

Better wages for homeworkers in Tamil Nadu footwear chains

Homeworkers Worldwide and the Indian labour rights NGO, Cividep, have been collaborating with Pentland Brands, a major footwear company, to raise the conditions of homeworkers hand-stitching some models of their shoes in Tamil Nadu, South India. As a result, pay rates for homeworkers have risen by an average of one third – a significant impact for these low paid women workers.

Hundreds of women in Vellore (Tamil Nadu) work from home, stitching leather ‘uppers’ by hand or machine for factories in the growing industry producing leather footwear for export. They are informally employed, with very low wages (piece rates) and none of the rights and benefits which regular workers in factories enjoy. Their presence and their conditions are usually invisible to Brands. Homeworkers Worldwide has worked with these homeworkers for many years, publishing a report to bring their conditions to light in 2016.

The first step – a Homeworker Policy

Pentland Brands has adopted an exemplary Homeworking Policy, revised in collaboration with HWW, which recognises the role of homeworkers and commits to work with suppliers and others to improve their conditions. This important first step gives a signal to suppliers that they can disclose the presence of homeworkers.

Tracing the Chain

An initial mapping of the informal chains supplying the shoe factory, carried out in 2017 by Cividep with the support of the supplier, confirmed the presence of a large number of homeworkers doing hand-stitching on certain styles of shoe. A needs assessment with a sample of 30 homeworkers identified low piece rates, the lack of social security (ESI and PF), and work related health problems as the most urgent issues.

More comprehensive value chain mapping followed in early 2018. This involved interviews with management, almost 200 homeworkers, and 11 agents distributing work to them. Focusing on a specific Pentland order, we mapped piece rates paid to homeworkers and the commission retained by agents, and identified the roles played by agents (tracking orders, quality control) which are often overlooked.



Homeworker stitching leather uppers in Tamil Nadu

A time and motion study was carried out by the Brand and the supplier to calculate piece rates for homeworkers, linking their pay to minimum wage rates.

In parallel, key Pentland Brand commercial staff were interviewed to get a snapshot of purchasing practices which might impact on supply chain working conditions. Data was used to map prices paid along the value chain; this indicated that raising piece rates would have a small and easily manageable impact on product price. The study also confirmed that future orders are relatively secure as the models are a consistent feature in their core range, and that the company takes care to match supplier capacity and the volume and timing of orders, reducing the risks of excessive workloads at peak times.

Decent Work for Homeworkers - achievements to date

The new systems were introduced in late 2018 using the higher piece rates agreed, linked to the minimum wage on a hourly basis. Homeworkers saw their piece rates rise by one third on average, and all homeworkers now received the same rate for a given task. Between December 2018 and February 2019 Pentland's supplier implemented a simple paper-based system (job cards) to track orders and payments to homeworkers, based on model tools provided by HWW. These are transparent to homeworkers and open to inspection by interested parties. Instead of charging commission, over which the factory had no control, agents are now paid a set fee per pair.

To capture these positive steps and signpost areas for future work, Cividep carried out further interviews agents, supplier management, and a sample of homeworkers. This confirmed the significant increases in the piece rates, and the introduction of the simple transparency tools.

The system is transparent. Homeworkers can see the rate they are paid for each style of shoe, and they all get the same rate. Their pay has been further boosted, as orders per homeworker have risen as a result of consolidation, as some agents refused to implement the new system. However, there is scope to make the system more robust and effective. The study concluded with the following recommendations, to embed the gains that have been made thus far, covering:

- Further improvements in record-keeping systems
- Training for agents and homeworkers
- Establish a system for setting and updating homeworker piece rates and agents' fees
- Organisation of homeworkers, so that they are represented in future change processes, and to provide access to information and grievance
- Homeworkers' access to social protection & health care.

Learning

Considerable trust is needed for the supplier to be transparent about the chain and employment relations and conditions in it. Considerable time and resource was needed to build confidence, both with the supplier and with agents, about the project. Getting their inputs into the proposed solutions is key.

The cost of the increased piece rates was met by the supplier, but the new systems increase transactional costs for participating agents (although it is hoped that they also bring benefits), so it is important that their fees recognise this. Impact would be more sustainable, and resistance to change reduced, if more Brands and suppliers can be recruited to join the pilot. HWW has worked with another ETI-member Brand, who has discussed implementing the improved systems within their own supply chains, but we need more Brands, and their suppliers, to sign up if we are to achieve sustainable change within the sector.

For more information about Homeworkers Worldwide see: <http://www.homeworkersww.org.uk/> or contact info@homeworkersww.org.uk, tel: 0113 320 3214.