In Din Daeng, some entrepreneurs and shop workers are members of the Credit Union League of Thailand, which gives them access to loans at reasonable interest rates. The main purpose of many homeworkers in organizing community sewing groups is to have access to savings, credit, training, organizing strategies and information, and to get work orders from the government sector, NGOs, and semi-government agencies. The case of Khwanruan highlights this phenomenon.

Individual skilled homeworkers

Individual entrepreneurs are usually female homeworkers who are skillful in sewing, management, and marketing, have some capital to invest, own some means of production, and have direct contact with retail and wholesale apparel entrepreneurs. If there are not many orders, they tend to work on their own. They may subcontract to other homeworkers occasionally, especially when clothing orders need to be finished urgently. Skilled homeworkers receive a better wage than unskilled laborers and are in a better position to negotiate their wages.

Homeworkers are usually those who want to combine household chores with paid work. Mainly, these women are married and have children to take care of. They usually receive little assistance from their family members. Their sons and daughters have been brought up differently from the way they were. These children spend much time on their studies, and thus have little time to help their parents with garment production. Since the husbands of many female homeworkers work outside of the home, they are also barely able to help their wives.

There are also some young women who, though single, are skilled workers who want to work independently and gain better wages. But Nampheung is another married homeworker. Her husband is still with her but works outside of the home, and thus has no time to help her in garment production. Recently, her brother came to stay with her family. While seeking employment, he helps her do some minor work occasionally, such as buttoning or trimming.

Unskilled petty homeworkers

Unlike Warin and Nampheung, the majority of homeworkers can be categorized as unskilled labor, for they know only how to sew simple clothes. Usually, they do not go out and get orders from contractors directly. Instead, intermediaries or entrepreneurs in their community, either through a community group or as individual entrepreneurs, subcontract work to them. Generally, there are between one and three

Community sewing groups: Empowering the poor

Khwanruan is the middle-aged wife of the chair of a slum community organization in Ratburana. She took a lead in organizing a sewing group in her community. Khwanruan worked in a large textile factory before she became a self-employed homeworking entrepreneur about 20 years ago. She earned about 34 baht per day in the factory and quit the job to help her husband sew clothing at home instead.

Two years ago, Khwanruan learned that the BMA had a large fund to support community sewing groups to get employment. In response, she began to organize slum people in her community in order to get BMA orders to make student uniforms. Currently, she has orders to make 1,470 uniforms. She has invested 130,000 baht to purchase material and pay for labor costs. She hires five members from the community sewing group and another three outside of the community to work on this project. Each works at her own home. For cutting, a worker receives 150 baht per uniform. For sewing, a worker receives 20 baht. For ironing, a worker gets 2 baht. Khwanruan gets 120 baht for each finished uniform from the BMA. She has to pay 3 percent tax on the income she receives. Khwanruan reported that she earns much more now than she did when she worked in the large textile factory.

Wazin: The struggle for a [illegible]

[illegible]

any other means of production. She has no job security or [illegible]

Nampheung: Working in the city, but children in the rural area

Previously, Nampheung worked in a large garment factory where she got 76 baht per day for sewing Arrow shirts. She finally quit this job because her wage was too low for her family to survive. Since she possessed high-level sewing skills and had experience working with a famous garment factory, Nampheung had the confidence to leave her job and begin as a self-employed entrepreneur under the subcontract scheme. She now earns more than before.

While working at the large garment factory, Nampheung developed a network of sewers. The members of the network keep each other informed of employment opportunities and garment orders. Nampheung has received many orders from different popular boutique shops in the Sukhumvit area of Bangkok and maintains direct contact with several contractors. She works from 7 a.m. to 10 p.m. seven days a week. For a simple women's blouse, she earns 190 baht whereas the retail market price locally is 900 baht. For a complicated women's blouse, she gets 140 baht. Each day she can sew at most three blouses.

During the traditional Thai New Year celebration Nampheung usually takes a week off to see her two young sons. She has entrusted her sons to the care of her mother who lives in the countryside. Nampheung remits money to her mother regularly. Nampheung contends that life in the rural countryside is much better than life in a poor working area in Bangkok. She does not want to bring her children up in a crowded living space among drug addiction and crime. Also, people in her community have no running water. They have to use water from an unhealthy canal nearby for home use. Further, since her residence is in a remote area of Bangkok, it is very difficult to commute to the downtown area. There is no regular mass transit directly from her place to the inner city. It is also not safe for women to commute alone even during the daytime. Luckily, her husband has a motorcycle and he usually gives her a ride.

layers in the subcontracting chain between them and contractors. Typically, each homeworker owns a sewing machine, works alone at her home, and receives her wages after delivering the finished products to contractors, entrepreneurs, or intermediaries.

Social and cultural patterns conducive to women's subcontract work

Although Thai society is patriarchal in many aspects, gender relations are generally portrayed as complementary rather than oppressive, especially in respect to economic activities. This is evident in many old Thai sayings, such as "phua haab mia khon" which means that a husband and wife carry things on each end of a shoulder pole. In addition, Thai women are said to be "mue ko kwai, daab ko kwang." This means that while one hand of a woman is rocking the cradle, the other is holding the sword. This saying emphasizes the role of women as the mother in the household sphere and as protector of the country outside of the home. Thai women are thus generally encouraged by their families and society to participate in economic activities to support their families.

Similar to many Southeast Asian countries, in Thailand, the wife plays the role of the family's moneykeeper. She has the authority to decide daily expenses. On larger expenses, such as children's education, land purchases, home construction, and furniture purchases, both husband and wife make the decision together. Being the financial manager of her family, the wife has the responsibility of stretching out family income to make ends meet. When the income of the family is not enough, she has to look for paid work to earn extra income. If her husband becomes unemployed or separated or divorced from her, the wife will become the main income earner of the household. Of the respondents in the survey, 73 percent were married homeworkers. These women reported that subcontracted work helped them combine their household chores with paid work. Moreover, other household members can assist them regularly or on a weekend basis with the paid work.

Most rural villagers expect that their children will take care of them when they get old, for they do not get any social security from the government. Most respondents used the term bun khun to explain this concept. Bun khun refers to the goodness-whether money, advice, favor, assistance or the like-one owes to somebody, a moral obligation. Bun khun must be returned, regardless of time and space. Children owe huge bun khun to their parents for giving birth to them and bringing them up.

Many of the young female respondents refer to this concept in explaining that they do their best to support their families because they want to reciprocate to their parents. Thus these rural female migrants usually remit money to their home in the countryside.

Aside from taking care of aging parents, elder siblings are expected to take care of and support the education of younger siblings. Rural poverty, the struggle for survival, and the idea of modernity coexist with concepts such as bun khun in mobilizing young women and men to join the labor force in major cities, particularly in Bangkok.

Working conditions

For the most part, the jobs subcontracted to women are tedious, underpaid, and labor-intensive. The long working days come on top of household chores for many of the workers. Since they are paid by the piece, they want to stretch out their work hours as much as possible, in order to be able to produce and thus earn more. The lower their rates, the longer the hours they need to work to earn sufficient income to support their families.

In Thailand, the textile and garment industry depends on both export orders and the domestic market. Since the economic crisis, the industry is faced with a tremendous decline in sales volumes. Female subcontractors face not only low wages but also chronic job insecurity resulting from declining piece rates and irregular orders. For most workers, there are sufficient orders only at certain periods of the year.

Health and safety

The research team observed that the working conditions of row-house garment shops in Din Daeng were unhealthy. Usually, there is one ground floor for all of the workers. They sit next to each other to work. There is limited space for workers to move around due to the number of sewing machines crammed into the area. Most shops look rather shabby. The rooms are filled with dust from the cloth materials and there is no proper air ventilation.

Ray, one of our case studies, works with three other workers in a tiny room of about 2 x 2.5 meters. There are four sewing machines and four workers sewing intensely in dim light. Close to the room there is a little toilet. There is no electrical fan in the tepid room. Also, the workers do not sit in proper chairs for sewing, which causes body, neck, and back aches.

The commotion from loud sewing machines and music is part of the daily working conditions. While working, most shopworkers like to turn on the radio very loudly so they can listen to their favorite rural music. People can barely talk to each other because of the loud music. It is likely that their hearing might become at least partially impaired because of excessive volume.

For homeworkers, the working conditions are usually better. There is space for them to move around and they can occasionally switch to do some household work to get away from the repetitive sewing work. Noise pollution is much less prevalent than in row-house garment shops at Din Daeng. Nevertheless, homeworkers are also faced with the problem of dust from the cloth materials.

Sexual division of labor within the garment industry

Entrepreneurs of small row-house garment shops in Din Daeng are mostly married couples who once were subcontracted workers themselves. The husband is usually the manager of the shop whereas his wife is his assistant. In addition to supervising female workers in the shop, the wife is in charge of the daily cooking or buying of meals for the workers. She also takes care of cleaning the workplace. Although the husband and wife occasionally sew products and get the same wage for this work, the husband hardly ever helps his wife with the household chores. Instead, the men are usually responsible for seeking out orders from contractors and negotiating with intermediaries.

In home-based garment production, women are predominant. They are either self-employed entrepreneurs or subcontractors. They are responsible for both the household chores and for paid production. Mostly, they look for orders and negotiate with contractors and intermediaries themselves.

Household gender roles

Traditionally, Thai women's role is predominantly in the household sphere whereas men's role is in the public sphere. Yet women have played an increasingly important role in paid work as well. The survey suggests that there has been a gradual change in traditional gender roles and relations as a result of women's involvement in paid work. Engaging in paid work has enhanced the self-confidence and self-esteem of the female subcontractors. Also, they have gained acceptance from their household and community members as a result of participating in paid production.

Having their own income has also enhanced the women's bargaining positions in relation to their husbands and other older male members in the household. It seems that women have more say than before in taking work orders, capital investment, daily household and larger expenses, their children's education, self-education, community participation, the number of children, and family planning meth-

ods. Moreover, their role in politics and community development has also increased because they have organized themselves into community groups and are part of a larger women's network. They have become exposed to more public meetings, seminars, and training than ever before.

On the other hand, long hours of working in the household and paid work have become a stressful burden on female workers and limited their chances to develop themselves further with new knowledge, skills, and other areas of interest. New knowledge and skills would open up new ideas, perspectives, and job opportunities for them to enhance their status, role, and capacity for contributing to the household, community, and society more effectively.

Although there are gradual changes in gender relations following women's participation in paid production, an employed wife is usually considered as a supplementary income earner to her husband. Yet when examining the sources of household income of respondents, one finds that the garment work provides the highest percentage of the total household income of shop workers and a significant percentage of the total household income of homeworkers. This supports the argument that these subcontracted female workers are no longer supplementary income earners, but have rather become the main income earners of their households.

Domestic violence

Very few respondents reported having experienced domestic violence. Nevertheless, Friends of Women Foundation report that there have been several cases of domestic violence among these female workers. Mostly this occurs where female workers have become the main income earners in light of their husbands' becoming unemployed. The men feel angry, unhappy, and experience a loss of authority in the household. Psychologically, they want to show that they still have power over their wives and thus beat them when drunk.

Conclusion and policy recommendations

From national to global

Integrating the Thai economy into the global market has had profound effects on Thailand and its people. The open economy and industrial promotion policy have brought foreign currency into the country, and greatly augmented export volumes and international trade. Nevertheless, the economic growth of the country is based on the sweat and hardships of entrepreneurs and laborers as they struggle to compete in the international market. Since the clothing industry does not require highly skilled labor, entrepreneurs and workers have encountered particularly stiff competition from many countries in Asia that have lower labor costs.

The economic crisis beginning in mid-1997 has worsened the situation. Most textile and garment entrepreneurs have had to adjust their management and work policies in order to survive. The devaluation of the Thai baht currency has created positive and negative impacts. On one hand, devaluation of the Thai currency has stimulated foreign buyers to buy exported products from Thailand. On the other hand, local entrepreneurs have needed to pay more for imported material inputs, increasing their costs of production.

To reduce their cost of production, many entrepreneurs have decided to either lay off employees or reduce working hours, labor welfare, and benefits. The parts of clothing production that are highly labor intensive have been transferred to smaller factories in the formal system or to the subcontracting work system in the informal sector. Many small factories in the formal sector have also used women in the informal sector to produce garments. Usually, these female workers work as homeworkers in major cities or in the countryside. Many of them are rural migrants working in row-house shops in Bangkok and in the vicinity of the Bangkok metropolitan area.

As a result of the economic crisis, many large and small textile and clothing factories have gone out of business. Thousands of workers have been laid off, forcing them to return to their homes in the countryside where they have become hidden unemployed labor in the rural agricultural sector. Rural migrants who are still living in Bangkok and other major cities are mostly working in the informal sector, particularly in the garment subcontracting system. Since these workers do not have many work choices under the current economic situation and there are no labor rights protection for workers in the informal sector, they eventually have to accept low wages and work with no labor welfare.

The Thai government has realized that the informal sector has contributed a great deal in providing employment for more than 20 million people whereas the formal sector can absorb only a little more than 8 million. Thus, the government can no longer ignore labor in the informal sector. Also, international bodies such as the ILO have drawn government's atten-

tion to subcontracting and related issues. The 8th National Development Plan referred directly to these workers although a specific law protecting subcontracted workers' rights is yet to be seen. Meanwhile, the Department of Labor Welfare and Protection has established a unit in their office to oversee issues related to homeworkers.

All the above suggest a willingness on the part of government to tackle issues related to subcontracted workers at the policy level. In practice, however, the lack of data and understanding that government officials have about the lives and work situations of these workers is a serious obstacle to policy formulation and implementation. In addition, the general tendency of government departments to become bogged down in bureaucratic red tape in responding to labor problems has worsened the situation of these workers. Centralization and the top-down management style in the bureaucratic system have limited initiatives at the local level. Furthermore, the lack of proper coordination between government departments, NGOs, academics, and workers and agencies in the informal sector has resulted in passivity in respect to the problems of these workers.

Meanwhile, international competition looks set to increase. By the year 2000, Thailand will lose its right to protect its domestic textile and clothing industry due to a mandatory reduction of import tax for textiles and garments to 5 percent. The flow of cheap imported apparel from other Asian countries will seriously affect small entrepreneurs and subcontracted workers. The low-level clothing industry that does not require high-level skills and technology may well be taken over by foreign companies. The result will be loss of employment for many poor people, which in turn will cause a big burden for the Thai government and society as a whole. Since many developing countries will face a similar situation, international cooperation and solidarity to improve the position, conditions, and lives of female subcontracted workers is necessary.

From local to national

In the FGDs, surveys, and cases studies, workers and their representatives identified the nature of their working conditions and suggested organizing strategies to improve the conditions of their work and lives.

There was agreement that the government should assist subcontracted female workers in the following areas:

- make legislative changes entitling them to rights under the labor laws;
- provide labor welfare, health insurance, and necessary benefits to subcontracted workers;
- set up a social security fund and work accident insurance for subcontracted laborers;
- raise wages of female subcontracted workers;
- improve the working conditions of subcontracted workers, particularly those working in row-house garment shops;
- provide regular work and orders to subcontracted workers;
- establish an information center related to job employment opportunities and orders;
- establish long-term loans with low rates of interest or no interest to help subcontracted workers,
- support subcontracted workers in organizing themselves to gain better bargaining positions with employers or contractors, and allow them to express their rights based on the Thai constitution;
- provide skill development training and higher education to subcontracted workers, especially women and their children;
- provide healthcare and childcare to female subcontracted workers;
- encourage men to share responsibility in household work;
- ensure that all labor benefits, social security, and welfare are available to men and women equally; and
- support small and medium enterprises in the informal and formal sectors to create more job opportunities for poor people.

Empowering female subcontracted workers through organization

To improve their lives and conditions, many respondents felt a need to empower themselves to gain better bargaining positions with other parties within the subcontracting chain. Women's involvement in organization would increase their awareness and power. Currently, female workers are better able to assert themselves and to make decisions at the household level because of their participation in paid production. Nevertheless, female workers are still vulnerable in many areas. Female workers should have an opportunity to pursue higher education or new skills training while working. They should be entitled to have better access to health and child care.

They should have job security and payment assurances, receive better payment, work under better working conditions, and have social security after retirement.

A women's network is able to assert women's rights and defend their interests better than they are able to individually. Through the network, women can empower each other by helping each other in terms of work orders, job opportunity information, skills, and experience.

Problems in organizing

About six in ten of the homeworkers were members of community groups. Yet these groups generally are not very helpful in respect to confronting problems in the subcontracting system. The women's groups are either credit cooperatives or community development groups. They are not gender-sensitive. They are also inexperienced in developing working groups or managing community enterprises.

Recently, a new kind of community group has emerged in response to the BMA's school uniform initiative. The case studies suggest that problems persist within these groups. Some female workers reflected that they do not trust their female leaders. They want to see more transparency and accountability in the financial and organizational management of their organizations. The lack of transparency and accountability results in misunderstanding and weakens women's bargaining positions with other parties in the subcontracting chain. Many female leaders have limited knowledge about group management and accounting skills. They need to seek assistance from outsiders, such as NGOs.

There have been other weaknesses within the women's sewing groups. In some cases women leaders have signed a contract with a government agency to produce student uniforms, but members have failed to show up to work. Also, some members produce products of inadequate quality. When this happens, leaders have to subcontract the work to others outside of the group.

Credit is another issue in group organizing. It is hard to find credit with low interest rates, especially as most groups are not registered. The UCDO provides credit with low interest rates to the groups on the condition that they organize themselves into a cooperative or affiliate to the organizational network of the UCDO. Credit facilities are provided through these organizations, which require members to pay some fee for management expenses or meet certain criteria. Sometimes members do not understand and begin to raise these issues to their leaders.

A further problem is a possible conflict of interest between subcontracted workers and formal employees. Formal workers are generally wary of subcontractors because the latter lower the overall level of wages. They feel that subcontractors have weakened the overall bargaining position of formal workers with employers in negotiations.

Despite these problems, all participants in the focus group meeting saw the importance and necessity of organizing female workers. Only when women are organized can they make their voices heard. Joining a group, women will have greater access to work orders, credit, assistance from government, and NGOs, and be in a better bargaining position with their contractors or employers. At present, many of the women leaders are inexperienced in organizing work. Sometimes they organize female workers initially to get access to work orders and do not know what to do next. They need support and training from experienced NGOs or government departments on how to organize and mobilize workers, how to keep them motivated and united, and how to lobby and gain better bargaining positions with their employers or contractors.

Finally, organizations need to find ways of organizing all types of subcontracted workers. At present, female shop workers are less organized than homeworkers and, as a result, have received almost no assistance from the government. One reason for the difference is that female homeworkers have more time than shop workers to do other activities. Also, most homeworkers were once from slum areas and relocated to new communities on the outskirts of Bangkok. Prior to the relocation, they had long experiences in protests against government departments or legal landowners in slum areas. Unlike shop workers, these homeworkers share a history of community struggle for their rights. Thus, when they enter paid production, it is easier for them to organize themselves into community sewing groups. In contrast, although most workers in shops are from the same region, they hardly have any experience organizing themselves into groups.

Concluding remarks

The Thai government needs to incorporate the needs and aspirations of female subcontracted workers into national development plans and policies. The government should have short and long-term objectives to improve the conditions and lives of female workers. Together with multilateral organizations, it

should focus on issues related to subcontracted workers, especially women. Programs for basic needs assistance, employment creation, legislative changes to assist subcontracted workers, higher education and skills development for women and children, health and child care, labor welfare, and women's organization building should be targeted.

Government and international agencies should ensure that there is a safety net, such as education, unemployment insurance, social security, health insurance, and food and nutrition security. Women and men should have equal rights to all these benefits. Since the majority of female subcontracted workers are working at home in order to combine paid work with their household chores, homeworkers should be entitled to these benefits as well.

The participation of women at all levels, particularly at the policy level, should be promoted. Local women's initiatives to establish micro-, small-, or medium-sized businesses should be encouraged. Multilateral organizations should support the government to set aside a specific fund to support women's groups and NGOs that are working to promote the rights of female subcontracted workers. Finally, more studies on female subcontracted workers should be supported. Can you explain what it is, what the government does with it, or if you know the equivalent terminology in the US context, please let me know.

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Acronyms

AFTA	Association of Southeast Asian Nations (ASEAN) Free Trade Area
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATC	Agreement on Textiles and Clothing
BIR	Bureau of Internal Revenue
BMA	Bangkok Metropolitan Administration
CENWOR	Centre for Women's Research
CMI	Census of Manufacturing Industry
DO	Department Order
DOLE	Department of Labor and Employment
ECC	Employees Compensation Commission
EPF/ETF	Employees' Provident Fund/Employees' Trust Fund
EPI	export promotion industry
EPV	Export Promotion Villages
EPZ	Export Processing Zone
EU	European Union
FGD	focus group discussion
FTZ	Free Trade Zone
GATT	General Agreement on Tariffs and Trade
GCE	General Certificate of Education
GDP	gross domestic product
GIDC	Gujarat Industrial Development Corporation
GOP	Government of Pakistan
GSIS	Government Service Insurance System
GTEB	Garments and Textile Export Board
IDB	Industrial Development Board
ILO	International Labour Organization
ILO-ARTEP	International Labour Organization-Asian Regional Team for Employment Promotion
IMF	International Monetary Fund
ISP	import substitution policy
ITC	International Trade Centre
LGU	local government unit
MFA	Multi-Fibre Arrangement
NAFTA	North American Free Trade Agreement
NGO	nongovernmental organization
NICs	newly industrialized countries
NSO	National Statistics Office
PILER	Pakistan Institute of Labor, Education and Research
SAP	structural adjustment program
SDPI	Sustainable Development Policy Institute
SEWA	Self Employed Women's Association

SMI	small and medium industry
SSI	small-scale industries
SSS	Social Security System
TOR	terms of reference
TUCP	Trade Union Congress of the Philippines
UCDO	Urban Community Development Office
UK	United Kingdom
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
WELR	Women's Economic and Legal Rights
WTO	World Trade Organization