

Homeworkers and the informal economy

Homeworkers Worldwide: Northern Homeworking Project

Homeworkers Worldwide (HWW) is a UK-based NGO that exists to support homeworker organisations around the world. HWW is currently running an Oxfam funded project in the UK, the Northern Homeworking Project. We are working with homeworkers across the North of England to identify the obstacles that make it difficult to earn a living from home, and to lobby for policies that address these obstacles. Since the project began in January, we have spoken to 30 homeworkers through interviews and group discussions.

Homeworkers

A homeworker is anyone who works in their own home to earn a living for themselves and their family. Our focus is on the lowest paid homeworkers, usually paid by piece rate and often earning well below the national minimum wage. Some of the women we work with are also working on their own-account, sewing or catering to order for example. Homeworkers are usually women and the most common reasons given for working from home are childcare responsibilities, and long-term health problems or disabilities.

The most common concerns that homeworkers raise are

- Lack of work
- Irregularity of work
- Low pay
- Lack of employment rights

Not all homeworkers are working informally, some are 'on the books', some are classified as 'self-employed for tax and NI', and some are working informally – including many own account, as well as piece-rate, homeworkers.

Types of work

The piece rate homeworkers we are in contact with are doing work such as packing, making cards, and sewing clothing and sports equipment. Many of the piece rate workers report great difficulty with finding work, and with finding sufficient regular work. One homeworker said, *'There is a lot of problems working from home. For example, there is not enough work given, and I am given low pay for the work I do. I only have work 2 or 3 days a week and the rest of the week I have nothing to do.'*

Some of the homeworkers we are in contact with are working on their own account, making clothes to order, cooking or providing beauty therapies. This appears to be at least in part because it is so difficult to find regular piece-rate work. *'At the moment I am not getting any work to do at home [from the factory]. I have done some sewing [making shalwar kameez] for local women and making food.'*

Reasons for working informally

There are a range of reasons homeworkers may be working informally. One is that some employers prefer it. One homeworker we spoke to said, *'I was doing bits and pieces for various companies and I was a bit of a naughty girl for a while because I didn't declare it. But a lot of the outwork companies didn't want you to declare it because it saved them money too, so they paid you cash in hand'*. As well as saving

employers money in NI contributions, informal working also helps employers evade labour law – particularly NMW to which homeworkers are specifically entitled.

Another reason for working informally relates to the welfare system. Some homeworkers may be working as well as claiming benefits because their work is low paid, irregular and insecure. The existing benefits system does not operate well for those whose income varies from week to week. If a homeworker has been out of work for some time, then manages to get hold of a few hours work one week she is faced with a dilemma. Should she inform officials, so the relevant amount is deducted from her benefits – even though there is no guarantee she will receive any more work the following week? Or should she keep quiet about her work and put herself at risk by continuing to claim benefits she may no longer be fully entitled to?

For those working on their own account another reason can be simply to avoid bureaucracy and some of the official hurdles involved in setting up a formal business. This is particularly pertinent given that many of the BAME women we spoke to explained that they worked from home because they did not feel their English was adequate to get a job outside the home. *'There are no alternatives because I can't work outside because I don't know English. It is very hard to learn now I am 50.'*

Welfare rights and working rights

Working informally makes it very difficult for homeworkers to challenge labour rights abuses such as non-payment of the minimum wage. It is common for homeworkers to be paid considerably less than the national minimum wage. But currently workers who are working informally and claiming benefits through necessity, *perhaps precisely because their wages are so low*, are unable to challenge employers who are exploiting them because they are too afraid to contact HMRC or other government officials for fear of being punished themselves. Indeed an official responsible for the Government's Pay and Work Rights Helpline who we spoke to confirmed he would report anyone who he believed was working informally and *'fiddling'* the benefits system. This is extremely discouraging to anyone working informally whose rights as a worker are being abused.

Visibility

The fear associated with working informally also makes it very difficult to make homeworking visible as many are reluctant to come forward and speak about their work. This compounds the problem of visibility – already an issue because homeworking is done behind closed doors. Fear – about losing their work and about getting into trouble with officials – causes homework to be hidden and makes it very difficult for researchers and statisticians (such as those compiling the Labour Force Survey) to collect complete and accurate information on the nature and extent of homeworking in the UK.

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