INDONESIA: HOMEWORKERS IN THE GARMENT AND FOOTWEAR SECTOR

HIGHLIGHTS FROM GLOBAL RESEARCH STUDY, 2025, HNI

A homeworker from Jakarta. Photo credit: Eduardo Derrico/HNI

Background	
Study location	Yogyakarta, East Java, Jakarta, West Java, Bantem
HBW respondents	**60**: all women, all organized, 9 leaders; 31 members of trade union, 29 homeworkers part of HomeNet Indonesia network.
Product activity	Tailoring, Stitching, embroidery, sticking shoe soles to uppers, trimming
Employment status	72% working purely as homeworkers, 25% also do some self-employed jobs; 3% are purely self-employed
Key Informant	Titin Kustini, HomeNet Indonesia
Organization	HomeNet Indonesia, an NGO and its affiliates Trade Union Bunda Mandiri , Trade Union Kreatif Bunda, Trade Union Bunda Berkarya , Trade Union Mutiara Bunda , Trade Union Bunda Mulia. Yogyakarta.

Textiles is one of the most important industries in Indonesia. It contributes to about 5 per cent of Indonesia's total exports[1]. A labour intensive sector, it employs 4.3 million workers forming about 3.6 per cent of total employment; over 80 per cent of these workers are women, a disproportionately large number of these are informally employed[2] including homeworkers.

Homeworkers work in or near their homes, individually or in groups on specific work orders from local, national or international companies and are paid by piece which, may be only a part of the final retail product for instance sticking cloth on insoles, inserting drawstrings in trousers, button pressing on jeans, etc. They are not nano entrepreneurs or "partners" of the companies/brands and need formal recognition as workers as per definition of employment relationship between homeworkers and employers in the nation's Employment Law. Contractors/middlemen connect garment and footwear companies/brands with homeworkers to get the necessary jobs done.

In the current scenario some key challenges that homeworkers face are:

- Low and precarious earnings result from irregular work and low piece rates. Work providers collude to keep piece-rates and payment for work low which has been almost stagnant. Average weekly earnings in March 2024 were Rupiah 283,472 (USD 17.4), only about 49 per cent of the minimum wage mandated by the government.
- Work is irregular and uncertain forcing homeworkers to take excess work when it is available. This leads to difficulty in balancing household responsibilities,

[1] Indonesia Country Study, Fair Wear, 2021
[2] Almost 60 per cent of those employed in Indonesia work informally.

uncertainty in earnings, and health problems. On an average workers get work for only about 6 months in a year. For the week immediately following the study survey only 35 per cent had work for between five and seven days and 25 per cent did not know how much work they would get. Despite the relatively well-functioning public health services and health insurance system, health problems are rampant (83 per cent), back pain (63 percent) and eyesight and eye-related problems (48 per cent) topping the list.

- Job suppliers shift costs of operating workshops or factories to homeworkers without compensating them in any manner – study respondents incur on an average Rupiah 743,160 (USD 45.6) per month on working from home; there is no effort to customize labour norms for women who form the bulk of homeworkers.

- Low and precarious earnings forces respondents to cope in a variety of ways. Several use savings, sell assets, reduce consumption, or delay medical treatment to get by as many are unable to borrow due to inability to pay back. Still a significant number borrow from family, friends and neighbours for daily survival needs - including food for which 26 per cent borrowed - and are considerably indebted. Average outstanding debt for homeworker borrowers stood at 6,827,882 (USD 419), equivalent to about 6 months of their average earnings.

- Since work agreements are only verbal specifying worker obligations but without any reference to their rights, homeworkers are at the receiving end with no legal recourse in case of any disagreements and in general, no bargaining power in dealing with work-providers.

- While many previously employed by factories have been compelled to shift to operate as homeworkers due to closure of factories, rising informalization has crept into factories too where only about 70 per cent of workers receive benefits of formal employment. The majority of respondents (65 per cent) have been factory workers in the past for varying durations.

- Though they provide paid jobs, lack of transparency in the production chains means that homeworkers have virtually no idea of what brands they are producing for, where the products they contribute to are sold, and at what price. This severely limits their power to negotiate for better piece-rates/wages even when some of them are aware of the notified minimum wages.

- Public systems and schemes are not customised for homeworkers especially women, for instance, to cover working capital needs, short term consumption loans, and childcare support, and health insurance for workers without regular earnings, etc.

- It is with the help of homeworker organisations – trade unions and NGOs – that respondents are able to access essential public services including health, food aid, and formal loans. Trade unions have been effective in helping reduce work uncertainty and shortage for their members; NGOs are able to negotiate with work-providers for better piece-rates. Organizations mobilize homeworkers to make them aware of their worker rights (47 per cent) including minimum wages (34 per cent).

The study recommendations to address these challenges include:

- **Recognition as workers** allowing coverage under the Indonesian Manpower Law to establish employer responsibility for formal contracts, fair compensation, suitable working conditions including grievance redressal mechanism.

- **Regular counting of homeworkers** through census and other methods; and research on homeworker issues.

- **Customized policies and schemes** - credit, social security and welfare, child care services, etc. - to cover women homeworkers allowing them to contribute fully to the national economy.

- **Ratification of ILO's convention C-177** on homework to allow for suitable changes in the national law and policies for homeworkers.

- **Recognition and support for organizations of homeworkers** to represent homeworker interests in policy formulation and implementation processes, in regular conversations/collective bargaining process with work-providing brands and companies; and in identification of research issues relevant to homeworkers, for instance, time and motion studies of specific activities to determine minimum wages.

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