

# Made at Home

## British homeworkers in global supply chains

This report exposes the double standards of retailers who want an ethical public image but who are refusing to meet the costs of paying the National Minimum Wage to British workers. For example, women homeworkers are being paid less than £1.40 per hour to manufacture Christmas crackers for sale in their shops. The report also shows how the government is failing to protect the rights of these vulnerable workers.



## Summary

*'We tend to think that all these horror stories happen in Asia; the reality is that right under our noses, there's some of the worst exploitation.'*

(Bas Morris, National Union of Knitwear, Footwear and Apparel Trades, or KFAT)

No minimum wage, no sick pay, no maternity leave, no redundancy pay, forced overtime, no health and safety checks: this is the story of women around the world working to supply British supermarkets and retailers – the story told by Oxfam International in the report *Trading Away Our Rights*.<sup>1</sup> It is the story of how retailers are using their power in supply chains systematically to push many of the costs and risks of business on to producers, who in turn pass them on to working women. The benefits of flexibility for companies at the top of the chain have come at the price of precarious employment for those at the bottom.

But it is also the story of many British workers supplying those same supermarkets and retailers: women workers who are paid, on average, £2.53 per hour,<sup>2</sup> who receive no sick, holiday, or maternity pay, who are made redundant without notice or compensation, who are not subject to adequate health and safety checks; workers who lose their jobs if they dare to claim the rights enjoyed by others – workers whom the government does not protect from unscrupulous employers. It is the story of one million homeworkers in the UK.

Homeworkers are people who carry out industrial outwork (such as is done in a factory) at home. The work covers many sectors, including clothing and textiles, construction of electrical goods, and the packing and finishing of products primarily made in a factory. People work from home for many reasons, many of which reflect their disadvantage in the labour market. This could be having responsibility for caring for a child or elderly relative, because they have a disability themselves or face discrimination in the workplace, or because the area in which they live lacks alternative employment. For these reasons, in the UK, 90 per cent of homeworkers are women and 50 per cent are from an ethnic minority.

Oxfam GB, the National Group on Homeworking (NGH), and the TUC have interviewed homeworkers, their employers, and the retailers who sell the goods they make, to draw out the story of how and why these workers, who are contributing to the profits of the retailers, are failing to benefit from those profits. We undertook our research among people making Christmas crackers, which in the UK are almost exclusively made by homeworkers. Oxfam and the NGH have a joint project, working through the Ethical Trading Initiative, to help ensure all homeworkers in the UK are properly paid.

The research finds that the global business model used by retailers to supply their shops, a model of flexibility and 'just-in-time' delivery, makes the use of British women homeworkers very attractive to employers. These workers carry few overheads, struggle to claim the National Minimum Wage, are geographically close to the point of sale, and receive no redundancy payments if a contract is lost. In other words, homeworkers are used

because they have few rights. If they try to claim rights individually, they often find themselves without work and without compensation.

Different government agencies have responsibility for different aspects of employment-law enforcement, and employers are able to work the system to delay and deny workers their rights. Most tellingly, our research shows that even when homeworkers claim their few rights collectively, whether by insisting on government action or by approaching the retailers at the top of the supply chain to highlight violations, they can lose their jobs collectively, as retailers then source their products elsewhere.

The research uncovers the double standards of some retailers who claim, as members of the Ethical Trading Initiative, that they want to uphold the rights of workers in their supply chain, while at the same time their purchasing practices make it impossible for their suppliers to do so. We show how one company can save £33,500 per week by denying homeworkers their rights. The research also uncovers the complexity of the government's system of legal definitions of employment and the weak enforcement of employment law, and shows how this leaves homeworkers with inadequate protection.

As set out in *Trading Away Our Rights*, Oxfam and its partners believe that it could and should be possible for homeworkers, along with women workers in precarious employment all over the world, including in the UK, to keep or improve their jobs, claim the rights that they are owed, and thus share in the gains from global trade and economic growth. As a retailer, Oxfam knows how difficult it is for companies to achieve change alone, just as one consumer, one investor, or one government cannot challenge the global business model. But we have international and multilateral institutions and tools, such as the ILO and the Ethical Trading Initiative, to help organisations and governments work together to improve standards for workers at the bottom of supply chains all over the world.

To address the needs of British homeworkers, Oxfam, the TUC, and NGH want to see the following actions:

- **Retailers** need to practise what they preach about workers' rights, and bear the true costs of upholding these rights in their supply chains. The retailers need to work together as members of the Ethical Trading Initiative to ensure that the Homeworkers' Code is enforced throughout their supply chain, in the UK and elsewhere. They must accept that they have to pass the costs of upholding the rights of homeworkers on to the consumer, or absorb it into their profit margins.
- **The UK Government**, like other governments around the world, must implement the international labour standards set down by the ILO. In particular, it must ratify (and thereby implement the measures of) the International Convention on Homework. In practice, this means effectively enforcing the National Minimum Wage and other employment and health and safety legislation, clarifying the status of homeworkers so that they benefit from the same employment rights as factory or other workers, and making sure that workers are adequately compensated when they lose their jobs. The government also needs to address some of the causes of homeworkers' labour-market vulnerability, which include a lack of affordable childcare, racial discrimination by employers, and access to appropriate training (including in English-language skills).

- **Consumers:** later this year, we will call on consumers to pressure retailers on their purchasing practices and the working conditions of homeworkers in all their supply chains, and to ensure the rights of the UK homeworkers making their products to the NMW and holiday pay are upheld.

# 1 Homeworking and the modern economy

## Why homework?

The growth in the number of homeworkers is a phenomenon of the increasing globalisation of the labour market, in the same way as are the growth of Export Processing Zones and other 'flexibilisation' measures (recorded in *Trading Away Our Rights*). Homework was in decline in the UK until the early 1980s, but since then it has increased, and now it comprises at least one million workers.<sup>3</sup> In the UK, the story of homeworkers is linked to the story of other marginalised workers, such as illegal migrant workers and even workers in prisons, and reflects the push by British producers in recent years to find new ways of competing with very low rates of pay in poor countries. Homeworkers provide manufacturers with a much more flexible labour force than a factory can. Manufacturers are able to draw on an army of workers when they have a tight deadline to meet, but have no commitment to employ these individuals when there is no work. In the current global trading climate, in which producers are under enormous pressure from retailers to hold costs as low as possible, this flexibility is essential in order to win orders.

In some ways, this 'flexible' employment suits the worker, who often lacks other alternatives to sustain a livelihood. For example, the migrant can send home remittances, which are lucrative compared to wage levels in the domestic labour market of their home country. Our research found that homeworkers need and value their jobs, which provide a source of income and independence that they would otherwise lack. One former homeworker (who made Christmas crackers at home), interviewed for our research, said that she spent her income from homeworking to buy coal for her central heating.

Homeworkers often have caring responsibilities, which makes working from home the most convenient or affordable arrangement.

*'If you are working in a factory you can't afford childcare.'*  
(Tanzeem Mahmood, Rochdale Homeworking Development Project)

One of the Christmas-cracker homeworkers interviewed had a disabled child, and worked at night so that she would be awake to help her child, who frequently had problems at night.

Many homeworkers lack training and have low levels of self-esteem. For example, when asked if she would like to have more training to get other types of work, a Christmas-cracker homeworker from South Wales replied:

*'I've not got the brain to do that, I'm not that brainy, I don't think.'*

For these reasons, the people in the UK who benefit from the convenience that homework can offer are primarily women, many of whom are from ethnic minorities.

*'... all homeworkers I come into contact with are Asian women.'*  
(Tanzeem Mahmood, Rochdale Homeworking Development Project)

It is estimated that about 90 per cent of homeworkers in the UK are women.<sup>4</sup> Up to 50 per cent of homeworkers in the UK are from minority ethnic groups, principally from Pakistani and Bangladeshi communities but also from Indian and Turkish groups.<sup>5</sup>

## Ideal employment ?

Homeworking sounds like it could be ideal employment for some types of disadvantaged worker. But the reality is very different. In the UK today, homeworkers who supply British supermarkets and retailers often labour under Dickensian conditions, without even the most basic of workers' rights.

In the Christmas-cracker industry, some women work for as little as 73p to £1.40 an hour. The way that their pay is calculated leaves homeworkers in a double bind. Workers are paid by the piece-rate – a fixed amount per item produced. Employers are supposed to calculate the piece-rate so that workers can make enough pieces per hour for their pay to be equivalent to the National Minimum Wage per hour (currently £4.50). But usually employers overestimate the speed of the worker, which means that, not only are they not paid anything approaching the National Minimum Wage, but also the fact that the work takes longer than calculated means that they are often left working extra-long hours to complete the job.

Lack of clarity in employment law, such as whether homeworkers are self-employed, employees, or just workers, means that homeworkers are unable to claim the rights that workers doing the same jobs in factories can automatically claim. Although it may sound like a technicality, in reality being classed as an employee brings automatic statutory rights, such as maternity leave, sick pay, and redundancy pay. A survey by NGH showed that 90 per cent of homeworkers do not have written contracts stating their employment

rights.<sup>6</sup> Only 33 per cent receive holiday pay and even fewer receive sick pay. Many operate industrial machinery in their homes without proper health and safety protection.

Why do the workers put up with these unfair conditions? Because, like other workers in precarious employment around the world, they know that, if they protest, their jobs will be on the line. Most are too fearful even to join a trade union, in case their employer finds out and halts the supply of work.

## The global trading model and homeworkers' rights

On the face of it, the plight of British homeworkers is puzzling. Firstly, the supermarkets and retailers for whom the homeworkers make products are very profitable. For example, on 20 April 2004, Tesco announced pre-tax profits of £1.6bn for the year to February 2004 – a huge increase of 17.6 per cent. With sales up 16.3 per cent, Tesco now accounts for 27 per cent of the UK grocery market.

Secondly, the British economy is strong and stable:

*'Having asked the Treasury to investigate in greater historical detail, I can now report that Britain is enjoying its longest period of sustained economic growth for more than 200 years ... the longest period of sustained growth since the beginning of the industrial revolution.'*

(Gordon Brown, Budget Speech to the House of Commons, March 17 2004)

Thirdly, the government has introduced a national minimum wage, and is committed to tackling poverty. It has redistributed resources to the poorest households in Britain.

The homeworkers' story does not seem to fit into this picture of modern Britain. And yet the homeworkers' story is very much part of modern Britain. Part of the government's strategy for economic growth and competitiveness centres on developing a 'flexibilised' workforce. Homeworkers are the ultimate flexibilised labour force – cheap, unorganised, and can be both employed or fired at a moment's notice. British retailers are eager to pursue other dimensions of flexibilisation too. Our research shows that when faced with pressure to meet their obligations to homeworkers, some retailers effectively force their suppliers to source production somewhere else:

*'The minimum wage? .... The move [of cracker production] to China effectively does stop that [from being an issue], because it doesn't apply [there].'*  
(A spokesman for retailer A<sup>1</sup>)

Oxfam GB, NGH, and the TUC believe that, in order for homeworkers to be treated fairly and to see improvements in their living standards in line with the economic growth of the UK as a whole, and in order for the government to be able to meet its anti-poverty aims, the model of global trading in the retail sector needs to change. Three overarching factors influence the way that many producers hire and treat their workers:

- retailers and brand strategies in the supply chains;
- government policies on labour law and practices;
- the bargaining power of workers.

Together, the interaction of these strategies strongly shapes international trade practices and pressures, and can determine whether or not a job in a global supply chain is a way out of poverty for women workers.

The following two chapters explore the situation of homeworkers in the UK. The supply chain we use to illustrate our case is that of Christmas crackers.

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<sup>1</sup> We interviewed several of the retailers and suppliers involved in the ETI homeworker project in the process of preparing this report. We offered anonymity in return for their views, as we believed that otherwise they would not contribute (some chose not to). Not all criticisms of manufacturers and retailers in the report apply to all the companies we interviewed. In any case, at this stage, we do not want to single out any particular retailers or suppliers for criticism, as we hope that they will all eventually comply with the requirements of the ETI project. For details about the types of company we interviewed, see Annex IV.

## 2 Double standards: Scrooges in the Christmas-cracker industry

This chapter makes the case that many retailers who claim to be acting ethically are in fact profiting at the expense of homeworkers' basic rights, such as the right to the National Minimum Wage. **We estimate that just one company, supplying Christmas crackers to several retailers, could be saving up to £33,500 per week by not paying its 450 homeworkers the National Minimum Wage.** The retailers' use of their bargaining power over manufacturers means that most of these savings are passed on to them and absorbed into their profits.

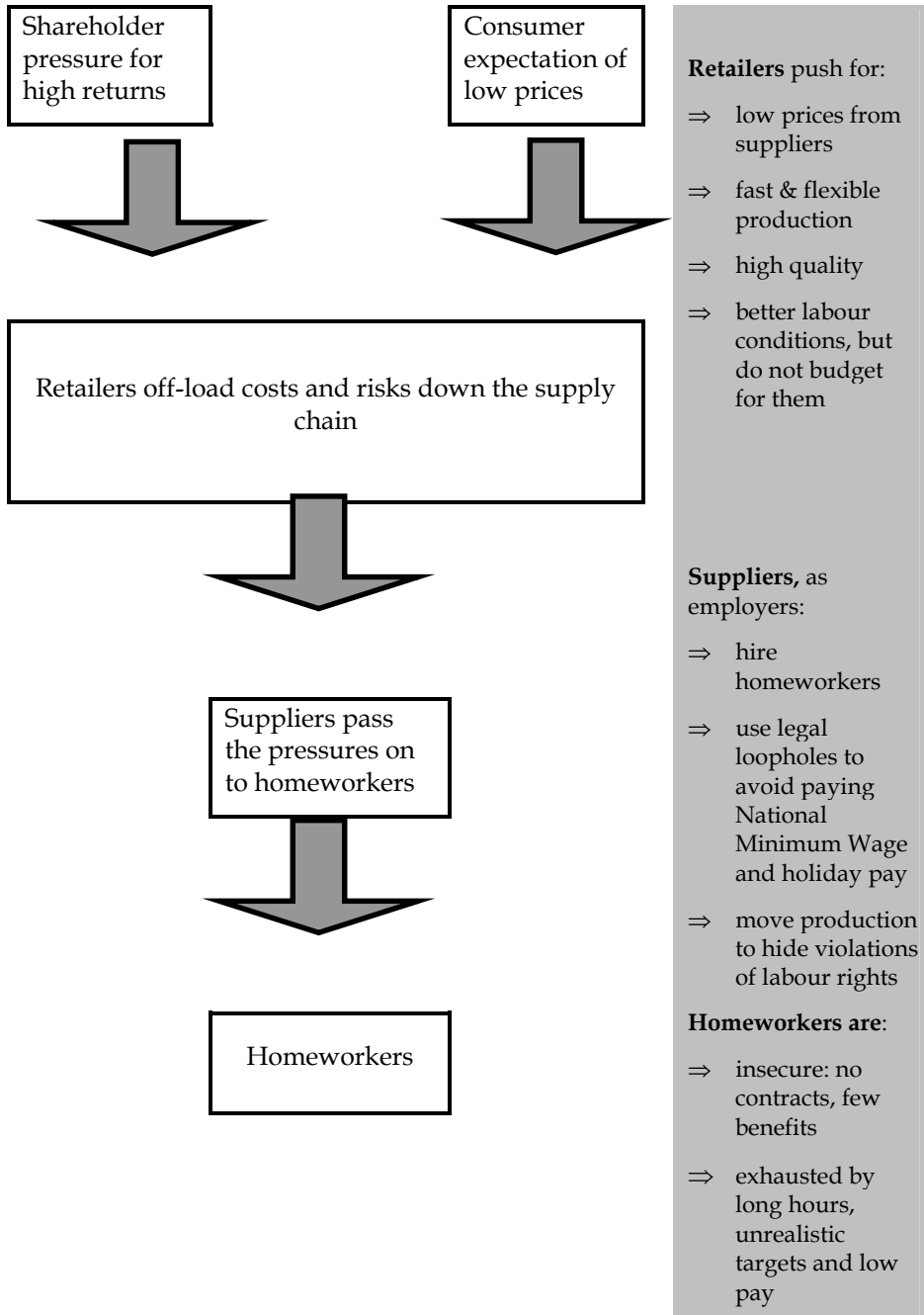
In 2001, Julie – a homemaker for a cracker supplier based in South Wales – contacted the National Group on Homeworking to say that she was not being paid the National Minimum Wage (NMW). The customers of Julie's employers include major retailers who, like Oxfam, are members of the Ethical Trading Initiative (ETI), and as such, have signed up to providing decent wages and conditions of employment to workers in their supply chains. Oxfam and NGH therefore invoked the ETI violation procedure, to try to resolve the underpayment of all Julie's fellow workers.

Oxfam, NGH, and the TUC believe that the story of the Christmas-cracker industry, centring on a small, relatively transparent, UK-based supply chain, is indicative of the problem at the heart of the global trading model: that retailers' purchasing practices contribute to the lack of adequate labour standards worldwide. It shows the double standards of many UK retailers. Despite claiming to be committed to ethical standards in sourcing, and taking part in the ETI project aimed at addressing the problems faced by homeworkers making Christmas crackers, the case of cracker production shows how, through their purchasing practices, many retailers are effectively forcing suppliers either to break these standards or source from somewhere else.

We want retailers to take responsibility for the consequences of their purchasing practices, by putting ethics, and the Ethical Trading Initiative's Base Code, into the heart of their purchasing decision-making processes.

# Supply chains

## Supply-chain pressures create precarious employment



Supply chains in the Christmas-cracker sector are relatively simple. The factory supplies the homeworker with the materials, which the homeworker then uses to assemble the crackers and pack them, ready for distribution to the retailer. Sometimes the cracker supplier will sub-contract the work to another company, who will use homeworkers. This is an extremely short supply chain compared with other sectors such as the textiles industry, where homeworkers may produce components of a garment, shirt collars for example, in a complex chain of production crossing several countries.

Retailers usually hold most of the power in the supply chain, and their behaviour determines the labour standards within them. Indeed, conditions can be worsened as a result of their actions.

- Retailers attempt to maximise profits and market share by pushing down the price they pay to the supplier to manufacture crackers for them.
- Retailers use tendering to play off different suppliers against each other, to drive prices down.
- The supplier subsequently passes the pressure on its profit margin on to homeworkers. Often, contract prices to supply retailers are only sustainable because homeworkers are paid so little.
- When retailers want to please consumers by increasing quality, suppliers are asked to meet higher specifications, but are often not paid more for doing so.

## About the Christmas-cracker sector

Most UK supermarkets, department stores, and small retailers sell crackers. Prices vary considerably: a box of six sells for as little as £1.19 (Asda, Christmas 2002), or up to £1,000 at Fortnum and Mason (2002). However, most retailers sell crackers at similar prices, and offer 'economy', 'family', and 'luxury' packs at different price-points. The catering trade is a growing market (using crackers for the tables of Christmas lunches).

The sale of Christmas crackers began in the UK over 150 years ago, and until recently, production was carried out solely within the UK, mainly by homeworkers. Around 21 separate cracker-manufacturing companies operate in the UK, each with their own specialist products and markets. Four of the major companies who dominate supply to the UK retail market are Napier Industries (the Tom Smith Group), which is the largest manufacturer of crackers in the world, producing over 40m crackers annually; the Cracker Company and its Brite

Sparks subsidiary which produced 33m crackers in 2002; Robin Reed, and Swantex (owned by Swan Mill Paper Company). All of these companies export worldwide and have global distribution networks.

## Homeworkers in UK cracker production

Crackers are usually made by hand, because the assembly process is intricate. Homeworkers are used to assemble and pack crackers for the following reasons:

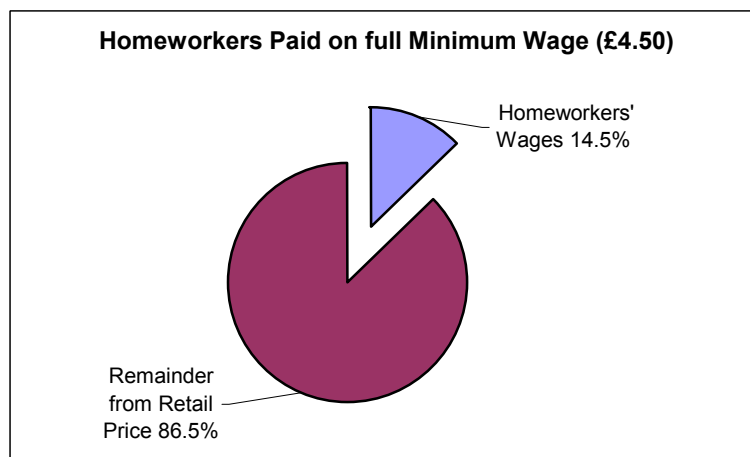
- Low labour costs: UK homeworkers have the right to the minimum wage and holiday pay. However, homeworkers' isolation, lack of awareness of their rights, low levels of unionisation, and weak government enforcement make it easy for suppliers to evade these legal obligations. Homeworkers rarely enjoy other employee benefits such as maternity and sick pay and National Insurance contributions – which means major savings for the industry.
- Using homeworkers reduces the need for space and facilities on-site, and thereby cuts overheads costs.
- Flexibility: manufacturers can reduce or increase work given to homeworkers as orders require.

Julie was making crackers in South Wales. Her employer did not provide its 450 homeworkers with written terms and conditions or any information about their rights, claiming that the homeworkers were self-employed. The company failed to pay the National Minimum Wage, paying less than £1 per hour for some work. It failed to provide the paid holiday leave to which the homeworkers were entitled, and withdrew work from all the homeworkers who complained to the government's Compliance Unit about the National Minimum Wage. Since the publicity around Julie's case, the supplier has moved its production overseas, and no longer uses homeworkers in Wales.

The reason that her employer took advantage of its workforce was straightforward: NGH estimates that it was able to make weekly savings of around £33,500 by systematically underpaying its homeworkers. Julie should have been paid £203.90 per week, if she had been receiving the National Minimum Wage. In fact she was getting £55 per week.

The following pie charts show the proportion of the final retail value of a £4.99 pack of 6 crackers that goes to the homeworker who makes them. The first chart is based on the evidence given to us by homeworkers of what they have been paid under the existing Fair

Estimate Piece Rate system. The second shows what they should receive if they were paid the full NMW.



## Efforts to improve labour standards: the ETI Homeworker project

Between 2000 and 2003, NGH was contacted by a total of 17 homeworkers engaged in cracker assembly and packing; their rate of pay varied from 73p to £1.40 an hour. These cases were taken to the Ethical Trading Initiative to address in its homeworker project. Our evidence shows that the actions of some retailers threaten to undermine the ETI project, at the expense of the livelihoods of the homeworkers in the cracker industry.

## The Ethical Trading Initiative Homeworker Project

The ETI is an alliance of companies, trade union organisations, and non-government organisations (NGOs), committed to working together to identify and promote good practice in the implementation of codes of labour practice, including the monitoring and verification of the observance of code provisions. Annex I summarises the ETI Base Code, which its members are obliged to implement in their supply chains.

The aims of the Homeworker Project are to produce and test guidelines for retailers on ways to use homeworkers without breaching the ETI Base Code; not by prohibiting (or hiding) their presence, but by setting comparable standards. Many high-street brands take part in this project, as well as trade unions, the TUC, and NGOs.

The project is an innovative and systematic attempt to improve labour standards for homeworkers across a whole sector. Retailers agreed to work with suppliers to monitor standards, and to agree to improve these across the board. This was designed to remove the disadvantage for any one manufacturer that increasing labour standards would make their product uncompetitive.

As part of the project, retailers agreed to test the new ETI Homeworker Guidelines. The crucial condition for retailers was that they should maintain orders to those cracker suppliers who agreed to start raising homeworkers' conditions up to the legal minimum by paying the NMW, even if this meant (as was likely) that the product would become more expensive.

## How company purchasing practices are undermining homeworkers' rights, despite the ETI Homeworker Project

We have evidence that these guidelines are being ignored by many cracker manufacturers, under pressure from retailers who are refusing to meet the extra costs associated with upholding the rights of homeworkers, particularly the costs of paying the full National Minimum Wage. Retailers are further undermining the ETI Homeworker project by causing production to move overseas.

## Moving production overseas

Sourcing overseas violates the ETI Homeworkers' Guidelines. Yet in 2003, one of the ETI suppliers moved Christmas-cracker production to China and another has joined them this year. At the time of writing, it was still not clear whether a further company will move production overseas; the company has used homeworkers since the mass production of crackers began.<sup>7</sup>

The retailers insist that it is for the supplier to decide whether to move manufacturing overseas. But the retailer controls the environment in which the supplier works. As the retailer continuously demands cheaper products, the supplier will do anything it can to get items that are more economical:

*'Where crackers are made – to be honest it will just be down to the buyer, and it possibly doesn't come into the conversation. They are just negotiating on what is going to be a good price and other issues, so I don't think it would even come into the conversation particularly at that point.'*

(Retailer B)

Suppliers had been cutting their costs by not paying the NMW. Now that the ETI Homeworker Project (combined with some changes to the law) is attempting to address this, suppliers are moving overseas, effectively in order to avoid paying the NMW. If the retailers intended to uphold the rights of homeworkers in their supply chains to the NMW, they should have negotiated with their supplier to keep production in the country.

Some retailers told us that they used overseas sources for quality reasons. This seems unlikely, since we have evidence of UK homeworkers being used to put right faulty cracker production from overseas. One supplier of paper products who uses homeworkers told us:

*'I never have a problem with quality. You get what you pay for. I pay well, and I expect a good standard of work; people won't put the same effort in if they are paid £3 an hour. Each homeworker does their own quality control, they put their own number on, and it can be traced if there are any problems. If I go into a supermarket and have a look at the product, which I do, I can see that it is good quality.'*

(Spokesman from Company X)

The real reasons for going abroad were expressed most clearly by the Outwork Production Manager at company Y:

*'Why abroad? Because it's cheaper than [using] homeworkers, because they are after a lot more for a lot less. Plus, of course,*

*minimum wage – now they are after pensions, holiday rights, day-travel allowances. You name it they want it. Redundancies – what else can I say other than getting irate with them?’*

There is no doubt that in general, manufacturers have started to source overseas, as over recent decades costs have been reduced dramatically. Shipping charges are less (e.g. China to the UK costs around 10p per box of crackers), the costs of international calls are about 10 per cent of what they were in 1970, and the Internet provides efficient global communication. Trade barriers between states have been eased. Since 1947, the average tariff on manufactured imports has decreased from 47 per cent to around three per cent. Some UK retailers told us that costs were even lower than usual this year, perhaps due to the strength of the pound.

**While we accept that sourcing products overseas may make commercial sense in many cases, the retailers in the ETI agreed, as part of the Homeworker Project, to maintain their UK supply base for Christmas crackers while the process of addressing the violations of the rights of homeworkers was underway. This is a crucial part of the ETI process of ensuring that workers who highlight code violations, wherever they are in the world, are not punished by losing their jobs. Some retailers are flouting this agreement.**

## Price wars

We tried to determine from retailers what were the key factors in their purchasing decisions. We wanted to gauge how high a priority they place on upholding the codes and guidelines to which they have signed up.

*‘The British consumer is getting used to cost cutting, special offers – we’re becoming like the States was three or four years ago: race to the bottom.’*

(Spokeswoman from retailer C)

With price levels so important, it becomes difficult for buyers to consider other factors, especially if they involve extra costs. Staff trying to adhere to ethical codes struggle to argue that more costs should be incurred in order to maintain labour conditions for homeworkers, when the management’s main consideration is to keep up with their rivals in terms of price.

*‘Retailers believe that is what consumers want. They are making their decisions largely in an ethical vacuum.’*

(Retailer C)

It is especially difficult for the comparatively smaller retailers to keep up with the larger supermarkets:

*'You've got Tesco, Sainsbury, Asda, all of those guys, they are doing a lot more volume. You've got to look where the volume is. We are predicting now with our suppliers where we think the prices will be, and we will plan to price-point from that perspective.'*  
(Spokesman for retailer D)

One supplier commented that there is *'Always pressure from retailers to cut prices and sell cheaper and cheaper'* (cracker manufacturer Z). This pressure affects suppliers, as they need the contracts to stay in business, and they pass the cost-cutting pressure on to the homeworkers.

The extent to which retailers push responsibility for the costs of meeting labour standards down the supply chain is clear from the ETI Homeworker Project. Few retailers in the project thought that having to pay the NMW to cracker workers would make a difference to the contract prices with their suppliers, yet clearly those suppliers would have higher labour costs. When asked the question, *'Has the NMW affected the price you pay the supplier?'*, the majority of respondents answered simply *'no'*. There appeared to be no discussion at all by retailers about the increase in wages to the level of the NMW:

*'It didn't overly cause us problems; it caused the manufacturing company problems.'*  
(Retailer A)

Responses from suppliers appear to confirm the lack of responsibility from retailers:

*'No, you must be joking – we have to do things different ways, or use different materials'*  
(Supplier Z)

There were some notable exceptions. Some retailers did seem to discuss the issues in more detail with suppliers, and seek ways around the problem, to ensure that both parties could make a profit and that homeworkers in the supply chain did not suffer.

*'The NMW has affected us; we have maintained the cost and retail price of the crackers but the crackers and cracker-content used are of a lower value.'*  
(Spokeswoman for retailer E)

## The role of the consumer

Some claim that it is consumers who are driving the price wars between retailers. We think that this is to oversimplify the case. When they go shopping, consumers do not want to have to think about whether a product was produced ethically, or what the labour conditions were of the manufacturing staff. They expect the retailer to have taken care of those issues for them:

*'There are lots of customers who buy from us because we are a brand that they trust, and although ethical trading or child labour might not be completely on top of them all of the time, we do think that most people want to shop in a place that takes notice, and pays attention, and takes care of these kinds of things. I think we still have that kind of aura of a good, responsible, socially responsible company. I think that certainly our loyal customers – and the pollsters have told us this from the work we have done with them – that the core of loyal customers would be horrified to think that anything they bought within [retailer C] was made by children. In the same vein, they have a belief that we have taken care of that for them.'*

(Retailer C)

*'The leading brands in particular should be able to make these kinds of decisions about labour standards, because when a customer goes into the shop they are buying so much more than the product itself. With a known and trusted brand, that argument is much easier than if you have something like a pound-stretcher, where that is not really what their business is about at all.'*

(Retailer B)

One of the reasons that retailers join the ETI is because they know that their customers have expectations that they will act responsibly. It is therefore unacceptable for those same retailers to disregard the ETI codes in the name of their customers.

It is not only through decisions to cut prices, however, that labour standards are threatened. Other factors, such as decision-making processes and turnaround times must be taken into account.

## 'Just-in-time' production

One of the main reasons for using homeworkers in the Christmas-cracker sector is because they offer flexibility to the manufacturer, who may not know from one week to another the quantities the retailer will want. Homeworkers are only paid for the work that they do, and there are no costs if there is no order to supply.

*'Retailers want it yesterday; it is like, just-in-time, all the time'*  
(Company X)

*'Sometimes we did the manufacturer a favour, and rushed jobs. We did shift work to get them done in time. I'd work till 3am, and my friend would get up and take over when I'd gone to bed.'*  
(Ex-homeworker)

Retailers aim to cut costs by holding as little stock as possible, while maintaining the capacity to insist on more goods at short notice from their suppliers if demand is high. This just-in-time production can result in huge fluctuations in the hours worked by homeworkers, who dare not refuse the work, for fear of not receiving work in the future. It is reasonable to expect retailers to plan for a more steady production schedule over the year, rather than expecting all deliveries at the last minute.

## What retailers must do to address the rights of homeworkers in their supply chains

Many of these issues arise because staff trying to implement ethical codes do not have enough power within some of the retail organisations. There is an inherent tension between the purchasing and ethical divisions of retail companies because of the different goals each is pursuing; one is attempting to pursue profit above all, while the other is concerned more with labour standards:

*'As a company we are committed to the ETI and we are committed to ethical trade – the buyers have all had training on that, but they also have to meet their shareholders expectations ... there is ongoing pressure to increase our profitability year on year.'*  
(Retailer E)

This is the reality that suppliers have to work with. As the most powerful actors in the chain, retailers need to take more responsibility for ethical standards, and not pass it down to their suppliers.

## Role of the ETI

The ETI, and other similar multi-stakeholder initiatives, are vital tools for retailers, to ensure that labour standards in their supply chains can be upheld, while ensuring that their competitors will not be able to undercut them for so doing.

*'It's much more ambitious than Fair Trade. Fair Trade is only looking at one section of what's on a supermarket shelf. Great stuff, but we know that as a market percentage, it's tiny. Here we are,*

*trying to look at everything on the supermarket shelf. It's ambitious; it'll fail on occasion to deliver. At least it's attempting to validate claims of corporate social responsibility in a methodical manner, and over a significant period of time. I can't think of any other way you can validate corporate social responsibility. You can say all sorts of things in your [corporate] report, but it's checking them and ensuring they actually can live up to it.'*  
(Sir Tony Young, TUC/ETI)

Some retailers within the ETI are seriously trying to tackle conditions in their supply chains. The campaign to change some NMW legislation for the benefit of homeworkers in 2003 shows how effective and progressive retailers working through the ETI can be. ETI members were able to speak to the Department of Trade and Industry (the government department responsible for the NMW) with a collective voice.

It is also in the interest of retailers for as many of their competitors as possible to be part of the Ethical Trading Initiative. All the major UK retailers are members, which is why it is able to work so effectively. As the remaining companies outside the ETI come under its umbrella, this can only improve:

*'ETI is a fantastic group; you are sitting there with your competitors and looking at how you can raise the standards. What is interesting is that we all use the same suppliers, so all the pushes to improvement are coming from all the retailers.'*  
(Retailer E)

## Retailer commitment

However, in practice some retailers are not committing themselves sufficiently to the ETI Homeworker Project.

*'There are members of the ETI, and there are active members of the ETI.'*  
(Retailer F)

While retailers do feel under pressure to keep up with the group and to carry out their commitments (*'If you are not performing, it is a definite threat that they will kick you out'*, retailer E), there is scepticism about the larger retailers in particular, and how committed they are. One consultant on ethical purchasing to retailers commented to us:

*'It doesn't mean they are having to do the same thing at all; it may mean they say they are doing the same thing, but that is something else altogether.'*

In the project on Christmas-cracker homeworkers, we have seen what happens if retailers do not uphold their ETI commitments: homeworkers lose their livelihoods. These retailers are getting many of the advantages of membership of the ETI, in terms of the public image of their company, but they are not taking their responsibilities seriously, thus getting an unfair advantage over their competitors. The challenge for the ETI is how to persuade such companies to change their purchasing practices. New mechanisms are needed, such as sanctions for breaches of the rules they have signed up to.

## Summary

It is the retailers who have the most power in the supply chain. The case study on cracker production shows clearly that retailer behaviour determines whether UK homeworkers benefit from improved minimum-wage legislation, or are made redundant to avoid its payment. **We call on retailers to integrate ethics into their purchasing practices and:**

- **Negotiate fair prices**  
It is the pushing down of prices which is most damaging to labour standards. Adequate labour standards must be factored into any cost calculations and into negotiations with all suppliers.
- **Make labour standards a key sourcing criterion**  
Only by making labour standards as important a sourcing criterion as price and quality, will conditions improve for homeworkers and other workers in precarious employment in global supply chains.
- **Commitment to suppliers**  
Without a policy of maintaining orders to suppliers who agree to improve standards, retailers will continue indefinitely to undermine their own ethical codes.
- **Set adequate delivery times**  
Reduced pressure on suppliers would mean less pressure on homeworkers to work excessively long hours. Better advance planning of orders would mean that volumes of work for suppliers would fluctuate less, and would enable them to offer regular employment to homeworkers.
- **Make respect for workers' rights integral to company vision and practice**  
Ensure in-house expertise on ethics, and give staff implementing ethical codes sufficient seniority and support.  
Ensure that the incentives and performance objectives of buyers

and other managers are structured to reward, rather than undermine ethical purchasing.

- **Strengthen the Ethical Trading Initiative**

The attempts by some retailers to undermine the ETI Homeworker Project are not an argument against the ETI. Mechanisms are needed to reward the positive commitment of some retailers, but companies which infringe ETI rules should be subject to sanctions, including suspension for inaction or for an unsatisfactory response to violations of the ETI Base Code and Principles of Implementation. The ETI Violations Guidelines should be strengthened. Retailers and brand name companies that have not done so yet should join the ETI and implement good standards in their supply chains to establish a level playing field with ethical retailers.

- **Information and transparency**

The ETI should develop a mechanism to measure and publish the performance of ETI member companies, so that consumers can make better informed purchasing choices, and so that investors know of supply-chain risks to a company's name and brand which could affect its future value. Retailers suspended by the ETI should be publicly named.

Later in 2004, we will call on consumers to pressure retailers on their purchasing practices and the working conditions of homeworkers in all their supply chains, and to ensure that the rights of UK homeworkers making their products to the NMW and holiday pay are upheld.

### 3 Government strategies on UK homeworker labour law and practice

*'People lose their jobs in the informal economy and then come to us and say, "I've been sacked." It's only when we look into it, [we find] that they were never employed, never mind being sacked.'*

(Paul Gates, KFAT)

*'I lost my job, but there's nothing the Inland Revenue people can do about this, even though it's because we enforced our right to be paid the NMW*

(Julie Davies, ex-homeworker)

Governments around the world have a responsibility to uphold the rights of workers. Companies who try to improve workers' rights will continue to be undercut by less scrupulous employers unless their efforts are complemented by legal protection. Governments also have a role in establishing a level playing field through legislative and policy measures. The UK government has taken some promising steps to uphold the rights of homeworkers, particularly in clarifying their entitlement to the full National Minimum Wage, but there is a long way to go before homeworkers in Britain enjoy the same rights as other workers. Therefore, Oxfam, NGH, and the TUC are calling on the government to take some additional key measures, including tightening up enforcement of the National Minimum Wage and clarifying the employment status, and hence rights, of homeworkers.

#### National Minimum Wage: making it work for homeworkers

The NMW, introduced in 1999, is one of the biggest changes in labour legislation in the UK of the last 10 years, and was welcomed by the National Group on Homeworking, most of whose homeworker members are low paid. However, according to the Equal Opportunities Commission, 50 per cent of homeworkers may not yet receive the minimum wage. This is the most important single issue for homeworkers.

*'... if we were asked to do the work and have the minimum wage for it, then fair enough, it would have been great.'*

(Marion Cradoc, homeworker)

The government is introducing major changes to the way the NMW applies to homeworkers, in an effort to ensure that they receive their full entitlement. For example, currently employers are legally

allowed to pay less than the full rate – the ‘four-fifths rule’. This will change in October 2004, when homeworkers will be entitled to the full rate. NGH, Oxfam, and the TUC welcome these changes, but believe that the government must take further steps to ensure that homeworkers really benefit from the reforms.

Our evidence shows that the National Minimum Wage currently fails homeworkers because:

- **Inadequate enforcement:** currently there are inadequate sanctions for employers who pay workers below the NMW – if discovered, they only have to top up the wage.
- **Unclear employment status:** workers who do pursue their claim often find themselves without any more work, or have to continue to work at rates below the NMW, because their employment status is unclear.

It should be emphasised that there could be advantages to employers if the NMW is properly implemented, in terms of improved morale and motivation, a reduction in staff turnover, an associated reduction in the costs of recruitment, a wider pool of recruits to choose from, and better labour productivity.

### 1 Inadequate enforcement

*‘If you are caught counterfeiting, you can get up to, I think, ten years in prison, and I think an unlimited fine. If you are caught not paying the NMW, it is a slap over the wrist. What that says to me is, it’s all right to steal off your employees, but you won’t steal off the brands, they will hammer you. Once the trading standards people have a few prosecutions, people are very wary of counterfeiting then, ... because the legislation has teeth, whereas the NMW hasn’t got teeth. Much stricter legislation would be a great help.’*

(Bas Morris, KFAT)

One of the outstanding features of the NMW Act 1998 was that the NMW Compliance Unit was given the powers to enforce the Act, and to take cases of non-compliance on behalf of workers. Unlike with employment tribunals, the individual would not be required to bring her own case – the Compliance Unit could bring it for her. However, the legislative reversal of the burden of proof in NMW cases has, to date, had little effect in compliance investigations and tribunals.

In effect, enforcement of the NMW to date has been dependent on homeworkers providing the evidence that they have not been paid the NMW, rather than the supplier of homework proving that they have paid it. Homeworkers have to identify themselves as the complainant, and thus risk suffering detriment (such as loss of future work) as a result of their actions. Despite initiatives such as the

‘virtual homeworking team’, which has been set up within the Inland Revenue to share best practice and improve the enforcement process relating to homeworking, it appears that the Compliance Unit is not effective. Workers are left to pursue their cases for non-payment individually.

Furthermore, as a result of the nature of output work, the Inland Revenue must provide a rapid response to complaints; otherwise all work on the piece in question might be completed before the complaint is investigated.

Underpayment leads to another disadvantage for homeworkers. Because homeworkers are underpaid, they do not pay adequate National Insurance contributions to entitle them to other employment rights. A homeworker for a company in Hampshire, who was made ill by the stress of trying to improve her employment status so that she could claim the minimum wage, found she could not claim sick pay, because she had not been earning enough to pay National Insurance contributions.

Above all, the government needs to strengthen the enforcement mechanisms to ensure that homeworkers are paid the NMW. At present, an employer who has been caught not paying a worker the NMW is merely required to repay the balance owed to the worker.

**Oxfam GB, NGH, and the TUC believe that the government should require the Compliance Unit to use its powers to fine and impose penalties on employers, in order to create an effective disincentive to underpayment of the NMW.**

#### **The Highfields Minimum Wage Project**

The Highfields Minimum Wage Project in Leicester was the first of seven pilot projects nationally, and aims to tackle conditions in the city’s sweatshops (but did not include the cracker industry). The project is based in the community, and is run by a partnership of Leicester City Council, KFAT, the Inland Revenue, and the Department of Trade and Industry (DTI). In its first two years, the project has identified minimum-wage underpayments of over £75,000.

Prior to the project being set up in 2001, there had been no reported case of minimum-wage underpayment in Leicester<sup>8</sup>. The Leicester NMW Enforcement Team, through its outreach and publicity work, now receives around eight complaints a month. However, minimum-wage enforcement could be even more effective if they had more resources. The team of six working to enforce the minimum wage in Leicester cannot tackle all the problems of underpayment of the NMW because investigations are so time-consuming.

*‘Through this project, I am accessing workers who would otherwise be forgotten, the ones [who] really need the help. We are working with employers that are deliberately flouting the system, and workers who are*

*really frightened and are being exploited because they need the work, and so are working in really rubbish jobs.'*

(Champa Chudasama, project officer, Leicester City Council)

## **2 Unclear employment status**

Employment status – whether a worker is classed as ‘employed’, ‘self-employed’, or a ‘worker’ – sounds like a technicality, but is crucial for homeworkers’ job security. It affects eligibility for employment rights such as redundancy pay, claims of unfair dismissal, maternity rights, and sick pay – as well as social security and taxation provisions. It is one of the key issues for homeworkers in Britain and around the world.

If a worker is classified as self-employed, a manufacturer does not have to pay redundancy money. It does not cost the employer anything to end work for any homeworker who challenges their rate of pay. If a group of such workers win an improved rate of pay, the cost of relocating the contract overseas is much lower than it would be if redundancy payments were due. For example, 450 Christmas-cracker workers in South Wales lost their jobs as a result of production relocating overseas after violations to their rights were brought to the attention of retailers. These workers were not paid any compensation, despite years of service.

A trade unionist at a factory where many outworkers have recently lost their jobs told us:

*'They must have put in a lot of hours, from what I can gather. So basically they've lost their job haven't they? I don't think it's a case of doing a couple of packs of outwork every week and maybe [earning] spending money; they were working more hours than what we do. That is their livelihood.'*

In many cases, homeworkers have to attend an employment tribunal to determine their status before eligibility can be assessed. In a survey summarised in Annex III, NGH has found that many homeworkers are unsure of their status, while others have been classed as self-employed when they should have employee status. The labyrinthine processes that workers have to pursue to claim both employee status and payment of the National Minimum Wage mean that it is very unusual for anyone to win both. Most workers realistically decide that it is not worth the risk of failure and the subsequent loss of work.

### **The Hampshire Homeworkers case – a long and winding road**

The story of some Hampshire homeworkers illustrates how the complex legal system and inadequate enforcement enables employers to deny homeworkers their rights. For nearly five years, they have been locked in a

struggle with their employer, only gaining any of their rights after long legal battles, some of which still continue.

The homeworkers had worked for many years on a piece rate basis for a manufacturing company. In 1999, when the National Minimum Wage came in, the company tried to avoid it by requiring homeworkers to sign contracts stating they were self-employed. Some refused, and the contracts were withdrawn. Investigations by the local NMW Compliance Unit in 2000 found the company was not paying the NMW, and the homeworkers received £140,000 in back pay.

Underpayment continued. The homeworkers again complained. The local Compliance Unit (part of the Inland Revenue) issued an enforcement notice in April 2001, against which the company appealed. In 2002 this appeal was heard at an Employment Tribunal, which found in favour of the homeworkers. The company again appealed, this time against the amount of arrears owed.

The homeworkers had always understood they were employees of the company. When the TGWU took up the homeworkers' case, the company responded that as 'casual workers' they were not eligible to the benefits and rights applicable to employees, including the right to union representation. Those homeworkers who had been named on the Enforcement Notice in April 2001 were refused further work, unless they signed contracts stating that they were self-employed. They signed the contracts, but wrote letters stating their grievances, which they hoped would protect their rights. In any case, the flow of work dried up almost completely by early 2003.

In late 2003, despite strong evidence to the contrary, a Preliminary Hearing at an Employment Tribunal decided that the homeworkers were *not* employees; the wording of the new contracts proved critical. The homeworkers have appealed against this finding. To date they have still to receive back pay owed to them for the period 2000 - April 2001.

In early 2002, the DTI announced that it was to carry out the long-awaited review of Employment Status of atypical workers, including homeworkers. Section 23 of the Employment Relations Act of 1999 gave the Secretary of State for Trade and Industry the power to extend employment rights, which currently only cover 'employees', to 'workers'. The government is assessing the possibility of extending employment rights to homeworkers as part of the current employment-status consultation.

**Oxfam GB, the TUC, and NGH believe that it is essential for the government to clarify the employment status of homeworkers, in order to ensure that they are able to claim their full statutory rights without risking their jobs.**

## The ILO Convention on Home Work

Homeworkers' rights are enshrined in the International Labour Organisation's Convention on Home Work.<sup>9</sup> In 2002, the ILO highlighted that it is the responsibility of governments to provide a

framework within which workers can organise, and emphasised the importance of governments' role in regulating the informal economy:

*Informality is principally a governance issue. The growth of the informal economy can often be traced to inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultation; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws.*

(ILO Resolution Concerning Decent Work and the Informal Economy, 2002)

ILO Convention 177 (1996) covers homeworking. It requires governments to promote equality of treatment between homeworkers and other wage earners as far as possible. It requires each government to have a national policy on homeworking, to be updated regularly in response to changing circumstances. The convention prescribes minimum wages for admission to employment or work, and argues that signing up to the Convention by governments should enable labour statistics to cover homework. It attempts to clarify the responsibilities of employers and intermediaries, and defines the relationship between the employer and the homeworker, so as to offer more protection to workers.

Regrettably, the international standard for homeworking is not yet the standard enjoyed by homeworkers in the UK. For many years, NGH has been pressuring the UK government to ratify the ILO Convention. The government signalled its intention to ratify the Convention in 1997, but six years later it has still failed to do so. NGH, the TUC, and Oxfam GB believe that if the government were to ratify and implement the Convention on Home Work, homeworkers would have the rights that they need to protect them from unscrupulous employers. In particular, homeworkers would enjoy the same rights to the National Minimum Wage as other workers, and would have their worker status clarified, so as to have the same employment protection as comparable factory workers. Finally, the government needs to ensure that labour statistics – predominantly in the form of the Labour Force Survey – cover homeworkers, which will help to highlight the true extent of the issues associated with homeworking.

## Summary

There are a number of steps that the government must take in order to ensure that homeworkers' rights are realised:

- **Proper enforcement of the National Minimum Wage and entitlement to paid holiday leave**

It is vital that enforcement of the NMW is tightened up, so that workers can receive the NMW. There is some evidence that paying better could also have benefits for employers, such as increased output and higher quality work.

- **Clarification of employment status**

The government should clarify the status of homeworkers to ensure that they have the full statutory employment rights. This means full employment, tax credit, and childcare credit rights, and would resolve tax and National Insurance issues as well. It would mean that temporary and homeworking contracts are not misused to avoid paying benefits to vulnerable groups of workers. It would also mean that companies choosing to relocate would fairly compensate the UK workers made redundant as result.

- **Ratify ILO Convention 177 on Home Work**

Ratification and implementation of the Convention, and the establishment of a national policy on homework, would mean proper protection of homeworkers' rights in the UK. It would also mean improved labour statistics for homework, which will highlight the scale of the issue.

# Annex I

## The Ethical Trading Initiative Base Code

The ETI's **Base Code**, which is based on ILO core labour standards, contains nine key points:

- 1 Employment is freely chosen
- 2 Freedom of association and the right to collective bargaining are respected
- 3 Working conditions are safe and hygienic
- 4 Child labour shall not be used
- 5 Living wages are paid
- 6 Working hours are not excessive
- 7 No discrimination is practiced
- 8 Regular employment is provided
- 9 No harsh or inhumane treatment is allowed

ETI members commit to implementing the Base Code in their supply chains, and there is a specific prohibition on homeworking, sub-contracting, and other arrangements which might dilute retailers' responsibilities to guarantee the above minimum standards in the production of their goods:

*Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through ... the use of homeworking arrangements.*

(ETI Base Code 8.2)

## Annex II

### The ETI Homeworker Guidelines

The key features of these are:

- Homeworkers are entitled to all the provisions of the ETI Base Code.
- Any supplier who indicates the use of homeworkers in their supply chain, or any homeworker who reports a breach of minimum labour standards must be reassured that this will not cause them to lose their work or orders for that reason.
- The ETI recognises that meeting the standards of the ETI Base Code for homeworkers will not be straightforward, and that care must be taken to ensure that the assertion of rights does not result in job losses and transfers of production to less costly countries.
- Member companies commit themselves to negotiate and implement agreed schedules for suppliers to make continuous improvements. Costs of observing minimum standards in the Base Code shall be taken into account in negotiations with suppliers. A phased implementation process is less likely to jeopardise homeworkers' jobs. It is the responsibility of ETI members to manage their supply chains in a way that does not make homeworkers vulnerable. Suppliers should be able to demonstrate that they are making steady progress towards code compliance.
- Implementation of labour standards requires long-term relationships with suppliers, in particular in complex supply chains.
- Orders should be maintained to suppliers committed to implementation with homeworkers, at least during the normal life of a contract between the supplier and retailer.

## Annex III

### NGH survey of homeworker employment status

The NGH carried out a survey of 200 homeworkers in 2002, asking questions about respondents' employment status. Evidence from the 40 respondents makes an overwhelming case that employment status should be extended to homeworkers.

Only a small minority of the homeworkers who participated had clear employee or self-employed status, and there were even inconsistencies among these:

*\* Ninety per cent did not have a written contract outlining terms and conditions.*

*\* Only one out of 40 had clear self-employed status.*

*\* Thirty-five per cent did not know what their employment status was.*

Over half of the homeworkers had an unclear status, or significant anomalies in their status, *meaning that they do not receive the full range of employment rights* to which they may be entitled, or the benefits that come with genuine self-employment.

Even when homeworkers had employee status, they were not treated the same as employees. *Six out of the nine classed as employees by their supplier had to correct unsatisfactory work in their own time and at their own expense.*

Of the respondents, 44 per cent were concerned that their employment status was unclear; 44 per cent had a low understanding of all the different rights they were entitled to; 40 per cent had little awareness of the employment status issue.

**Only 13 respondents (33 per cent) received holiday pay;** even fewer received sick pay. The low numbers receiving holiday pay show that the application of the 'worker' status does not in itself mean that all homeworkers will receive the rights to which they are entitled (this is also seen with the National Minimum Wage).

Five homeworkers (13 per cent) did not know who paid their tax and National Insurance contributions, and the earnings of 10 (25 per cent) were too low to pay tax and National Insurance: this leaves 38 per cent of respondents vulnerable in the future, as they will be denied full social-security coverage. Only one-third of the self-reporting 'self-employed' group claimed expenses against tax, meaning that homeworkers have disadvantages of both kinds of employment status, and the advantages of none.

## Annex IV

We interviewed several of the retailers and suppliers involved in the ETI homeworker project in the process of preparing this report. We offered anonymity in return for their views, as we believed that otherwise they would not contribute (some chose not to). Not all criticisms of manufacturers and retailers in the report apply to all the companies we interviewed. At this stage, we do not want to single out any particular retailers or suppliers for criticism, as we hope that they will all eventually comply with the requirements of the ETI project. Nonetheless, later this year, we will call on consumers to pressure retailers on their purchasing practices and the working conditions of homeworkers in all their supply chains, and to ensure the rights of UK homeworkers making their products to the NMW and holiday pay are upheld.

- Retailer A: smaller high-street supermarket
- Retailer B: non-food high-street retailer
- Retailer C: major high-street retailer
- Retailer D: major high-street retailer
- Retailer E: major supermarket
- Retailer F: major supermarket
- Company X: a paper packing company which employs homeworkers
- Company Y: supplier of crackers
- Company Z: supplier of crackers

## Notes

1 Trading Away Our Rights is a major Oxfam International report (February 2004) on employment standards, based on the research and testimony of 12 partners around the world, including the National Group on Homeworking in the UK. In it, Oxfam argues that today's corporate business model is driving down employment rights, undermining codes of conduct, and creating precarious employment for millions of women.

2 NGH research in Bradford, 2003.

3 The NGH – the only national NGO working solely with homeworkers – has long estimated that there are over a million homeworkers in the UK:

*The NGH estimates that there are at least one million people in the United Kingdom in the most vulnerable category – traditional homeworkers, or outworkers, doing paid employment in the home or domestic premises. (1994, 200)*

Recent government estimates show that the number could be even higher – a DTI Regulatory Impact Assessment recently estimated that there were as many as 1.7 million individuals.

4 Adequate statistics are not available about the ratio of men and women undertaking homework. Research suggests that up to 10 per cent of homeworkers may be men (Huws 1994: 4 and Felstead et al., 1996: 91). The number of men carrying out tele-homework as opposed to manual homework is far higher (Huws 2000: 16–18). Enquiries to NGH's advice line suggests that the number of men carrying out homework may be growing, particularly in areas of industrial decline (for example, in South Wales) and in rural areas, where there is little alternative employment and lack of transport.

5 There are problems with statistics on ethnic minority homeworkers. It is likely that the figures provided by Huws of 46 per cent (Huws 1994: 5) and Felstead of 54 per cent (Felstead 1996: 91) are too high, due to their sampling procedures, which focused on urban areas with high ethnic minority populations. Ethnic minority homeworkers are also more likely than the rest of the population to work in manufacturing homework. For example, Labour Force Survey statistics suggest that in 1994 approximately 70 per cent of female Pakistani and Bangladeshi homeworkers were involved in the production of textiles, clothing, and footwear. The remaining 30 per cent are engaged in other craft-related occupations (Felstead and Jewson 2000: 79). In Australia, homeworkers are often Vietnamese women, and in India they are often women from Muslim minorities.

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6 See Emily Gilbert's 'The Employment Status of UK Homeworkers: an NGH Review', which surveyed 40 homeworkers in 2002.

7 Linda Devereux, Director of NGH.

8 Highfields Minimum Wage Project (2004) 'Second Year Report', Leicester: Leicester City Council, Inland Revenue, DTI, and KFAT.

9 The International Labour Organization (ILO) is an agency of the United Nations. It has a tripartite structure, and covers social and labour issues. One of the organisation's main policy tools has been the formulation of international labour standards, which serve as a guideline and benchmark for governments in the area of social policy and labour legislation. These standards are set out in some 160 conventions and 170 recommendations adopted by the ILO over the past 75 years.

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