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Employment Relationships and Working Conditions in an IKEA Rattan Supply Chain

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Foreword

ILO

The report on **Employment Relationships and Working Conditions in an IKEA Rattan Supply Chain** aims to contribute to the global debate and efforts to promote ethical, and sustainable, and gender-sensitive supply chains and decent work. The report presents the findings on the characteristics, employment relationships and labour conditions of the sub-contracted men and women workers in the lowest tiers of the IKEA rattan supply chain. It also discusses the recommendations on how to strengthen labour standards compliance in the supply chain in order to benefit both employers and workers.

With the increasing pressure to maintain trade competitiveness, employers are in constant search of cheaper, more flexible and more productive ways of conducting businesses. This has resulted in changes in production processes globally with the reallocation of workplace as well as the methods of production. The supply chains nowadays are often so complex involving many actors at different layers of production process at multiple locations. This complexity has made it more challenging for many employers to ensure the compliance of labour standards throughout their supply chains.

This is particularly the case for workers in the lowest tiers of the supply chain – such as homeworkers, who work at home producing goods or services according to the specification of employers and are paid on piece-rate basis. As they work in off-site facilities either in their own homes or in small workshops, they are often invisible to the eyes of the consumer, the public, the brands they produce for, and labour inspectors, and are vulnerable to exploitation. Ensuring the labour standards compliance does not only mean protecting the rights and the welfare of these workers. It also contributes to enterprises through increased productivity among workers as well as promoting and protecting brand image.

Homeworkers are among the most disadvantaged workers with inadequate legal protection, weak bargaining position, and low pay. Women account for the vast majority of homeworkers worldwide. Recognizing the particular conditions characterizing home work and the need to promote decent work for homeworkers, the ILO has been promoting the application of Home Work Convention, 1996 (No. 177), and Home Work Recommendation, 1996 (No. 184). As the 20th anniversary of the these labour standards approaches, there is an increasing need to call for a renewed commitment by the relevant stakeholders to shed light on the issues of homeworkers and act toward the realization of decent work for homeworkers globally.

I hope this report will provide useful insights and ideas to improve the compliance of international labour standards especially for the "invisible" workers at the bottom of the value chain while improving the businesses, and contribute to achieve decent work for all.

September 2015

Michiko Miyamoto
Officer-in-Charge
ILO Country Office for Indonesia and Timor Leste

Foreword

IKEA

"Better life for people and communities" is one of the three change drivers for **The IKEA Group Sustainability Strategy for 2020 – PEOPLE & PLANET POSITIVE.** We have promised to take the lead in creating a better life for the people and communities impacted by IKEA business. We have acknowledged further by extending the code of conduct throughout our value chain; to be a good neighbor, support human rights and act in the best interest of children. It is not only an empty declaration, it is followed by concrete goals which have been set and are regularly followed up to substantiate our ambition to be a **"PEOPLE & PLANET POSITIVE"** company.

Our goal which concerns home based workers can be used as an example: "Continuously identify and develop setups for home based workers to improve working conditions, protect labour rights and prevent child labour. By August 2020, all home based workers will be transitioned into improved setups and will be a part of our handmade development programme."

The natural fibre business has historically been heavily reliant on handmade production in home based environments in Asia. Consequently, the IKEA range has developed (basket and furniture) handmade production with its design and the selection of raw materials. However since IWAY, the IKEA code of conduct, started to extend, we are faced with the challenge of meeting our requirements by suppliers who engage home based workers. During the implementation of IWAY, we realised that we are not able to address this challenge by ourselves only. The dilemma of ensuring compliance to IWAY without compromising job availability for people, who need jobs and income and who depend on their weaving skill, was a trigger to ask for experts' support. We identified the International Labor Organization (ILO) as a perfect partner to join our efforts.

This report is the painstaking result of co-operation between ILO, IKEA and IKEA suppliers. A lot of efforts were put in to get an accurate picture of the current handmade production set ups within the IKEA supply chain. A big Thank you for this work where IKEA has received valuable input, which will help us to create an optimal roadmap to meet the goal in 2020 and ensure that all home based workers will be transitioned to a better working environment.

We would especially like to thank our partners from ILO Indonesia for this report and recommendations. We would like to thank our suppliers, all IKEA co-workers and others who contribute to finalise this study. Your engagement and support is highly appreciated in helping us to address the "home based workers" challenges in the best possible way.

Jaroslaw Kielak
Sustainability Compliance Manager
IKEA Purchasing Operation Area South East Asia

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The report was produced under the ILO/MAMPU project– Access to Employment and Decent Work for Women, which is part of the Programme MAMPU (Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan - Empowering Indonesian Women for Poverty Reduction), an initiative supported by Australia's Department of Foreign Affairs and Trade and the Government of Indonesia. I would like to express sincere appreciation for the financial assistance provided by the Government of Australia under the MAMPU Programme.

The research was carried out by the ILO/MAMPU Project in close collaboration with IKEA. Many people have provided support to realize the collaboration and complete this research. Special thanks goes to Jaroslaw Kielak, IKEA Sustainability Manager and Hasanoel Arifien, IKEA Sustainability Developer for coordinating with IKEA's suppliers, sub-suppliers and workers who took part in the research and shared their experiences. Special thanks to Lin Lean Lim, International Consultant and the main author of the report, and Ikarini Wulandari, national consultant, and her team of enumerators: Johanes gunawan Hamonangan Simamora, Wibawanti Adzanni Adikuntari, Ajeng Ari Ayu Astrina, Aji Perwantyo, and Nurul Hidayati. Special thanks also goes to ILO colleagues who contributed to this research: Giorgia Muresu, Peter van Rooij, Michiko Miyamoto, Nelien Haspels, Sandra Yu, Joni Simpson, Tolhas Damanik, and Maya Ikarini.

Aya Matsuura
Chief Technical Advisor, ILO/MAMPU Project

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ACRONYMS

AMKRI	Indonesia Rattan Furniture Association
APINDO	Indonesian Employers' Association
BAPPENAS	Ministry of National Development Planning, Indonesia
BPJS	Badan Penyelenggara Jaminan Sosial (Social Insurance Organization) (term commonly used to refer to health and accident insurance)
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DFAT	Department of Foreign Affairs and Trade, Australia
ETI	Ethical Trading Initiative
FGD	Focus Group Discussion
FLA	Fair Labour Association
GSCP	Global Social Compliance Programme
HWPRI	Himpunan Wanita Pekerja Rumahan Indonesia (Association of Indonesian Women Homeworkers
ID	Residence Identification card
ILO	International Labour Office
IWAY	IKEA Standard Minimum Requirements for Environment and Social and Working Conditions when Purchasing Products, Materials and Services
IWAY MUST	Start-up Requirements for IWAY
MAMPU	Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan – Empowering Indonesian Women for Poverty Reduction
MWPRI	Indonesian National Network Friends of Women Homeworkers
MNE	Multinational Enterprise
NGO	Non-governmental Organization
OHS	Occupational Health and Safety
PROSPECT	Promoting Sustainable Consumption and Production Eco-Friendly Rattan Products Indonesia
PUPUK	Association for Advancement of Small Business
SNV	Netherlands Development Organization
WIEGO	Women in Informal Employment: Globalizing and Organizing

INTRODUCTION

CHAPTER 1

1.1. Background and aims of the report

Responsible international brand companies understand that supply chain sustainability goes well beyond environmental risks and waste costs. They recognize that compliance with labour standards is key to the way the world does business today and that fair and decent treatment of workers is not just an ethical imperative; it is good business, it contributes to long-term value creation and it greatly influences consumer choices. When labour rights are respected, supply chains are more robust, reliable and resilient. Companies are giving growing attention to employment relationships and working conditions throughout their global supply chains.

There are many millions of workers engaged in global supply chains but they remain largely invisible in industrial outsourcing/putting-out systems. In increasingly complex supply chains where there are many intermediaries, those in the lowest tiers are not visible to the eyes of the consumer and often not visible to the brands they produce for because they work in off-site facilities either in their own homes or in small workshops. It is the welfare of these out workers/sub-contracted workers that is of great concern. The small workshop workers and especially the homeworkers are among the most vulnerable and marginalized workers; they have no legal status and weak or no bargaining power and work in unsafe and unhealthy conditions for very low piece-rate payments.

IKEA is one such international brand company that is committed to its corporate social responsibility (CSR). The IKEA trademark represents the leading home furnishings brand in the world today, with some 351 stores in 46 countries, about 1,500 suppliers in 55 countries and 164,000 "co-workers".[1] IKEA is a member of the Global Social Compliance Programme (GSCP), an industry-initiated programme working towards a sustainable approach for the improvement of working and environmental conditions in global supply chains. The IKEA official website states that: "With thousands of suppliers all around the world, IKEA needs to maintain clear requirements when it comes to environmental, social and working conditions. These can be found in the IWAY standard,[2] a core part of our supplier code of conduct. IKEA acts in the best interest of the child, the worker and the environment. We take a lead in contributing to the realisation of human rights and we have a positive impact on people's daily lives, including a positive contribution to the communities we are operating in. We secure responsible production and distribution of our products all the way from animal handling, raw-materials to customers. We put highest attention to especially vulnerable groups such as children and migrant workers".[3]

IKEA has developed detailed procedures in a regularly updated manual of Working Method to implement its code of conduct. It also has a very comprehensive audit checklist and conducts both announced and unannounced audits. But, like many other large multinational enterprises (MNEs), IKEA recognizes that auditing alone does not lead to sustainable workplace improvements[4] and there are still many issues relating particularly to the production arrangements involving sub-suppliers and the labour conditions of

1 http://supplierportal.ikea.com/factsfigures/Pages/default.aspx. The official IKEA website does not, however, provide a definition of who is a "co-worker".

2 See http://www.ikea.com/ms/en_GB/about_ikea/pdf/SCGlobal_IWAYSTDVers4.pdf for the full IKEA supplier code of conduct.

3 http://supplierportal.ikea.com/doingbusinesswithIKEA/sustainability/betterlifeforpeopleandcommunities/Pages/default.aspx.

4 There is "growing evidence that appointing an outside body to audit and set standards …… is not going as well as it should….. Having a code of conduct and being part of an industry initiative on workers' rights has become standard practice for multinationals. But there are big differences in the toughness of codes, how rigorously compliance is monitored and how remedial action is taken", "When the job inspector calls do campaigns for 'ethical supply chains' help workers?" The Economist, March 31, 2012, http://www.economist. com/node/21551498 . See also Better Work Indonesia, http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/ projectdocumentation/wcms_211376.pdf

those working away from the factory sites in their own homes[5] or in small workshops. IKEA has increasingly moved from demanding and auditing compliance to its code of conduct to working in partnership with suppliers and workers throughout the supply chain to continuously improve working and environmental conditions. To foster mutually beneficial long-term relationships, IKEA has to better know not just its main suppliers but also sub-suppliers and workers all the way down the supply chain. A company has to actively engage with its suppliers, sub-suppliers and all direct and sub-contracted workers to promote sustainable, ethical supply chains and decent work for all.

Therefore, IKEA partnered with the International Labour Office (ILO) to collect and analyse information on the employment relationships and working conditions in one of its supply chains for rattan products located in the Cirebon district, Indonesia. For the ILO, the collaboration with a large multinational company was an opportunity to gather on-the-ground, evidence-based information from a case study that would contribute to the ILO's broader efforts to promote ethical and sustainable supply chains and decent work[6] and also to its aims of promoting gender equality and improving the working conditions and lives of informal workers including homeworkers.[7]

The research was conducted under the MAMPU (Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan – Empowering Indonesian Women for Poverty Reduction) Programme, which is an initiative supported by the Government of Australia's Department of Foreign Affairs and Trade (DFAT) and the Government of Indonesia's Ministry of National Development Planning (BAPPENAS). The ILO MAMPU component of the programme specifically aims to improve access to jobs and remove workplace discrimination for homeworkers who tend to be mainly women.[8]

This report presents the results of the jointly commissioned research. The specific aims of the research were to:

- Examine the production processes and arrangements in the IKEA rattan supply chain and the methods used by IKEA to implement its code of conduct for environmental and social and working conditions;
- Improve understanding of the characteristics, employment relationships and labour conditions of the sub-contracted men and women workers in the lowest tiers of the IKEA rattan supply chain;
- Assess the impact of the IKEA code of conduct on working conditions in the supply chain;
- Make recommendations to strengthen labour standards compliance in the supply chain so as to benefit both workers and business – to promote decent work particularly for workers in the lowest tiers of the chain and at the same time to enhance efficiency, productivity and competitiveness along the entire chain; and
- Provide evidence-based information and lessons learned to contribute to global efforts to promote ethical and sustainable, gender-sensitive supply chains and decent work.

1.2. Scope of the research and the key research issues

The research focused on the IKEA rattan supply chain (for different designs of mainly chairs and baskets) where the production is located in Cirebon and nearby districts, Indonesia. The country supplies some 80 per cent of the world's demand for rattan, with most of the rattan raw materials coming from the jungles of Kalimantan, Sulawesi and Sumatra. Cirebon, a port city some 250 miles east of the Indonesian capital Jakarta on the island of Java, is the main region for the manufacture of rattan products. The rattan industry has existed since the nineteenth century in Cirebon, with many of the local inhabitants having traditional weaving skills and giving the area an edge as a rattan manufacturing centre.

5 The audits normally do not cover homeworkers.

6 There will be a general discussion on global supply chains at the 2016 International Labour Conference.

7 Next year, 2016 will be the 20 year anniversary of the adoption of the ILO Home Work Convention, 1996 (No.177).

8 For more information on the ILO/MAMPU Access to Employment and Decent Work for Women Project (Phase 2) which focuses on homeworkers, see http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/projectdocumentation/wcms_324753.pdf

The research covered the production arrangements and labour conditions of the IKEA rattan supply chain ranging from the IKEA representatives (directly hired by IKEA) to two main suppliers (Indonesian companies located in Cirebon receiving direct purchase orders from IKEA) to the sub-suppliers (who receive orders from the two main suppliers) to the sub-contracted workers producing the rattan products either in their own homes or in small weaving centres set up by the sub-suppliers. For comparison purposes, the research also covered self-employed/own-account workers who produce rattan products but are not part of the IKEA supply chain.

The following key questions guided the research:

- What are the different tiers in the IKEA rattan supply chain located in Cirebon, and what are the production processes and contractual arrangements between these tiers?
- How does IKEA manage the supply chain, in particular to ensure that its code of conduct is implemented in the chain of activities?
- What are the sub-contracting arrangements in the IKEA rattan supply chain? How do the main supplier companies that receive direct purchase orders from IKEA organize production to meet these orders? What dictates the choice of sub-suppliers to use workers in weaving centres or homeworkers? What are their employment relationships with these workers?
- Who are the workers in the lowest tiers of the supply chain? What are their demographic characteristics and what are their labour, health and safety conditions? What are the reasons for working from home or at weaving centres? How do working conditions differ for homeworkers from workers in weaving centres?
- What are the differences in working conditions between homeworkers in the IKEA supply chain and home-based own-account/self-employed workers producing rattan products?
- What are the gender dimensions in the supply chain? Are there differences in the working conditions of women and men workers?
- Are workers familiar with IKEA's code of conduct and what is the impact of IWAY on their working conditions?
- What recommendations can be made to improve working conditions while enhancing efficiency and productivity and strengthening the accountability framework along a supply chain?

1.3. The research methodology

Both secondary and primary research was conducted. The former consisted of a literature review; the latter involved a survey based on interview questionnaires, focus group discussions (FGDs) and discussions and unstructured interviews with key informants.

The literature review relied on wide-ranging internet searches using multiple search terms, including "working conditions in global supply chains", "ethical supply chains", "supply chain sustainability", "supply chain management", "homeworkers", "codes of conduct", and "employment relationship". The review also covered website information and documentation, in particular from IKEA, ILO, Better Work, WIEGO, Ethical Trading Initiative (ETI) and Ceres[9]; and the publications of a number of international brands on their experiences and good practices to improve working conditions in global supply chains.

The primary research was based on field work conducted in the Cirebon and Majalengka districts. IKEA representatives made two initial visits with the research team members to explain[10] and obtain the cooperation of the two main supplier companies to provide information on their sub-suppliers and workers and help set up the logistics for conducting the survey. Interviews were conducted with four different groups

9 http://www.ikea.com/; https://www.ilo.org/intranet/; www.betterwork.org/; http://wiego.org/; https://www.ceres.org/; http://www.ethicaltrade.org/

10 Stressing that "this is not a policing audit or check by the authorities but purely for research with the aim of improving conditions that will be good both for workers and for business".

of respondents using structured questionnaires: sub-suppliers, sub-contracted workers in weaving centres, sub-contracted homeworkers, and self-employed/own-account home-based workers producing rattan products. The last group of respondents – the own-account home-based workers – are not part of the IKEA supply chain but have been included in the survey for purposes of comparison with the IKEA homeworkers and weaving centre workers and also because of the ILO's larger concern with informal workers working from home. The questionnaires were specially designed and went through several revisions after various consultations and pre-tests, translated into Bahasa Indonesia and translated back into English (to check for accuracy).[11] A team of five enumerators were trained by the International Consultant for the research and conducted the field work under the supervision of a National Consultant.

The survey period was from 2 – 18 March 2015; it covered a total of 201 respondents shown in Table 1.1 below. The sub-suppliers and workers in the IKEA supply chain were selected on the basis of information and contacts provided by the two main suppliers.[12] The home-based workers were more difficult to locate, but an attempt was made to spread out the interviews in the different areas of Cirebon and Majalengka covered by the team rather than concentrated in one location.

Table 1.1. The survey sample

Respondents	Male		Female		Total
	Main Supplier Company A	Main Supplier Company B	Main Supplier Company A	Main Supplier Company B	
Sub-suppliers	10	10	-	-	20
Workers in weaving centres	46	29	1	21	97
Homeworkers	3	10	-	40	53
Home-based workers	11		20		31
TOTAL	119		82		201

Four focus group discussions (FGDs) were also conducted. One FGD was with 7 male weaving centre workers from 3 sub-suppliers of Main Supplier Company A. A second FGD was with 5 male and 5 female weaving centre workers from 3 sub-suppliers of Main Supplier Company B. A third FGD was with 8 homeworkers (6 male and 2 female) from 3 sub-suppliers of Company B. A final FGD was with 11 male weaving centre workers of 1 sub-supplier of Company B. One problem encountered with the FGDs was that the participants were not used to participating in an open discussion and expressing their own opinions; often they tended to agree with the view expressed by the previous person and there had to be considerable probing on the part of the facilitator.

The key informants included the IKEA sustainability manager responsible for social and environmental issues for the Southeast Asia trading area, the IKEA sustainability developer based in Indonesia, the IKEA business developer based in Indonesia, and the management teams (the owners, managers and staff responsible for IWAY training) of the two main suppliers. The IKEA representatives and the main suppliers also provided documentation, including a visual mapping of the supply chain, the manual on IWAY Working Method, the PowerPoint presentation used for training suppliers and sub-suppliers in IWAY, and copies of the written contracts with sub-suppliers and workers. However, for business confidentiality reasons, they were not able to able to provide details of costing, pricing and the profit margins for the different tiers of the chain.

11 The four questionnaires in both languages and also the guidelines for the FGDS are available upon request from the ILO/MAMPU Access to Employment and Decent Work for Women Project (Phase 2) and from the author of this report.

12 Despite the efforts to reassure the respondents that the survey was not an audit, the interviewers learned that one of the sub-suppliers had instructed his homeworkers to provide "standard" (not necessarily true) answers to specific questions relating to, for example, wages (to conform to minimum wage), working hours (at least 7 hours per day) and the number of products they make per day.

1.4. Structure of the report

Chapter 2 maps the IKEA supply chain for rattan products. It identifies and describes the various tiers in the chain. It also provides brief profiles of the two main supplier companies in Cirebon. The chapter presents IKEA's code of conduct for all its suppliers (the IWAY Standard) and explains how IKEA has been implementing IWAY. The key questions that the chapter raises are: has the implementation of IWAY provided decent work for sub-contracted/out workers in the supply chain? What more should and can IKEA do? The subsequent chapters of the report attempt to answer these questions.

Chapter 3 analyses the results of the interviews with the twenty sub-suppliers. The chapter describes the production arrangements and employment relationships of these sub-suppliers with, on the one hand, the main suppliers and the IKEA international company itself and, on the other hand, their workers who are either based in small weaving centres or work from home. The analysis distinguishes the group of sub-suppliers working for Main Supplier Company A from the group working for Main Supplier Company B.

The characteristics, employment relationships and labour, health and safety conditions of male and female sub-contracted/out workers in the lowest tiers of the supply chain are described in Chapter 4. The chapter compares the working conditions of weaving centre workers with those of homeworkers; and analyses the different motivations, advantages and disadvantages for women and men to work in a weaving centre or to work from home. Highlights of the information gleaned from the FGDs with the weaving centre workers and homeworkers are also included in the chapter.

Chapter 5 focuses on the home-based workers in the rattan industry who are self-employed or own-account and not part of the IKEA supply chain. The chapter compares their work arrangements and working conditions with those of the sub-contracted workers who are part of the IKEA supply chain. The interesting question is whether those who are self-employed are better or worse off than those working for an employer (IKEA sub-supplier).

The final chapter summarizes the key findings of the research and offers suggestions - not just on how IKEA can promote more strict compliance with IWAY but also, and more importantly, on how IKEA can move from passive compliance auditing to engage more closely with the suppliers, sub-suppliers, workers and wider community to promote decent work and at the same time enhance productivity and competitiveness of business. It highlights the suggestions made by the sub-suppliers and workers themselves and also draws upon the experience and lessons learned from the efforts of other international brands. While the chapter offers recommendations for practical next steps and action points that can be taken by IKEA, the wider hope is that the IKEA case study can contribute to other global efforts to more effectively promote ethical and sustainable, gender-sensitive supply chains and decent work.

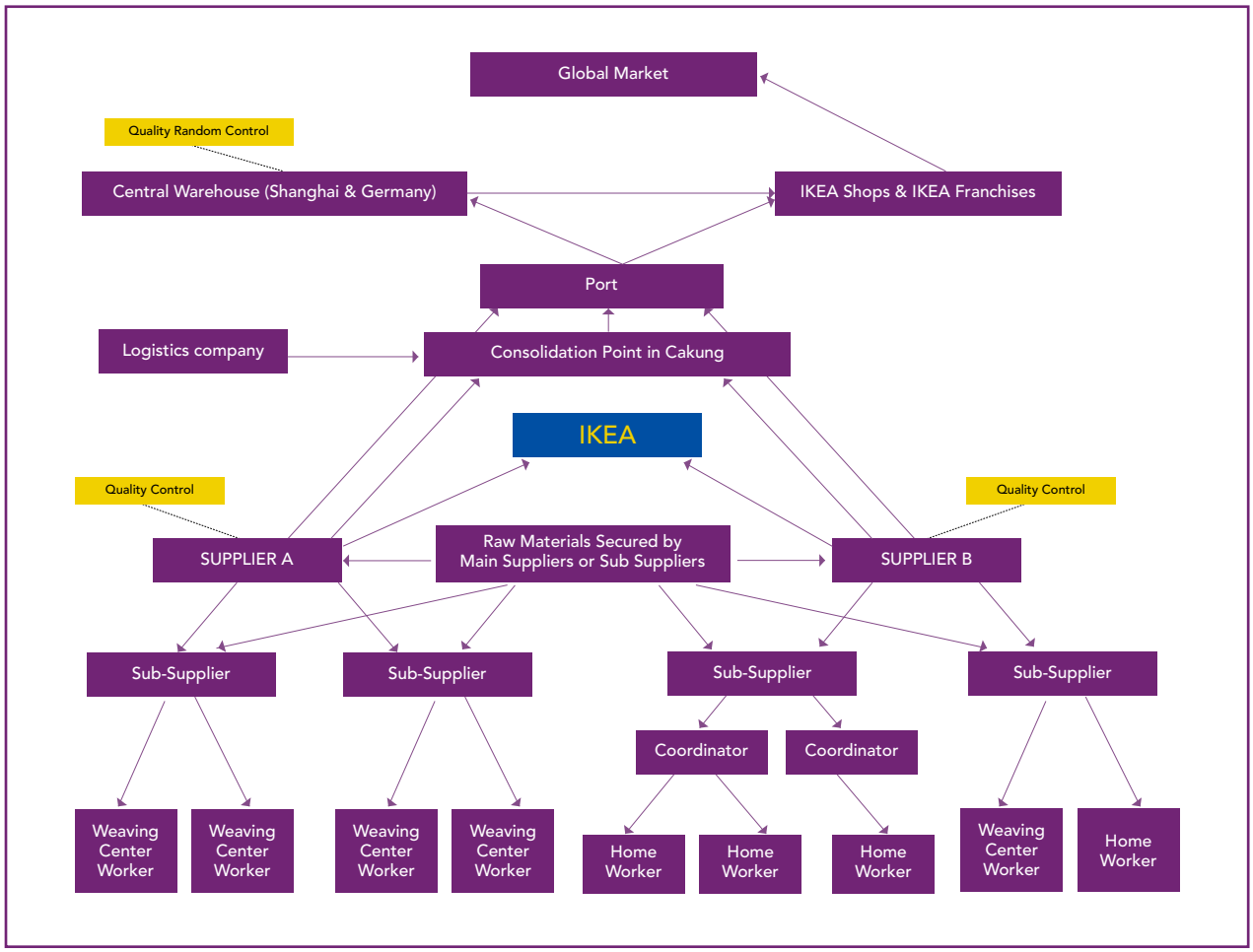
CHAPTER 2

THE IKEA SUPPLY CHAIN AND CODE OF CONDUCT

2.1. Mapping the IKEA rattan supply chain

IKEA has some 1,500 suppliers in 55 countries across the globe producing according to product specifications. The size of the suppliers varies, as does the percentage of total production purchased by IKEA from individual suppliers. IKEA organizes its purchasing according to regional "trading areas" with trading service offices based in different countries. The purchasing of rattan products from Indonesia is under the Trading Area Southeast Asia. A trading service office has a team responsible for each product sourced. The team negotiates prices with suppliers, checks the quality of materials and analyses the environmental impacts that occur through the supply chain and also monitors social and working conditions at suppliers.

Box 2.1. The IKEA rattan supply chain



In Indonesia, IKEA has three main suppliers of rattan products, two based in Cirebon and one in Surabaya. A visual mapping of the supply chain involving the two main suppliers in Cirebon is presented in Box 2.1. The Figure shows the different processes and tiers by which IKEA gets its rattan products from the production stage to the global market. The rattan products are mainly chairs and baskets of different IKEA-specified designs. The photos in Box 2.2 illustrate the different stages of the production process.

Box 2.2. Processes involved in the production of rattan products



The raw materials



Cutting and bending the rattan for chair frames


Splitting the rattan for weaving



Bending the frames for chairs



Weaving the chairs



Making baskets



Ready for collection

The two main supplier companies are responsible for arranging their own supply of raw materials and for getting them to their sub-suppliers. IKEA is not involved in directly supplying rattan raw materials to the suppliers, but it imposes standards on wood raw materials used for its products[13] and it also stipulates that suppliers must observe local legislation governing rattan trading. The production processes include preparing the raw materials (soaking the rattan, cutting the rattan into appropriate lengths and splitting the rattan for weaving purposes), bending the rattan for making the chair frames; assembling the chair frames, and weaving the chair backs and seats, and weaving the baskets.

13 IWAY states that "suppliers may not use wood originating from national parks, nature reserves, intact natural forests or any areas with officially declared high conservation values, unless certified".

Cutting and bending the rattan is heavy work which is normally done by men. Women are involved in assembling of the chair frames and weaving of the chairs and baskets. A worker, man or woman, is normally responsible for one stage of the process, for example, only cutting the rattan or only bending the frames or only weaving baskets. Since the sub-contracted workers in weaving centres and at home do not buy their own raw materials or sell their own finished products and deal only with the sub-supplier who directly outsources work to them they typically do not know the backward or forward links of the supply chain.

The finished products from the weaving centres and homes of the workers are collected and brought to the factories of the two main suppliers where they undergo quality control and then are packed and sent to a collection/ consolidation point in Cakung, which is sub-district of East Jakarta. From there, an IKEA supply planner organizes shipment to IKEA shops around the world or to central warehouses based in Shanghai and Germany. The suppliers do not deal directly with any IKEA store and therefore are normally not aware of who or where the customers of their products are.

Company A[14] has been a supplier for IKEA for about three years; its entire production is solely for IKEA. It has about 30 sub-suppliers (although the numbers vary periodically due to variations in the size of orders) who employ workers based almost entirely in small weaving centres. The company management explained that they selected sub-suppliers who had weaving centres rather than sub-suppliers employing homeworkers because it is easier to monitor compliance with IWAY in the weaving centres rather than in the homes of workers. The total number of workers employed by the sub-suppliers was about 380, most of whom were men.

Company B is much larger in size and operations. It was established in 1994 and started producing for IKEA in 1995. It currently produces a wide range of rattan products not only for IKEA but also for other international and local buyers. The company has 105 sub-suppliers, some 600 workers in weaving centres (500 men and 100 women) and 1,300 homeworkers (1,000 women and 300 men). Box 2.1 shows that the sub-suppliers for Company B use coordinators to deliver the raw materials and collect the finished products from homeworkers. The coordinators are also responsible for recording the total number of finished products collected from each homeworker.

2.2. IWAY: The IKEA code of conduct

Like many other international brands IKEA has been facing increasing external focus (from customers, the media and NGOs) on the conditions under which its products are produced. In 2000, acknowledging the need to relate actively to the environmental and social and working conditions of its suppliers down the chain, IKEA presented the requirements of a code of conduct to all its suppliers around the globe. The code, which is labelled "The IKEA Way on Purchasing Home Furnishing Products" (IWAY), describes minimum requirements for environment and social and working conditions when purchasing products, materials and services.[15] IWAY states that "it has been established in order to make the IKEA position clear to suppliers and their co-workers, as well as any other parties. It is based on the eight core conventions defined in the Fundamental Principles and Rights at Work, ILO Declaration June 1998 and the Rio Declaration on Environment and Development 1992. Further, IKEA recognizes the fundamental principles of human rights as described in the Universal Declaration of Human Rights (United Nations 1948)".

The IWAY Standard spells out start up requirements (IWAY Must) which must be met by potential suppliers prior to entering a business relationship with IKEA. IWAY Must is especially firm on non-use of child labour. It has prescribed procedures for handling and follow-up of child labour violations by suppliers and sub-suppliers. It also sets out procedures to ensure that the special rights of young workers are respected. IWAY also specifies minimum standards concerning environment (air, noise, water and ground); chemicals; hazardous and non-hazardous waste; fire prevention; worker health and safety; housing facilities; wages, benefits, and working hours; child labour; forced and bonded labour; discrimination; freedom of association; and harassment, abuse and disciplinary actions.

14 For confidentiality reasons, the names of the two main supplier companies are not used. But the analysis in the report distinguishes between the two companies so as to take into account differences in their operations and the conditions of their sub-suppliers and workers.

15 See http://www.ikea.com/ms/en_MY/about_ikea/pdf/SCGlobal_IWAYSTDVers4.pdf for the complete code of conduct.

To ensure that the code is not just a paper document, the company has established clear procedures and working methods related to the implementation of IWAY.[16] The IWAY Working Method covers not just the main suppliers but also has detailed rules for sub-suppliers. For example, the main suppliers must register their sub-suppliers and are responsible for verifying that they comply with IWAY Must. Such verification is especially important for "critical sub-suppliers". Sub-suppliers are defined as critical "if processes performed are considered to be potentially highly harmful to the environment, health or safety of the workers, or are in an industry or supply setup that is prone to child labour or forced and bonded labour". Sub-suppliers can also be defined as "critical" if they are making products that are easily identifiable as "IKEA products". IKEA also recently stipulated that sub-suppliers cannot further sub-contract the purchase order to another sub-supplier (and, thereby, add yet another tier to the chain).

The Working Method manual has also set out detailed procedures for employing workers in weaving centres and homeworkers who are defined as "workers that are contracted to work outside a production unit or weaving centre set-ups, primarily in their homes or equivalent". The Working Method clearly states that "weaving centre set-ups must be approved by the Global Purchasing Manager and Sustainability Manager Purchasing" and specifies that the IWAY scope to be part of the approval proposal as "starting point is full IWAY". The Working Method also emphasizes that home-based work is "not acceptable without IKEA specific approval" – the approval is to be based on compliance with requirements regarding child labour, forced and bonded labour, wages and safe working environment. Specific guidelines on wages and working hours are provided: "Piece rates are acceptable but must correspond to legal minimum wages in production for IKEA. When working with piece rates payments, productivity must be: measured and set by the supplier; verified by IKEA; be based on the majority of the workforce performance; clearly communicated to the worker by written contract; be set to meet or exceed legal minimum wage for a full-time position; and overtime calculations must comply with IWAY requirements".

2.3. Implementation of IWAY

The process of implementation of the IKEA Working Methods related to IWAY is shown in Table 2.1. Firstly, IKEA tries to ensure that all potential suppliers are thoroughly informed about its CSR-related requirements. The selection criteria for potential suppliers place emphasis on the entry-level requirements regarding social, working and environmental conditions. Once a supplier has been chosen, an on-site audit of the supplier is conducted before the first delivery. An audit typically takes one or two days and is conducted using a very detailed checklist. Apart from the IWAY audits of the main suppliers, audits are also conducted at weaving centres and villages where production for IKEA takes place. These audits are carried out mainly by the IKEA suppliers (who have already been trained by IKEA), by IKEA auditors and also by third party auditors (in Indonesia, a company Intertek) appointed by IKEA. The audits are conducted on an annual basis. The auditors talk to selected employees and management representatives, check relevant documents such as employment contracts and pay slips and make observations on conditions in the workplace. Issues that need to be improved are noted in the audit report.

Since IKEA has a strategy of engaging in long-term relationships with its suppliers, it does not break off relations due to non-compliance with IWAY issues as long as the suppliers show a willingness to improve their conditions. For all the issues on the audit checklist with which the suppliers fail to comply, IKEA requires that the suppliers prepare a written action plan detailing how the non-compliance issues will be rectified. Implementation of the corrective plan must not be longer than 90 days from the date of audit. IKEA's purchasing teams follow up on whether and to what extent the suppliers complete the necessary corrective actions and they help the suppliers to implement the actions.

IKEA also places emphasis on training to raise awareness and appreciation of the issues in IWAY. "Just as knowledge and encouragement is important for IKEA's employees, a sufficient level of knowledge and understanding is also a prerequisite for the suppliers' ability to implement, maintain and continuously improve the IWAY standards. Therefore, IKEA offers formal training to suppliers in order to improve their understanding of the way IKEA conducts its business, including its emphasis on environmental and social

16 IKEA. 2014. IWAY Working Method for Purchasing Home Furnishing Products and Components (edition 6.1).

issues. In addition, the purchasing teams also offer more informal social and environmental training during their continuous visits".[17] Table 2.2 provides examples of the information imparted in PowerPoint slides used for face-to-face training of sub-suppliers in IWAY.

Table 2.1. The IWAY process summary

Steps	What?	Who?	When?
1.	Communication of IWAY related documents	IKEA	Before business contract is signed
2.	Initial IWAY assessment	IKEA	Before business contract is signed
3.	Fulfilment of IWAY Must	Supplier	Before business contract is signed
4.	Implementation of all IWAY standards requirements	Supplier	As agreed with IKEA, but not longer than 12 months from the first delivery
5.	IWAY approval audit	IKEA	Latest 9 months after first delivery to secure that corrective action can still be implemented before implementation deadline is reached
6.	IWAY audit report	IKEA	Within maximum 5 working days from the audit date
7.	Corrective action plan	Supplier	Within maximum 14 calendar days from the date the audit report is received
8.	Implementation of corrective actions	Supplier	As agreed with IKEA. No longer than 90 days from date of audit
9.	Verification of corrective actions	IKEA	Method of verification is decided by IKEA auditor
10.	IWAY maintenance	Supplier IKEA	Continuously during cooperation with IKEA Monitoring and support
11.	Re-audit	IKEA	As agreed – not less frequent than every 24 months (12 months in Asia)

Source: IKEA. 2014. IWAY Working Method for Purchasing Home Furnishing Products and Components (edition 6.1), p.19.

17 Anderson, M. and T. Skjoett-Larsen. 2009. "Corporate social responsibility in global supply chains", Supply Chain Management: An International Journal, Vol14, No.2, p.81.

Table 2.2. Information on working conditions for training of suppliers and sub-suppliers in IWAY

Recruitment, Working Hours, Wages and Benefits **What are we looking for**
1. Labour inspection reports are acted upon within specified timeframe
2. If employment agencies are used, entire process can be described to IKEA
3. All workers have employment contracts with specified minimum data, In case of contract termination there are no wage deductions
4. Payrolls and attendance records for each worker are kept for at least 24 months
5. Not more than 60 work hours per week, including overtime. Overtime is voluntary
6. Workers have at least one day off in a week
7. Wages - Paid on time, at least monthly - Deductions do not exceed 20 per cent and do not result in less than minimum wage (excluding legally mandatory deductions) - Detailed pay slips are provided at the end of each pay period
8. Workers have days off according to legislation, local traditions and standards
9. There is appropriate time for meals and breaks
10. Workers are provided with legal benefits to which they are entitled
11. Compliance to related legal requirements
Child labour and young workers **What are we looking for**
1 -4. Documented routines for prevention of child labour and response to child labour at supplier and sub-supplier
5. Young workers are employed according to legal requirements, and the type of work is not jeopardizing their health, safety or morals
Worker health and safety **What are we looking for**
1. Workplace risk assessment is performed and actions to reduce risks are taken.
2. Incidents and accidents are acted upon, corrective/preventive action plan is documented and followed up
3. All workers have introductory and regular H&S training
4. Machinery in factory is safe to use
5. All safety/warning signs are clearly visible
6. Safe working routines are in place
7. Occupational hazards are acted upon and minimized
8. Personal protective equipment is free of charge, marked, available and used
9. First aid equipment is unlocked, marked, regularly inspected and available to all workers
10. First aid trained persons are available at all times and are easily recognized by workers
11. Good workplace and ergonomic conditions are provided and monitored
12. Drinking water is available free of charge
13. Good housekeeping is implemented
14. Areas for workers to rest and eat during breaks are provided and maintained
15. Alcohol and drug policy is communicated and recognized by all employees
16. Compliance to related legal requirements

Workers involvement What are we looking for	
1.	Workers are involved in improvement of IWAY related issues in the workplace. Actions are documented and available for all workers.
2.	Routines describing how to bring up issues and complaints is in place. Routines are well known to workers and include all on-site personnel.
3.	Supplier respects the right of workers to join, form or not join an association of their choice, without any repercussions
4.	Collective bargaining is free to exercise without any repercussions
5.	Compliance to related legal requirements
Discrimination **What are we looking for**	
1.	Policy and routines for preventive and corrective actions related to discrimination are in place
2.	There is no discrimination with regards to workers on any basis. All workers, including contracted and sub-contracted workers have equal rights and social benefits
3.	Compliance to related legal requirements

Source: IKEA IWAY Standard Training PowerPoint slides

CHAPTER 3

SUB-SUPPLIERS IN THE RATTAN SUPPLY CHAIN

3.1. Characteristics of the sub-suppliers

The information in this chapter is based on interviews conducted with 20 sub-suppliers, 10 each from the two main IKEA suppliers of rattan products in Cirebon. All the sub-suppliers are male and, as shown in Table 3.1 most are between the ages of 35-55 years, their median age is 42.5 years. They have completed at least primary education but not above senior high school level and all can read and write. Three out of the 20 sub-suppliers are members of savings groups while another four belong to religious (Koran reading) organizations. But more than half the sub-suppliers do not belong to any organization. The most common reasons given for not being members of any organization are that they are already very busy and want to focus on their work or that there are no appropriate organizations in their area that they are interested in joining.

Table 3.1. Demographic characteristics of sub-suppliers

Characteristic	Sub-suppliers			
	Company A	Company B	Total	%
Age:				
25-29 years	1	0	1	5.0
30-34	2	0	2	10.0
35-39	1	2	3	15.0
40-44	1	4	5	25.0
45-49	2	2	4	20.0
50-54	2	1	3	15.0
55-59	0	1	1	5.0
60 and above	1	0	1	5.0
Total	10	10	20	100%
Education:				
Incomplete primary	0	1	1	5.0
Primary	6	3	9	45.0
Junior high school	3	4	7	35.0
Senior high school	1	2	3	15.0
Total	10	10	20	100.0%

Three-quarters of the sub-suppliers first started working when they were less than 20 years of age. In fact, 3 started when they were less than 15 years old, as shown in Table 3.2. Half of the respondents have been sub-suppliers for less than 5 years but another 30 per cent have at least 15 years of experience as sub-suppliers, though not all these years were for IKEA (Table 3.3). Before becoming sub-suppliers, 60 per cent worked as sub-contract workers in weaving centres; most of the others were also involved in the rattan industry (as a self-employed weaver selling products in the local market, weaver in a rattan factory or working on preparing the rattan as raw material) (Table 3.4). Only two out of the 20 respondents had jobs not related to the rattan industry – one was a construction worker and the other a trader.

Table 3.2. Age sub-suppliers first started working

Age	Sub-suppliers			
	Company A	Company B	Total	%
Below 15 yrs.	3	0	3	15.0
15-19 yrs.	6	6	12	60.0
20-24	0	4	4	20.0
25-29	1	0	1	5.0
Total	10	10	20	100.0%

Table 3.3. Years worked as sub-supplier

Years worked	Sub-suppliers			
	Company A	Company B	Total	%
Less than 1 yr.	0	1	1	5.0
1-4 yrs.	6	3	9	45.0
5-9	0	1	1	5.0
10-15	2	1	3	15.0
16-20	0	3	3	15.0
More than 20	2	1	3	15.0
Total	10	10	20	100.0%

Table 3.4. Previous job before becoming sub-supplier for IKEA

Previous job	Sub-suppliers			
	Company A	Company B	Total	%
Sub-contract weaver at home	1	0	1	5.0
Sub-contract weaver at centre	6	6	12	60.0
Other	3	4	7	35.0
Total	10	10	20	100.0%

Table 3.5. Loan source and loan repayments of sub-suppliers

Loans	Sub-suppliers			
	Company A	Company B	Total	%
Source of loans:				
Bank	4	1	5	25.0
Main supplier	2	2	4	20.0
Family members	1	1	2	10.0
More than one source	0	2	2	10.0
No loan taken	3	4	7	35.0
Total	10	10	20	100.0%
Loan repayments:				
Still repaying	5	5	10	77.0
Finished repaying	2	1	3	23.0
Total with loans	7	6	13	100.0%

Two-thirds of the sub-suppliers have taken loans for their business. The main source of loans is a bank, but 4 of the sub-suppliers have obtained loans from their main suppliers (Table 3.5). The loans are used for a number of purposes, including building a weaving centre, purchasing equipment or materials and hiring workers. Three-quarters of those with loans are still paying off the loans.

Only two out of all the sub-suppliers interviewed are registered as businesses. The most common reason given for their informal status is that their operations are small with below 10 workers; several of the sub-suppliers describe their operations as *"industri rumahan, bukan pabrik"* (home industry, not factory) and explain that there is no legal requirement to register ("Only the main supplier company needs to register"). They only need a permit from the village office to operate. Some feel that their work orders are either too small or uncertain to justify the costs (which they describe as "very expensive") and requirements of business registration (they claim they may have to pay tax if registered). A few mentioned that they do not know how to go about registering as a business. The replies given by the sub-suppliers indicate that they lack knowledge about registration. The legal regulation in Indonesia[18] in fact states that the licence for micro and small business can be obtained free of charge from the head of the village or local government and is intended to protect such businesses and give them access to certain benefits and support. But the regulation does not stipulate that micro and small enterprises must register as a business – meaning that while most of the sub-suppliers are not registered they are not operating illegally (IKEA has a policy of not working with illegal entities).

Table 3.6. Types of rattan products produced by sub-suppliers

Types of rattan products	Sub-suppliers			
	Company A	Company B	Total	%
Baskets	3	3	6	30.0
Chairs	4	1	5	25.0
Other (frames, drawers, boxes)	0	4	4	20.0
More than one type	3	2	5	25.0
Total	10	10	20	100.0%

18 Presidential Decree No.98 2014

Table 3.7. Other income earning activities and monthly income earned by sub-suppliers

	Sub-suppliers			
	Company A	Company B	Total	%
Secondary job:				
Yes	3	5	8	40.0
No	7	5	12	60.0
Total	10	10	20	100.0%
Monthly income IDR:				
1.2 million or less	1	1	2	25.0
2.0 – 5.0 million	1	0	1	13.0
5.0 – 9.0	0	4	4	50.0
No answer	1	-	1	13.0
Total	3	5	8	100.0%

Table 3.6 shows the types of rattan products produced by the sub-suppliers. Some are involved only in producing only one type of rattan product but others make different products. Besides producing rattan products, 8 out of the 20 sub-suppliers have other income earning activities with monthly earnings ranging from less than 1.2 million IDR (US$92)[19] to 9 million IDR (US$692) (Table 3.7). Three of the sub-suppliers have secondary jobs in agriculture (farming padi and growing bamboo) while the others have income earning activities ranging from a shop selling electrical goods, transporting goods, producing red bricks, to running a boarding house for students and workers.

3.2. The supply chain linkages

3.2.1. Sub-supplier contracts with main supplier

Table 3.8 shows that all the sub-suppliers have written contracts with a main supplier company. The majority are contracted exclusively to one or the other main supplier. But 4 sub-suppliers reported that they have written contracts with 2 or 3 companies to which they supply products. The sub-suppliers for Company B are more likely to have been approached by the company. But about a third of all the sub-suppliers received contracts by approaching the company themselves. In negotiating their contracts, 70 per cent bargained with the companies while the remainder accepted the contract as given to them. Only 2 of the sub-suppliers for Company A are not aware of where the company is taking orders from; all the other sub-suppliers know that their main contractor is receiving orders from an international firm.

Table 3.8. Contract of sub-suppliers with main suppliers

	Sub-suppliers			
	Company A	Company B	Total	%
Type of contract:				
Written contract from one firm	7	9	16	80.0
Written contracts from more than one firm	3	1	4	20.0
Manner of obtaining contract:				
Personally approached firm	4	3	7	35.0

19 Rate of exchange: 1 IDR = 0.0000769US$

	Sub-suppliers			
	Company A	Company B	Total	%
Firm approached respondent	4	6	10	50.0
Introduced	1	1	2	10.0
Other	1	0	1	5.0
Contract negotiation:				
Respondent bargained	8	6	14	70.0
Accepted without bargaining	2	4	6	30.0

Table 3.9 lists the items specified in the written contract that the sub-suppliers have with the main supplier. It is clear that the contracts given out by both main supplier companies deal primarily with the work order of products to be supplied but are less likely to cover items dealing with the employment relationship between the sub-suppliers and their workers. For example, only 45 per cent of the contracts of all sub-suppliers specify the rate of payment for workers, with Main Supplier Company A half as likely as Main Supplier Company B to include the item in its contract with sub-suppliers. On the other hand, Company A was much more likely than Company B to include the provision of health insurance and accident insurance in its contract with sub-suppliers. In terms of responsibilities, most of the contracts do not cover the training of workers, the supply of equipment or the cost of utilities. The sub-suppliers were also asked whether they had ever discussed the listed items with the main supplier. Table 3.9 indicates that even when the items were not specified in their contracts, the sub-suppliers are not likely to have discussed them with the main supplier.

Table 3.9. Items specified/discussed in contract between sub-supplier and main supplier

Contracts	Sub-suppliers			
	Company A	Company B	Total	%
Items specified in contract:				
Design of product	9	10	19	95.0
Number of pieces	10	10	20	100.0
Delivery schedule	7	9	16	80.0
Payment per piece	8	9	17	85.0
Responsibility for faulty/rejected products	10	6	16	80.0
Responsibility for supplying raw materials	9	3	12	60.0
Responsibility for supplying equipment	2	1	3	15.0
Responsibility for cost of utilities	2	0	2	10.0
Responsibility for contracting workers	6	0	6	30.0
Responsibility for training of workers	0	2	2	10.0
Location where work is conducted	4	1	5	25.0
Rate of payment for workers	3	6	9	45.0
Provision of health insurance	4	0	4	20.0
Provision of accident insurance	7	1	8	40.0
Items discussed with Main Supplier:				
Design of product	3	6	9	45.0
Number of pieces	3	6	9	45.0
Delivery schedule	3	5	8	40.0

Contracts	Sub-suppliers			
	Company A	Company B	Total	%
Payment per piece	2	6	8	40.0
Responsibility for faulty/rejected products	4	5	9	45.0
Responsibility for supplying raw materials	3	3	6	30.0
Responsibility for supplying equipment	0	2	2	10.0
Responsibility for cost of utilities	2	0	2	10.0
Responsibility for contracting workers	6	0	6	30.0
Responsibility for training of workers	0	2	2	10.0
Location where work is conducted	1	1	2	10.0
Rate of payment for workers	1	4	5	25.0
Provision of health insurance	1	1	2	10.0
Provision of accident insurance	4	2	6	30.0

3.2.2. Operations of the sub-suppliers

All except two of the sub-suppliers own their weaving centres. Most set up the weaving centres using their own sources of funding (own funds, loans from family, friends or banks). Only 3 sub-suppliers had received loans from the main supplier (one from Company A, and two from Company B). Table 3.10 shows the main reasons for setting up the weaving centres. The weaving centres are basic open workspace structures with thatched or corrugated iron roofs and cement floors but with limited storage space for raw materials or finished products as shown in Box 3.1.

Table 3.10. Main reasons for sub-suppliers to set up weaving centres

Main reason	Sub-suppliers			
	Company A	Company B	Total	%
Main supplier prefers to give orders to weaving centre	1	3	4	20.0
Better storage and control of raw materials	2	4	6	30.0
Easier to hire workers	2	1	3	15.0
Easier to control quality of products	2	1	3	15.0
To increase production	2	0	2	10.0
Does not own weaving centre	1	1	2	10.0
Total	10	10	20	100.0%

Box 3.1. The weaving centres






The sub-suppliers obtain their supply of raw materials in a number of ways, as shown in Table 3.11. But what is clear is that they are mainly dependent on the main supplier for the rattan for production (although 5 sub-suppliers mentioned that in addition to getting supplies from the main supplier they also purchase rattan). Only 4 out of the 20 sub-suppliers do not depend on the main supplier but instead purchase all their own materials. The table also indicates that they supply the finished products exclusively to the main supplier company/companies with which they have written contracts; only one sub-supplier mentioned selling part of his products to individual buyers. But Table 3.12 indicates that almost half of the sub-suppliers do not know the final market for their products; the rest are aware that their products are going to the international market and are not sold locally. Almost all do not know the final sale price for their products. One sub-supplier did, however, mention that he had found information on the internet and has an idea of the final sale price of his product.

The sub-suppliers maintain contacts with other sub-suppliers, especially those working for the same main supplier company, as shown in Table 3.13. The most common meeting points/occasions are when they go to the office of the main supplier every week to collect their payments and are able to share and exchange information.

Table 3.11. How sub-suppliers obtain raw materials and dispose of finished products

	Sub-suppliers			
	Company A	Company B	Total	%
Supply of raw materials:				
Main supplier delivers	4	2	6	30.0
Collect from main supplier	1	4	5	25.0
Purchase own materials	2	2	4	20.0
From main supplier and also purchase	3	2	5	25.0
Total	10	10	20	100.0%
Disposal of products:				
Supply all to main supplier	8	10	18	90.0
Supply to more than one main supplier	1	0	1	5.0
Sell part to individual buyers	0	1	1	5.0
Total	10	10	20	100.0%

Table 3.12. Sub-suppliers' knowledge of where products are sold and sale price of products

	Sub-suppliers			
	Company A	Company B	Total	%
Knowledge of where products are sold:				
International market	6	5	11	55.0
Do not know	4	5	9	45.0
Total	10	10	20	100.0%
Knowledge of sale price:				
Know	1	0	1	5.0
Do not know	9	9	18	90.0
Not sure	0	1	1	5.0
Total	10	10	20	100.0%

Table 3.13. Exchange of information by sub-suppliers with other sub-suppliers

Exchange of information	Sub-suppliers			
	Company A	Company B	Total	%
Regularly	3	3	6	30.0
Sometimes	6	7	13	65.0
Never	1	0	1	5.0
Total	10	10	20	100.0%

The sub-suppliers for Company B are twice as likely as those for Company A to report that they have regular work orders throughout the year (Table 3.14). Three of the sub-suppliers for Company A reported that they have more orders seasonally while another 3 reported that they have less orders seasonally. The main reasons given for irregular work orders are linked to the amount of stocks held in the factories of the main suppliers; the companies slow down or stop orders when there are a lot of stocks in the factory and increase

orders when stocks run low or when they receive increased orders from IKEA. However, two of the sub-suppliers indicated that they did not know the reasons for receiving increased seasonal orders from their main suppliers. Those who experience seasonal low work orders reported that they adjust by taking orders from other contractors or buyers. It is worth noting that no sub-supplier reported retrenching workers during seasonal low work orders.

Table 3.15 reveals that only 10 per cent of the sub-suppliers were unwilling to take on extra work orders; one sub-supplier explained that he does not have enough workers and another that he already feels pressured to complete his current work orders. Two-thirds indicated that they were ready to take on extra work orders if available while the remainder said that it would depend on the willingness and ability of their workers and also if the price is attractive.

Table 3.14. Regularity of work orders for sub-suppliers

Work orders	Sub-suppliers			
	Company A	Company B	Total	%
Regular throughout the year	4	8	12	60.0
More orders – seasonal	3	1	4	20.0
Less orders – seasonal	3	1	4	20.0
Total	10	10	20	100.0%

Table 3.15. Whether sub-suppliers are willing to take on extra work orders

Extra work hours	Sub-suppliers			
	Company A	Company B	Total	%
Yes, for sure	7	6	13	65.0
Depends	2	3	5	25.0
No	1	1	2	10.0
Total	10	10	20	100.0%

3.2.3. Payments received by sub-suppliers

Table 3.16 highlights the variation in piece rates for the different kinds of rattan products produced by the sub-suppliers. There is considerably less variation in the piece rates reported by the sub-suppliers for Company A, most likely because they produce a smaller range of similar products (chairs and baskets of the same designs). But the sub-suppliers for Company B produce many more designs of rattan products and therefore reported a much greater range in the piece rates. For example, the payment per piece from Company B for chairs range from 24,000 IDR (US$1.86) to 192,000 IDR (US$14.9) and for baskets from 4,250 IDR (US$0.33) to 34,200 IDR (US$2.63).

Almost all the sub-suppliers for Company B are paid on a weekly basis but 4 out of the 10 sub-suppliers for Company A are paid only upon completion of a work order. Table 3.17 shows that the total monthly income of the sub-suppliers varies by the type and range of products that they produce. Sixty per cent earn between 2.0 to 5.0 million IDR (US$154 to US$385) and another quarter of the respondents earn just above the monthly regional minimum wage (1.2 million IDR/ US$92).[20]

20 http://www.wageindicator.org/main/salary/minimum-wage/indonesia

Table 3.16. Payment per piece received by sub-suppliers by type of product

Product	Payment per piece IDR	Sub-suppliers receiving payment
Main Supplier Company A:		
Chairs	125,000	4
Chairs	71,000 – 71,500	2
Baskets	13,500	2
Baskets	14,000 -14,500	3
Baskets	21,000	4
Baskets	23,000	3
Basket	25,500	1
Main Supplier Company B:		
Chairs	24,000 – 25,000	2
Chairs	70,000	1
Chairs	119,000	1
Chairs	183,000 -192,000	1
Baskets	4,250 -4,500	2
Baskets	14,000 -15,500	3
Baskets	22,000 – 25,000	2
Baskets	34,200	1
Drawer frames	7,200	1
Shelves	27,000	1
Box frames	53,250	1
Boxes	170,250	1

Table 3.17. Total monthly income of sub-suppliers from weaving

Income range IDR million	Sub-suppliers for Company A				Sub-suppliers for Company B				Total	%
	Chairs	Baskets	Others	Mixed	Chairs	Baskets	Others	Mixed		
1.2 – 2.0	1	3	0	1	0	0	0	0	5	25.0
2.0 – 5.0	2	0	0	2	1	3	2	2	12	60.0
5.0 – 9.0	1	0	0	0	0	0	1	0	2	10.0
20.0 and above	0	0	0	0	0	0	1	0	1	5.0
Total	4	3	0	3	1	3	4	2	20	100.0%

3.2.4. Supply chain problems faced by sub-suppliers

The sub-suppliers identified a number of problems related to their work in the rattan supply chain. In Table 3.18, the most common problems are financial; the sub-suppliers are concerned about rising costs and low profits related to the low rate of payment for their products and also their inability to bargain with the main supplier - more sub-suppliers for the smaller main supplier company (Company A) identified these problems than the sub-suppliers for Company B.

Furthermore, delayed payments and problems related to irregular orders, cancelled orders and insufficient orders also appear to be more common for the Company A sub-suppliers than for the Company B sub-suppliers. Three of the sub-suppliers also mentioned problems related to the poor quality of the rattan

raw materials, for example rattan that has not been properly soaked and dried affects the production of chair frames. One sub-supplier mentioned the lack of health insurance. Table 3.19 highlights the most serious problem faced by the sub-suppliers as rising costs and low profits. The table also shows that delayed payments are a serious problem for the sub-suppliers of Company A.

The sub-suppliers were asked to list all the types of assistance they had received to address the problems identified in Tables 3.18 and 3.19. Only 7 out of the 20 respondents indicated that they had received any kind of assistance. Two sub-suppliers reported that they had received assistance from Company B – one sub-supplier who is related to one of the owners of the company reported that the Company, at a time when the cost of raw materials had risen, had adjusted the price of the raw materials for the sub-supplier who was then able to obtain the rattan more cheaply than the going market rate. Another sub-supplier indicated that Company B was open to discussions and offered assistance to raise the wages of his workers. One person explained that he had been able to arrange with the main supplier to speed up payments and avoid delays. Two others mentioned that they had discussed the problems with other sub-suppliers and together they had tried to negotiate with the companies.

Table 3.18. Supply chain problems faced by sub-suppliers

Problems	Sub-suppliers		
	Company A	Company B	Total
Irregular orders	5	1	6
Cancellation of orders	2	0	2
Insufficient orders	5	3	8
Low rate of payment for products	9	4	13
Delayed payments	8	1	9
Rejected products	4	6	10
Pressure of time of complete orders	4	3	7
Not able to bargain with main supplier	7	4	11
Rising costs, so low profits	10	7	17
Other	2	2	4

Table 3.19. Most serious problem faced by sub-suppliers

Problems	Sub-suppliers			
	Company A	Company B	Total	%
Irregular orders	1	0	1	5.0
Cancellation of orders	0	0	0	0.0
Insufficient orders	0	0	0	0.0
Low rate of payment for products	0	1	1	5.0
Delayed payments	3	0	3	15.0
Rejected products	0	1	1	5.0
Pressure of time of complete orders	0	1	1	5.0
Not able to bargain with main supplier	1	1	2	10.0
Rising costs, so low profits	3	4	7	35.0
Other	2	1	3	15.0
No most serious problem	0	1	1	5.0
Total	10	10	20	100.0%

The sub-suppliers had a range of suggestions for overcoming their supply chain problems, as listed in Table 3.20. The largest number of suggestions relates to increasing the piece rate payments. As suggested by one sub-supplier, "Supaya IKEA menaikkan harga untuk kontractor jadi nanti kontractor dapat menaikkan harga untuk sub-supplier dan sub-supplier dapat menaikkan upah pengayam (Hope IKEA can increase the price it pays the main suppliers so that the main suppliers can increase the payment to sub-suppliers and the sub-suppliers can increase wages for the weavers)". The sub-suppliers emphasized not just the level of payments but also the regularity of payments – that payments should be on time and that the companies should not use any kind of instalment scheme to pay them. Another sub-supplier indicated that paying the minimum wage would enhance the willingness of workers to work and also make it easier for the sub-suppliers to hire workers. Several of the sub-suppliers had suggestions related to the quality of raw materials and stressed that it is important that the companies do not supply them wet rattan which affects production. Another sub-supplier suggested that the company should provide financial assistance to improve the weaving centres as the lack of storage space affects both the raw materials and the finished products. A couple of the sub-suppliers focused on the regularity of work orders and also a fair distribution of work orders to all sub-suppliers. Several of the sub-suppliers stressed the importance of discussions and negotiations with the main suppliers to find "win-win" solutions. There were also suggestions addressed to the government and to banks. The suggestion relating to the export of rattan raw materials indicates awareness of the wider industry situation.

Table 3.20. Suggestions from sub-suppliers for overcoming their supply chain problems

▪ Increase the piece rate, especially since the cost of raw materials and electricity has been going up
▪ Pay workers at least the regional minimum wage
▪ Pay immediately upon products delivery, ensure smooth and speedy payments, do not pay in instalments
▪ Pay attention to the welfare of workers
▪ Ensure fairer distribution of work orders to all sub-suppliers
▪ Ensure regular work orders
▪ Ensure the quality of raw materials; the companies should send only dry rattan as wet rattan affects the quality of products
▪ Provide assistance to sub-suppliers to improve their workplaces
▪ Facilitate negotiations so that the sub-suppliers together can discuss with the companies to find "win-win" solutions
▪ The government should stop the export of rattan raw materials and promote production of rattan finished products within the country
▪ Banks should not raise the interest rate
▪ Government officials, such as those responsible for the BPJS, should not "look down on their clients"

3.3. Knowledge and practice of IWAY and legal requirements

The IWAY Working Method described in the previous Chapter (Section 2.2) has been adapted and simplified by the main IKEA rattan suppliers and translated into Bahasa Indonesia for communication to their sub-suppliers. As shown in Appendix 1, the document has useful illustrations which can be easily understood even by those with low levels of education. An abbreviated translation of the IWAY Standard as communicated by the main suppliers to their sub-suppliers is shown in Table 3.21. This version of IWAY distinguishes between sub-suppliers who gather their workers in a "cluster" in a fixed place (the weaving centres) and those sub-suppliers who hire homeworkers. A sub-supplier in the "cluster" category must fulfil all points of the code, whereas those hiring homeworkers need observe only some of the points. An item that should be highlighted is that homeworkers are not covered by accident insurance under the requirement currently set out by the main suppliers.

Box 3.2. IWAY at the weaving centres

Box 3.3. Working conditions in the weaving centres

Table 3.21. IWAY requirements for weaving centre workers and homeworkers (as communicated by main suppliers to their sub-suppliers in the IKEA rattan supply chain)

IWAY Must	Sub-suppliers must apply code for	
	Weaving centre workers	Home-workers
A1. No child labour below 16 years of age	X	X
Must register all workers with proof of age	X	X
A2. No forced or bonded labour,	X	X
Must have proof through written contract	X	-
A3. Ethical business – no bribes, no corruption	X	-
A4. The living environment must be free of serious pollution	X	-
Waste materials from the production must be recorded before disposal	X	-
A5. Must ensure a safe and healthy work environment to avoid accidents and disease.	X	-
A6. Working Time – must not be more than 10 hours a day and 58 hours in a week	X	-
One off day a week	X	-
A7. Wages – must be above the minimum wage for those working full 40 hours a week	X	X
Must provide proof that the wage has been directly received by the worker	X	X
A8. Accident insurance – must register all workers according to the law	X	-

Source: see Appendix 1.

Table 3.22. Sub-suppliers' knowledge and practice of IWAY

Knowledge of IWAY	Practice of IWAY
Children should not be brought to the workplace, no bonded labour, 17 years is the minimum age for workers, first aid kit should be provided so that workers who are injured can be treated onsite	First aid kit provided so that workers who are injured can be treated on-site
Cleanliness of the environment and also of all equipment	Fire extinguisher and first aid kit provided, no child labour, there is a procedure for evacuation
Clean working environment	Provision of enough space for workers to work, children should not be brought to the workplace, no bonded labour, 17 years is the minimum age for workers, first aid kit provided
All aspects related to the welfare of workers, cleanliness of the working environment and safety of workers	Trying to practice but having difficulties
Cleanliness of the working environment, workers should have health insurance	BPJS (accident insurance and health insurance) are provided
Occupational health and safety (OHS), no child labour, insurance, fire extinguisher, cleanliness	Cleanliness and safety
Safety at work	BPJS has been provided but not yet for all workers
Safety at work, clean working environment, proper storage of raw materials	BPJS provided but only for five workers
Safety at work, wages and use of ear plugs	Provision of first aid kit for workers
No child labour, no bonded labour, minimum wages, fire extinguisher, employment insurance	Provision of first aid kit and fire extinguisher, maintaining cleanliness of workplace
Asking the worker to record work hours, pieces made, etc.	Provision of first aid kit, warning the workers to use masks and goggles when working and cleaning the workplace upon completing their work
First aid kit, no child labour and fire risk prevention	OHS, no child labour, room cleanliness, evacuation procedure in the event of earthquake
All regulations at the workplace including cleanliness, no workers under 17 years, evacuation procedure	Difficult to maintain cleanliness of workplace, use steam to clean all the equipment
No child labour, no children to be brought to the weaving centre, standards for the weaving centre equipment	No child labour, cleanliness of the workplace
Health insurance programme, no child labour	Fire alarm, fire extinguisher, first aid kit, health insurance for workers, no child labour
No children in the weaving centre, no overtime until late at night, workplace regulations, processing garbage for fertilizers	No child labour, no bonded labour, fire extinguisher, minimum wage, accident insurance
Safety of workers, provision of BPJS	No child labour
No child labour	No child labour, no smoking sign, first aid kit
No child labour, fire extinguisher, no children at the weaving centre, quality of the products	Maintaining the weaving centre facilities and working environment according to standards, no children at the weaving centre

Table 3.23. Audits conducted on sub-suppliers

Audits	Sub-suppliers			
	Company A	Company B	Total	%
By main supplier	2	2	4	20.0
By IKEA representative	5	8	13	65.0
By both main supplier and IKEA	1	0	1	5.0
Never been audited	2	0	2	10.0
Total	10	10	20	100.0%

Table 3.24. List of laws and regulations that sub-suppliers have knowledge of

▪ Minimum age for children to work
▪ No child labour
▪ Young children cannot be brought to the place of work
▪ Regional minimum wage legislation
▪ Safety and health of workers
▪ Workers must have accident insurance
▪ Prohibition of export of rattan raw materials, only export of finished rattan products

Table 3.25. Sub-suppliers' knowledge of the minimum wage

Knowledge of minimum wage	Sub-suppliers			
	Company A	Company B	Total	%
Know	7	7	14	70.0
Do not know	2	2	4	20.0
Not sure	1	1	2	10.0
Total	10	10	20	100.0%

All but 2 of the sub-suppliers (of Company A) claimed that they had been trained in the IKEA code of conduct (IWAY). Common sights in the weaving centres covered in the survey were a printed copy of the IWAY displayed on a wall and signs prohibiting the use of child labour and the presence of children in the weaving centres (though not always prominently displayed) (Box 3.2). The sub-suppliers were asked to list what they know from their training in IWAY and also what they practice in their operations.

Table 3.22 shows that the sub-suppliers are keenly aware of the regulations regarding child labour and also a clean and safe working environment for their workers. However, other than having the mandatory safety equipment (a fire extinguisher and small first aid kit), the working conditions and facilities for the workers are very basic, as can be seen from Box 3.3 – the centres tend to get very hot, floors are often littered or not maintained, workers sit on little stools on the floor surrounded by raw materials, the meal and toilet facilities are basic. Only three of the sub-suppliers mentioned the minimum wage requirement and five mentioned BPJS (health and accident insurance) for workers.

Table 3.23 shows that only two of the sub-suppliers have never been audited, most likely because they have been relatively newly appointed by the main suppliers. The audits are conducted not just by the main supplier but by IKEA representatives, including third party auditors.

The sub-suppliers were asked whether anyone had ever explained to them the relevant laws and regulations pertaining to their kind of work. Eleven out of the 20 sub-suppliers claimed that they had never received any kind of information or explanation. Those who had received information were then asked to list the laws

and regulations they had knowledge of; the list is shown in Table 3.24. The sub-suppliers were also asked whether they were aware of the minimum wage regulations for their province. Table 3.25 reveals that 6 out of the 20 sub-suppliers do not know or are not sure of the regional minimum wage – this is significant because of IKEA's insistence that workers must be paid at least the minimum wage.

3.4. Employment relationship with workers

The sub-suppliers use a number of ways to carry out the supply orders that they receive from the main suppliers. The most common method is to pay piece-rate workers working in weaving centres or at home (Table 3.26). What is also striking from the Table is that 3 of the sub-suppliers sub-contract part of their orders to others – this happens when they have work orders they are not able to fulfil, but they only sub-contract to others when they are able to still make some profit from the difference in price per piece (between what they receive from the main supplier and what they sub-contract out for).

Table 3.26. How sub-suppliers carry out work orders

Manner of carrying out orders	Sub-suppliers		
	Company A	Company B	Total
Directly hiring workers for wages	4	2	6
Paying piece-rate workers at home	3	5	8
Paying piece-rate workers at weaving centres	10	7	17
Sub-contracting orders to other contractors/ intermediaries	1	2	3
Respondent working himself	1	0	1

The number of workers that each sub-supplier has is shown in Table 3.27. The table shows that the sub-suppliers for Company A have a smaller number of workers than those working for Company B, and their workers are based mainly in weaving centres and are mostly male (as indicated in Chapter 2, Company A selected sub-suppliers who have weaving centres rather than sub-suppliers employing homeworkers because the company feels that it is easier to monitor compliance with IWAY in the weaving centres rather than in the homes of workers). Most of the sub-suppliers for Company A have less than 10 workers each. The sub-suppliers for Company B have workers both in weaving centres and at home and employ much larger numbers of both male and female workers. Two-thirds of all sub-suppliers provide regularly updated lists of workers to the main suppliers. Those who do not do so explain that constant turnover of workers makes it hard to keep changing the lists they provide to the main supplier.

Table 3.27. Number of workers hired by sub-suppliers

Number of workers hired by each sub-supplier	Sub-suppliers for Company A				Sub-suppliers for Company B			
	Weaving centre workers		Home workers		Weaving centre workers		Home workers	
	Male	Female	Male	Female	Male	Female	Male	Female
None	0	8	6	10	2	8	7	8
1-4	2	2	4	0	1	1	0	0
5-9	7	0	0	0	3	0	0	1
10-19	1	0	0	0	3	0	1	0
20-29	0	0	0	0	1	0	1	0
30-39	0	0	0	0	0	1	1	1

3.4.1. Choice of location and types of workers

The sub-suppliers were also asked what their choice would be if they could choose between having workers in a weaving centre or working from home. Table 3.28 indicates a very strong preference for workers at weaving centres – the most important reasons being the need to monitor both the workers and the quality of products and also to have better control of the raw materials. The sub-suppliers also mentioned that heavy equipment such as compressors cannot be installed in the homes. Others identified the transportation costs involved in delivering raw materials and collecting the finished products from homeworkers. Another important reason given by the sub-suppliers is that weaving centre workers have higher productivity. One sub-supplier mentioned that a weaving centre worker can produce 4-5 pieces whereas a homeworker can only produce 2 pieces per day. The lack of space in a weaving centre is one reason why sub-suppliers hire homeworkers. The one sub-supplier who did not have a preference feels that all workers are the same no matter where they are located.

When asked whether they would prefer to give work orders to men or to women, Table 3.29 shows that the sub-suppliers, in particular those from Company A, prefer to deal with men. Others indicated that they have no preference but it would depend on the type of work – the heavier work such as bending the rattan for frames is more appropriate for male rather than female workers. All the sub-suppliers in Company B indicated that both male and female workers should be paid the same rate for the same kind of work, but 4 of the sub-suppliers of Company A feel that men should get paid more.

There is no clear preference for younger or older workers (Table 3.30). Those who indicated a preference for younger workers explained that they have more strength and energy for the work while others prefer older workers because they are already skilled.

Table 3.28. Sub-suppliers' choice of location for workers

Choice of location	Sub-suppliers			
	Company A	Company B	Total	%
Weaving centre	9	8	17	85.0
Home-based	1	1	2	10.0
No preference	0	1	1	5.0
Total	10	10	20	100.0%

Reasons for choosing weaving centre location for workers:

- Easier to monitor the use of raw materials
- Easier to directly monitor the workers
- Easier to control the quality of products
- Heavy equipment such as compressors cannot be installed at home
- To avoid back and forth in delivering raw materials and collecting products
- To avoid additional operational costs, especially transportation costs

Table 3.29. Gender preference of sub-suppliers

	Sub-suppliers			
	Company A	Company B	Total	%
Preference in giving orders:				
Prefer to deal with men	7	1	8	40.0
Prefer to deal with women	0	1	1	5.0
No preference	2	4	6	30.0
Depends	1	4	5	25.0
Total	10	10	20	100.0%
Whether should be paid the same:				
Paid the same	5	10	15	75.0
Men get paid more	4	0	4	20.0
Do not know	1	0	1	5.0
Total	10	10	20	100.0%

Table 3.30. Preference of sub-suppliers for younger or older workers

Preference	Sub-suppliers			
	Company A	Company B	Total	%
Younger workers	3	2	5	25.0
Older workers	3	1	4	20.0
No preference	3	7	10	50.0
Depends	1	0	1	5.0
Total	10	10	20	100.0%

3.4.2. Contracts with workers

Table 3.31 reveals striking differences between the sub-suppliers for the two companies in terms of the contracts they offer their workers. The sub-suppliers for Company B are much more likely to give written contracts to all their workers in weaving centres and home-based. But only two of the sub-suppliers for Company A gave written contracts to all their workers; 6 gave only verbal contracts. Translated copies of the written contracts are shown in Appendix 2.The two sub-suppliers who do not provide either a written or verbal contract to some of their workers explained that these workers do not work regularly or are not "tied to them" ("tidak terikat" – meaning that these workers work for more than one employer). Table 3.32 shows that the sub-suppliers, especially those who have verbal contracts with their workers, are likely to have discussed with the workers a wider range of items, including clarifying the division of responsibilities and also for paying for health and accident insurance.

Table 3.31. Contract of sub-suppliers with workers

Contracts	Sub-suppliers			
	Company A	Company B	Total	%
Written contract for all workers	2	6	8	40.0
Written contract only for weaving centre workers	1	0	1	5.0
Written contract for homeworkers	0	1	1	5.0
Only verbal contracts	6	2	8	40.0
No written or verbal contracts	1	1	2	10.0
Total	10	10	20	100.0%

Table 3.32. Items specified/discussed in contracts of sub-suppliers with workers

Contracts	Sub-suppliers			
	Company A	Company B	Total	%
Items specified in contract:				
How much sub-supplier pays per piece produced	3	7	10	50.0
How often sub-supplier pays	3	5	8	40.0
Hours of work	3	4	7	35.0
Whether pay extra for overtime or rushed orders	2	0	2	10.0
Responsibility for supplying raw materials	1	1	2	10.0
Responsibility for supplying equipment	1	0	1	5.0
Responsibility for cost of utilities	1	0	1	5.0
Responsibility for faulty products	2	0	2	10.0
Responsibility for collecting finished pieces	2	0	2	10.0
Who pays for health insurance	1	0	1	5.0
Who pays for accident insurance	1	0	1	5.0
Items discussed with workers:				
How much sub-supplier pays per piece produced	9	8	17	85.0
How often sub-supplier pays	7	6	13	65.0
Hours of work	5	6	11	55.0
Whether pay extra for overtime or rushed orders	3	1	4	20.0
Responsibility for supplying raw materials	3	2	5	25.0
Responsibility for supplying equipment	2	1	3	15.0
Responsibility for cost of utilities	1	2	3	15.0
Responsibility for faulty products	4	3	7	35.0
Responsibility for collecting finished pieces	1	2	3	15.0
Who pays for health insurance	3	1	4	20.0
Who pays for accident insurance	5	3	8	40.0

As shown in Appendix 2, the "Surat Kesepakatan Kerja" (work contract) of sub-suppliers of Company A specifies the name and residence identification number of the worker, the type of work, date of commencement and termination of work, the minimum wage, whether the payment is daily, weekly or monthly, and the piece rate for different types of products. The sub-suppliers of Company B offer different types of contracts to weaving centre workers and homeworkers; although both types of workers must provide proof of their age with photocopies of their residence identification cards. The contract for the weaving centre workers specifies the types and piece rates for the products; the working time (Monday to Saturday from 8am to 4pm); and weekly payment of wages on Saturday for all products that have been completed and passed quality control. The written contract that sub-suppliers of Company B use for homeworkers specifies that the sub-supplier will provide the raw materials to the homeworker to produce specific products; work must be for only 8 hours; payment will be once a week on Saturday after the finished products have undergone a quality control check; and both parties are responsible for recording each day's production in a little book to be kept by both parties.

3.4.3. Expenditure items and payments to workers

Table 3.33 shows who pays for different work-related expenditure items. The sub-suppliers for both companies have sole responsibility for supplying and covering the cost of raw materials for workers both in weaving centres and working at home. The sub-suppliers are also responsible for the cost of utilities for the weaving centre workers, but only some pay for the electricity and water of their homeworkers. The equipment costs for both weaving centre workers and homeworkers are not always covered by the sub-suppliers. For those weaving centre workers who come from other areas, the sub-suppliers pay for transportation and also provide basic accommodation (normally a large room within the weaving centre) (see Box 3.3). Six out of the 10 sub-suppliers for Company A provide meals for their weaving centre workers, as compared to only 2 of the Company B sub-suppliers. Nine out of the 10 sub-suppliers for Company B provide accident insurance, 5 also provide health insurance for their weaving centre workers and 2 provide cover for their homeworkers. Although the survey showed that none of the sub-suppliers for Company A pay social insurance for any of their workers, the information in Table 3.9 indicates that Company A includes insurance as an item in its contract with its sub-suppliers and a representative of the Company explained that it is the company that pays for accident insurance for all the workers.

Table 3.34. Rate per piece paid by sub-suppliers to workers by type of worker and product

Product	Payment per piece IDR	Weaving centre workers receiving payment		Homeworkers receiving payment	
		Company A	Company B	Company A	Company B
Baskets	3,000 -3,200	2	0	1	0
Baskets	3,500 – 3,750	1	1	0	0
Baskets	4,000	0	1	2	1
Baskets	12,000	0	2	0	0
Baskets	25,000	1	0	0	0
Chairs	3,000	0	0	1	0
Chairs	8,000 -9,000	2	0	0	0
Chairs	24,000-25,000	0	2	0	0
Chairs	26,000 – 30,000	2	0	0	0
Other (boxes, drawers, chests, etc.)	3,500	0	1	0	1
0ther	6,200	0	1	0	0
Other	10,750	0	1	0	0
Other	12,500	0	0	0	2
Other	25,000	0	1	0	0

Table 3.33. Responsibility for expenditure items

Expenditure items	Responsibility for payment								
	Weaving centre workers receiving payment					Homeworkers			
	Sub-supplier	Worker	Others	Mixed	Not relevant	Sub-supplier	Worker	Others	Not relevant
Company A:									
Raw materials	6	0	0	4	0	4	0	0	6
Equipment	5	4	0	1	0	1	3	0	6
Utilities (electricity, water)	10	0	0	0	0	2	2	0	6
Transportation	2	8	0	0	0	2	2	0	6
Meals	6	4	0	0	0	0	4	0	6
Accommodation	2	5	1	0	2	1	2	0	7
Accident insurance	0	0	9	0	1	0	0	3	7
Health insurance	0	1	6	0	3	0	0	3	7
Company B:									
Raw materials	8	0	1	0	1	4	0	0	6
Equipment	7	2	0	0	1	1	3	0	6
Utilities (electricity, water)	9	0	0	0	1	2	3	0	5
Transportation	2	6	1	0	1	2	2	0	6
Meals	2	7	0	0	1	0	5	0	5
Accommodation	3	5	0	0	2	1	3	0	6
Accident insurance	9	0	0	0	1	2	1	0	7
Health insurance	5	1	0	0	4	2	1	0	7

The manner of presenting the data in Table 3.34 is intended to highlight the large differences in payments per piece depending on the types and designs of products produced by workers in weaving centres and homeworkers for the sub-suppliers of the two companies. However, the data do not allow us to determine whether weaving centre workers and homeworkers are paid the same rate for producing the same type and design of product nor do they allow us to determine differences in piece rate payments by the suppliers of the two companies. When specifically asked whether they pay the same piece rate to both types of workers, some sub-suppliers explained that the piece rate is higher for homeworkers since they have to pay for their own lunches, tea breaks and utilities which are provided for the weaving centre workers. All the sub-suppliers indicated that they pay the same piece rate to women and men producing the same type and design of product.

Table 3.35 shows the differences in total monthly wage paid by the sub-suppliers to their weaving centre workers and homeworkers producing different types and designs of products. While it is not possible to compare the homeworkers with the weaving centre workers nor the sub-suppliers of Company A and Company B, what is obvious is that the sub-suppliers are paying most of their workers below the regional minimum wage of about 1.2 million IDR (US$92) per month.[21] The finding that sub-suppliers are paying their workers below the monthly minimum wage is a critical one because IWAY stipulates that workers should be paid at least the minimum wage and the IKEA representatives were very emphatic on this point.

Table 3.35. Total monthly wage paid by sub-suppliers to workers

Monthly income	Weaving centre workers receiving payment		Homeworkers	
	Company A	Company B	Company A	Company B
Producing baskets:				
900,000 – 950,000	1	1	0	0
1.0 – 1.2 million	3	1	3	1
1.2 – 1.4	2	1	0	1
1.4 – 1.8	0	2	1	0
Producing chairs:				
300,000	0	1	0	0
800,000 – 1.2 million	3	1	0	0
1.6 – 2.0	2	0	0	0
Producing other products:				
300,000	0	1	0	1
1.0 – 1.2 million	0	1	0	2
1.5	0	0	0	1

The IKEA representatives explained that the way they verify that their suppliers are paying the workers at least the minimum wage is not by checking the worker's wage from weaving; the base for verification is the piece rate set by the supplier/sub-supplier - "We check whether a worker with average speed of weaving, who focuses on the job and is weaving continuously for 8 hours a day, 26 days a month is able to earn at least the minimum wage level. In practice, we measure the time it takes for weaving of one product and calculate how many pieces can be done within 8 hours, then this is multiplied by the number of working days in a month. Having the total number of products that can be produced during one month we multiply that

21 There are several sources of minimum wage information. The minimum wage information from http://www.wageindicator.org/main/salary/minimum-wage/indonesia gave a figure of 1.13 million IDR for Cirebon, while another website, http://regional.kompas.com/read/2014/11/22/07020041/Ini.UMK.Jawa.Barat.2015) gave a figure of 1.24 million IDR per month for Majalengka (the two areas covered in the survey). Recently, a West Java Government Decree raised the minimum wage for the Cirebon District to 1.4 million IDR per month, see http://www.jababekainfrastruktur.com/assets/uploads/files/SK%20Gubernur%20Jabar%20Ttg%20UMK%202015%20di%20Jabar.pdf. The higher minimum wage means that more workers would be earning below the minimum unless the suppliers and sub-suppliers revise the piece rate in line with the higher minimum wage.

number by the piece rate and compare the result against the minimum wage. If it is equal or above then the (IKEA) requirement is met". The representatives also emphasized that "the crucial point is to set the right average time needed for weaving one product (not sure if today the preparation before weaving e.g. bringing the raw materials is included). Suppliers /sub-suppliers set it based on their own experience (time of weaving at the factories) or evaluate it by measuring time of several workers and choosing the average time as the base for setting the piece rate".

Whether this method of fixing the piece rate according to the average speed of full-time workers is the reason why the sub-suppliers are paying so many of their workers below the minimum wage or whether there are other reasons is examined and discussed in greater detail in Chapter 6.

3.4.4. Sub-supplier problems with workers

The sub-suppliers were asked to list the problems that they have with workers. Table 3.36 is important in that it suggests that there may be problems in the industry in the future if there is a growing shortage of skilled workers. Discussions with the sub-suppliers also confirmed that they are facing difficulties hiring workers, especially young workers who are less interested in work in the rattan industry and who are demanding higher wages.

Table 3.36. Worker-related problems faced by sub-suppliers

	Sub-suppliers		
	Company A	Company B	Total
Problems listed:			
Difficult to hire sufficient workers	8	7	15
Workers not skilled, require training	6	6	12
High turnover of workers, leave after short time	6	6	12
Demand for higher payments	7	6	13
Shortage of workers during harvesting season	0	1	1
Young workers do not get along with other workers	1	1	2
Workers spoil equipment	1	0	1
Most serious problem:			
Difficult to hire sufficient workers	3	4	7
Workers not skilled, require training	1	1	2
High turnover of workers, leave after short time	0	2	2
Demand for higher payments	3	2	5
Workers who fight	1	1	2
No most serious problem	2	0	2
Total	10	10	20

3.4.5. Explanation of IWAY by sub-suppliers to workers

Two of the sub-suppliers for Company A had never explained or trained their workers in IWAY, most likely because they have just become sub-suppliers. The other sub-suppliers had either explained IWAY to all their workers or to those in weaving centres. The aspects of IWAY that they emphasize for their workers are listed in Table 3.37. The table confirms that the sub-suppliers focus on the "easier" aspects of IWAY – no child labour or bonded labour, cleanliness and safety in the workplace and the quality of the products. But they do not explain the code relating to minimum wages or the provision of social insurance for the workers.

Table 3.37. Explanation of IWAY by sub-suppliers to workers

Explanation of IWAY:	Sub-suppliers			
	Company A	Company B	Total	%
For all workers	4	6	10	50.0
For weaving centre workers	3	4	7	35.0
For homeworkers	1	0	1	5.0
No training	2	0	2	10.0
Total	10	10	20	100.0%

Aspects emphasized in the explanations:

- Must not employ workers below 17 years of age, no child labour
- No bonded labour
- Safety at work, to always use ear plugs while working, always use mask and googles while working
- Keeping a daily record of time entering and leaving the workplace, the number of products produced and piece rate
- Regulations from IKEA, staples must be removed when not used anymore
- Neatness and cleanliness at the workplace, all raw materials and products must be properly stored to avoid accidents
- No smoking
- Quality of the raw materials and products
- Safety and health; proper maintenance of facilities at the weaving centre
- "Insurance so that everyone will benefit"
- Being on time at work, managing work hours
- Evacuation procedures in the event of an earthquake

CHAPTER 4

SUB-CONTRACTED WORKERS IN THE RATTAN SUPPLY CHAIN

4.1. Characteristics of the sub-contracted/out workers

This chapter examines the characteristics, employment relationships and working conditions of the workers who are directly hired by the sub-suppliers in the IKEA rattan supply chain; these are the sub-contracted/out workers in the supply chain who work in weaving centres or from home. The analysis focuses on male and female out workers in weaving centres and at home rather than distinguishing between workers of the sub-suppliers of the two companies. In the survey sample (Table 1.1), only 1 out of the 62 women workers covered in the survey is hired by a sub-supplier of Company A (the sub-suppliers of Company A hire mainly men workers based in weaving centres).

Table 4.1. Characteristics of weaving centre workers and homeworkers by sex

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Age:								
15-19 years	1	1.3	2	9.1	0	0.0	0	0.0
20-24	5	6.7	1	4.5	2	15.4	3	7.5
25-29	13	17.3	3	13.6	1	7.7	6	15.0
30-34	13	17.3	2	9.1	4	30.8	16	40.0
35-39	19	25.3	6	27.3	1	7.7	4	10.0
40-44	10	13.3	7	31.8	0	0.0	9	22.5
45-49	9	12.0	1	4.5	0	0.0	1	2.5
50-54	4	5.3	0	0.0	4	30.8	0	0.0
55-59	1	1.3	0	0.0	1	7.7	1	2.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
Average age:	36.1		34.5		38.3		34.0	
Marital status:								
Never married	15	20.0	3	13.6	1	7.7	4	10.0
Married	58	77.3	16	72.7	12	92.3	35	87.5
Living with partner	0	0.0	1	4.5	0	0.0	0	0.0
Divorced	0	0.0	2	9.1	0	0.0	1	2.5
Widowed	2	2.7	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
Literacy:								
Can read and write	71	94.7	22	100.0	13	100.0	38	95.0
Can read, cannot write	2	2.7	0	0.0	0	0.0	1	2.5

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Cannot read and write	2	2.7	0	0.0	0	0.0	1	2.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
Education level:								
No formal education	1	1.3	1	4.5	0	0.0	2	5.0
Incomplete primary	9	12.0	0	0.0	1	7.7	6	15.0
Primary school	42	56.0	19	86.4	9	69.2	17	42.5
Junior high school	19	25.3	2	9.1	3	23.1	7	17.5
Senior high school	4	5.3	0	0.0	0	0.0	5	12.5
Vocational high school	0	0.0	0	0.0	0	0.0	3	7.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Of the 97 weaving centre workers interviewed 75 are male and 22 female, while women account for 40 out of the 53 homeworkers covered in the survey. Table 4.1 shows that on average, the sub-contracted workers are younger than the sub-suppliers (refer back to Table 3.1); the female workers, both at weaving centres and at home, tend to be younger than the male workers; and the men who work from home tend to be older than those working in weaving centres. Three-quarters of all weaving centre workers are married, while the male homeworkers are more likely to be married than the female homeworkers. The literacy rate is high for all the workers; only 2 men in weaving centres and 1 female homeworker could not read or write. The male workers tend to be better educated than the women; 25 per cent of all the men have completed at least junior high school as compared to less than 15 per cent of the women.

Table 4.2. Membership of sub-contracted workers in organizations

	Weaving centre workers				Home workers			
Membership	Male	%	Female	%	Male	%	Female	%
Cooperative	0	0.0	0	0.0	1	7.7	0	0.0
Savings group	24	32.0	10	45.5	5	38.5	23	57.5
Religious organization	3	4.0	1	4.5	1	7.7	4	10.0
More than one organization	0	0	3	13.6	1	7.7	4	10.0
Do not belong to any organization	48	64.0	8	36.4	5	38.5	9	22.5
Total	75	100.0	22	100.0	13	100.0	40	100.0%

Table 4.2 shows gender differences in that the female workers are much more likely than the men to be members of organizations, most commonly savings groups[32] and also religious (Koran reading) groups.[22] Some 60 per cent of all the men do not belong to any organization. The most common reasons given by both men and women for not joining any organization are that they do not have the time and would rather focus on their work; there are no appropriate organizations in their area; or they do not know how to join or do not understand the benefits of belonging to an organization. Several workers also indicated that they do not have adequate funds to join a savings group. No worker reported membership in a trade union.

22 The women get together to pool their savings; members of the savings group can then borrow from the pooled savings. Such groups are common in many rural and poor communities.

4.2. Household profile of the sub-contracted workers

The women workers come from larger households than the men, 4.3 persons as compared to 3.9 for the male weaving centre workers and 3.5 for the male homeworkers (Table 4.3). About half of all the households are non-nuclear; the workers live not just with their spouses and own children but also with other relatives (Table 4.4). The extended family structure includes not just the parents of the workers or their spouses but also other more distantly related relatives. More than half (54 per cent) of the household members of all the workers are not economically active (Table 4.5); 37 per cent are either too young or still studying, 3 per cent are outside the labour because of old age, another 11 per cent do housework and 3 per cent are unemployed. This means that the households are heavily dependent on the earnings of the sub-contracted workers. Of those household members who are economically active, the most common occupation is in the rattan industry. Both weaving centre workers and homeworkers, male and female, commonly have relatives also producing rattan products. The households of homeworkers are more likely to be engaged in agriculture than those of workers engaged in weaving centres.

Table 4.3. Household size of sub-contracted workers (excluding respondent)

No. of HH. members	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
0, Living alone	0	0.0	0	0.0	0	0.0	1	2.5
1	0	0.0	0	0.0	0	0.0	1	2.5
2-3	37	49.3	8	36.4	6	46.2	13	32.5
4-5	26	34.7	8	36.4	6	46.2	16	40.0
6-9	12	16.0	6	27.3	1	7.7	7	17.5
10 and above	0	0.0	0	0.0	0	0.0	2	5.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
Total no. of HH. members	292		95		45		173	
Average HH. size	3.9		4.3		3.5		4.3	

Table 4.4. Relationship of household members to sub-contracted workers

Relationship	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Husband/wife	57	19.5	15	15.8	12	26.7	32	18.5
Daughter/son	97	33.2	31	32.6	11	24.4	66	38.2
Daughter/son-in-law	3	1.0	6	6.3	4	8.9	1	0.6
Parents	32	11.0	14	14.7	6	13.3	19	11.0
Spouse's parents	26	8.9	4	4.2	5	11.1	3	1.7
Granddaughter/grandson	4	1.4	0	0.0	2	4.4	1	0.6
Other relatives	73	25.0	25	26.3	5	11.1	51	29.5
Paid domestic help	0	0.0	0	0.0	0	0.0	0	0.0
Total	292	100.0%	95	100.0%	45	100.0%	173	100.0%

Table 4.5. Economic activity of household members

Economic activity	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Professional/technical and related.	10	3.4	1	1.1	3	6.7	13	7.5
Administrative/ managerial	0	0.0	0	0.0	0	0.0	0	0.0
Clerical and related	0	0.0	0	0.0	0	0.0	1	0.6
Sales	18	6.2	15	15.8	0	0.0	11	6.4
Agricultural worker	7	2.4	1	1.1	7	15.6	6	3.5
Production/Rattan worker	47	16.1	20	21.1	15	33.3	25	14.5
Manual labourer/ construction worker	17	5.8	7	7.4	1	2.2	8	4.6
Government/public sector worker	0	0.0	0	0.0	0	0.0	1	0.6
Other service worker	21	7.2	7	7.4	2	4.4	15	8.7
Housework	53	18.2	6	6.3	5	11.1	4	2.3
Student	74	25.3	22	23.2	7	15.6	48	27.7
Unemployed (actively looking for work)	9	3.1	2	2.1	1	2.2	7	4.0
Too young	32	11.0	8	8.4	4	8.9	26	15.0
Too old	4	1.4	6	6.3	0	0.0	8	4.6
Member with disabilities	0	0.0	0	0.0	0	0.0	0	0.0
Total	292	100.0%	95	100.0%	45	100.0%	173	100.0%

Table 4.6. Main person responsible for household chores

Responsible person	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Respondent	0	0.0	17	77.3	0	0.0	37	92.5
Spouse	49	65.3	0	0.0	12	92.3	0	0.0
Daughter/son	3	4.0	0	0.0	0	0.0	0	0.0
Daughter-in-law/ son-in-law	0	0.0	0	0.0	0	0.0	0	0.0
Parent	13	17.3	5	22.7	1	7.7	2	5.0
Spouse's parent	1	1.3	0	0.0	0	0.0	0	0.0
Granddaughter/grandson	0	0.0	0	0.0	0	0.0	0	0.0
Other relatives	3	4.0	0	0.0	0	0.0	1	2.5
Respondent and spouse	6	8.0	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.7. Main person responsible for care of young/elderly/household members with disabilities

Responsible person	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Respondent	0	0.0	10	45.5	0	0.0	24	60.0
Spouse	31	41.3	1	4.5	3	23.1	0	0.0
Daughter/son	2	2.7	0	0.0	0	0.0	1	2.5
Daughter-in-law/ son-in-law	0	0.0	0	0.0	2	15.4	0	0.0
Parent	7	9.3	2	9.1	0	0.0	0	0.0
Spouse's parent	4	5.3	0	0.0	0	0.0	0	0.0
Granddaughter/grandson	0	0.0	0	0.0	0	0.0	0	0.0
Other relatives	6	8.0	2	9.1	1	7.7	4	10.0
Respondent and spouse	2	2.7	0	0.0	0	0.0	0	0.0
Not relevant, no young children, elderly or disabled	23	30.7	7	31.8	7	53.8	11	27.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Tables 4.6 and 4.7 highlight the clear gender division of household responsibilities. The women workers especially those working at home are almost exclusively responsible for household chores and also for looking after young or old family members. When it is not the female worker who is responsible it is normally her parents or her in-laws who take over. What is also worth noting from Table 4.7 is that, except for the male homeworkers, only about 30 per cent of the workers had no young children, elderly or members with disabilities in their households.

Table 4.8. Total monthly household income (from weaving and non-weaving sources)

Monthly income	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Less than 1.2 million IDR	5	6.7	1	4.5	0	0.0	8	20.0
1.2 -1.6 million	20	26.7	3	13.6	6	46.2	8	20.0
1.6-2.0 million	14	18.7	7	31.8	3	23.0	5	12.5
2.0-4.0 million	31	41.3	9	40.9	4	30.8	14	35.0
4.0-6.0 million	3	4.0	0	0	0	0.0	4	10.0
6.0-8.0 million	1	1.3	2	9.1	0	0.0	0	0.0
Above 8.0 million	0	0.0	0	0.0	0	0.0	0	0.0
Do not know	1	1.3	0	0.0	0	0.0	1	2.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

The modal monthly household income range is between 2.0 to 4.0 million IDR (US$154 –US$307) for all sub-contracted workers (Table 4.8). But almost one tenth of all the workers reported that their household income is less than 1.2million IDR (US$92), which means that they are living below the poverty level. (The poverty line is 294,000 IDR per person per month, and taking the average household size to be 3.7 persons, the poverty threshold would be 1.09 million IDR or US$84).[23] The households of women homeworkers tend to be the worst off; 20 per cent have income below the monthly minimum wage and another 20 per cent have less than 1.6 million IDR (US$123). In comparison the women workers in the weaving centres tend to

23 Data on poverty line from http://www.bps.go.id/Subjek/view/id/23#subjekViewTab3; data on average household size (West Java) from http://www.bps.go.id/linkTabelStatis/view/id/1283

be better off, relative not just to the homeworkers but also to their male counterparts – only 18 per cent of their households have income below 1.6 million IDR (the figure for male weaving centre workers is 33 per cent). It is worth clarifying that although the total monthly household income is not only from weaving (as Table 4.5 shows, some economically active household members are engaged in non-weaving occupations, such as construction work, services, agricultural work and sales, and would be contributing also to household income) the majority of the economically active are in the rattan industry.

In addition to household income, the workers were asked whether their households owned the assets listed in Table 4.9. There are no distinct differences in ownership patterns between weaving centre workers and homeworkers. However, the table shows that among the homeworkers, a higher percentage of the men than women reported ownership of various household assets. Among the weaving centre workers the households of the women are more likely than those of the men to own assets such as land, a house and large household items such as a television and cooker (consistent with the finding in Table 4.8 that the households of the female weaving centre workers tend to be better off). Among both weaving centre workers and homeworkers the men reported higher ownership of farm animals and crops than the women.

For all households, the biggest expenditure item is food, followed by children's schooling (Table 4.10). Some workers also cited the cost of milk and other necessities (such as diapers) for babies and young children. None of the sub-contracted workers mention the cost of raw materials as an important item of their expenditures.

Table 4.9. Household ownership of assets

Household assets owned	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Land	44	58.7	15	68.2	12	92.3	22	55.0
House	58	77.3	18	81.8	13	100.0	28	70.0
A business	16	21.3	3	13.6	2	15.4	6	15.0
Farm animals	44	58.7	10	45.5	12	92.3	23	57.5
Motor vehicle	63	84.0	18	81.8	13	100.0	23	57.5
Savings	16	21.3	4	18.2	4	30.8	13	32.5
Crops	22	29.3	5	22.7	10	76.9	17	42.5
Large household items	67	89.3	22	100.0	13	100.0	37	92.5

Table 4.10. Biggest household expenditure item

Expenditure item	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Food	57	76.0	16	72.7	11	84.6	34	85.0
Accommodation	0	0.0	0	0.0	0	0.0	0	0.0
Utilities (electricity, water)	3	4.0	0	0.0	0	0.0	0	0.0
Raw materials and equipment for work	0	0.0	0	0.0	0	0.0	0	0.0
Clothing	1	1.3	0	0.0	0	0.0	0	0.0
Children's schooling	5	6.7	3	13.6	1	7.7	4	10.0
Medical expenses	0	0.0	0	0.0	0	0.0	0	0.0
Repayment of loans	1	1.3	0	0.0	0	0.0	1	2.5
Remittances to persons living elsewhere	0	0.0	0	0.0	0	0.0	0	0.0
Other	8	10.7	3	13.6	1	7.7	1	2.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

4.3. Employment history of the sub-contracted workers

It is notable from Table 4.11 that more than one-quarter of all the respondents first started working below the age of 15 years (though not for IKEA) and that the women were more likely to start at that early age. It also appears that the homeworkers, both men and women, first started working at a later age than those in weaving centres.

The homeworkers, both men and women, are more likely to have had other previous jobs as compared to the weaving centre workers. Table 4.12 shows that only one-third of the female homeworkers and 15 per cent of the male homeworkers had always done weaving work at home; 54 per cent of the men had switched from working at a weaving centre to working from home. In comparison, 8 per cent of male weaving centre workers and 18 per cent of the female weaving centre workers had switched from working at home, while another 17 per cent of the men and 27 per cent of the women had switched from factory work to weaving centre work. Twenty-one per cent of all workers were previously engaged in non-weaving jobs, working in the construction industry, in factories making other types of products (garments, shoes, cigarettes), and working as traders, manual labourers, farmers and overseas migrant workers.

Both male and female homeworkers have worked longer as sub-contracted workers than the weaving centre workers (Table 4.13). More than 90 per cent of the female weaving centre workers have worked less than five years as compared to only half the women homeworkers. In the weaving centres the men are involved mainly in producing baskets, chairs and chair frames while half the women produce other types of rattan products such as drawers and boxes (either pieces or parts of these products or the complete products) (Table 4.14). Eighty-five per cent of the women homeworkers, like the women in weaving centres, make a range of rattan products. The male homeworkers, on the other hand, are mainly engaged in making baskets. The majority of all workers indicated that they did not receive any training as they already had weaving skills.

Table 4.11. Age sub-contracted workers first started working

	Weaving centre workers				Home workers			
Age	Male	%	Female	%	Male	%	Female	%
Below 15 years	19	25.3	8	36.4	4	30.7	14	35.0
15-19 years	47	62.7	14	63.6	7	53.8	19	47.5
20-24	8	10.7	0	0.0	2	15.4	6	15.0
25-29	0	0.0	0	0.0	0	0.0	0	0.0
30 and above	1	1.3	0	0.0	0	0.0	1	2.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.12. Previous job of sub-contracted workers

	Weaving centre workers				Home workers			
Previous job	Male	%	Female	%	Male	%	Female	%
Weaving at home	6	8.0	4	18.2	2	15.4	13	32.5
Weaving at weaving centre	43	57.3	5	22.7	7	53.8	5	12.5
Another job not weaving	12	16.0	4	18.2	4	30.8	12	30.0
Unemployed	1	1.3	3	13.6	0	0.0	7	17.5
Weaving in a factory	13	17.3	6	27.3	0	0.0	3	7.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.13. Length of time worked as sub-contracted worker

	Weaving centre workers				Home workers			
Time worked	Male	%	Female	%	Male	%	Female	%
Less than 1 year	18	24.0	10	45.5	0	0	2	5.0
1-4 years	48	64.0	11	50.0	9	69.2	18	45.0
5-9 years	7	9.3	0	0	3	23.1	12	30.0
10-15 years	2	2.7	1	4.5	1	7.7	5	12.5
16-20 years	0	0.0	0	0.0	0	0.0	3	7.5
More than 20 years	0	0.0	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.00%	40	100.0%

Table 4.14. Types of rattan products produced by sub-contracted workers

Type of products	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Baskets	23	30.7	1	4.5	11	84.6	5	12.5
Chairs	47	62.7	10	45.5	1	7.7	0	0.0
Frames	3	4.0	0	0.0	0	0.0	1	2.5
Other	2	2.6	11	50.0	1	7.7	33	85.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.15. Help from family members of sub-contracted workers

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Help received:								
Children less than 10 years	0	0.0	0	0.0	0	0.0	1	2.5
Children 11-14 yrs.	0	0.0	0	0.0	0	0.0	0	0.0
Children 15-18 yrs.	0	0.0	1	4.5	0	0.0	1	2.5
Children above 18 yrs.	0	0.0	0	0.0	0	0.0	1	2.5
Spouse of respondent	5	6.7	0	0.0	7	53.8	2	5.0
Other family member	1	1.3	0	0.0	0	0.0	1	2.5
No help	69	92.0	21	95.5	6	46.2	34	85.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
Payment to family member:								
Unpaid family member	6	100.0	1	100.0	5	71.4	6	100.0
Paid separately	0	0.0	0	0.0	2	28.6	0	0.0
Total	6	100.0%	1	100.0%	7	100.0%	6	100.0%

Most of the weaving centre workers do not receive any help from family members in carrying out their work. Table 4.15 shows that only five (7%) of the male weaving centre workers reported that they receive help from their wives but the payment is made only to them. Unlike the weaving centre workers, the homeworkers are more likely to receive help from other family members. More than half the male homeworkers are also helped by their wives, again mainly as unpaid helpers. Eighty-five per cent of the female homeworkers do not have any family help but those that do mainly have their children as unpaid family helpers.

4.4. The supply chain linkages

4.4.1. Worker contracts with sub-suppliers

Contrary to the information in Table 3.31 where 60 per cent of the sub-suppliers from Company B and 20 per cent of those from Company A reported that they provide written contracts for all workers, Table 4.16 indicates that only 24 per cent of all workers employed by the sub-suppliers of Company B and 6 per cent of workers employed by Company A sub-suppliers have written contracts. Perhaps surprisingly more of the women workers both at home and in weaving centres have written contracts as compared to the men. To some of the homeworkers the written contract is viewed as an "audit document" – some of the female homeworkers explained that they need to show the contract during an audit process. The "Surat Kesepakatan Kerja" (work contract) shown in Appendix 2 has little or no meaning for many of the workers. But among those who do have written contracts, the men are more likely than the women to have negotiated the terms of their employment (Table 4.17).

Table 4.16. Contracts of sub-contracted workers with sub-suppliers

	Weaving centre workers				Home workers			
Contract	**Male**	**%**	**Female**	**%**	**Male**	**%**	**Female**	**%**
By sex of worker:								
Written contract with sub supplier	6	8.0	7	31.8	1	7.7	13	32.5
Verbal contract	22	29.3	5	22.7	5	38.5	7	17.5
No contract	47	62.7	9	40.9	7	53.8	20	50.0
Other	0	0.0	0	0.0	0	0.0	0	0.0
Do not know	0	0.0	1	4.5	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
By sub-supplier/ Company:	**A**	**%**	**B**	**%**	**A**	**%**	**B**	**%**
Written contract with sub supplier	3	6.4	10	20.0	0	0	14	28.0
Verbal contract	14	29.8	13	26.0	2	66.7	10	20.0
No contract	30	63.8	26	52.0	1	33.3	26	52.0
Other	0	0.0	0	0.0	0	0.0	0	0.0
Do not know	0	0.0	1	2.0	0	0.0	0	0.0
Total	47	100.0%	50	100.0%	3	100.0%	50	100.0%

Table 4.17. Contract negotiation

Negotiation	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Bargained with sub-supplier	4	66.7	2	28.6	1	100.0	1	7.7
Just accepted terms of the contract/did not bargain	2	33.3	5	71.4	0	0.0	12	92.3
Total with contract	6	100.0%	7	100.0%	1	100.0%	13	100.0%

Table 4.18. Understanding of contract by sub-contracted workers

Understanding of contract	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Explained by supplier and fully understand	3	50.0	3	42.9	1	100.0	3	23.1
Explained by supplier but did not fully understand	0	0.0	1	14.3	0	0.0	6	46.2
Supplier did not fully explain	1	16.7	0	0.0	0	0.0	2	15.4
Not sure	2	33.3	3	42.9	0	0.0	2	15.4
Total with contract	6	100.0%	7	100.0%	1	100.0%	13	100.0

Table 4.19. Items specified in contract between sub-contracted workers and sub-suppliers

Items	Weaving centre workers				Home workers			
By sex of worker:	Male	%	Female	%	Male	%	Female	%
Specified in written contract:	#respondent = 6		#respondent = 7		#respondent = 1		#respondent = 13	
Payment per piece	6	100.0	7	100.0	1	100.0	13	100.0
Frequency of payment	6	100.0	4	57.1	1	100.0	7	53.8
Hours of work	4	66.7	6	85.7	0	0	13	100.0
Overtime payment	0	0.0	0	0.0	1	100.0	0	0
Responsibility for raw materials	0	0.0	0	0.0	0	0	5	38.5
Responsibility for equipment	1	16.7	1	14.3	0	0	1	7.7
Responsibility for cost of utilities	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
Responsibility for collection	0	0.0	1	14.3	0	0	2	15.4
Responsibility for faulty products	2	33.3	0	0.0	0	0	1	7.7
Health insurance	4	66.7	1	14.3	1	100.0	13	100.0
Accident insurance	4	66.7	2	28.6	N/R	N/R	N/R	N/R
Cancelation of orders	N/R	N/R	N/R	N/R	0	0	1	7.7

Items	Weaving centre workers				Home workers			
By sex of worker:	Male	%	Female	%	Male	%	Female	%
By sub-supplier/Company: A		%	B	%	A	%	B	%
Specified in written contract:	#respondent = 3		#respondent = 10		#respondent = 0		#respondent = 14	
Payment per piece	3	100.0	10	100.0	0	0.0	14	100.0
Frequency of payment	3	100.0	7	70.0	0	0.0	8	57.1
Hours of work	2	66.7	8	80.0	0	0.0	13	92.9
Overtime payment	0	0.0	0	0.0	0	0.0	1	7.1
Responsibility for raw materials	0	0.0	0	0.0	0	0.0	5	35.7
Responsibility for equipment	0	0.0	2	20.0	0	0.0	1	7.1
Responsibility for cost of utilities	N/R	N/R	N/R	N/R	0	0.0	0	0.0
Responsibility for collection	0	0.0	1	10.0	0	0.0	2	14.3
Responsibility for faulty products	1	33.3	1	10.0	0	0.0	1	7.1
Health insurance	2	66.7	3	30.0	0	0.0	14	100.0
Accident insurance	2	66.7	4	40.0	N/R	N/R	N/R	N/R
Cancelation of orders	N/R	N/R	N/R	N/R	0	0.0	1	7.1

The main reasons given by the workers for not having written contracts is that it is a common practice to work in the rattan industry without a contract – so either they do not know about contracts, they have not been given contracts by their sub-suppliers or they feel they do not need a contract. Many emphasized that without contracts they are "bebas" (independent) – they are not bound and are free to change contractors or to stop working.

This desire to be independent was strongly emphasized by the weaving centre participants in the Focus Group Discussions (FGDs). Many of them indicated that they do not want written contracts, are happy not to have contracts because "no contract means freer and more relaxed"; "it is ok when we come or do not come to work". Many of the weaving centre FGD participants also reported that they did not even talk directly to the sub-supplier when they started work; they were asked by their friends to join the weaving centre and it was their friends who informed them of the piece rate, working time and other conditions of work. All the homeworker participants in the FGD indicated that they only have verbal contracts; they are satisfied and do not see the need to negotiate with their sub-suppliers.

Among all those who have written contracts with their sub-suppliers, Table 4.18 shows that almost two-thirds do not fully understand the terms of their contract; and the women tend to have lower understanding than the men.

Table 4.19 indicates the items specified in the written work contracts. For the sub-suppliers of both companies and for both male and female workers, the commonly specified items are the payment and the hours of work. What is notable is that all the homeworkers who have contracts with the sub-suppliers of Company B reported that their contracts specify health insurance.[24]

Even though the majority of all sub-contracted workers do not have written contracts with their sub-suppliers and the written contracts only specify a small number of basic items, Table 4.20 clearly shows that they have discussed with their employers a wider range of working conditions, including the responsibility for various expenditure items.

24 Unfortunately, the item on accident insurance was inadvertently omitted from the questionnaire for homeworkers.

Those workers who do not have written contracts were asked whether they would like to have written contracts and whether they think those with contracts are better off. Only a quarter of the women workers and 17 per cent of the men indicated that they would like to have written contracts (Table 4.21) – mainly because they do not feel that those with contracts are necessarily better off. In fact, at least a third of all male and female workers without contracts are of the opinion that those with contracts are worse off (Table 4.22). The main reasons given by those who indicated that they would like to have written contracts are that there is greater job security and guaranteed payment rates and length of service and all the work conditions are clearly set out. On the other hand, the reasons given by those who indicated that they do not want written contracts include the loss of independence (the most important reason), the regulations stipulated in a contract, and the concern that they will not have work after a contract is finished. Several of the workers also explained that they have good relations with their sub-suppliers and do not see the need for a written contract.

However, Table 4.23 shows that only the male weaving centre workers feel that they can easily change contractors. The others with or without written contracts indicated that they cannot change or would not find it easy to change contractors. The main reasons are that they are satisfied with their current working conditions, have worked a long time and have good relations with their employers and are not sure that they can find other good employers. Several of the workers reported that they have debts with their current employers. Some said that it is not easy to find work near their own homes.

These same reasons were also emphasized by the participants of the FGDs when they were asked whether they could easily change contractors – "because there is no contract so there is no problem if we want to move"; "it is easy, but it's not comfortable. Indeed, we are not bound. However, when we move to another sub-supplier when the job is still available with the current employer, it seems to be inconsiderate and a betrayal".

Table 4.20. Items discussed by sub-contracted workers with sub-suppliers

Items	Weaving centre workers				Home workers			
By sex of worker:	Male	%	Female	%	Male	%	Female	%
Specified in written contract:	#respondent = 75		#respondent = 22		#respondent = 13		#respondent = 40	
Payment per piece	58	77.3	17	77.3	10	76.9	23	57.5
Frequency of payment	45	60.0	16	72.7	11	84.6	19	47.5
Hours of work	27	36.0	16	72.7	2	15.4	5	12.5
Overtime payment	21	28.0	2	9.1	4	30.8	3	7.5
Responsibility for raw materials	19	25.3	4	18.2	7	53.8	11	27.5
Responsibility for equipment	24	32.0	4	18.2	2	15.4	10	25.0
Responsibility for cost of utilities	N/R	N/R	N/R	N/R	2	15.4	3	7.5
Responsibility for collection	26	34.7	4	18.2	5	38.5	13	32.5
Responsibility for faulty products	32	42.7	4	18.2	5	38.5	13	32.5
Health insurance	26	34.7	9	40.9	2	15.4	3	7.5
Accident insurance	29	38.7	10	45.5	N/R	N/R	N/R	N/R
Other (free meals)	1	1.3	1	4.5	N/R	N/R	N/R	N/R
Cancelation of orders	N/R	N/R	N/R	N/R	1	7.7	1	2.5

Items	Weaving centre workers				Home workers			
By sex of worker:	Male	%	Female	%	Male	%	Female	%
By sub-supplier/Company:	A	%	B	%	A	%	B	%
Specified in written contract:	#respondent = 47		#respondent = 50		#respondent = 3		#respondent = 50	
Payment per piece	37	78.7	38	76.0	3	100.0	30	60
Frequency of payment	28	59.6	33	66.0	3	100.0	27	54.0
Hours of work	17	36.2	26	52.0	2	66.7	5	10.0
Overtime payment	13	27.7	10	20.0	2	66.7	5	10.0
Responsibility for raw materials	13	27.7	10	20.0	1	33.3	17	34.0
Responsibility for equipment	14	29.8	14	28.0	1	33.3	11	22.0
Responsibility for cost of utilities	N/R	N/R	N/R	N/R	2	66.7	3	6.0
Responsibility for collection	17	36.2	13	26.0	1	33.3	17	34.0
Responsibility for faulty products	22	46.8	14	28.0	1	33.3	17	34.0
Health insurance	20	42.6	15	30.0	0	0.0	5	10.0
Accident insurance	19	40.4	20	40.0	N/R	N/R	N/R	N/R
Other	0	0.0	2	4.0	N/R	N/R	N/R	N/R
Cancelation of orders	N/R	N/R	N/R	N/R	1	33.3	1	2.0

Table 4.21. Whether sub-contracted workers would like to have written work contracts

Whether like contract	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Yes	12	17.4	4	26.7	2	16.7	7	25.9
No	52	75.4	8	53.3	8	66.7	20	74.1
Do not know	3	4.3	3	20.0	2	16.7	0	0.0
With or without contract is same	2	2.9	0	0.0	0	0.0	0	0.0
Total without contract	69	100.0%	15	100.0%	12	100.0%	27	100.0%

Table 4.22. Opinion of sub-contracted workers on workers with written contracts

Opinion	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
With contract better off	26	37.7	7	46.7	3	25.0	10	37.0
With contract worse off	27	39.1	6	40.0	4	33.3	9	33.3
Depends	1	1.4	0	0.0	0	0	1	3.7
Do not know	12	17.4	2	13.3	4	33.3	7	25.9
With or without contract is same	3	4.3	0	0.0	1	8.3	0	0.0
Total without contract	69	100.0%	15	100.0%	12	100.0%	27	100.0%

Table 4.23. Whether sub-contracted workers can easily change contractors

Change sub-contractors	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Easily	46	61.3	7	31.8	4	30.8	11	27.5
Not easily	26	34.7	12	54.5	9	69.2	25	62.5
Not able to change	3	4.0	3	13.6	0	0.0	4	10.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

4.4.2. Work arrangements with sub-suppliers

All the women in weaving centres or at home work exclusively for their sub-supplier and produce only according to the orders they receive. Three of the men reported that they produce for more than one-sub-supplier or make some products to sell directly to the local market (Table 4.24).

The arrangements for supplying raw materials to the workers are shown in Table 4.25. For more than two-thirds of the weaving centre workers, the raw materials are delivered either by the sub-supplier or the main supplier company, but 18 per cent of them do not know where the supplies come from – they just know that the materials are ready at the centre for them to work with. None of the weaving centre workers purchase their own raw materials; whereas 3 of the women homeworkers reported that they purchase their own raw materials.

More than two-thirds of the female homeworkers deliver their products to the sub-supplier, while the sub-supplier collects from the rest of them. None of the male homeworkers deliver their own products. The reasons why the women deliver their own products are because they produce baskets and other small items and most of them live in the same neighbourhood as their sub-suppliers. The bigger size products such as chairs made by the male homeworkers are collected by the sub-suppliers. The products of the weaving centre workers are collected by the sub-suppliers or the main supplier company (Table 4.26).

Table 4.24. Type of work orders of sub-contracted workers

Work orders	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Work wholly according to orders given by supplier	73	97.3	22	100.0	12	92.3	40	100.0
Work mainly/partly according to orders	2	2.6	0	0.0	1	7.7	0	0.0
Do not work under given orders (own specifications)	0	0.0	0	0.0	0	0.0	0	0.0
Total	75	100.0	22	100.0	13	100.0	40	100.0

Table 4.25. Supply of raw materials to sub-contracted workers

Supply of raw materials	Weaving centre workers				Home workers			
By sex of worker:	Male	%	Female	%	Male	%	Female	%
The main supplier delivers	22	29.3	6	27.3	10	76.9	12	30.0
The sub-supplier delivers	30	40.0	10	45.5	2	15.4	24	60.0
Worker collects from main supplier	1	1.3	1	4.5	0	0	0	0.0
Worker collects from sub-supplier	1	1.3	0	0	1	7.7	0	0
Group leader/cooperative collects	0	0	0	0	0	0.0	1	2.5
Purchase own materials	0	0	0	0	0	0.0	3	7.5
Do not know	14	18.7	4	18.2	0	0.0	0	0.0
Other	2	2.7	0	0.0	0	0.0	0	0.0
Both main supplier and sub-supplier deliver	5	6.7	1	4.5	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
By sub-supplier:	**A**	**%**	**B**	**%**	**A**	**%**	**B**	**%**
The main supplier delivers	8	17.0	20	40.0	3	100.0	19	38.0
The sub-supplier delivers	20	42.6	20	40.0	0	0.0	26	52.0
Worker collects from main supplier	0	0.0	2	4.0	0	0.0	0	0.0
Worker collects from sub-supplier	1	2.1	0	0.0	0	0.0	1	2.0
Group leader/cooperative collects	0	0.0	0	0.0	0	0.0	1	2.0
Purchase own materials	0	0.0	0	0.0	0	0.0	3	6.0
Do not know	13	27.7	5	10.0	0	0.0	0	0.0
Other	0	0.0	2	4.0	0	0.0	0	0.0
Both main supplier and sub-supplier deliver	5	10.6	1	2.0	0	0.0	0	0.0
Total	47	100.0%	50	100.0%	3	100.0%	50	100.0%

Table 4.26. Disposal of products by sub-contracted workers

Disposal of products	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Main supplier collects	36	48.0	11	50.0	1	7.7	0	0
Sub-supplier collects	25	33.3	7	31.8	12	92.3	11	27.5
Both main and sub-suppliers collect	4	5.3	0	0	0	0.0	0	0.0
Group leader collects	0	0.0	1	4.5	0	0.0	0	0.0
Worker delivers	1	1.3	0	0.0	0	0.0	27	67.5
Family member delivers	0	0.0	0	0.0	0	0.0	0	0.0
Do not know	5	6.7	1	4.5	0	0.0	0	0.0
Other	4	5.3	2	9.1	0	0.0	2	5.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Most of the homeworkers and the female weaving centre workers claim they do not know where their products are sold (Table 4.27); only a third of the male weaving centre workers know that their products are exported and sold in other countries and not in the local market. Table 4.27 also indicates that the workers do not know the final selling price of their products.

Table 4.27. Sub-contracted workers' knowledge of where products are sold and sale price of products

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Where products are sold:								
Within your district	0	0.0	0	0.0	0	0.0	0	0.0
Within worker's province	0	0.0	0	0.0	0	0.0	0	0.0
In other parts of Indonesia/national market	0	0.0	0	0.0	0	0.0	0	0.0
Exported to other countries/ international market	26	34.7	2	9.1	2	15.4	8	20.0
Do not know	49	65.3	20	90.9	11	84.6	32	80.0
Total	75	100.0%	22	100.0&	13	100.0%	40	100.0
Knowledge of sale price:								
Know	1	1.3	0	0.0	1	7.7	0	0.0
Do not know:	74	98.7	22	100.0	12	92.3	40	100.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.28. Person responsible for paying for expenditure items

Expenditure item	Responsibility for payment			
	Worker	Sub-supplier	Main supplier	No expenditure
Male weaving centre workers:				
Raw materials	0	60	15	0
Equipment	33	41	0	0
Electricity	0	75	0	0
Water	0	66	0	9
Transportation	34	24	1	16
Female weaving centre workers:				
Raw materials	0	22	0	0
Equipment	13	9	0	0
Electricity	0	22	0	0
Water	0	18	0	4
Transportation	6	12	0	4
Male homeworkers:				
Raw materials	2	11	0	0
Equipment	13	0	0	0
Electricity	12	1	0	0
Water	9	1	0	3
Transportation	4	4	0	5

Expenditure item	Responsibility for payment			
	Worker	Sub-supplier	Main supplier	No expenditure
Female homeworkers:				
Raw materials	0	40	0	0
Equipment	38	2	0	0
Electricity	35	2	2	1
Water	29	2	1	8
Transportation	23	4	0	13

Table 4.28 shows that the responsibility for the cost of raw materials for both weaving centre and home-based workers is borne by the sub-supplier or the main supplier company. The sub-suppliers are responsible for the cost of utilities at the weaving centre, but very few sub-suppliers cover the utility costs for the homeworkers who mainly pay for their own water and electricity. Some of the weaving centre workers are responsible for their own equipment and also transportation costs; whereas almost all the homeworkers cover their own equipment costs.

4.4.3. Workers' knowledge and practice of IWAY

More than two-thirds of both male and female weaving centre workers had never heard of IWAY while only 2 women and 2 men homeworkers had ever heard of IWAY (Table 4.29). There is no major difference in terms of the explanation or training given to the workers by the sub-suppliers and representatives of the two main supplier companies (both do not seem to have done much).

Of those who said their sub-suppliers or representatives of the two main supplier companies had explained the IKEA code of conduct to them, at least three of them claimed that they could not remember the details of the code. The most common item of the code that the workers remember concerns child labour and the prohibition of children from the working premises (Table 4.30). They also know about keeping their working environment clean and about the importance of safety at the workplace and the provision of health and accident insurance. But the regulation on no smoking in the weaving centre is the one most commonly ignored by the workers. One worker mentioned that IWAY addresses contracts for workers, but no one indicated that they know that IWAY stipulates that workers should be paid at least the minimum wage. Table 4.30 confirms that the knowledge of IWAY of the sub-contracted workers is limited and that, of what they know, even fewer items of the code are put into practice.

Table 4.29. Explanation of IWAY to sub-contracted workers

Explanation of IWAY	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
By sex of the worker:								
Yes, explained by sub supplier (employer)	11	14.7	5	22.7	2	15.4	2	5.0
Yes, explained by representative of main supplier Company	6	8.0	2	9.1	0	0.0	0	0.0
Yes, explained by previous employers	6	8.0	0	0.0	0	0.0	0	0.0
Never heard of	51	68.0	15	68.2	11	84.6	38	95.0
No one explained, read from pamphlet	1	1.3	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Explanation of IWAY	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
By sub-supplier/main supplier Company:	A	%	B	%	A	%	B	%
Yes, explained by sub supplier (employer)	5	10.6	11	22.0	2	66.7	2	4.0
Yes, explained by representative of main supplier Company	5	10.6	3	6.0	0	0.0	0	0.0
Yes, explained by previous employers	5	10.6	1	2.0	0	0.0	0	0.0
Never heard of	31	66.0	35	70.0	1	33.3	48	96.0
No one explained, read from pamphlet	1	2.1	0	0.0	0	0.0	0	0.0
Total	47	100.0%	50	100.0%	3	100.0%	50	100.0%

Table 4.30. Sub-contracted workers' knowledge and practice of IWAY

Knowledge of IWAY:
▪ No child labour below the age of 17 years
▪ Children are not allowed in the weaving centre premises
▪ Cleanliness of the work place
▪ Safety at work, including evacuation procedures
▪ Fire extinguisher and first aid kit at the workplace
▪ BPJS – health and accident insurance
▪ Work contract
▪ Proper use of equipment
▪ No smoking
▪ Overtime should not be late into the night
Practice of IWAY:
▪ No child labour
▪ Children are not allowed in the weaving centre premises
▪ Fire extinguisher and first aid kit at the workplace
▪ Cleanliness of the workplace
▪ Overtime arrangements
▪ BPJS

Table 4.31. Explanation of Indonesian laws to sub-contracted workers

Explanation of laws	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Yes, explained by government representative	1	1.3	0	0.0	0	0.0	0	0.0
Yes, explained by sub-supplier	1	1.3	0	0.0	0	0.0	0	0.0
Yes, explained by representative of main supplier company	1	1.3	0	0.0	0	0.0	0	0.0
Yes, explained by NGO representative	0	0.0	0	0.0	0	0.0	0	0.0
Explained on television/radio/ newspaper/internet	9	12.0	1	4.5	0	0.0	1	2.5
No one has ever explained	63	84.0	21	95.5	13	100.0	39	97.5
Total	75	100.0	22	100.0	13	100.0	40	100.0

The workers were also asked whether anyone had ever explained to them the Indonesian laws and regulations pertaining to their work in the rattan industry. Table 4.31 indicates that almost all the homeworkers had never received any explanation from anyone. The male weaving centre workers are more likely to have some knowledge of the relevant national laws and labour code, but they mainly learned from the media rather than from their employers.

The participants in the FGDs all indicated that they do not know about IKEA, do not know where their products are sold, do not know the selling price, do not know about IWAY and do not know about the Indonesian rules and regulations governing their type of employment. The homeworker participants reported that they had never been audited.

4.5. Working conditions of sub-contracted workers

4.5.1. Working time

The sub-contracted workers in weaving centres are supposed to work regular fixed 8 hours a day but Table 4.32 shows that only 23 per cent of the men and 14 per cent of the women do so; 52 per cent of the men and 82 per cent of the women reported working about 7 hours a day. About a quarter of the male weaving centre workers have 9 -10 hour work days. Perhaps surprisingly, the homeworkers reported slightly longer working hours – 62 per cent of the men and a third of the women work at least 8 hours a day. But unlike the workers in weaving centres, those working at home have flexible (non-continuous) hours of work. Half of the women homeworkers and 85 per cent of the men work regularly throughout the year. In the weaving centres, the women are more likely than the men to report that they work regularly throughout the year.

Table 4.32. Working time of sub-contracted workers

Working time	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Less than 8 hours a day	39	52.0	18	81.8	5	38.5	27	67.5
8 hours a day	17	22.7	3	13.6	5	38.5	9	22.5
More than 8 hours	19	25.3	1	4.5	3	23.1	4	10.0
Days per week	6.0	-	5.9	-	6.1	-	6.0	-
Fixed hours	-	-	-	-	6	46.2	23	57.5
Flexible hours	-	-	-	-	7	53.8	17	42.5
Regular throughout year	53	70.7	19	86.4	11	84.6	20	50.0
Seasonal – work more	7	9.3	0	0.0	1	7.7	2	5.0
Seasonal – work less	15	20.0	3	13.6	1	7.7	18	45.0

Those who report seasonal variations in their work are more likely to work less than to work more. For all sub-contracted workers, the main reasons behind the seasonal variations in their work are related to the orders that they receive from their sub-suppliers who in turn depend on their orders from the two main supplier companies; orders tend to vary just before or after the festive seasons and also the Muslim fasting month. But what is worth highlighting is that the majority of those who work less during some periods of the year identified the most important reason as the lack of raw materials or delays in receiving raw materials or the parts that they need for finishing a product (such as the frames for chairs to be weaved).

It is clear from Table 4.33 that women workers, whether in weaving centres or at home, are much less ready than the men to take on extra work hours if such work is available. More than a third of all the women stated that they definitely would not take on extra work as compared to less than 5 per cent of the men. Two of those who indicated they did not want to work extra said that it was because there is no overtime incentive. The majority explained that working extra normally means working at night or on off-days but they are already very tired and want time to rest; many of the women cited household chores or the need to look after children (put the young ones to sleep or make sure the older ones do their homework). Whether workers are prepared to work extra would depend on factors such as the overtime payment rate, their health and how tired they already are, and whether the extra work involves working late at night (which would affect the women's ability to take care of children or carry out household chores).

Table 4.33. Whether sub-contracted workers would work extra hours

Extra work hours	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
For sure, would work extra	68	90.7	12	54.5	11	84.6	18	45.0
Not sure	0	0.0	1	4.5	0	0.0	1	2.5
Depends	4	5.3	1	4.5	1	7.7	7	17.5
No	3	4.0	8	36.4	1	7.7	14	35.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

4.5.2. Incomes earned and benefits received

All the sub-suppliers of both Company A and Company B pay their workers at weaving centres on a weekly basis. Company A also pays all its homeworkers on a weekly basis but 3 out of the female homeworkers under Company B claim that they are not paid weekly (one every two weeks, another monthly and a third upon completion of orders). Table 4.34 shows monthly income from rattan production; the highlights of the table are:

- Fifty-five per cent of all sub-contracted workers at weaving centres and at home earn below the regional minimum wage;
- The women workers are clearly worse off than the men in terms of income earned. Eighty-two per cent of female weaving centre workers and 70 per cent of female homeworkers earn below the minimum wage of 1.2 million IDR (US$92) per month. Among the men, 54 per cent of those working at home and 40 per cent of those in weaving centres earn less than 1.2 million IDR (US$92);
- Fifty-one per cent of male weaving centre workers earn above the minimum wage but less than 1.6 million IDR (US$123) and another 9 per cent earn between 1.6 million to 2.0 million IDR (US$153). Forty-six per cent of male homeworkers earn above 1.2 million IDR. In comparison, 18 per cent of female weaving centre workers and 30 per cent of women homeworkers earn above the minimum wage;
- Among the male workers, those in weaving centres are earning more than those working at home. However, women in weaving centres are earning less than those working at home;
- There are no major differences in income earned by weaving centre workers whether they work for the sub-suppliers of Company A or Company B;
- Among the homeworkers, most of whom work for Company B, more than two-thirds earn below 1.2 million IDR per month.

It is worth pointing out that in one FGD, a couple of the workers indicated that they had moved from weaving at home to work in a weaving centre because they believe they can earn more in the centre – "about one and a half times what they can earn at home". However, in another FGD, the homeworkers explained that they can earn as much as those in weaving centres, but whether they actually do so would depend on whether they are interrupted with other tasks in the home or they are able to work, like the weaving centre workers, uninterrupted throughout the day. Some of the weaving centre workers reported that they do not get paid overtime even when they have to work on Sundays to meet targets ("when the normal rate is 26,000 IDR we get paid 26,000 IDR; there is no extra payment, at the most we get lunch and coffee").

Since incomes earned from weaving are based on the piece rate for the rattan products and are affected by the speed at which the workers can produce a piece and the number of hours they work a day,[25] Table 4.35 examines the relationship. The table shows that those earning below the minimum wage are more likely to be working less than full-time (8 hours a day) and that conversely those that work 8 or more hours a day are more likely to earn above the minimum wage. The women both at weaving centres and at home are more likely than the men to work less than a full 8-hour day and a much higher percentage of the women than the men earn less than 1.2 million IDR a month.

25 As explained in the previous Chapter for the calculation of the piece rate and the minimum wage, see Section 3.4.3 pp.35-36.

Table 4.34. Monthly income of sub-contracted workers from weaving

Monthly income	Weaving centre workers								Homeworkers							
	Male				Female				Male				Female			
	Basket	Chair	Frame	Others	Basket	Chair	Frame	Others	Basket	Chair	Frame	Others	Basket	Chair	Frame	Others
Less than 1.2 million	8	21	1	0	0	10	0	8	7	0	0	0	6	0	1	21
1.2 – 1.6 million	14	21	2	1	1	1	0	2	3	2	0	0	0	0	0	11
1.6 – 2.0 million	1	6	0	0	0	0	0	0	1	0	0	0	0	0	0	1
2.0 – 4.0 million	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	23	48	3	1	1	11	0	10	11	2	0	0	6	0	1	33

Monthly income	Weaving centre workers								Homeworkers							
	Company A				Company B				Company A				Company B			
	Basket	Chair	Frame	Others	Basket	Chair	Frame	Others	Basket	Chair	Frame	Others	Basket	Chair	Frame	Others
Less than 1.2 million	6	16	1	0	2	15	0	8	1	2	0	0	12	0	1	21
1.2 – 1.6 million	7	12	0	1	8	10	0	2	0	0	0	0	3	0	0	11
1.6 – 2.0 million	0	4	0	0	1	2	2	0	0	0	0	0	0	0	0	1
2.0 – 4.0 million	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Total	13	32	1	1	11	27	2	10	1	2	0	0	16	0	1	33

Monthly income	Weaving centre workers								Homeworkers							
	Male		Female		Company A		Company B		Male		Female		Company A		Company B	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Less than 1.2 million	30	40.0	18	81.8	23	48.9	25	50.0	7	53.8	28	70.0	3	100.0	34	68.0
1.2 – 1.6 million	38	50.7	4	18.2	20	42.6	20	40.0	5	38.5	11	27.5	0	0.0	14	28.0
1.6 – 2.0 million	7	9.3	0	0.0	4	8.5	5	10.0	1	7.7	1	2.5	0	0.0	1	2.0
2.0 – 4.0 million	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	2.0
Total	75	100.0%	22	100.0%	47	100.0%	50	100.0%	13	100.0%	40	100.0%	3	100.0%	50	100.0%

Table 4.35. Monthly income from weaving by number of hours worked

Monthly income from weaving by number of hours worked	Weaving centre workers				Homeworkers				Total	
	M	%	F	%	M	%	F	%	No.	%
Less than 1.2 million IDR	30	40.0	18	81.8	7	53.9	28	70.0	83	55.3
Less than 8 hours a day	16	53.3	15	83.3	3	42.9	22	78.6	56	67.5
8 hours	8	26.7	3	16.7	3	42.9	3	10.7	17	20.5
More than 8 hours	6	20.0	0	0.0	1	14.3	3	10.7	10	12.0
Total	30	100.0	18	100.0	7	100.0	28	100.0	83	100.0
1.2 -1.6 million IDR	38	50.7	4	18.2	5	38.5	11	27.5	58	38.7
Less than 8 hours a day	21	55.3	3	75.0	2	40.0	5	45.5	31	53.4
8 hours	6	15.8	0	0.0	1	20.0	5	45.5	12	20.7
More than 8 hours	11	28.9	1	25.0	2	40.0	1	9.1	15	25.9
Total	38	100.0	4	100.0	5	100.0	11	100.0	58	100.0
1.6 -2.0 million IDR	7	9.3	0	0.0	1	7.7	1	2.5	9	6.0
Less than 8 hours a day	2	28.6	0	0.0	0	0.0	0	0.0	2	22.2
8 hours	3	42.9	0	0.0	1	100.0	1	100.0	5	55.6
More than 8 hours	2	28.6	0	0.0	0	0.0	0	0.0	2	22.2
Total	7	100.0	0	0.0	1	100.0	1	100.0	9	100.0
Total	75	50.0	22	14.7	13	8.7	40	26.7	150	100.0

Table 4.36. Comparison of monthly income from weaving with minimum wage

Comparison	Weaving centre workers				Homeworkers			
By Sex	Male	%	Female	%	Male	%	Female	%
Above the minimum wage	6	8.0	0	0.0	1	7.7	0	0.0
Below the minimum wage	22	29.3	1	4.5	0	0.0	7	17.5
Same as minimum wage	5	6.7	0	0.0	0	0.0	0	0.0
Do not know what the minimum wage is	38	50.7	20	90.9	12	92.3	32	80.0
Not sure	3	4.0	1	4.5	0	0.0	1	2.5
Depends	1	1.3	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
By sub-supplier/Company:	**A**	**%**	**B**	**%**	**A**	**%**	**B**	**%**
Above the minimum wage	2	4.3	4	8.0	1	33.3	0	0.0
Below the minimum wage	18	38.3	5	10.0	0	0.0	7	14.0
Same as minimum wage	3	6.4	2	4.0	0	0.0	0	0.0
Do not know what the minimum wage is	20	42.6	38	76.0	2	66.7	42	84.0
Not sure	3	6.4	1	2.0	0	0.0	1	2.0
Depends	1	2.1	0	0.0	0	0.0	0	0.0
Total	47	100.0%	50	100.0%	3	100.0%	50	100.0%

While there obviously is a relationship between the number of hours worked and income earned, it has to be emphasized that this is clearly not the only explanation since, for example, a third of all those working 8 or more hours a day are still earning below the minimum wage. Even if the workers are working continuously for eight or more hours a day, the number of pieces they can produce would still be affected by the quality of the raw materials and disruptions in the supply of raw materials (as highlighted in Table 4.43 below and emphasized by the workers in the FGDs – poor quality rattan would affect the speed at which workers can finish a piece and may lead to rejected products while disrupted supply would mean that workers have to stop work while waiting for raw materials to work with). Furthermore, a full work day may be taken up not only with producing finished products but also with other tasks for which they are not paid the piece rate (such as carrying, loading and unloading raw materials and finished products).

When asked to compare their monthly wage to the minimum wage for the province, the large majority, except the male weaving centre workers, indicated that they do not know what the minimum wage is (Table 4.36). The lack of knowledge of the minimum wage is distinctly greater among workers of Company B than of Company A. Those who do know are much more likely to feel that they are earning below the minimum wage.

Table 4.37. Loans from sub-suppliers to sub-contracted workers

Loan from sub-supplier	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Yes	65	86.7	10	45.5	10	76.9	11	27.5
No	10	13.3	12	54.5	3	23.1	29	72.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.37 shows that a much higher proportion of the male workers than the female workers had taken loans from their sub-suppliers. The weaving centre workers are also more likely to have taken loans than the homeworkers. But interestingly, the women weaving centre workers participating in one FGD all insisted that they did not dare or were too shy to ask for loans or cash advances from their employer (they would rather owe shopkeepers) whereas the men would ask for loans or cash advances (sometimes under pressure from their wives to do so). On the other hand, the homeworkers in the FGD indicated that they can easily get loans from their sub-suppliers – that some employers even offer them loans ("the boss said that if his workers ask anything, a motorbike for example, he tends to easily grant it because it can put the workers in a bonded situation, because of which they cannot quit"), and that no interest is charged but in return the employer expects the worker to work hard and not quit.

There are no distinct gender-related differences in the benefits workers receive but workers in the weaving centres clearly receive more benefits than the homeworkers (Table 4.38). The benefits that the homeworkers mentioned that they receive from their sub-suppliers are mainly bonuses/gifts for celebrating Hari Raya (a religious festival day). Only one homeworker mentioned assistance with the cost of utilities and another coverage of health and accident insurance; but what is notable is that two homeworkers indicated that they received maternity benefits from their sub-suppliers. Where the homeworkers receive benefits from the government, it is for health insurance and maternity benefits. Maternity benefits are also mentioned by the weaving centre workers of both companies.

What is also striking from Table 4.38 is that the benefits are not uniformly available to weaving centre workers, even for all those working for sub-suppliers of the same main supplier company; for example, only 10 out of the 47 weaving centre workers under Company A and 14 out of 50 of those under Company B reported that they receive accident insurance. Some sub-suppliers explained that the benefits given depend also on the length of employment of the worker. A larger number of workers of the sub-suppliers under Company A than those of Company B reported that they have free meals, medical/health insurance and also assistance with the cost of utilities. Where the sub-suppliers do not provide accident or health insurance, several of the workers reported that they receive coverage directly from the main supplier companies.

26 In examining Table 4.37, it is important to bear in mind that only 3 of the total of 53 homeworkers surveyed were under Company A.

Table 4.38. Benefits received by sub-contracted workers by provider of the benefits

Benefits	Weaving centre workers				Home workers			
	Male	Female	A	B	Male	Female	A	B
Received from sub-supplier:								
Free meals	31	0	26	5	0	0	0	0
Free transportation	4	8	3	9	0	0	0	0
Paid maternity leave	5	1	3	3	1	2	0	2
Medical/health insurance	15	4	10	9	1	0	1	1
Accident insurance	21	3	10	14	1	0	0	1
Assistance with cost of utilities	10	0	10	0	1	1	1	1
Other: religious celebration benefit	9	2	5	6	4	8	2	10
Received from government:								
Free meals	0	0	0	0	0	0	0	0
Free transportation	0	0	0	0	0	0	0	0
Maternity benefits	0	0	0	0	0	2	0	2
Medical/health insurance	1	2	1	2	0	6	0	6
Accident insurance	1	1	1	1	0	0	0	0
Assistance with cost of utilities	0	0	0	0	0	0	0	0
Other: religious celebration benefit	0	0	0	0	0	0	0	0
Received from main supplier:								
Free meals	0	0	0	0	0	0	0	0
Free transportation	0	0	0	0	0	0	0	0
Maternity benefits	0	0	0	0	0	0	0	0
Medical/health insurance	8	2	8	2	0	0	0	0
Accident insurance	13	9	13	9	0	0	0	0
Assistance with cost of utilities	0	0	0	0	0	0	0	0
Other: religious celebration benefit	0	0	0	0	0	0	0	0

Table 4.39. Other income-earning activities of sub-contracted workers and income earned

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Secondary job:								
No	60	80.0	18	81.8	9	69.2	32	80.0
Yes	15	20.0	4	18.2	4	30.8	8	20.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
Income earned:								
Less than 500,000 IDR	11	73.3	2	50.0	3	75.0	2	25.0
500,000 – 900,000	2	13.3	1	25.0	1	25.0	2	25.0
900,000 – 1.2 million	1	6.7	0	0.0	0	0.0	1	12.5
1.2 -1.4 million	0	0.0	0	0.0	0	0.0	1	12.5
In kind payment	1	6.7	1	25.0	0	0.0	2	25.0
Total	15	100.0%	4	100.0%	4	100.0%	8	100.0%

A slightly higher proportion of men (22 per cent) than women (19 per cent) reported that they have secondary jobs, with the male homeworkers more likely to have other income earning activities than their counterparts in weaving centres (Table 4.39). The secondary jobs are mainly in farming or selling a range of products in the market (including crackers, balloons and chickens). Three of the men work in construction jobs when such jobs are available, one services television sets and another repairs motorbikes, while 3 of the women operate small shops in or near their own homes. Three-quarters of all the men with secondary jobs earn less than 500,000 IDR (US$38) per month. The female homeworkers with secondary jobs tend to earn more than the men and also the women working in weaving centres – 50 per cent earn above 500,000 IDR.

4.5.3. Safety and health of the workers

Table 4.40 reveals a surprisingly large number of work-related injuries or accidents reported by the workers, in particular those working in the weaving centres of the sub-suppliers of Company A. The women homeworkers are more likely to have been injured than their male counterparts, but among the weaving centre workers there are no distinct gender-related differences in injuries or accidents. Most of the injuries are not serious – mainly cuts or wounds related to working with sharp rattan - and do not require treatment in a hospital or by a doctor; the workers just use the first aid kit at their place of work. Where treatment required payment, the fees are covered by the sub-suppliers. The workers also normally do not have to take time off work because of the injuries; where they do take time off it is more likely the men than the women.

A high percentage of the workers also reported health problems that they associate with the nature of their work. Table 4.41 shows that the men, especially those working at home, are more likely than the women to identify health problems; the weaving centre workers are also more likely than the homeworkers to identify health problems. The most common health problems identified by the workers include back pain and body aches related to the position they sit or stand to do their work (implying that there are ergonomic issues); and problems breathing and dust in their eyes related to the working environment which is often dusty (from the splicing of rattan) or smelly (from the soaking of rattan and also from the blow torches used to bend the rattan). Tiredness and frequent headaches are also problems mentioned by several of the workers.

The homeworkers were also asked if they thought that their work affects the health of their family members. Table 4.42 shows that 62 per cent of the male homeworkers and 83 per cent of the women think that their work with rattan products has no effect on the health of their household. Those who think that there is an effect cite skin problems and coughs affecting particularly young children and older folks because of the dust and smell from the rattan.

Table 4.40. Work-related injuries and accidents of sub-contracted workers

Work injuries/ accidents	Weaving centre workers				Home workers			
By Sex of worker	Male	%	Female	%	Male	%	Female	%
Yes	64	85.3	19	86.4	10	76.9	37	92.5
No	11	14.7	3	13.6	3	23.1	3	7.5
Doctor/hospital paid by								
Sub-supplier	8	12.5	0	0.0	0	0.0	0	0.0
Doctor/hospital paid by respondent	1	1.6	0	0.0	1	10.0	0	0.0
Doctor/hospital covered by insurance	1	1.6	0	0.0	0	0.0	0	0.0
Doctor/hospital paid by others	0	0.0	0	0.0	0	0.0	0	0.0
Just used first aid kit	51	79.7	19	100.0	9	90.0	32	88.9
Other attention	3	4.7	0	0.0	0	0.0	4	11.1
Took time off work	24	37.5	2	10.5	3	30.0	6	16.2
Did not take time off work	40	62.5	17	89.5	7	70.0	31	83.8
By sub-suppliers/ Company:	Company A	%	Company B	%	Company A	%	Company B	%
Yes	46	97.9	37	74.0	2	66.7	45	90.0
No	1	2.1	13	26.0	1	33.3	5	10.0
Doctor/hospital paid by								
Sub-supplier	5	10.9	3	8.1	0	0.0	0	0.0
Doctor/hospital paid by respondent	1	2.2	0	0.0	0	0.0	1	2.2
Doctor/hospital covered by insurance	1	2.2	0	0.0	0	0.0	0	0.0
Doctor/hospital paid by others	0	0.0	0	0.0	0	0.0	0	0.0
Just used first aid kit	39	84.8	31	83.8	2	100.0	40	88.9
Other attention	0	0	3	8.1	0	0.0	4	8.9
Took time off work	20	43.5	6	16.2	1	50.0	8	17.8
Did not take time off work	26	56.5	31	83.8	1	50.0	37	82.2

Table 4.41. Health problems of sub-contracted workers related to work

Health problems	Weaving centre workers				Home workers			
By Sex of worker	Male	%	Female	%	Male	%	Female	%
Yes	56	74.7	15	68.2	12	92.3	19	47.5
No	17	22.7	7	31.8	1	7.7	21	52.5
Not sure	2	2.7	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%
By sub-suppliers/ Company: A		%	B	%	A	%	B	%
Yes	34	72.3	37	74.0	3	100.0	28	56.0
No	11	23.4	13	26.0	0	0.0	22	44.0
Not sure	2	4.3	0	0.0	0	0.0	0	0.0
Total	47	100.0%	50	100.0%	3	100.0%	50	100.0%

Table 4.42. Effect on health of household members of homeworkers

Effect on health of household members	Male	%	Female	%
Yes	2	15.4	5	12.5
No	8	61.5	33	82.5
Not sure	2	15.4	1	2.5
Do not know	1	7.7	1	2.5
Total	13	100.0%	40	100.0%

4.5.4. Work-related problems

The workers were asked whether they are affected by the problems listed in Table 4.43. The table reveals some striking results:

- Among the weaving centre workers, the women are less likely than the men to identify problems with their work; 23 per cent of the women indicated that there is no serious work-related problem as compared to 12 per cent of the men. However, among the homeworkers, only 20 per cent of the women feel that there is no serious problem as compared to 31 per cent of the men;
- All workers in weaving centres and at home agree that the low rate of payment is a problem. But while more than one-third of weaving centre workers identified the low piece rate as the most serious problem they face, none of the male homeworkers and only 1 woman homeworker did so. A higher percentage of homeworkers identified delayed payments as a problem;
- Surprisingly, a higher proportion of workers in weaving centres as compared to homeworkers identified problems related to poor access to electricity and water and also poor tools and equipment. For the homeworkers, lack of workspace in the house is a problem;
- Problems related to work orders – pressure to complete work orders and irregular or cancelled orders - are clearly important, especially for the homeworkers. Both female and male homeworkers identified cancelled work orders as the most serious problem, followed by irregular work orders;
- Unreliable or irregular supply of raw materials (poor quality of the rattan and disruptions in supply) is a problem for both weaving centre workers and homeworkers. The high cost of raw materials appears to be less of a problem than the poor quality of the rattan that the workers have to work with;
- The weaving centre workers are more likely than the homeworkers to consider the inability to bargain with their sub-suppliers/employers to be a problem.

The FGD participants emphasized the problem of the low rate of payment they receive. Some of the participants also drew attention to the difference in the piece rate paid by different sub-suppliers for the same item produced. They explained that they are aware of the differences but are not comfortable to change sub-suppliers.

The FGD participants also identified frequent power cuts to be a serious problem ("sometime three a day") which interrupts their work rhythm and also means they are able to produce less. But the problems the FGD participants appeared most concerned with relates to the supply and quality of raw materials. Both weaving centre workers and homeworkers complained that they frequently have to stop work because they do not have the rattan raw materials or the chair frames to complete the weaving and have to wait for the next lot of rattan to be delivered by the main supplier company or the chair frames to be sent from other sub-suppliers. The weaving centre workers explained that they are told to take the day off when the centre has run out of raw materials and are called back only when supplies are delivered. Many of the FGD participants also underscored the problems created by poor quality of the raw materials – "when the rattan is hard, we can only make two baskets a day as compared to three when it is good rattan"; "working with hard rattan is very hard on the hands, very painful". They complained that irregular supply of materials and poor quality of rattan reduces the income they earn from work.

Table 4.43. Work-related problems of sub-contracted workers

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Work related problems:								
Lack of training/skills	13	17.3	3	13.6	3	23.1	4	10.0
High transport costs	9	12.0	2	9.1	1	7.7	5	12.5
Poor access to utilities (electricity, water)	26	34.7	1	4.5	3	23.1	6	15.0
Not enough space in the home	0	0.0	0	0.0	6	46.2	8	20.0
Poor tools/equipment/ cannot afford better tools	32	42.7	8	36.4	1	7.7	7	17.5
High cost of raw materials	0	0.0	0	0.0	2	15.4	0	0.0
Unreliable/irregular supply of raw materials	22	29.3	10	45.5	4	30.8	16	40.0
Pressure to complete work order	29	38.7	4	18.2	7	53.8	19	47.5
Work orders irregular	18	24.0	3	13.6	2	15.4	22	55.0
Cancelled work orders	6	8.0	0	0.0	1	7.7	23	57.5
Low rate of payment for products	38	50.7	10	45.5	7	53.8	19	47.5
Delayed payments	4	5.3	2	9.1	2	15.4	6	15.0
Rejected products	18	24.0	2	9.1	1	7.7	2	5.0
Not able to bargain with sub-supplier	16	21.3	5	22.7	1	7.7	9	22.5
Poor quality of rattan raw materials	6	8.0	1	4.5	1	7.7	3	7.5
Most serious problem:								
Lack of training/skills	1	1.3	0	0.0	0	0.0	0	0.0
High transport costs	0	0.0	0	0.0	0	0.0	0	0.0
Poor access to basic infrastructure (electricity, water)	5	6.7	0	0.0	0	0.0	1	2.5
Not enough space in the home	0	0.0	0	0.0	1	7.7	1	2.5
Poor tools/equipment/ cannot afford better tools	9	12.0	2	9.1	0	0.0	1	2.5
High cost of raw materials	0	0.0	0	0.0	1	7.7	0	0.0
Unreliable/irregular supply of raw materials	2	2.7	4	18.2	1	7.7	3	7.5
Pressure to complete work order	5	6.7	1	4.6	0	0.0	4	10.0
Work orders irregular	5	6.7	0	0.0	2	15.4	7	17.5
Cancelled work orders	0	0.0	1	4.6	3	23.1	11	27.5
Low rate of payment for products	26	34.7	8	36.4	0	0.0	1	2.5
Delayed payments	1	1.3	0	0.0	0	0.0	0	0.0
Rejected products	4	5.3	1	4.6	0	0.0	0	0.0
Not able to bargain with sub-supplier	2	2.7	0	0.0	0	0.0	0	0.0
Poor quality of rattan raw materials	6	8.0	0	0.0	1	7.7	3	7.5
No serious problem	9	12.0	5	22.7	4	30.8	8	20.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

In one of the FGDs, the participants from weaving centres voiced a strong complaint that they are responsible not only for weaving but also for carrying, loading and unloading raw materials and finished products – which they feel should be the responsibility of the main supplier and because they do not get paid for these heavy tasks ("the boss should send daily workers to carry the raw materials or products"). One participant explained in greater detail that since the weaving centre is located some 100 metres from the main road, the workers have to carry the finished products to the truck for transportation to the main supplier – this task could take up to a couple of hours per week and reduces their productivity.

To address their work-related problems, two of the homeworkers reported that they had sought work from other sub-suppliers and another two had received assistance from their sub-supplier in terms of receiving more raw materials. Twelve of the weaving centre workers reported that they receive various types of assistance from their employer – arrangement to pump water from a stream to improve the water supply, repair broken tools, increase rate of payment, give a loan, and improve the supply of raw materials. Some of the workers indicated that they are able to discuss problems with their sub-supplier and to try to come up with solutions. At least another 12 weaving centre workers reported that they receive assistance from their colleagues, such as to repair rejected products or to complete their work orders. A few workers indicated that they solve their problems by moving to other sub-suppliers.

Table 4.44. Suggestions from sub-contracted workers for overcoming work-related problems

Suggestions from weaving centre workers:
▪ Raise the piece rate
▪ Ensure that they are paid at least the minimum wage especially since the cost of living has gone up
▪ The main supplier should increase payment to sub-suppliers so that they can pay their workers more
▪ Payment should be in cash and without delays
▪ The main supplier should not increase its number of sub-suppliers as there will then be less orders and less overtime for the workers
▪ The main supplier should increase orders to the sub-suppliers so that they can give more orders to workers
▪ Increase the number of workers making frames so that more frames can be supplied and more chairs produced
▪ Increase working time so that more products can be produced
▪ Improve the quality of raw materials supplied
▪ Ensure steady/regular supply of rattan raw materials
▪ The sub-supplier should use his initiative and search of other sources of raw materials
▪ Ensure that equipment and tools are in good functioning order
▪ Regularly service and repair equipment and tools
▪ The authorities should ensure steady supply of electricity
▪ Address the issue of different piece rates for the same product paid by different sub-suppliers
Suggestions from homeworkers:
▪ Ensure regular work orders
▪ Ensure ready and regular supply of raw materials
▪ The sub-supplier should coordinate the stock of raw materials so as to ensure a steady supply
▪ Ensure that the rattan raw materials are of good quality
▪ Raise the piece rate
▪ Increase incomes especially since the cost of living has gone up
▪ Increasing payments will increase the work incentive
▪ Ensure that there are no delays in payments
▪ Improve the space for work in the house
▪ Ensure steady supply of electricity
▪ Address the issue of different piece rates for the same product paid by different sub-suppliers.

Table 4.44 lists the suggestions made by the workers on how to address their problems and improve their working conditions. At least half of the weaving centre workers made suggestions relating to the piece rate payment and the wages they receive; several of them indicated that the problem is not just with their sub-supplier – the main supplier has to pay the sub-suppliers more so that in turn they can pay their workers more. However, one worker observed that perhaps the company has already adjusted payment to the sub-suppliers who have not passed on the increase to the workers. The suggestions also emphasized the need to address the differences in piece rates paid by different sub-suppliers for the same product. Another major set of suggestions relates to the raw materials and work equipment – there should be steady supply of rattan; the rattan should be of good quality (wet rattan and also hard, inflexible rattan are difficult to work with); and the equipment and tools should be regularly serviced and repaired. Those concerned with work orders suggested that they would have more work (and therefore more income) if the main suppliers increase work orders to the sub-suppliers, including by not appointing more sub-suppliers and not dividing up the total work order among more sub-suppliers.

Twelve of the homeworkers interviewed did not have any suggestions as they do not feel they have any serious problems with their work. The other homeworkers, like the weaving centre workers, made suggestions relating mainly to the need to increase payment for the products they produce and also to avoid delays in payment. The homeworkers are also more concerned than the weaving centre workers with the quality of raw materials that they receive and with receiving regular work orders. One homeworker emphasized the importance of having enough space in the house for work, and another highlighted a steady electrical supply (but indicated that he did not know how or where to make a complaint). Another homeworker suggested that all the homeworkers and weaving centre workers should get together and negotiate with the sub-suppliers and main companies.

When asked in the FGD whether they had any suggestions for improving their working conditions, one weaving centre worker suggested that a way to avoid delays is to directly send the frames produced in one weaving centre to the other weaving centre that is weaving the chairs, rather than the current practice of sending the frames to the factory of the main supplier company which then sends them to the sub-suppliers. A couple of the FGD participants said they want long-term contracts (ten to fifteen years) as they are still young and want the security of work. Others had suggestions related to raising the wages they receive. As expressed by one participant, "there are more orders than there are workers – so the workers are in a good position in relation to the employer, but we are not in a good position in relation to the wage, which is still very low".

4.6. Sub-contracted workers' choice of place of work

Table 4.45 shows the current place of work of the homeworkers. Ninety per cent of the women homeworkers work in their own homes without any special work space; but the men are more likely to have a dedicated work space either within their own home or in a structure attached to their home. Several of the FGD homeworker participants indicated that they work outside their homes normally on the terrace – and that they find it more pleasant than working inside the house.

Table 4.45. Current place of work of homeworkers

Current place of work	Homeworkers			
	Male	%	Female	%
Own dwelling(with special work space within the dwelling unit)	3	23.1	3	7.5
Own dwelling (without special work space within the dwelling unit)	4	30.8	36	90.0
Structure attached to own dwelling unit	5	38.5	0	0.0
Detached structure adjacent to own dwelling unit	1	7.7	0	0.0
Contractor's dwelling unit	0	0.0	0	0.0
Dwelling unit of some other person (neighbour)	0	0.0	1	2.5
Total	13	100.0%	40	100.0%

The workers were asked their reasons for working at home or in a weaving centre. Table 4.46 shows that the most important reason for the women to work from home is their family or other domestic responsibilities. On the other hand, for the men, the most important reason is that they have more freedom, their time is more flexible and they feel more comfortable than working in a weaving centre or factory. Table 4.47 confirms that the ability to combine work and family/domestic responsibilities is the biggest advantage of working at home for 85 per cent of the women homeworkers; and 65 per cent of them do not see any serious disadvantage to working at home. Table 4.47 also confirms that for the men, the biggest advantage of working at home is the flexibility of the work arrangement. Other serious disadvantages cited particularly by the men include the limited networking with other workers because of the isolation of home-based work and the lack of space in the home.

Table 4.46. Most important reason of homeworkers for working at home

Most important reason for working from home	Homeworkers			
	Male	%	Female	%
Family responsibilities	2	15.4	24	60.0
Other domestic responsibilities	0	0.0	5	12.5
Cannot find any other work	1	7.7	3	7.5
Transportation difficulties	1	7.7	0	0.0
Not allowed to work outside the home	0	0.0	1	2.5
More freedom/more comfortable than in a weaving centre or factory	3	23.1	2	5.0
To be with the family	1	7.7	1	2.5
To contribute to family income	1	7.7	2	5.0
Other	4	30.8	2	5.0
Total	13	100.0%	40	100.0%

Table 4.47. Biggest advantage and disadvantage of working at home

	Homeworkers			
	Male	%	Female	%
Biggest advantage:				
Flexible work arrangement	6	46.0	3	7.5
Can combine work and family/domestic responsibilities	0	0.0	34	85.0
Can be near family	2	15.4	1	2.5
Can have other income earning activities	2	15.4	0	0.0
Can be independent/not disturbed by others	1	7.7	0	0.0
Can observe social restrictions	0	0.0	0	0.0
Other	2	15.4	2	5.0
No advantage	0	0.0	0	0.0
Total	13	100.0%	40	100.0%
Biggest disadvantage:				
Limited relationship/network with other workers	2	15.4	1	2.5
Not enough space in the home	2	15.4	4	10.0
The house gets dirty	1	7.7	1	2.5
Work interrupted by competing needs of other household activities	1	7.7	3	7.5
Health of family members adversely affected by work-related hazards	0	0.0	1	2.5
Low income compared to weaving centre workers/ not enough for needs	1	7.7	1	2.5
Other	3	23.1	3	7.5
No disadvantage	3	23.1	26	65.0
Total	13	100.0%	40	100.0%

The women homeworkers participating in one FGD confirmed that the biggest advantage for them is that they are free to combine work with household responsibilities; they can have flexible working hours and can work longer or shorter hours as compared to the fixed hours in a weaving centre; and they can also decide on the number of products to weave in a day. The male homeworkers in the FGD were more likely to emphasize that they are free to provide transportation for children to school and they are also able to conduct other activities such as looking after animals, running a small business, driving a taxi or working in construction. Having other income-earning activities is a major reason for the participants to weave at home rather than in a centre. However, the men identified as a disadvantage the interruptions (from children, their wives and other chores) that they have to deal with at home. The homeworkers also cited as a disadvantage the need to clean the workspace in their home whereas they do not feel responsible for the cleanliness of a weaving centre.

For the workers at weaving centres, getting from their homes to the place of work can be a problem. However, Table 4.48reveals that this is not really an issue as most of the men walk or have their own motorcycles, and 64 per cent take less than 30 minutes to get to work. More than half the women have their own vehicles, one walks and the rest are provided transport by their sub-suppliers (normally in pick-up trucks).

Table 4.48. How weaving centre workers get from home to weaving centre

	Weaving centre workers			
	Male	%	Female	%
Mode of transport:				
Walk	32	42.7	1	4.5
Own vehicle	35	46.7	12	54.5
Sub-supplier's transport	0	0.0	9	41.0
Public transport	6	8.0	0	0.0
Other	2	2.7	0	0.0
Total	75	100.0%	22	100.0%
Time taken:				
Less than 10 minutes	31	41.3	5	22.7
Less than 30 minutes	17	22.7	7	31.8
30-60 minutes	24	32.0	10	45.5
More than 1 hour	3	4.0	0	0.0
Total	75	100.0%	22	100.0%

There are distinct gender differences in what the workers consider to be the biggest advantage of working in a weaving centre (Table 4.49). Sixty-four per cent of the female weaving centre workers cite the company of co-workers to be the biggest advantage as compared to only one-fifth of the men. The male weaving centre workers place greater importance on having regular work orders and working in a centre located near their homes. The men also cited a much wider range of advantages, including having the raw materials, utilities and equipment and also free food and drinks supplied at the weaving centre. Several indicated that they receive income adequate for their household needs and they receive regular payments. Some workers reported that they have greater freedom as compared to working in the regulated conditions of a factory and a more pleasant working environment as compared to home-based work. Two workers identified the contract system as the biggest advantage – but in terms of not being tied down by a contract and being free to choose to work more or less – "*tidak terikat kontrak*, bebas (not bound by contract, free)" and "*sistem borongan, jadi megerjakan bisa banyak atau sedikit tergantung semangatnya* (wholesale system, so can do a lot or less depending on feelings)". Another worker pointed out that he does not have to put up his own capital to work.

When asked about the advantage of working in a weaving centre, several of the women participants in the FGDs identified the company of colleagues and friends, including helping each other to complete their work orders. Both women and men mentioned that working with others in a centre can motivate them to work harder or can "make them envious" (such as when they see that others are working faster or making

more products). Several of the FGD participants also emphasized that they can earn more at the weaving centre than at home – especially since they do not have to pay for food and drinks. But another participant explained that homeworkers may get paid more to compensate them for having to cover their own utility costs. One woman indicated that medication is readily available for slight injuries in the weaving centre whereas they have no first aid kit at home. Some of the men explained that they would do other jobs if they had the capital, but since they do not have the funds, they choose to work in a weaving centre where the only qualification is their skill. The men were also more likely to place importance on the distance of the centre from their homes and the fact that they do not have to supply their own tools.

Table 4.49. Biggest advantage and disadvantage of working in a weaving centre

	Weaving centre workers			
	Male	%	Female	%
Biggest advantage:				
Weaving centre located near home	14	18.7	2	9.1
Better working environment than at home	4	5.3	0	0
Regular work orders	18	24.0	2	9.1
Regular working hours	0	0.0	0	0.0
Have the company of co-workers	15	20.0	14	63.6
Equipment supplied in the weaving centre	2	2.7	0	0.0
Cost of utilities covered	1	1.3	0	0.0
Raw materials ready in the weaving centre	3	4.0	0	0.0
Receive free food and drinks	4	5.3	0	0.0
Receive enough income for household needs/regular income	6	8.0	2	9.1
Greater freedom/more pleasant as compared to factory or home-based work	3	4.0	1	4.5
Contract system	1	1.3	1	4.5
No need to put up own capital	1	1.3	0	0.0
Can obtain loan from sub-supplier	1	1.3	0	0.0
Other	1	1.3	0	0.0
No advantage	1	1.3	0	0.0
Total	75	100.0%	22	100.0%
Biggest disadvantage:				
Weaving centre far away from home/family	7	9.4	1	4.5
Cannot combine work and household responsibilities	0	0.0	2	9.1
Regular working hours	1	1.3	0	0.0
Poor quality of raw materials, so have to work harder	4	5.3	0	0.0
Poor equipment	0	0.0	1	4.5
Poor working environment in weaving centre	4	5.3	4	18.2
Irregular supply of electricity affects work	2	2.7	0	0.0
Irregular work orders	6	8.0	0	0.0
Health affected	1	1.3	1	4.5
Low wages/ wage below what was promised	2	2.7	0	0.0
Tired/bored	2	2.7	0	0.0
Other	2	2.7	0	0.0
No disadvantage	44	58.7	13	59.1
Total	75	100.0%	22	100.0%

What is striking from the Table 4.49 is that 59 per cent of both male and female workers do not consider that there is any serious disadvantage to working in a weaving centre. The biggest disadvantage for the women is the poor working conditions in the weaving centre; they complain of the heat and also the lack of proper bathroom and toilet facilities.[27] Only two of the women identified the difficulties of combining work and family responsibilities as the biggest disadvantage. Several of the men, but none of the women, expressed concern with irregular work orders, the poor quality of raw materials to work with and irregular electricity supply. Also a higher percentage of men than women identified the biggest disadvantage to be the distance of the weaving centre from their homes so that they experience transport difficulties or they miss their families.

All sub-contracted workers were asked where they would prefer to work if they had a choice. Table 4.50 shows that both male and female homeworkers are content with their work location and would not choose to work in a weaving centre. Seventy per cent of all weaving centre workers would still choose their current location of work. There does not appear to be a gender-related difference in the choices of either homeworkers or weaving centre workers. What is glaringly clear is that there is a very low preference for working in a factory environment.

The FGDs also confirmed that the workers do not want or are not able to work in factories – particularly the women who have family and domestic responsibilities. Other reasons given by the workers why they would not choose factory work are - the regulations are stricter in a factory environment (they "feel harassed" in having to follow strict orders, for example they are not supposed to talk or joke with other workers); they do not like the shift work in factories; they have greater flexibility to choose their working hours in a weaving centre as compared to a factory; they can "get their full income and not have to pay for food and drinks" (which they would have to do so in a factory). Some explained that they had previously worked in factories that were dusty, smelly and noisy. None of those interviewed or those participating in the FGDs feel that they can earn more working in a factory than in a weaving centre or at home.

Table 4.50. Where sub-contracted workers would choose to work

Choice of place of work	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
In a weaving centre	52	69.3	16	72.7	0	0.0	0	0.0
At home	15	20.0	3	13.6	12	92.3	36	90.0
In a factory	8	10.7	3	13.6	1	7.7	4	10.0
Depends	0	0.0	0	0.0	0	0.0	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Several of the FGD participants also said that workers, particularly women, are more likely to prefer to work in a weaving centre than at home if they do not have small children to take care of. Those who selected work in a weaving centre rather than at home also explained that they "just have to come to work and do not have to worry about supplying their own tools and equipment (such as a compressor and blow torch)". They also said they can get paid more regularly at the weaving centre than if they are working at home.

The FGDs also discussed whether the participants prefer to be self-employed/own-account workers or to work for a sub-supplier/employer. The men, both at weaving centres and at home, indicated that they would prefer to be self-employed (but they currently could not do so because they do not have the capital) – because they "can sell the product on their own, keep the income for themselves whereas as workers, they only receive whatever the employer pays them"; "if self-employed we work independently with net income". But the participants also pointed out that while they can directly sell baskets in the market, it is not possible to do so with chairs which depend on receive orders ("cannot be self-employed for chairs"). The women FGD participants mostly said they prefer to work for an employer so that "I do not have to bear the costs and the risks"; "it is hard to manage the income and expenditure"; and "I do not have to think of anything, just receiving the payment".

27 Some of the FGD participants explained that they have to use a fish pond as a toilet.

4.7. Gender and age preferences

The workers were asked a number of specific questions in the interviews and FGDs to determine their views on gender preferences, discriminationand harassment. In Table 4.51, workers were asked whether their current place of work is a more appropriate location of work for women or men. The gender differences are very obvious.Almost all the female homeworkers feel that the home is a more appropriate location of work for women than for men while none of the men agree. Among the weaving centre workers, 80 per cent of the men say that the weaving centre is more appropriate for males than females but less than 10 per cent of the women agree. The women weaving centre workers are more likely to say that there is no difference by sex or that the weaving centre is a more appropriate location for women than men.

The FGD participants who were weaving centre workers expressed the opinion that whether work in the centre is more appropriate for women and men would depend on the nature of the work – for the harder work men are better but for the same kind of job there is no gender difference. They also felt that it is acceptable for women to work outside the home so long as the workplace is not too far away and they do not have to care for young children. However, one male homeworker FGD participant said that women should stay at home to educate the children, while an older woman and a younger girl felt that the home is the more appropriate workplace for women. In one of the FGDs, some of the male participants emphasized that the sub-supplier prefers men because he provides the same meal for both male and female workers but he gets more products from the men than the women.

When asked their opinion on whether the sub-suppliers have a preference for giving work orders to workers at a weaving centre or at home, Table 4.52 shows that more than two-thirds of all weaving centre workers indicated that sub-suppliers prefer their location of work. But only 45 per cent of the female homeworkers and none of the men feel that sub-suppliers prefer workers based at home.

Table 4.53 shows that the majority of workers of both sexes in weaving centres and at home feel that men and women doing the same kind of work should be paid the same rate. Where they do not agree, the men are more likely than the women to express the opinion that males should be paid more.

When asked whether they thought employers prefer to give work orders to women or men, more than 60 per cent of the men both in weaving centres and at home indicated that the sub-suppliers prefer to deal with their gender. On the other hand, 75 per cent of the female homeworkers but only 36 per cent of female weaving centre workers feel that the employer preference is to deal with women (Table 4.54). The FGD participants clarified that the preference of sub-suppliers would depend on the type of raw materials to be used – if the rattan is hard, thick or heavy, they prefer men, and they prefer women to work with the split, thinner rattan strips.

The workers were also asked about age preference. Table 4.55 indicates the majority of all workers do not think that the sub-suppliers have any age-related preference. Where they think there is a preference it is for younger rather than older workers, mainly because young workers tend to be stronger and have more energy for work. In the FGD discussion, the weaving centre workers appeared to strongly agree with the view that sub-suppliers prefer younger workers because of their strength and energy. But what is interesting is that the older workers clarified "old" as 40 years and over ("they no longer go to the weaving centre, they go to the rice fields") and claimed that they now produce less than when they were young. But some of the younger workers insisted that age is not an issue as the weaving work is "light work" and what counts is the skill and expertise.

Table 4.51.Opinion of sub-contracted workers on appropriate place of work for women and men

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
More appropriate for women	1	1.3	9	40.9	0	0.0	39	97.5
More appropriate for men	60	80.0	2	9.1	7	53.8	0	0.0
No difference	10	13.3	9	40.9	5	38.5	1	2.5
Depends	4	5.3	2	9.1	1	7.7	0	0.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.52. Opinion of sub-contracted workers on preference of sub-suppliers for giving orders to workers at weaving centre or at home

Preference of sub-suppliers	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
For home workers	0	0.0	1	4.5	0	0.0	17	42.5
For weaving centre workers	52	69.3	15	68.2	4	30.8	7	17.5
No preference	8	10.7	0	0.0	7	53.8	7	17.5
Depends	2	2.7	0	0.0	1	7.7	1	2.5
Do not know	13	17.3	6	27.3	1	7.7	8	20.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.53. Opinion of sub-contracted workers on whether men and women doing the same kind of work should be paid the same rate

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Get paid the same	54	72.0	17	77.3	9	69.2	33	82.5
Men get paid more	11	14.7	2	9.1	2	15.4	0	0.0
Women get paid more	3	4.0	0	0.0	1	7.7	1	2.5
Depends	2	2.7	0	0.0	0	0.0	1	2.5
Do not know	5	6.7	3	13.6	1	7.7	5	12.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.54. Opinion of sub-contracted workers on gender preference of sub-suppliersfor giving work orders

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Prefer to deal with men	47	62.7	1	4.5	8	61.5	0	0.0
Prefer to deal with women	1	1.3	8	36.4	0	0.0	30	75.0
No preference	18	24.0	10	45.5	3	23.1	4	10.0
Depends	6	8.0	3	13.6	1	7.7	2	5.0
Do not know	3	4.0	0	0.0	1	7.7	4	10.0
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

Table 4.55.Opinion of sub-contracted workers on age preference of sub-suppliers for giving work orders

	Weaving centre workers				Home workers			
	Male	%	Female	%	Male	%	Female	%
Younger person	23	30.7	7	31.8	4	30.8	9	22.5
Older person	4	5.3	1	4.5	1	7.7	2	5.0
No preference	40	53.3	14	63.6	7	53.8	24	60.0
Depends	4	5.3	0	0.0	1	7.7	2	5.0
Do not know	4	5.3	0	0.0	0	0.0	3	7.5
Total	75	100.0%	22	100.0%	13	100.0%	40	100.0%

The discussion in the FGDs on whether young people are interested to go into the rattan industry and whether the workers want their children to continue in the same industry raised some important implications. Firstly, the participants reported that young people are not interested in weaving work – "there is no next generation, they are migrating"; "they want higher salaries, the pay is low in weaving". Secondly, the younger participants indicated that the only reason why they work in the rattan industry is because they do not have the educational qualifications or high school certificate to be able to work in some other industry. Thirdly, there was almost unanimous agreement among the participants both from weaving centres and home-based that they want their children to have an education, get a diploma and find jobs other than doing weaving ("I want my children to be better off than me", "I am doing this work because I do not have a diploma to qualify for other jobs"). The FGDs reinforced the concern expressed by sub-suppliers about the difficulties of finding workers - which would tend to affect the future of the industry (refer back to Table 3.36).

However, currently, many young people, especially young girls, are still learning weaving skills. The FGD participants revealed that those youth who do not continue their education beyond elementary school tend to take up weaving at home rather than being unemployed and even girls who are still schooling will weave when they get home to help their parents. The homeworker participants in the FGD explained that especially in the villages that are still predominantly involved in the rattan industry, weaving is a traditional craft so that many young people help their parents weaving at home and by the time they leave school, they already have the necessary skills.

4.8. Harassment

The large majority of all sub-contracted workers reported that they have never faced any kind of harassment. The most common form of harassment is from neighbours, as seen in Table 4.56. Five male workers and one female worker reported that they had been harassed by neighbours mostly over loud noise or because they play music very loudly when they are working; while two of the workers reported that their neighbours had harassed them over the smell from wet rattan. These workers had made a complaint to their sub-suppliers who then took action by explaining to the neighbours that wet rattan does smell.

What is most striking and worrying from the Table is that two female homeworkers reported that they had been threatened by their sub-suppliers that if they were "too honest" for this survey interview, they may not be given any more work orders *("diancam oleh sub supplier kalau ngomong yang jujurketika wawancara maka tidak akan diberikan pekerjaan lagi")*. Understandably, these women did not make any complaints for fear of losing their jobs.

The FGD participants did not consider harassment or intimidation to be a serious problem. Only one participant reported that he felt "threatened" by a previous employer that if he did not complete the work within a tight deadline he would not be given more orders. Other participants insisted that they did not know of any harassment case concerning their work mates and their employer cannot harass them as he needs

workers, and they can easily leave if he "is not a good boss". The homeworker participants shared the view that their neighbours have no complaints, "there are no thugs or gangsters" and "The neighbourhood head often comes to my home, but he does not ask for money, he just controls".

Table 4.56. Harassment complaints of sub-contracted workers

	Weaving centre workers		Home workers	
	Male	Female	Male	Female
Harassment:				
Harassment from police	0	0	0	0
Harassment from local authorities	0	0	0	0
Harassment from neighbours	4	1	1	0
Harassment from family members	0	0	1	0
Harassment from sub-supplier	0	0	0	2
Harassment from other workers	1	0	0	0
Harassment from others	0	0	0	0
No harassment	70	21	11	38
Total	75	22	13	40
Complaint and action taken:				
Complained and action taken	2	0	0	0
Complained but no action taken	3	1	0	0
Did not complain	0	0	2	2
Total	5	1	2	2

CHAPTER 5

THE HOME-BASED WORKERS

Women and men who work from home can either behired as part of a global supply chain or be self-employed/own account workers – the former are termed "homeworkers", "outworkers" or "sub-contracted workers", the latter are the "home-based workers". The previous Chapter had examined the conditions of the homeworkers who are employed by sub-suppliers of the IKEA rattan supply chain. This Chapter examines the conditions of the home-based workers using data from the survey of 31 respondents (11 male and 20 female). These home-based workers are not part of the IKEA supply chain. But it is useful to compare the working conditions of the workers who are part of the IKEA supply chain with those who are not part of the IKEA supply chain. For ease of comparison, some of the tables in this Chapter duplicate data from the previous Chapter.

5.1. Characteristics of home-based workers

Table 5.1. Characteristics of home-based workers and IKEA workers

	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Number of workers:	**11**	**20**	**13**	**40**	**75**	**22**
Age:			**Years**			
Average:	46.18	39.00	38.31	33.95	36.08	34.45
Marital status:			%			
Never married	0.0	5.0	7.7	10.0	20.0	13.6
Married	90.9	95.0	92.3	87.5	77.3	72.7
Living with partner	0.0	0.0	0.0	0.0	0.0	4.5
Divorced	0.0	0.0	0.0	2.5	0.0	9.1
Widowed	9.1	0.0	0.0	0.0	2.7	0.0
Literacy:			**%**			
Can read and write	100.0	80.0	100.0	95.0	94.7	100.0
Can read, cannot write	0	15.0	0	2.5	2.7	0
Cannot read and write	0	5.0	0	2.5	2.7	0
Education level:			**%**			
No formal education	0	5.0	0	5.0	1.3	4.5
Incomplete primary	27.3	20.0	7.7	15.0	12.0	0
Primary school	63.6	55.0	69.2	42.5	56.0	86.4
Junior high school	9.1	20.0	23.1	17.5	25.3	9.1
Senior high school	0	0	0	12.5	5.3	0
Vocational high school	0	0	0	7.5	0	0
Membership:			%			
Belong to organization	18.2	65.0	61.5	77.5	36.0	63.6
Do not belong to any	81.8	35.0	38.5	22.5	64.0	36.4
Total %	100.0	100.0	100.0	100.0	100.0	100.0

On average, the home-based workers are older than the IKEA sub-contracted workers, and among the home-based workers, the men are about 7 years older than the women (Table 5.1). Because they tend to be older, a higher percentage of the home-based workers are married compared to the homeworkers and especially to the weaving centre workers. Literacy levels of the female home-based workers are lower than those of all other groups of both male and female workers. About a quarter of all home-based workers, women and men, had not even completed primary education. Like their female counterparts who are sub-contracted workers, the women home-based workers are much more likely than the men to be members of organizations. Half of all the women home-based workers belong to savings groups while another three join religious groups (Koran reading groups).

5.2. Household profile of home-based workers

The home-based workers have distinctly larger households than all the IKEA worker groups (Table 5.2). The average household size of women home-based workers is 5.8 persons, while that of the men is 4.5. In comparison, the average household size of all sub-contracted workers is 4.0. More than 70 per cent of the male home-based workers lives in nuclear households with just their wives and children, but more than a third of the female home-based workers live in extended households with relatives who are not members of their immediate families (Table 5.3).

The households of the home-based workers have a higher percentage of economically active household members (58 per cent) compared to the households of the IKEA sub-contracted workers (46 per cent) (Table 5.4). Compared to the households of the IKEA sub-contracted workers, a higher percentage of the household members of the home-based workers are engaged in the rattan industry– for many of these households, weaving rattan is a traditional craft handed down over the generations.

Table 5.5 shows that at least 90 per cent of the women home-based workers, like the IKEA women homeworkers, are mainly responsible for the domestic chores in the household. A lower percentage of the female weaving centre workers (77 per cent) do most of the household chores;being generally younger, they are more likely to have help from their own parents. The women home-based workers are also the ones mainly responsible for care of the young, old or family members with disabilities (Table 5.6). A comparatively high proportion (more than double the percentage for the other groups of workers) of the male home-based workers claimed that they do not have care responsibilities as they have no young, old or family members with disabilities.

Table 5.2. Average household size of home-based workers and IKEA workers

Household size	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Number of HH. members	49	116	45	173	292	95
Number of workers	11	20	13	40	75	22
Average HH. Size	4.5	5.8	3.5	4.3	3.9	4.3

Table 5.3. Relationship of household members to home-based workers and IKEA workers

%

Relationship	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Husband/wife	18.4	15.5	26.7	26.7	19.5	15.8
Daughter/son	53.1	37.1	24.4	24.4	33.2	32.6
Daughter-in-law/son-in-law	2.0	1.7	8.9	8.9	1.0	6.3
Your parent	6.1	12.1	13.3	13.3	11.0	14.7
Your spouse's parent	4.1	0.0	11.1	11.1	8.9	4.2
Granddaughter/grandson	4.1	0.0	4.4	4.4	1.4	0.0
Other relatives	12.2	33.6	11.1	11.1	25.0	26.3
Paid domestic help	0.0	0.0	0.0	0.0	0.0	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	49	116	45	173	292	95

Table 5.4 Economic activity of household members of home-based workers and IKEA workers

%

Economic activity	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Professional/technical	4.1	4.3	6.7	7.5	3.4	1.1
Administrative/managerial	0.0	0.0	0.0	0.0	0.0	0.0
Clerical and related	0.0	0.0	0.0	0.6	0.0	0.0
Sales	6.1	2.6	0.0	6.4	6.2	15.8
Agricultural worker	0.0	0.0	15.6	3.5	2.4	1.1
Production/Rattan worker	36.7	41.4	33.3	14.5	16.1	21.1
Manual labourer/construction worker	0.0	4.3	2.2	4.6	5.8	7.4
Government/public sector worker	2.0	0.0	0.0	0.6	0.0	0.0
Other service worker	6.1	6.9	4.4	8.7	7.2	7.4
Housework	10.2	4.3	11.1	2.3	18.2	6.3
Student	26.5	19.8	15.6	27.7	25.3	23.2
Unemployed	0.0	3.4	2.2	4.0	3.1	2.1
Too young	8.2	9.5	8.9	15.0	11.0	8.4
Too old	0.0	3.4	0.0	4.6	1.4	6.3
Member with disabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	49	116	45	173	292	95

Table 5.5. Main person responsible for household chores

Responsible person	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Respondent	9.1	90.0	0.0	92.5	0.0	77.3
Spouse	54.6	0.0	92.3	0.0	65.3	0.0
Daughter/son	9.1	0.0	0.0	0.0	4.0	0.0
Daughter-in-law/son-in-law	0.0	0	0.0	0.0	0.0	0.0
Parent	9.1	10.0	7.7	5.0	17.3	22.7
Spouse's parent	0.0	0.0	0.0	0.0	1.3	0.0
Granddaughter/grandson	0.0	0.0	0.0	0.0	0.0	0.0
Other relatives	9.1	0.0	0.0	2.5	4.0	0.0
Respondent and spouse	9.1	0.0	0.0	0.0	8.0	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	49	116	45	173	292	95

%

Table 5.6. Main person responsible for care of young/elderly/household members with disabilities

Responsible person	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Respondent	0.0	55.0	45.5	60.0	0.0	45.5
Spouse	18.2	5.0	4.5	0.0	41.3	4.5
Daughter/son	0.0	0.0	0.0	2.5	2.7	0.0
Daughter-in-law/son-in-law	9.1	0.0	0.0	0.0	0.0	0.0
Parent	0.0	0.0	9.1	0.0	9.3	9.1
Spouse's parent	0.0	0.0	0.0	0.0	5.3	0.0
Granddaughter/grandson	0.0	0.0	0.0	0.0	0.0	0.0
Other relatives	9.1	15.0	9.1	10.0	8.0	9.1
Respondent and spouse	0.0	0.0	0.0	0.0	2.7	0.0
Not relevant, no young/old/ HH. Members with disabilities	63.6	25.0	31.8	27.5	30.7	31.8
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	49	116	45	173	292	95

%

Table 5.7 shows that the modal household income range is 2.0 - 4.0 million IDR (US$154 –US$307)for the male home-based workers but only 1.2 - 1.6 million IDR (US$92-US$123) for the female home-based workers. A quarter of the female home-based workers live in households with less than the regional monthly minimum wage – making them worse off than their male counterparts and also than all the sub-contracted worker households. However, Table 5.8 reveals that the households of the female home-based workers are more likely than those of the men to own a house, land and even a small business. Compared to the IKEA women homeworkers, the women home-based workers are worse off in terms of household income but have higher ownership of fixed assets.

The biggest item of household expenditure of the home-based workers, both men and women, is food – a pattern similar to that of the sub-contracted workers (Table 5.9). One difference is that some of the sub-contracted workers single out children's schooling as their biggest expenditure whereas the home-based workers being older do not have to spend on education of their children.

Table 5.7. Total monthly household income(from weaving and non-weaving sources)

Household income	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
	%					
Less than 1.2 million IDR	18.2	25.0	0.0	20.0	6.7	4.5
1.2 -1.6 million	9.1	30.0	46.2	20.0	26.7	13.6
1.6-2.0 million	18.2	15.0	23.0	12.5	18.7	31.8
2.0-4.0 million	45.5	15.0	30.8	35.0	41.3	40.9
4.0-6.0 million	0.0	10.0	0.0	10.0	4.0	0.0
6.0-8.0 million	0.0	5.0	0.0	0.0	1.3	9.1
Above 8.0 million	9.1	0.0	0.0	0.0	0.0	0.0
Do not know	0.0	0.0	0.0	2.5	1.3	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.8. Household ownership of assets

Household assets owned	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
	%					
Land	63.6	75.0	92.3	55.0	58.7	68.2
House	81.8	90.0	100.0	70.0	77.3	81.8
A business	9.1	20.0	15.4	15.0	21.3	13.6
Farm animals	72.7	60.0	92.3	57.5	58.7	45.5
Motor vehicle	90.9	75.0	100.0	57.5	84.0	81.8
Savings	36.4	25.0	30.8	32.5	21.3	18.2
Crops	36.4	45.0	76.9	42.5	29.3	22.7
Large household items	100.0	95.0	100.0	92.5	89.3	100.0
Total number	11	20	13	40	75	22

Table 5.9. Biggest household expenditure item

Expenditure item	% Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Food	90.9	95.00	84.6	85.0	76.0	72.7
Accommodation	0.0	0.0	0.0	0.0	0.0	0.0
Utilities (electricity, water)	0.0	0.0	0.0	0.0	4.0	0.0
Raw materials and equipment for work	9.1	0.0	0.0	0.0	0.0	0.0
Clothing	0.0	0.0	0.0	0.0	1.3	0.0
Children's schooling	0.0	0.0	7.7	10.0	6.7	13.6
Medical expenses	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of loans	0.0	0.0	0.0	2.5	1.3	0.0
Remittances to persons living elsewhere	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	5.0	7.7	2.5	10.7	13.6
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

5.3. Employment history of home-based workers

Table 5.10 shows a strikingly large proportion of the women home-based workers had started working as child workers below 15 years of age – 45 per cent as compared to 18 per cent of the men home-based workers and 30 per cent of all IKEA sub-contracted workers. Seventy per cent of the women home-based workers have been self-employed weavers for at least five years (Table 5.11). In comparison, only half of the women homeworkers and less than 5 per cent of the women weaving centre workers have five or more years of work experience – the differences can be explained by the fact that the women home-based workers are older and they started working younger. The men home-based workers first started working later than their women counterparts but because they are now older (on average, some 7 years older than the women) 64 per cent have worked for more than 15 years as compared to only 5 per cent of the women home-based workers. The overall pattern is that the home-based workers have a longer employment history in the rattan industry than the IKEA sub-contracted workers, and among the home-based workers, the men have longer work experience than the women.

Thirty per cent of the women home-based workers were unemployed (actively looking for work) before becoming own-account weavers (Table 5.12). Those who held previous jobs were mainly still in the rattan industry; 30 per cent of them had switched from working for employers in a factory or a weaving centre to become home-based workers, and only 15 per cent of them did non-rattan related jobs. More than a quarter of the men home-based workers had previously worked in non-weaving jobs while a similar percentage had switched from being employees in a weaving centre or factory to being own-account weavers.

The majority of the home-based workers, like the IKEA sub-contracted workers, already have the skills for weaving when they started working, so they did not need training (Table 5.13). Those who reported that they received some training indicated that it was from their mothers, neighbours or a previous contractor. In none of the cases did they have to pay for the training.

Table 5.10. Age home-based workers and IKEA workers first started working

%

Age	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Below 15 years	18.2	45.0	30.7	35.0	25.3	36.4
15-19 years	54.5	35.0	53.8	47.5	62.7	63.6
20-24	18.2	10.0	15.4	15.0	10.7	0.0
25-29	9.1	5.0	0.0	0.0	0.0	0.0
30 and above	0.0	5.0	0.0	2.5	1.3	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.11. Length of time worked as home-based worker/IKEA worker

%

Time worked	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Less than 1 year	0.0	0.0	0.0	5.0	24.0	45.5
1-4 years	18.2	30.0	69.2	45.0	64.0	50.0
5-9 years	9.1	35.0	23.1	30.0	9.3	0.0
10-15 years	9.1	30.0	7.7	12.5	2.7	4.5
16-20 years	27.3	5.0	0.0	7.5	0.0	0.0
More than 20 years	36.4	0.0	0.0	0.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.12. Previous job of home-based workers and IKEA workers

%

Previous job	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Weaving at home	45.5	25.0	15.4	32.5	8.0	18.2
Weaving at weaving centre	18.2	20.0	53.8	12.5	57.3	22.7
Another job not weaving	27.3	15.0	30.8	30.0	16.0	18.2
Unemployed	0.0	30.0	0.0	17.5	1.3	13.6
Weaving in a factory	9.1	10.0	0.0	7.5	17.3	27.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.13. Whether home-based workers and IKEA workers received training

Training	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Already have skills so did not need training	72.7	60.0	61.5	67.5	64.0	72.7
Provided by contractor/ supplier	9.1	5.0	0.0	2.5	6.7	0.0
Provided by govt. organization	0.0	0.0	0.0	0.0	1.3	0.0
Provided by private organization	0.0	0.0	0.0	0.0	0.0	0.0
Provided by others	18.2	15.0	7.7	10.0	8.0	9.1
Did not receive training	0.0	20.0	30.8	20.0	20.0	18.2
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

5.4. Work arrangements of home-based workers

Table 5.14 describes the place of work of the home-based workers whileBox 5.1 shows these places. The majority of women home-based workers do not have a special workspace within their homes to carry out their weaving work (most likely linked to their relatively larger but poorer households). The men are more likely to have a dedicated workspace either within the home, outside in the porch or in a simple structure attached or adjacent to their home.

Table 5.14. Place of work of home-based workers

Current place of work	Home-based workers			
	Male	%	Female	%
Own dwelling(with special work space within the dwelling unit)	3	27.3	4	20.0
Own dwelling (without special work space within the dwelling unit)	4	36.4	15	75.0
Structure attached to own dwelling unit	2	18.2	0	0.0
Detached structure adjacent to own dwelling unit	2	18.2	0	0.0
Contractor's dwelling unit	0	0.0	0	0.0
Dwelling unit of some other person	0	0.0	1	5.0
Total	11	100.0%	20	100.0%

Table 5.15 shows that both male and female home-based workers are more likely to be engaged in producing a range of rattan products (including household appliances, such as lamps, drawers, chests, etc.) than just chairs or baskets – this is also the pattern observed especially among the IKEA female homeworkers and to a lesser extent also among the female weaving centre workers. Among the sub-contracted workers, the men are more likely than the women to be engaged in weaving chairs, but among the home-based workers the women are much more likely than the men to be weaving chairs.

Table 5.15. Type of rattan products produced by home-based workers andIKEA workers

Type of products	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Baskets	36.4	5.0	84.6	12.5	30.7	4.5
Chairs	9.1	35.0	7.7	0.0	62.7	45.5
Frames	0.0	0.0	0.0	2.5	4.0	0.0
Other	54.6	60.0	7.7	85.0	2.6	50.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Box 5.1. Workspace and working conditions of home-based workers

Help from family members is more common among the men than the women who work from home, whether as own-account or sub-contracted workers (Table 5.16). Sixty-five per cent of the women home-based workers and 85 per cent of the women homeworkers reported that they do not receive any help from family members. Those who reported young children "helping" them explained that the children are learning weaving rather than actually working. The family members who help the home-based workers are more likely to be paid separately when working with the men, whereas the female home-based workers tend to have more unpaid than paid help. Having help from unpaid family members is not a practice among the weaving centre workers.

Table 5.16. Help from family members of home-based workers and IKEA workers

	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Help received:						
Children less than 10 yrs.	0.0	10.0	0.0	2.5	0.0	0.0
Children 11-14 yrs.	0.0	0.0	0.0	0.0	0.0	0.0
Children 15-18 yrs.	0.0	5.0	0.0	2.5	0.0	4.5
Children above 18 yrs.	0.0	5.0	0.0	2.5	0.0	0.0
Spouse of respondent	54.6	10.0	53.8	5.0	6.7	0.0
Other family member	9.1	5.0	0.0	2.5	1.3	0.0
No help	36.4	65.0	46.2	85.0	92.0	95.5
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22
Payment to family member:						
Unpaid family member	42.0	71.4	71.4	100.0	100.0	100.0
Paid separately	57.1	28.6	28.6	0.0	0.0	0.0
Total Number of helpers	7	7	7	6	6	1

Table 5.17. Work orders received by home-based workers

Work orders	Home-based workers			
	Male	%	Female	%
Wholly according to orders from one buyer	10	90.9	18	90.0
According to orders from several buyers	0	0.0	1	5.0
According to orders from group/cooperative	0	0.0	1	5.0
Do not work under given orders	1	9.1	0	0.0
Total	11	100.0%	20	100.0%

Table 5.18. Supply of raw materials to home-based workers

Supply of raw materials	Home-based workers			
	Male	%	Female	%
Buyer delivers to home	2	18.2	10	50.0
Collect from buyer	2	18.2	7	35.0
Collect from group/cooperative	0	0.0	0	0.0
Purchase own materials	7	63.6	2	10.0
Other	0	0.0	1	5.0
Total	11	100.0%	20	100.0%

As own-account workers, the home-based workers of both sexes still depend on an individual buyer for what they produce. Table 5.17 shows that only one of the men produces according to his own specifications and one woman takes orders from more than one buyer. Although they take orders only from one buyer, almost two-thirds of the male home-based workers reported that they purchase their own raw materials, whereas 85 per cent of the women get their raw material supplies from their buyer, either delivered to their homes or they collect from the buyer (Table 5.18).

Table 5.19 confirms that the buyer is mainly responsible for the cost of raw materials used by the women home-based workers while the men are more likely to be responsible for their own expenditure. The Table also highlights a major difference between those working at home and those working at weaving centres – the home-based workers and also homeworkers are mainly responsible for paying for their own utilities and equipment whereas the IKEA weaving centre workers have these paid for by their employer (refer back to Table 4.28).

Table 5.20 shows that for those expenditure items for which they are responsible, the home-based workers know the costs. But for those items covered by the buyer in particular raw materials in the case of the women home-based workers the home-based workers are less likely to be aware of how much the items cost.

Those home-based workers who receive their orders from one buyer dispose of all their products to that person – either the buyer collects the finished products or the home-based worker delivers to the buyer's shop in Cirebon or even a showroom in Jakarta. But Table 5.21 shows that the others sell to more than one buyer.

The male home-based workers are more likely than the women to know where their products are eventually sold and also the sale price of their products (Table 5.22). They reported that their products are mainly sold in the national market, in other parts of Indonesia rather than within their own district or province. What is striking is that a much higher percentage of the home-based workers know where their products are being sold (90 per cent of the men and 60 per cent of the women) compared to the sub-contracted workers (Table 4.27 had indicated that only 29 per cent of the IKEA weaving centre workers and 19 per cent of the homeworkers have that knowledge). The home-based workers also have a higher knowledge of the sale price of their products compared to the sub-contracted workers; for example 30 per cent of the women home-based workers know the sale price whereas none of the women sub-contracted workers have any knowledge.

Table 5.19. Responsibility for expenditure items of home-based workers

Expenditure items	Responsibility				
	Respondent	Buyer	Government	Other	No expenditure
Male home based workers:					
Raw materials	8	3	0	0	0
Equipment	11	0	0	0	0
Electricity	8	0	0	1	2
Water	7	0	0	1	3
Transportation	7	2	0	0	2
Female home based workers:					
Raw materials	1	18	0	1	0
Equipment	18	1	0	1	0
Electricity	14	0	0	1	5
Water	11	0	0	0	9
Transportation	8	2	0	0	10

Table 5.20. Home-based workers' knowledge of costs

Expenditure items	Knowledge of costs			
	Yes	No	Not sure	No relevant
Male home based workers:				
Raw materials	11	0	0	0
Equipment	11	0	0	0
Electricity	9	0	0	2
Water	8	0	0	3
Transportation	9	0	0	2
Female home based workers:	0	0	0	0
Raw materials	2	18	0	0
Equipment	18	2	0	0
Electricity	14	1	0	5
Water	10	1	0	9
Transportation	7	3	0	10

Table 5.21. Disposal of products by home-based workers

Disposal of products	Home-based workers			
	Male	%	Female	%
Dispose all to one buyer	7	63.6	17	85.0
Dispose all to cooperative	0	0.0	0	0.0
Dispose to more than one buyer	1	9.1	3	15.0
Dispose part to contractor and sell part to individual buyers	3	27.3	0	0.0
Sell all to individual buyers	0	0.0	0	0.0
Total	11	100.0%	20	100.0%

Table 5.22. Home-based workers' knowledge of where products are sold and sale price

	Home-based workers			
	Male	%	Female	%
Knowledge of where products are sold:				
Within district	0	0.0	3	15.0
In other parts of Indonesia/national market	7	63.6	5	25.0
Exported to other countries/international market	2	18.2	1	5.0
Do not know	1	9.1	8	40.0
Mixed methods	1	9.1	3	15.0
Total	11	100.0%	20	100.0%
Knowledge of sale price:				
Know	4	36.4	6	30.0
Do not know	7	63.6	14	70.0
Total	11	100.0%	20	100.0%

5.5. Working conditions of home-based workers

5.5.1. Working time

On average, the home-based workers have shorter and also more flexible working hours than the IKEA sub-contracted workers (Table 5.23). Among the home-based workers, the men, as compared to the women, tend to work longer hours per day but claim to have greater flexibility in how they organize their work day. The male home-based workers are also twice as likely as the women to work regularly throughout the year. Thirteen out of the 20 female home-based workers surveyed indicated that their work is seasonal rather than regular throughout the year, and of those with seasonal work, 77 per cent have less rather than more seasonal work. The main reasons given by the women home-based workers for less work are similar to those given by the sub-contracted workers - there is a drop in orders from buyers ("no demand from Jakarta") or contractors ("no orders from contractors, no work for us, and we do not know where to get other orders"), there are no raw materials, there is a drop in demand immediately before and after the Eid season.

Like the female sub-contracted workers, the female home-based workers are also much less likely than the men to want to work extra hours even if such work is available. Table 5.24 shows that only 35 per cent of the female home-based workers as compared to 82 per cent of the men are sure they want to work extra hours. The main reasons given for not wanting to work extra include not wanting to do overtime work at night because they are already tired, they are already old and their children do not want them to work extra, or they have to look after young children.

Table 5.23. Working time of home-based workers and IKEA workers

Working time	Home-based workers		% IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Average no. of hours per day	7.5	6.3	8.0	6.9	7.7	7.1
Days per week	6.1	6.0	6.1	6.0	6.0	5.9
Fixed hours	18.2%	35.0%	46.2%	57.5%	100.0%	100.0%
Flexible hours	81.8%	65.0%	53.8%	42.5%	0%	0%
Regular throughout year	72.73%	35.0%	84.6%	50.0%	70.7%	86.4%
Seasonal – work more	18.18%	15.0%	7.7%	5.0%	9.3%	0%
Seasonal – work less	9.09%	50.0%	7.7%	45.0%	20.0%	13.6%

Table 5.24. Whether home-based workers and IKEA workers would work extra hours

Extra work hours	Home-based workers		% IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
For sure, would work extra	81.8	35.0	84.6	45.0	90.7	54.5
Not sure	0.0	10.0	0	2.5	0	4.5
Depends	9.1	20.0	7.7	17.5	5.3	4.5
No	9.1	35.0	7.7	35.0	4.0	36.4
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

5.5.2. Incomes earned

It is not possible to compare the payment per piece received by the home-based workers with that received by the IKEA weaving centre workers and the homeworkers – because of the different types and designs of rattan products produced by the different groups of workers. However, Table 5.25 shows that the home-based workers have lower monthly income than the sub-contracted workers. Ninety-five per cent of the female home-based workers earn less than 1.2 million IDR per month (US$92) and are clearly the worst off compared to the other groups of workers. Compared to the male sub-contracted workers, the male home-based workers are also worse off with 73 per cent of them earning below the minimum wage (although 3 out of the 11 male home-based workers reported that they earn above 1.6 million IDR (US$123) a month). The fact that home-based workers work shorter and more flexible hours a day compared to the IKEA sub-contracted workers (as confirmed in Table 5.23) would partly explain why the home-based workers are earning less than the sub-contracted workers.

There is also a difference in the frequency of payment of the home-based workers and IKEA outworkers – all those who work for sub-suppliers are paid their wages on a weekly basis whereas 55 per cent of the male and 10 per cent of the female home-based workers are paid only upon completion of orders (Table 5.26), implying that the incomes these home-based workers receive are less regular.

The male home-based workers appeared to be more aware of what the minimum wage for their area is, as compared to the male homeworkers (Table 5.27). In fact, 18 per cent of the male home-based workers and only 8 per cent of the male homeworkers reported that their monthly income from weaving is above the minimum wage. While 45 per cent of the male home-based workers know about the minimum wage, the percentage for the women home-based workers is only 20.

Table 5.25. Total monthly incomefrom weaving of home-based workers and IKEA workers

Monthly income	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Less than 1.2 million	72.7	95.0	53.8	70.0	40.0	81.8
1.2 – 1.6 million	0.0	0.0	38.5	27.5	50.7	18.2
1.6 – 2.0 million	18.2	0.0	7.7	2.5	9.3	0.0
2.0 – 4.0 million	9.1	5.0	0.0	0.0	0.0	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.26. Frequency of payment to home-based workers

Frequency of payment	Home-based workers			
	Male	%	Female	%
Daily	1	9.1	3	15.0
Weekly	4	36.4	15	75.0
Monthly	0	0.0	0	0.0
Upon completion of orders	6	54.5	2	10.0
Total	11	100.0%	20	100.0%

Table 5.27. Comparison of monthly income from weaving with regional minimum wage

Comparison of income	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Above the minimum wage	18.2	5.0	7.7	0.0	8.0	0.0
Below the minimum wage	27.3	10.0	0.0	17.5	29.3	4.5
Same as minimum wage	0.0	0.0	0.0	0.0	6.7	0.0
Do not know what the minimum wage is	54.6	80.0	92.3	80.0	50.7	90.9
Not sure	0.0	5..0	0.0	2.5	4.0	4.5
Depends	0.0	0.0	0.0	0.0	1.3	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.28. Other income-earning activities/secondary job of home-based workers and IKEA workers

Secondary job	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
No secondary job	54.6	85.0	69.2	80.0	80.0	81.8
Other income-earning activities	45.5	15.0	30.8	20.0	20.0	18.2
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22
Income earned:						
Less than 500,000 IDR	60.0	66.7	50.0	25.0	73.3	50.0
500,000 – 900,000	40.0	0.0	25.0	25.0	13.3	25.0
900,000 – 1.2 million	0.0	0.0	0.0	12.5	6.7	0.0
1.2 -1.4 million	0.0	0.0	0.0	12.5	0.0	0.0
In kind payment	0.0	33.3	25.0	25.0	6.7	25.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	5	3	4	8	15	4

Compared to the IKEA sub-contracted workers, a higher percentage of the male home-based workers and a smaller percentage of the female home-based workers are engaged in other income-earning activities besides weaving (Table 5.28). The secondary jobs for the men including farming padi, doing construction work and selling birds; the women work in the padi fields or sell fried food in the market.Three of the men with secondary jobs earn less than 500,000 IDR (US$38) and two earn between 500,000 – 900,000 IDR (US$38 – 69) a month; while two of the women earn less than 500,000 IDR and another receives payment in kind.

Since the home-based workers are own-account, they do not have employers to pay them benefits. The few (only four women out of the 31 home-based workers) who reported benefits listed maternity benefits and accident insurance that they receive from the government.

The home-based workers were also asked whether they knew about the laws and regulations affecting their type of work. Only one man and one woman indicated that they had some knowledge from the media (television/radio/newspaper/internet). The rest replied that no one had ever explained any of the laws or regulations to them.

5.5.3. Safety and health of home-based workers

Like the sub-contracted workers, a high percentage of the home-based workers reported work-related injuries and accidents but more than three-quarters of them did not take time off work because of the injuries.However, Table 5.29 indicates that rather than just using the first aid kit (which most of the IKEA sub-contracted workers reported doing), a higher percentage of the injured home-based workers sought treatment by a doctor or hospital and had to cover the costs on their own.

Table 5.29. Work-related injuries and accidents of home-based workers and IKEA workers

Work injuries/accidents:	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Yes	81.8	90.0	76.9	92.5	85.3	86.4
No	18.2	10.0	23.1	7.5	14.7	13.6
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number with work injuries	9	18	10	37	64	19
As % of those with injuries:						
Doctor/hospital paid by						
Sub-supplier	0.0	0.0	0.0	0.0	12.5	0.0
Doctor/hospital paid by respondent	22.2	11.1	10.0	0.0	1.6	0.0
Doctor/hospital covered by insurance	0.0	5.6	0.0	0.0	1.6	0.0
Doctor/hospital paid by others	0.0	0.0	0.0	0.0	0.0	0.0
Just used first aid kit	77.8	77.8	90.0	88.9	79.7	100.0
Other attention	0	5.6	0	11.1	4.7	0
Took time off work	22.2	22.2	30.0	16.2	37.5	10.5
Did not take time off work	77.8	77.8	70.0	83.8	62.5	89.5

Table 5.30. Health problems related to work of home-based workers and IKEA workers

Health problems	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Yes	63.6	80.0	92.3	47.5	74.7	68.2
No	36.4	20.0	7.7	52.5	22.7	31.8
Not sure	0.0	0.0	0.0	0.0	2.7	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.31. Effect on health of household members of home-based workers and IKEA homeworkers

Effect on health of HH. members	%			
	Home-based workers		IKEA Homeworkers	
	Male	Female	Male	Female
Yes	18.2	25.0	15.4	12.5
No	81.8	75.0	61.5	82.5
Not sure	0.0	0.0	15.4	2.5
Do not know	0.0	0.0	7.7	2.5
Total %	100.0	100.0%	100.0%	100.0%
Total number	11	20	13	40

A high percentage of the home-based workers, like the sub-contracted workers, reported health problems that they link to the nature of their work. In Table 5.30, 80 per cent of the women and 64 per cent of the men home-based workers identified health problems in particular back pain and body aches from "sitting or bending down too much when weaving"; dust in their eyes, breathing difficulties; cuts on their hands, tiredness and frequent headaches.

When asked if they thought that their work at home affects the health of their household members, the large majority of home-based workers think that there is no effect – this is similar to the opinion expressed by the homeworkers (Table 5.31). Those that feel there is an effect reported that children in particular are affected by skin and eye problems (itching from the dust) and cuts from the rattan lying around the house. They also explained that when they work late at home, it affects the sleep of other family members especially the children.

5.5.4. Work-related problems

Table 5.32 lists the work-related problems identified by the home-based workers and compares these to the problems faced by the IKEA sub-contracted workers. The key points highlighted in the table are:

- Less than 10 per cent of the home-based workers feel that there are no serious problems linked to their work as compared to 23 per cent of the IKEA homeworkers and 15 per cent of the weaving centre workers;
- The home-based workers agree with the other workers that the low rate of payment for their products is a problem. But while 30 per cent among the women home-based workers identified the piece rate

to be the most serious problem, only 18 per cent of their male counterparts agree. The men are more likely to identify delayed payments to be a problem;

- Delayed payments is more of a problem for those working at home, whether on their own or for an employer, as compared to those working in a weaving centre;
- Among the male home-based workers, the most serious problem is the high cost of raw materials. But this is not a problem for the other groups of workers;
- For the home-based workers, as also for the IKEA homeworkers, lack of work space in the home is a problem.Among the home-based workers, a much higher percentage of the women (60 per cent) consider this to be a problem as compared to 27 per cent of the men;
- Some of the home-based workers cite the poor supply of utilities to be a problem but most do not consider this to be the most serious problem;
- Problems related to work orders are significant. For the home-based workers, the pressure to complete work orders is much more serious than cancelled or irregular orders. The situation is very different for the IKEA homeworkers – for them, the most serious problem is cancelled work orders followed by irregular orders;
- Unlike the IKEA sub-contracted workers, none of the home-based workers identified the poor quality of raw materials as a problem. However, like the sub-contracted workers, the home-based workers are concerned with the irregular supply of raw materials which affects their ability to produce and earn income;
- The home-based workers, in particular the women, agree with the other groups of workers that the inability to bargain with their contractor/supplier/buyer is a problem. But none of the home-based workers identify this to be the most serious problem;
- Some of the home-based workers, both men and women, identify the difficulty of finding workers to be a problem.

Ten out of the 31 home-based workers interviewed reported that they had received some kind of assistance to help them overcome the problems listed in Table 5.32. The most common form of assistance is loans or advances from a relative or a buyer. One home-based worker mentioned that when he has work orders that need to be completed, he gets help from others working in another area. Another explained that through a cooperative he is able to get cheaper supply of raw materials. One mentioned that the contractor tries to ensure that payment is not delayed.

Several of the home-based workers indicated that they did not have any suggestions to address their work-related problems. Some of them explained that there is nothing they can do since "they live in the house belonging to their elders" (so not able to address the problem of workspace); "they do not have the capital" (for example, to change jobs); "the market for their products is such that the payment is low"; "the contractor is their relative so have to accept the low payment". The most number of suggestions related to having discussions with their "boss" or buyer to raise payment – so that "workers do not switch to other jobs, many workers like construction work". Some of the home-based workers also indicated that the price of raw materials should not go up – or that the price of raw materials could be lowered for the "pengrajinkecil" (small craftsmen). Other suggestions focused on the importance of ensuring a steady supply of electricity and on a regular supply of work orders.

Table 5.32. Work-related problems of home-based workers and IKEA workers

	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Work related problems:						
Lack of training/skills	9.1	15.0	23.1	10.0	17.3	13.6
Cost of raw materials very high	63.6	5.0	15.4	0	0	0
Unreliable/irregular supply of raw materials	27.3	30.0	30.8	40.0	29.3	45.5
Cannot afford better tools/equipment	18.2	35.0	7.7	17.5	42.7	36.4
Poor supply of utilities	18.2	20.0	23.1	15.0	34.7	4.5
Not enough space in the home	27.3	60.0	46.2	20.0	0.0	0.0
Transport difficulties/high transport costs	18.2	10.0	7.7	12.5	12.0	9.1
Pressure to complete a work order	63.6	55.0	53.8	47.5	38.7	18.2
Work orders irregular	18.2	45.0	15.4	55.0	24.0	13.6
Cancelled work orders	27.3	0.0	7.7	57.5	8.0	0.0
Low rate of payment for products	54.5	55.0	53.8	47.5	50.7	45.5
Delayed payments	27.3	15.0	15.4	15.0	5.3	9.1
Rejected products	18.2	5.0	7.7	5.0	24.0	9.1
Not able to bargain with contractor/ supplier/firm/buyer	18.2	35.0	7.7	22.5	21.3	22.7
Hard to find workers	9.1	5.0	-	-	-	-
Poor quality of raw materials	-	-	7.7	7.5	8.0	4.5
Most serious problem:						
Lack of training/skills	0.0	0.0	0.0	0.0	0.0	0.0
Cost of raw materials very high	36.4	5.0	7.7	0.0	0.0	0.0
Unreliable/irregular supply of raw materials	9.1	0.0	7.7	7.5	2.7	18.2
Cannot afford better tools/equipment	0.0	5.0	0.0	2.5	12.0	9.1
Poor supply of utilities	9.1	5.0	0.0	2.5	6.7	0.0
Not enough space in the home	0.0	10.0	7.7	2.5	0.0	0.0
Transport difficulties/high transport costs	0.0	0.0	0.0	0.0	0.0	0.0
Pressure to complete a work order	0.0	15.0	0.0	10.0	6.7	4.6
Work orders irregular	0.0	10.0	15.4	17.5	6.7	0
Cancelled work orders	0.0	0.0	23.1	27.5	0.0	4.6
Low rate of payment for products	18.2	30.0	0.0	2.5	34.7	36.4
Delayed payments	9.1	5.0	0.0	0.0	1.3	0
Rejected products	0.0	0.0	0.0	0.0	5.3	4.6
Not able to bargain with contractor/ 0.0supplier/firm/buyer	0.0	0.0	0.0	0.0	2.7	
Hard to find workers	9.1	5.0	-	-	-	-
Poor quality of raw materials	-	-	7.7	7.5	8.0	0.0
No serious problem	9.1	10.0	30.8	20.0	12.0	22.7
Total %	100.0%	100.0%	100.0%	100.0	100.0%	100.0%
Total number	11	20	13	40	75	22

5.6. Choice of place of work

The large majority of the home-based workers are content with their current place of work in the home; only two of the women indicated that they would choose to work in a weaving centre – because they feel that work orders in a weaving centre are more regular whereas sometimes they do not have work at home.

For the female home-based workers, as for the female homeworkers, the dominant reason for working from home is their family responsibilities and also other domestic chores (Table 5.33). For the male home-based workers, the most important reason is because they cannot find other suitable work – either because they do not have the capital to start a business or they have very low education to qualify for other jobs. The men who are self-employed or who work for others also indicated that they have more freedom and are more comfortable working at home than in a weaving centre or factory. Both men and women home-based workers also gave the reason that they want to be near their families.

Table 5.34 reflects these reasons for working from home. Seventy-five per cent of the women home-based workers identified the biggest advantage of working from home as the ability to combine work with the family and household responsibilities. The rest of the women home-based workers cited flexible work arrangements as the biggest advantage. Sixty per cent of all the women home-based workers do not see any big disadvantage in their job; those that cited disadvantages listed the lack of workspace in the home, interruptions to work, limited time to spend with children, limited relationships with other workers and low income. For the men home-based workers, the ability to combine work with household duties and the flexibility of work arrangements are also the biggest advantages. More than half the men feel that there are no major disadvantages in their work;those who identified disadvantages pointed to low income compared to work in a factory or a weaving centre, the difficulty of finding new workers to weave and the difficulty of getting a regular supply of quality raw materials.

Table 5.33. Most important reason of home-based workers and IKEA homeworkers to work at home

Most important reason for working from home	Home-based workers		IKEA Homeworkers	
	Male	Female	Male	Female
	%			
Family responsibilities	18.2	65.0	15.4	60.0
Other domestic responsibilities	0.0	15.0	0.0	12.5
Cannot find any other work	36.4	5.0	7.7	7.5
Transportation difficulties	0.0	0.0	7.7	0.0
Not allowed to work outside the home	0.0	0.0	0.0	2.5
More freedom/more comfortable than in a weaving centre or factory	27.3	5.0	23.1	5.0
To be with the family	9.1	10.0	7.7	2.5
To contribute to family income	0.0	0.0	7.7	5.0
Other	9.1	0.0	30.8	5.0
Total	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	14

Table 5.34. Biggest advantage and disadvantage of working at home for home-based workers and IKEA homeworkers

Advantage and disadvantage of working at home	Home-based workers %		IKEA Homeworkers %	
	Male	Female	Male	Female
Biggest advantage:				
Flexible work arrangement	36.4	25.0	46.0	7.5
Can combine work and family/domestic responsibilities	45.5	75.0	0.0	85.0
Can be near family	0.0	0.0	15.4	2.5
Can have other income earning activities	9.1	0.0	15.4	0.0
Can be independent/not disturbed by others	0.0	0.0	7.7	0.0
Can observe social restrictions	0.0	0.0	0.0	0.0
Other	9.1	0.0	15.4	5.0
No advantage	0.0	0.0	0.0	0.0
Total	100.0	100.0%	100.0%	100.0%
Biggest disadvantage:				
Limited relationship/network with other workers	0.0	5.0	15.4	2.5
Not enough space in the home	0.0	10.0	15.4	10.0
The house gets dirty	0.0	0.0	7.7	2.5
Work interrupted by competing needs of other household activities	0.0	10.0	7.7	7.5
Health of family members adversely affected by work-related hazards	0.0	0.0	0.0	2.5
Low income compared to weaving centre workers/ not enough for needs	27.3	5.0	7.7	2.5
Other	18.2	10.0	23.1	7.5
No disadvantage	54.5	60.0	23.1	65.0
Total	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40

5.7. Gender and age preferences

When asked their views on whether home-based work is more appropriate for women or men, Table 5.35 shows that 80 per cent of the female home-based workers think that it is more appropriate for women while slightly more than half the men think that there is no gender difference. They did, however, clarify that if the rattan raw material is hard or the nature of the task (such as bending chair frames) requires more strength, then the work is more appropriate for men than women.

However, for the same type of work, all the men and 85 per cent of the women home-based workers feel that there should not be any difference by gender in the piece rate. These percentages for the home-based workers who feel that men and women should be paid the same rate for the same type of work, as shown in Table 5.36, are higher than those of both the homeworkers and the weaving centre workers.

Table 5.37 shows the views of the workers on the gender preference of their buyer/contractor in giving work orders. The same percentage (45 per cent) of both men and women among the home-based workers feel that their buyer has no gender preference. Those that feel that there is a preference on the part of their buyer indicated their own gender.

When asked whether they think that their buyer/contractor prefers to give work orders to those working at home or at a weaving centre, the views expressed by the home-based workers favour their current place of work (Table 5.38). Only two women out of all the home-based workers feel that the buyer has a preference for weaving centre workers –this is different from the view expressed by the sub-contracted homeworkers who are more likely to feel that their sub-suppliers prefer to give work to those in weaving centres.

Seventy per cent of the female home-based workers and 46 per cent of the male home-based workers feel that there is no age preference on the part of the buyer when giving purchase orders (Table 5.39). Where there is a preference, it is for a younger rather than older person. Despite the fact that they themselves are older (as indicated in Table 5.1) and therefore more likely to be experienced and skilled in weaving, only one out of all the home-based workers feels that the buyer prefers older workers.

Table 5.35. Opinion of home-based workers on whether home-based work more appropriate for men or women

Home-based work	Home-based workers			
	Male	%	Female	%
More appropriate for women	3	27.3	16	80.0
More appropriate for men	2	18.2	1	5.0
No difference	6	54.5	3	15.0
Depends	0	0.0	0	0
Total	11	100.0%	20	100.0%

Table 5.36. Opinion of home-based workers and IKEA workers on whether men and women doing the same kind of work should be paid the same rate

Payment by sex	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Get paid the same	100.0	85.0	69.2	82.5	72.0	77.3
Men get paid more	0.0	10.0	15.4	0.0	14.7	9.1
Women get paid more	0.0	0.0	7.7	2.5	4.0	0.0
Depends	0.0	0.0	0.0	2.5	2.7	0.0
Do not know	0.0	5.0	7.7	12.5	6.7	13.6
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.37. Opinion of home-based workers and IKEA workerson gender preference of buyer/ contractorfor giving work orders

Gender Preference	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Prefer to deal with men	45.5	5.0	61.5	0.0	62.7	4.5
Prefer to deal with women	9.1	40.0	0.0	75.0	1.3	36.4
No preference	45.5	45.0	23.1	10.0	24.0	45.5
Depends	0.0	10.0	7.7	5.0	8.0	13.6
Do not know	0.0	0.0	7.7	10.0	4.0	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.38. Opinion of home-based workers and IKEA workers on preference of buyer/contractor for giving work orders to workers at weaving centre or at home

Preference for place of work	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
For home-based workers	54.5	50.0	0.0	42.5	0.0	4.5
For weaving centre workers	0.0	10.0	30.8	17.5	69.3	68.2
No preference	36.4	25.0	53.8	17.5	10.7	0.0
Depends	9.1	5.0	7.7	2.5	2.7	0.0
Do not know	0.0	10.0	7.7	20.0	17.3	27.3
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

Table 5.39. Opinion of home-based workers and IKEA workers on age preference of buyer/ contractor for giving work orders

Age Preference	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Younger person	27.3	30.0	30.8	22.5	30.7	31.8
Older person	9.1	0.0	7.7	5.0	5.3	4.5
No preference	45.5	70.0	53.8	60.0	53.3	63.6
Depends	18.2	0.0	7.7	5.0	5.3	0.0
Do not know	0.0	0.0	0.0	7.5	5.3	0.0
Total %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total number	11	20	13	40	75	22

5.8. Harassment

Table 5.40 clearly indicates that the home-based workers do not feel that they have any harassment complaints. Only one woman reported that she had been harassed by another family member about a family matter rather than a work related one.

Table 5.40. Harassment complaints

	%					
	Home-based workers		IKEA Homeworkers		IKEA Weaving centre workers	
	Male	Female	Male	Female	Male	Female
Harassment:						
Harassment from police	0	0	0	0	0	0
Harassment from local authorities	0	0	0	0	0	0
Harassment from neighbours	0	0	1	0	4	1
Harassment from family members	0	1	1	0	0	0
Harassment from buyer/supplier	0	0	0	2	0	0
Harassment from other workers	0	0	0	0	1	0
Harassment from others	0	0	0	0	0	0
No harassment	11	19	11	38	70	21
Total	11	20	13	40	75	22
Complaint and action taken:						
Complained and action taken	0	0	0	0	2	0
Complained but no action taken	0	0	0	0	3	1
Did not complain	0	1	2	2	0	0
Total	0	1	2	2	5	1

CHAPTER 6

PROMOTING AN ETHICAL SUPPLY CHAIN AND DECENT WORK

This Chapter summarizes and highlights the key findings from the study. It then offers suggestions on a comprehensive and inclusive approach and also practical action steps to achieve more effective compliance with the IKEA code of conduct, promote decent work for those in the lowest tiers of the supply chain and enhance productivity and competitiveness of business. The wider hope is that the IKEA case study can contribute to other global efforts to more effectively promote ethical and sustainable, gender-sensitive supply chains and decent work.

6.1. The key findings

6.1.1. Employment relationships, working conditions and supply chain linkages

- The survey revealed ***significant differences between thetwo main supplier companies*** in terms of size (number of sub-suppliers and workers), range of products, length of time in the IKEA supply chain, and contracts exclusively with IKEA or also with other international buyers. One company selects only sub-suppliers with weaving centres because "it is easier to monitor compliance with IWAY rather than in the homes of workers" and hires mainly male workers in the weaving centres. The larger company has some 105 sub-suppliers, 600 workers in weaving centres (500 men and 100 women) and 1,300 homeworkers (1,000 women and 300 men). These differences between the two companies help to account for some of the differences in employment relationships and working conditions reported by the sub-suppliers and the outworkers. The smaller company which has also been working with IKEA for a much shorter period appears to have greater difficulties implementing IWAY.

- Only two out of the 20 ***sub-suppliers*** interviewed are registered as businesses; an important reason being that they lack knowledge about registration. Although they are not registered they are not operating illegally since the legal regulations do not insist on registration of micro and small enterprises. Most of the sub-suppliers are totally dependent on the main IKEA supplier for their work orders and for the supply of raw materials. They supply their finished products exclusively to the company with which they have a written contract but almost half of them do not know where the products are sold or the final price. Irregular work orders, cancelled orders and insufficient orders are ***supply chain problems faced by the sub-suppliers***, especially those of one main supplier company (Table 3.18). However, the most serious problem identified by the majority of sub-suppliers concerns rising costs and low profits related to the low piece rate payment for their products and their inability to bargain with the main companies (Table 3.19). Since the sub-suppliers themselves receive low piece rates the margin they have to pay their workers is limited.

- The sub-suppliers indicate a very strong preference for workers at weaving centres rather than those working at home (Table 3.28) – the most important reasons being the need to monitor both the workers and the quality of products and also to have better control of the raw materials. However, the ***weaving centres*** are basic workspace structures with thatched or corrugated iron roofs and

cement floors – heat, dust, smells, limited storage space for raw materials or finished products and lack of proper facilities such as toilets are common problems in the weaving centres (Boxes 3.1,3.2 and 3.3). The sub-suppliers cover the costs of raw materials and utilities at the weaving centres and also provide meals for the weaving centre workers and basic accommodation for workers from other areas. (They also cover the cost of raw materials for the homeworkers but only some pay for the electricity and water of homeworkers).

- A striking finding is that almost all the IKEA supply chain homeworkers and 70 per cent of the weaving centre workers are contented with their current place of work and would not switch even if they had a choice (Table 4.50). The FGDs also confirmed that the ***workers do not want or are not able to work in factories*** – particularly the women who have family and domestic responsibilities. Other reasons given by the workers why they would not choose factory work are: the stricter factory regulations (for example they are not supposed to talk or joke with other workers); they do not like the shift work in factories; they have greater flexibility to choose their working hours in a weaving centre as compared to a factory; they can "get their full income and not have to pay for food and drinks" (which they would have to do so in a factory). Some explained that they had previously worked in factories that were dusty, smelly and noisy. None of those interviewed or those participating in the FGDs feel that they can earn more working in a factory than in a weaving centre or at home.

- For the female homeworkers, the biggest ***advantage of working at home*** is the ability to combine work with family and domestic responsibilities; and about two-thirds of them do not see any disadvantages to working at home (Table 4.47). The most important reason and biggest advantage for the men homeworkers is the flexible work arrangement and the greater freedom they have working at home. On the other hand, the biggest ***advantage of working in a weaving centre*** (Table 4.49) for the women is the company and assistance of colleagues and friends, while the men cite a wider range of advantages – including regular work orders and having the raw materials, equipment and free meals supplied to them at the weaving centre. Almost 60 per cent of all weaving centre workers do not see any major disadvantage in their current job.

- ***The work-related problems*** listed by the IKEA sub-contracted workers (Table 4.43) are clearly important to take into account in efforts to improve decent work. All the workers agree that the low rate of payment is the major problem. Added to the problem of low piece rates is the problem of delayed payments for homeworkers. Many workers also expressed concern that they are not able to negotiate/bargain with the suppliers. Unreliable supply and poor quality of raw materials affect all workers – the work schedule is interrupted, the work is harder, they are able to produce less and earn less. For those working at home the lack of workspace is a problem while those at weaving centres complain of frequent power cuts and also poor tools and equipment to work with.

- In terms of ***monthly income from weaving***; 55 per cent of all sub-contracted workers at weaving centres and at home earn below the minimum wage for the district of 1.2 million IDR (US$92) (Table 4.34). The homeworkers tend to be worse off than the weaving centre workers and the women workers are clearly worse off than the men. Eighty-two per cent of female weaving centre workers and 70 per cent of female homeworkers earn below 1.2 million IDR per month. Among the men, 54 per cent of those working at home and 40 per cent of those in weaving centres earn less than 1.2 million IDR. None of the workers reported earnings above 2 million IDR per month. However, the survey also found that those who are sub-contracted workers in the IKEA supply chain tend to be better off than the home-based workers who are self-employed in terms of income earned and also the regularity of payment (Tables 5.25 and 5.26). Those earning below the minimum wage are more likely to be working less than full-time (8 hours a day) and, conversely, those that work 8 or more hours a day are more likely to earn above the minimum wage (4.35). The women both at weaving centres and at home are more likely than the men to work less than a full 8-hour day. While there obviously is a relationship between the number of hours worked and income earned, it has to be emphasized that this is clearly not the only explanation since, for example, a third of all those working 8 or more hours a day are still earning below the minimum wage.[28]

28 The issue of income earned, hours worked and the minimum wage is discussed in greater detail in Section 6.1.4 below..

- Another point that should be highlighted is that the ***IKEA sub-contracted workers and their households depend heavily on their income from weaving***. Almost one tenth of all the workers reported that their household income is less than 1.2million IDR (US$92), which means that they are living below the household poverty threshold.[29] For most of the weaving centre workers and homeworkers, income from weaving is their main source of livelihood; 54 per cent of the household members of all sub-contracted workers are not economically active (and therefore depend on the earnings of the IKEA sub-contracted workers); and of those who are economically active most are also in the rattan industry (though not working for IKEA) (Table 4.5). Furthermore, only less than one-fifth of all sub-contracted workers have other non-weaving income earning opportunities/secondary jobs (Table 4.39). The obvious implication is that any measure that results in these workers losing their jobs, for example, should IKEA decide to prohibit the use of homeworkers or to use only factory workers, the impact on these traditional weaving communities and the weavers' households would be very serious.

- For comparison purposes, the survey also covered those workers who are self-employed or own-account workers and not part of the IKEA supply chain. These ***"home-based workers"*** in comparison to the IKEA sub-contracted workers come from distinctly larger and poorer households (Table 5.7) and have a longer employment history in the rattan industry. The majority of the women home-based workers do not have a special workspace within their homes to carry out their weaving work; the men are more likely to have a dedicated workspace either within the home, outside in the porch or in a simple structure attached or adjacent to their home. As own-account workers, the home-based workers of both sexes still depend on an individual buyer/contractor for what they produce and sell; they pay for their own utilities and equipment and two-thirds of the men pay for their own raw materials while 85 per cent of the women are supplied the raw materials by their buyer/contractor (Tables 5.18 and 5.19). A much higher percentage of the home-based workers know where their products are eventually sold and the sale price of the products compared to the IKEA sub-contracted workers (Table 5.22). It is not possible to compare the payment per piece received by the home-based workers with that received by the IKEA sub-contracted workers – because of the different types and designs of the rattan products. However, what is clear is that 95 per cent of the female home-based workers earn less than the minimum wage of 1.2 million IDR per month (US$92) and are the worst off compared to all other groups of workers. Seventy-three per cent of the male home-based workers earn below the minimum wage compared to 40 per cent of the male weaving centre workers and 54 per cent of the male homeworkers. There is also a difference in the frequency of payment – all IKEA sub-contracted workers are paid their wages on a weekly basis whereas more than one-quarter of the home-based workers are paid only upon completion of orders.

- The ***problems that home-based workers have in common with IKEA sub-contracted workers*** include lack of workspace in the home, the low piece rate, irregular supply of raw materials and the inability to bargain with the contractor/buyer. But compared with the IKEA workers, the home-based workers face more serious problems with pressures to complete work orders than cancelled or irregular orders; and they are more concerned with irregular supply of raw materials than the poor quality of raw materials.

- ***The future of the rattan industry*** will hinge on the ability to recruit sufficient skilled workers, in particular young workers. Already most sub-suppliers cited difficulties in getting young workers and in facing a high turnover of workers (Table 3.36). The workers themselves confirmed that young people are not interested in weaving work – "there is no next generation, they are migrating"; "they want higher salaries, the pay is low in weaving". The workers also emphasized that they want their children to have an education and find jobs other than weaving.

29 The poverty line is 294,000 IDR per person per month, and taking the average household size to be 3.7 persons, the poverty threshold for a household is 1.09 million IDR or US$84 per month. Data from http://www.bps.go.id/Subjek/view/id/23#subjekViewTab3; and http://www.bps.go.id/linkTabelStatis/view/id/1283

6.1.2. The implementation and impact of IWAY

IKEA has taken a number of measures to implement IWAY in the rattan supply chain, but the survey revealed that there are still important gaps between the desirable IKEA code of conduct (highlighted in Table 2.2), the standard communicated by the main suppliers to the sub-suppliers which distinguishes between the standards applicable to weaving centre workers and those for homeworkers (Appendix 1) and the actual knowledge and practice of IWAY by the sub-suppliers (Table 3.22), what the sub-contracted workers reported that they know and practise of IWAY (Tables 4.29 and 4.30) and their actual working arrangements and conditions:

- ***Training in IWAY*** has been provided to the main suppliers and sub-suppliers. The main supplier companies have appointed staff with specific responsibilities for training the sub-suppliers and workers and checking on their knowledge and practice. However, not all sub-suppliers have been trained; one-time training is not adequate; and what the sub-suppliers remember from the training and practice is often limited.

- According to the information communicated by the main suppliers to the sub-suppliers, those sub-suppliers who hire workers in a "cluster" in a fixed place (weaving centre) are expected to observe all points of the IWAY code whereas those hiring homeworkers need to fulfil only some of the points (Table 3.21). A printed copy of IWAY is normally displayed on the wall of a weaving centre and most of the sub-suppliers interviewed claimed that they have trained or explained IWAY to their workers. But their explanations (Table 3.22) focus on the "easier" aspects of IWAY (no child labour or bonded labour, safety and health in the workplace and the quality of the products) and do not address the code relating to minimum wages or social insurance for the workers. More than two-thirds of all weaving centre workers and over 90 per cent of all homeworkers have never heard of IWAY; and among those who know of IWAY, actual observance of the code is even more limited (Tables 4.29 and 4.30).

- The code on ***child labour*** is strictly observed (although there appears to be some discrepancy in that the IWAY Standard for Sub-suppliers stipulates the minimum age as 16 years whereas the sub-suppliers and the workers reported a cut-off age of 17 years). The record of workers maintained by the sub-suppliers and submitted to the main supplier company must indicate the age of the worker; and workers have to submit their residence identity card as proof of age. The weaving centres also stipulate that children should not be brought to the premises. No child labour is the regulation that is best known and also most observed by the sub-contracted workers themselves.

- There is no evidence of any ***forced or bonded labour***. Although some of the workers have taken loans from their employer (Table 4.36) and more than half the workers feel they cannot easily change employers (Table 4.23), the reasons for not being able to switch are not because they are bonded but because they have good relations with their current employer, are satisfied with their current working conditions or cannot find other suitable jobs.

- IWAY stipulates that the terms of employment should be set out in a ***written contract***. But the IWAY Standard for Sub-suppliers shown in Appendix 1 does not mention a written employment contract. While the sub-suppliers all have written contracts with one or more main suppliers (Table 3.8), they provide written contracts (the "Surat Kesepakatan Kerja" shown in Appendix 2) to less than one-third of the female workers at weaving centres and at home and less than 10 per cent of the male workers (Table 4.16). However, several of the workers explained that it is common practice to work in the rattan industry without contracts, and they do not need or do not want a written contract (Table 4.21) because they are then free to switch employers or stop work. Some of the homeworkers also view a written contract as merely an "audit document" to be shown during an audit process. What is also striking is that among those who have contracts, almost two-thirds indicated that they do not fully understand the terms of their contract (Table 4.18).

- The IWAY Standard for Sub-suppliers clearly stipulates that the piece rate must be fixed to enable an average worker working full time to at least earn the ***minimum wage*** for their area/district. The code on minimum wage was also emphasized by the IKEA representatives who met with the survey team. But, as already described above, more than half of all sub-contracted workers reported earnings below the monthly minimum wage of 1.2 million IDR (US$92); the homeworkers tend to be worse off

than the weaving centre workers; and the women are worse off than the men (Table 4.34) – although the sub-suppliers claim that homeworkers are paid a higher rate to compensate for having to cover their own utilities and meals and that men and women are paid the same rate for doing the same kind of work. The majority of all workers do not even know what the legal minimum wage is (Table 4.36).

- IWAY specifies that ***working time*** should not exceed 10 hours a day and 58 hours a week; overtime should not be more than 3 hours a day and workers should have 1 day off a week. The regulations concerning the day off and overtime are generally observed by all sub-suppliers and workers. But only 23 per cent of the men and 14 per cent of the women of the weaving centre workers work full 8-hour days; 52 per cent of the men and 82 per cent of the women reported working about 7 hours a day (Table 4.32). About a quarter of the male weaving centre workers have 9 -10 hour work days. Perhaps surprisingly, the homeworkers reported slightly longer working hours – 62 per cent of the men and a third of the women work at least 8 hours a week. But unlike the workers in weaving centres, those working at home have flexible (non-continuous) hours of work.

- ***Safety at the workplace*** is an issue that the sub-suppliers are keenly aware of. All the weaving centres surveyed have fire extinguishers and basic first aid kits, but those working at home do not have such equipment. Some sub-suppliers have procedures in place for evacuation in the event of natural disasters. At least about 80 per cent of all workers reported that they have had work related injuries or accidents, although most of these are not serious and only required treatment with the first aid kit and do not entail taking time off work (Table 4.39). Although there is a no smoking regulation, this is the rule most often flouted by the workers.

- The workers, in particular the men working in weaving centres, also reported health problems that they relate to their work. The most common ***health problems*** identified by the workers include back pain and body aches related to the position they sit or stand to do their work (implying that there are ergonomic issues); and problems breathing and dust in their eyes related to the working environment which is often dusty (from the splicing of rattan), smelly (from the soaking of rattan and also from the blow torches used to bend the rattan) or hot (in open structures but without fans). However, most of the homeworkers do not feel that their work affects the health of household members.

- ***Cleanliness in the working environment*** is another item that is highlighted. But as the photos in the Boxes illustrate, conditions in the weaving centres and the homes of the workers are not only very basic but could be better maintained – dirty, uneven floors and raw materials, equipment and finished products scattered around can be dangerous. Some of the workers also complained about the lack of proper toilet facilities. For the homeworkers, the lack of proper workspace in the home can be dangerous especially for the children.

- The IWAY Standard for Sub-suppliers (Table 3.21) also states that the sub-suppliers must register all their workers in weaving centres for ***accident insurance***. The majority of the weaving centre workers do receive accident insurance either from their sub-supplier or the main supplier company. Some of the workers also receive health insurance (Table 4.37). The IWAY Standard currently does not require accident insurance for homeworkers. Very few of the homeworkers have any social security benefits.

6.1.3. The gender-related issues

The survey revealed important gender differences that ought to be taken into account to meet the IWAY standard of non-discrimination and gender equality:

- All the sub-suppliers are male; the workers in weaving centres are much more likely to be male than female; and women dominate among those working at home. The sub-suppliers, in particular those from one main supplier company, indicated that they prefer to deal with men (Table 3.29). Others indicated that they have no gender preference but it would depend on the type of work – the heavier work such as bending the rattan for frames is considered more appropriate for men.

- Among the IKEA sub-contracted workers interviewed, the women working in weaving centres or at home are younger, have lower levels of education, first started working earlier and come from households with more members than the male workers. The households of the women homeworkers tend to be the worst off with 20 per cent having incomes below the poverty threshold for the area (none of the male homeworkers' households are below the poverty threshold) (Table 4.8). The women who are self-employed home-based workers also come from larger and poorer households. However, the women workers in the weaving centres tend to come from households that are better off relative not just to the homeworkers but also to their male counterparts.

- Only 23 per cent of the men and 14 per cent of the women work a full 8-hour day at the weaving centres; another 52 per cent of the men and 82 per cent of the women reported working about 7 hours a day. About a quarter of the male weaving centre workers have 9 -10 hour work days (Table 4.32). Perhaps surprisingly, the homeworkers reported slightly longer working hours – 62 per cent of the men and a third of the women work at least 8 hours a week. But unlike the workers in weaving centres, those working at home have flexible (non-continuous) hours of work.

- The ***women workers are clearly worse off than the men in terms of income earned*** (Table 5.25). Eighty-two per cent of female weaving centre workers, 70 per cent of female homeworkers and 95 per cent of the female home-based workers earn below the minimum wage of 1.2 million IDR (US$92) per month. Among the men, 54 per cent of the homeworkers, 40 per cent of those in weaving centres and 73 per cent of the home-based workers earn less than the monthly minimum wage. While the lower income earned by women workers could be partly linked to their shorter and more flexible working hours (because they bear the main responsibility for family and household chores) (Table 4.35), the survey data did not provide enough details to determine whether there could be other discriminatory factors.

- The FGDs revealed that the male workers both in weaving centres and at home would prefer to be self-employed rather than sub-contracted workers but they currently are unable to do so because they do not have the capital. The women, on the other hand, prefer to work for an employer because they do not have to bear the costs and risks of own-account work.

- ***Women workers have a lower level of knowledge and awareness*** – they are much less likely than the men to be aware of where their products are sold nor the sale price of their products (Table 4.27). They also reported a lower knowledge of IWAY or of the Indonesian laws and regulations relevant to their type of work, and 84 per cent of all sub-contracted women workers compared to 57 per cent of the male workers do not know what the minimum wage is (Table 4.36). The women (those who have written contracts) are also less likely than the men to fully understand the terms of their work contract (Table 4.18). Their lower levels of education and also of knowledge put the women at a disadvantage in being able to claim their rights and has implications for the need to have gender-sensitive training and awareness raising programmes.

- There was some evidence of women homeworkers being threatened by their sub-suppliers "not to be too honest" in answering the survey questionnaire if they wanted to continue to receive work orders.

6.1.4. The minimum wage issue

Decent work entails much more than just ensuring that workers are paid a monthly income above the minimum wage. However, the issue of the minimum wage is a major focus of concern of the IKEA representatives. Therefore, this Section examines the possible factors that may explain why, in spite of IWAY, so many of the IKEA sub-contracted workers are still earning below the monthly minimum wage.

- The way IKEA representatives verify that their suppliers are paying the workers at least the minimum wage is not by checking the worker's wage from weaving; the base for verification is the piece rate set by the supplier/sub-supplier[30] - "We check whether a worker with average speed of weaving, who focuses on the job and is weaving continuously for 8 hours a day, 26 days a month is able to earn at least the minimum wage level. In practice, we measure the time it takes for weaving of one product and calculate how many pieces can be done within 8 hours, then this is multiplied by the number of working days in a month. Having the total number of products that can be produced during one month we multiply that number by the piece rate and compare the result against the minimum wage. If it is equal or above then the (IKEA) requirement is met". The representatives also emphasized that "the crucial point is to set the right average time needed for weaving one product (not sure if today the preparation before weaving e.g. bringing the raw materials is included). Suppliers /sub-suppliers set it based on their own experience (time of weaving at the factories) or evaluate it by measuring time of several workers and choosing the average time as the base for setting the piece rate". But what needs to be pointed out is that almost a third of the sub-suppliers interviewed do not know or are not sure of what the minimum wage for their area is (Table 3.25).

- This method of fixing the piece rate may help to explain why the sub-suppliers are paying so many of their workers below the minimum wage. Since the piece rate is based on the "average speed of workers" or on the "average worker", then logically only about 50 per cent of the workers will be able to achieve the minimum wage in normal working hours. But if the rate is based on a "worker with modest ability" or the rate is set with a downward correction of 20 per cent in the average speed (as recommended by ILO experts), then the majority of workers would be able to earn the minimum wage for normal working hours.[31]

- The current method is also based on workers working full time (8 hours a day) – meaning that those workers working less than full time would not be able to earn the monthly minimum wage. Table 4.35 had shown that those earning below the minimum wage are more likely to be working less than full-time (8 hours a day) and that conversely those that work 8 or more hours a day are more likely to earn above the minimum wage. The women both at weaving centres and at home are more likely than the men to work less than a full 8-hour day and a much higher percentage of the women than the men earn less than 1.2 million IDR a month. While there is an obvious relationship between the number of hours worked and income earned, it has to be emphasized that this is clearly not the only explanation since, for example, a third of all those working 8 or more hours a day are still earning below the minimum wage.

- There could also be issues arising from the conversion of the monthly into the daily minimum wage (for example, the right number of days in a month should exclude rest days and paid holidays).

- Even if the workers are working continuously for eight or more hours a day, the number of pieces they can produce would still be affected by the quality of the raw materials and disruptions in the supply of raw materials. Poor quality rattan affects the speed at which workers can finish a piece and may lead to poor quality products which are rejected and disrupted. Irregular supply means that workers have to stop work while waiting for raw materials to weave. The survey and FGDs had confirmed that poor quality raw materials and irregular supplies are serious problems for both sub-suppliers and their workers.

- Even if a worker works a full 8-hour day at "average speed", part of the time could be spent, carrying, loading or unloading raw materials and finished products for which he/she is not paid.

30 The explanation by the IKEA representatives of how the wages of the sub-contracted workers are fixed was provided in Chapter 3 but for ease of reference is repeated here.

31 See, also, for example, APINDO and ILO 2013, Good Practice Guidelines for the Employment of Homeworkers, Jakarta: ILO, pp.18-19.

- Unfortunately, we do not have data on the payment margins between the different tiers of the supply chain (what IKEA pays the main suppliers, what the main suppliers pay their sub-suppliers, and what the sub-suppliers pay their workers). For example, if the main suppliers are paying their sub-suppliers low rates per piece, the sub-suppliers may have very low margins between what they receive and their costs to be able to pay their workers down the chain per piece. The survey had found that a serious problem faced by both sub-suppliers and workers is their inability to negotiate/bargain with their respective employers.

- The monthly income earned by the IKEA sub-contracted workers was compared against the monthly minimum wage of 1.2 million IDR (US$92) for the Cirebon district. The minimum wage level differs for different districts/regions of the country and is periodically adjusted to take into account changes in the cost of living. The minimum wage for the Cirebon district was recently adjusted upwards to 1.4 million IDR (US$108).[32] This obviously has implications for the need to revise the piece rate for the different rattan products and the margins between the different tiers of the chain. How frequently such adjustments are made to the piece rates and the profit margins would impact on incomes earned by the workers.

- The points discussed above should make it clear that without deeper investigation and detailed data it is not possible to pinpoint the exact reasons for why the sub-contracted workers are earning below the minimum wage nor to trace accountabilities. What is obviously important is the method used to fix the piece rate paid to workers for finished products and also to determine the profit margins for the different tiers of the supply chain. This may call for a specific study.

- IKEA's focus of attention has been on the minimum wage but not on a living wage (a wage which for a full-time working week would be enough for a worker and his or her family to meet its basic needs). Surveys have found that the minimum wage falls short of the cost of living in many countries. "The living wage is recognized as one of the most powerful tools for business to contribute to their workers' human rights".[33] IKEA may wish to work with international organizations and researchers to better understand and address the issues of minimum wage and living wage for workers.

6.2. Promoting an ethical supply chain and decent work

The survey proved what is already well known - that having a code of conduct with detailed procedures and working methods for implementation and conducting audits is an important start but does not ensure that labour standards are observed throughout a global supply chain; IKEA's good intentions have not translated into decent work for those in the lowest tiers of its rattan supply chain. There is still much that IKEA can do if it is serious in its aim of promoting an ethical and sustainable, gender-sensitive supply chain and decent work to benefit both workers and business.

"What IKEA can do" does not, however, mean that the responsibility is solely with the IKEA Company and its direct representatives. The responsibility has to be a shared one – between the IKEA Company, the main suppliers and sub-suppliers, the workers and even the community, government and other stakeholders including workers' and employers' organizations in Indonesia. For example, a measure to improve working conditions may involve costs, investments and compliance – these cannot be borne solely by one party; IKEA and its suppliers and sub-suppliers need to sit down to work out shared responsibilities. And for the efforts to be sustainable, workers have to play their part and the government has to provide the supportive facilities and legal framework.

32 http://www.jababekainfrastruktur.com/assets/uploads/files/SK%20Gubernur%20Jabar%20Ttg%20UMK%202015%20di%20Jabar.pdf

33 See Wilshaw, R. 2014. Steps towards a living wage in global supply chains, OXFAM Issue Briefing, p.5.

6.2.1. Suggestions from the IKEA sub-suppliers and workers

The suggestions offered by the sub-suppliers and workers for addressing the problems with their work in the supply chain are summarized below. What is critical to underscore is that these suggestions have the potential to not only improve working conditions but also enhance productivity and, thereby, benefit both workers and business. By demonstrating to those in the lowest tiers of the supply chain that their suggestions are given consideration, IKEA could promote worker loyalty, improve worker retention rates and enhance supply chain efficiency:

- ***Remuneration:*** it is not unexpected that the largest number of suggestions from the sub-suppliers and also all the workers concerns payment:
  - Increase the piece rate. It is worth re-quoting the statement from one sub-supplier "Hope IKEA can increase the price it pays the main suppliers so that the main suppliers can increase the payment to sub-suppliers and the sub-suppliers can increase wages for the weavers – IKEA has to take the lead";
  - Avoid delayed payments – pay immediately products are delivered, should not use any kind of instalment scheme to pay sub-suppliers or workers;
  - Pay at least the minimum wage – this would enhance the willingness of workers to work and make it easier for the sub-suppliers to hire workers.

- ***Work orders:*** to address the serious problem of irregular work orders:
  - Try to ensure regular work orders;
  - The main supplier companies should not appoint more sub-suppliers and instead offer a fair distribution of work orders to all current sub-suppliers.

- ***Raw materials:*** both sub-suppliers and workers had suggestions to:
  - Improve the quality of rattan raw materials – wet rattan or hard inflexible rattan affects not only the ability of the workers to produce but also the quality of the products and results in higher rejection rates;
  - Ensure a steady supply of raw materials to the weaving centres and the homes, so that the production schedules of the workers are not disrupted;
  - Provide assistance to the sub-suppliers when the price of raw materials goes up so that they are able to fulfil work orders and still make some profit;
  - Avoid delays by arranging for the chair frames produced by one sub-supplier to be sent directly to the sub-supplier responsible for weaving instead of being sent first to the factory of the main supplier;
  - The Indonesian government should stop the export of rattan raw materials and promote the production of rattan finished products within the country. Although there is a law restricting the export of rattan, this is still quite a common practice.

- ***Utilities, equipment and tools:*** to avoid work disruptions and improve productivity:
  - The government should ensure a steady supply of electricity and avoid power cuts;
  - The sub-suppliers should ensure that the workers have proper equipment and tools to work with, including regularly servicing and repairing the equipment and tools at the weaving centres.

- ***Working environment:*** to address the workspace and working environment problems:
  - Provide financial assistance to the sub-suppliers to improve the weaving centres, in particular so that there is adequate space to store raw materials and finished products;
  - Improve basic facilities such as toilets and fans at the weaving centres;
  - Assist the homeworkers to improve workspace within their homes.

- ***Negotiations:*** Several of the sub-suppliers stressed the importance of discussing/negotiating with the main suppliers so that together they can find "win-win" solutions to the problems. The workers too had a suggestion that both workers at weaving centres and at home should get together so that they can be united in approaching the sub-suppliers or main companies.

6.2.2. A comprehensive and inclusive approach

The suggestions provided by the sub-suppliers and out workers in the rattan supply chain are obviously crucial for IKEA to take into account. But to have a consistent and lastly impact, the suggestions in the Section above should not be addressed in a piecemeal manner. Drawing upon the experiences and lessons learned from the efforts of other international brands and the guidance compiled by various organizations concerned with ethical supply chain issues[34], the recommendations below suggest a more comprehensive and inclusive approach that IKEA can adopt to balance social responsibility objectives with those of running a successful business. It is also useful to point out that some of the suggested measures are already in IKEA's own working methods manual but are repeated here to highlight their significance and the importance of effective implementation:

- ***Know who and what is in the supply chain:*** To identify where there are decent work gaps, IKEA must first know who and what is actually in its rattan supply chain. Although the IKEA Company requires its main suppliers to maintain records of its sub-suppliers and their workers, the survey found, for example, that some sub-suppliers further sub-contract to other sub-suppliers and the main suppliers do not necessarily keep their records up to date or complete. One lesson learned from other international brands with huge supply chain relationships is that simply contractually obligating suppliers to disclose their supply chains, while necessary, has proven ineffective and inadequate. The main suppliers may have competing motivations, disincentives or different business drivers that make them reluctant to disclose all the information about their sub-suppliers and workers. Undisclosed sub-suppliers and workers are a frequent reality across many industries:

  ✓ *Promote internal and external buy-in to properly map the supply chain* – internally within IKEA from the various functions that have direct interaction with the supply chain and externally from the suppliers themselves. Good practice examples include:

  - Providing incentives to the procurement team to engage actively in the process, for example, by making the mapping an item in individual performance targets or awards;
  - Incentivizing suppliers to map and disclose their own pieces of the supply chain, for example by linking to work orders or other commercial benefits.

  ✓ Explain the importance of mapping to both IKEA staff and external suppliers by *emphasizing the commercial rather than the human rights perspective*. Good practice examples include:

  - One company emphasizes the importance of knowing all levels of the chain in order to safeguard quality, and engages the quality control team which regularly visits the field to report back new suppliers uncovered during their field visits;
  - Others make the case in terms of commercial efficiencies, ensuring sustainability of supply and limiting business risks.

- ***Prioritize for taking action within the chain:*** It is obviously not feasible for IKEA to conduct due diligence on labour standards and take immediate action for the entirety of its supply chain. In the specific case of the Cirebon rattan supply chain:

  ✓ An obvious priority is *to address the specific vulnerabilities and disadvantages faced by the women workers*, particularly those working at home in more isolated situations and are worse off compared to the weaving centre workers. The fact that women have lower levels of knowledge

34 Including Ethical Trading Initiative (ETI), the Shift Project, Ceres, Better Work, Fair Labour Association (FLA), OXFAM, WIEGO, Global Social Compliance Programme

and awareness, for example of IWAY, and they are less likely than the men to fully understand the terms of their work contract has obvious implications for the need for gender-responsive training and awareness raising programmes. The survey had also discovered some elements of pressure from sub-suppliers who had threatened women homeworkers with job loss if they were "too truthful" in the interviews;

- ✓ In the specific case of the Cirebon supply chain, *priority could be given to main supplier Company A*, its sub-suppliers and workers (who are mainly working in weaving centres) since the survey revealed that the smaller company faces greater difficulties in complying with IWAY standards so that its sub-suppliers and workers appear to be worse off in several aspects compared to those of Company B;

- ✓ The fact that the smaller company produces exclusively for IKEA suggests that IKEA may have greater *leverage to influence the practices of the supplier*. The lesson learned from others is that where a company has leverage over its supplier, it should exercise that leverage to promote standards and where it lacks the leverage, it should look to increase its leverage in order to be in a position to prevent or mitigate adverse impacts;

- ✓ Such prioritization should not, however, mean that Company B does not require special attention, importantly because its sub-suppliers hire a large number of homeworkers who are mainly women.

- ***Actively involve the various stakeholders in the chain:*** More and more companies are recognizing that a top-down approach of imposing a code of social and environmental standards on suppliers as a condition for securing business is not sustainable. The people in the various tiers of the chain must feel that they have a voice and a stake in implementing labour standards:

  - ✓ *Promote dialogue not monologue*: IKEA exercises its leverage at the contracting stage through IWAY MUST – these are the terms that IKEA imposes on the suppliers that they must observe to secure business. However, what suppliers *must* do is not the same as what suppliers *want* to do because they see the benefits. Other company leaders have noted that "the real potential may lie in the opportunity to create a dialogue with suppliers – rather than a monologue – regarding the terms of the contract, the expectations and challenges they raise, and how they can best be met".[35] The approaches that companies use to create a dialogue with suppliers at a critical moment in the relationship when the leverage of the company is potentially at its high point to discuss expectations and potential roadblocks to meeting them include:

    - Some companies build these types of conversations into supplier opportunities for business at the front end of the process, this helps to create a sense of shared purpose;

    - One company requires suppliers to participate in two workshops sponsored by the company on social and human rights standards and compliance in order to be eligible to bid for business;

    - Another company builds human rights compliance criteria and conversations into the bidding process before the business has been awarded.

  - ✓ *Promote buy-in, not merely compliance*: Suppliers and sub-suppliers are much more likely to observe labour standards if they see it not merely as an obligation but good for business. One important measure will be to review the contents and manner of training ("training is an investment, auditing is a cost") in IWAY that IKEA provides for the suppliers and sub-suppliers to ensure that the emphasis is not just on *what* must be done but on *why* it should be done and to discuss with them (not just instruct) the barriers and difficulties they face and *how* it can be done to achieve "win-win" outcomes;

  - ✓ *Listen to workers' voices to remain relevant and responsive*: Any sustainable effort to promote labour standards must be inclusive of the workers themselves. Other studies have found that companies often lack knowledge regarding worker aspirations and needs as well as lack

35 SHIFT, 2012. Respecting human rights through global supply chains, Shift Workshop Report No. 2, October, p.12.

understanding of how workers and suppliers view the impact of initiatives and programmes already in place:

- The survey had revealed that a common complaint that workers have is their inability to negotiate or bargain with their employers. The workers had also recognized the importance of being able to get together to discuss with their employers ways to arrive at "win-win" situations - IKEA representatives can help to create such opportunities by facilitating open discussions that are not in an audit environment and by assuring the workers that they will not be penalized for speaking up;

- Special attention needs to be given to ensure that women feel comfortable to express their views;

- As a longer-term measure, IKEA can also consider working with the main suppliers to set up grievance mechanisms that will enable workers to voice their grievances without fear of losing their jobs and with confidence that their complaints will be given due consideration.

✓ *Ensure that all parts of the IKEA Company itself support the promotion of labour standards by better aligning business processes with its CSR*: Concern with labour rights challenges in supply chains often focus on the suppliers and sub-suppliers. But there are also important dimensions internal to the IKEA Company that can increase or reduce labour rights risks. Some companies have found instances where there are inherent tensions between the commercial interests that guide purchasing decisions and the avoidance of labour rights abuses or poor working conditions.[36] "The relationship between those responsible for driving social and human rights compliance and those driving purchasing, procurement and other supply chain management decisions is often what separates 'good on paper' from 'good in practice'.[37] Various good practices have been identified:

- In the experience of many companies reconciling the internal tensions that exist between commercial drivers for procurement decisions and the company's code on labour rights can only occur if the responsibility for promoting labour standards is embedded with those responsible for procurement decisions – for example, by locating the labour standards function within the procurement department. For the procurement department to "own" the responsibility, it should be closely involved in developing or revising the supplier codes;

- OXFAM, for instance, recommends training the company buyers to understand the impact of their decisions on working hours, low wages and precarious work in the supply chain;[38]

- Another company conducts joint audits between their procurement and CSR teams thereby creating one team that can apply different lenses;

- Another company creates regular opportunities for its senior corporate officers to visit supplier sites.

- ***Move beyond compliance monitoring to sustainable, inclusive improvements:*** More and more companies are acknowledging that compliance auditing alone is insufficient to promote sustainable improvements on issues of social performance; "compliance monitoring can have the unintended consequence of duplication and resource inefficiencies –resulting in far too much time and money dedicated to policing rather than improving operations and employment conditions".[39] They are moving towards more collaborative and inclusive approaches, including measures to:

✓ *Engage the local community*: There are important reasons for IKEA to consider initiating measures to promote social and environmental standards that target the wider Cirebon community: the

36 For example, if a company makes late changes to the design of a product or to the volume of an order without taking into account the consequences for the supplier/sub-suppliers, the company would be contributing to any resulting adverse impacts on the workers, such as excess hours, unpaid overtime, inadequate earnings, illegal sub-contracting, etc.

37 SHIFT, 2012. Respecting human rights through global supply chains, Shift Workshop Report No. 2, October, p.19.

38 OXFAM. 2013. Labour rights in Unilever's supply chain: from compliance to good practice. An Oxfam study of labour issues in Unilever's Viet Nam operations and supply chain.

39 Ceres and Levi Strauss & Co. 2012. Improving workers' well-being: A new approach to supply chain engagement. See also, Locke, R., M. Amengual and A. Mangla. 2009, "Virtue out of necessity? Compliance, commitment and the improvement of labour conditions in global supply chains", Politics and Society, Vol.37, No.3 pp.319-351

supply chain workers come mainly from villages and families where weaving is a traditional skill; although the self-employed home-based workers are currently not part of the supply chain they could be brought into the chain at a later stage; and such measures may be able to reach out to young people whose labour will affect the future of the industry. Community-based education/ awareness raising programmes aimed at wide audiences would also have the potential of: benefitting current and potential workers; enhancing the productivity of both workers and suppliers, improving the quality of products and supply chain efficiency; promoting the image and reputation of IKEA, improving community relations; and strengthening the local community. It is critical to *ensure that such programmes are gender-responsive*, for example they need to be scheduled taking into account women's family responsibilities. Examples of such programmes could include:

- Awareness raising on ergonomics – to improve the ways in which rattan workers are carrying out their work so as to address their health related problems (many workers complain of back pain and body aches);
- Workshops to improve the workers' knowledge of the benefits of having written contracts and proper records of working hours and products so that they have written proof when negotiating with their employers;
- Forums to discuss ways to increase the supply of rattan raw materials;
- Workshops to improve the use of eco-friendly rattan products.

✓ *Engage a wider set of partners*: To ensure that efforts to promote labour standards are sustainable, it is important to collaborate with others. The experience of many companies has been that trade unions, employers' organizations, rattan business associations and other relevant civil society organizations (CSOs) and NGOs can be good partners for reaching out to workers, sharing experiences and good practices for promoting decent work and improving productivity, and assisting in public policy engagement with local government:

- Although the rattan supply chain workers are currently not organized, there are large trade unions in Indonesia that can help IKEA representatives to better understand how local laws and regulations might serve to encourage or inhibit efforts to promote labour standards and can also help to put pressure on the authorities to amend these regulations;
- Employers' organizations and business associations can also be useful allies to set industry standards or establish mechanisms in the rattan industry that will benefit both workers and business. For example, a potential partner could be PROSPECT Indonesia (Promoting Sustainable Consumption and Production Eco-Friendly Rattan Products Indonesia) which aims to promote sustainable consumption and production of eco-friendly rattan products;[40]
- NGOs such as Mitra Wanita Pekerja Rumahan Indonesia and Himpunan Wanita Pekerja Rumahan Indonesia (Association of Indonesian Women Homeworkers, HWPRI) can also help to reach out particularly to harder-to-reach homeworkers and to provide information on their situation and needs.

✓ *Engage local governments*: Given the critical role of national and local laws and regulations in affecting workers' rights, it is obviously important to engage local governments in community-based corporate social responsibility efforts. Some suggestions are:

- IKEA could initiate a campaign to work with its suppliers and sub-suppliers and also the relevant local authorities to determine how to extend accident and health insurance coverage to all workers or to improve the rattan industry by improving the supply of rattan raw materials. Such public policy engagement would contribute to the well-being of workers and at the same time be good for productivity and the image of IKEA and its suppliers and sub-suppliers;

40 See www.pupuk.or.id and www.prospectindonesia.org. PROSPECT Indonesia is supported by a number of local and international organizations including the Ministry of Industry, Association for Advancement of Small Business (PUPUK), the European Union through SWITCH-Asia and the Netherlands Development Organization (SNV).

- IKEA can work with the government and the rattan business community to recognize unique local skills (of weaving)[41] and to actively preserve and promote the local advantage of the weaving villages, including through appropriate reward systems of wages, piece rates, etc. – this would have the advantage of contributing to local economic development and also attract young workers;

- IKEA, together with other partners including trade unions, employers' organizations, business associations and civil society organizations can encourage the government to legally recognize home-based workers and facilitate their access to labour and social protection.

6.3. Seven action points for IKEA

The comprehensive and inclusive approach suggested above will take time, effort, shared responsibilities, collaboration with a wide range of actors and a paradigm shift from passive compliance monitoring of a company's code of conduct to active development and implementation of specific programmes to address the needs of workers and promote decent work in the supply chain. A definite start has already been made – the dedicated collaboration of IKEA with the ILO in this study is an indication of its commitment to better understand and address working conditions in the supply chain. To follow up and to take practical measures, IKEA can consider the following next steps or action points:

1. **Share the findings of this survey with the main supplier companies and their sub-suppliers**. Use the findings not to "point fingers" but as an evidence-based opportunity to openly discuss the issues raised by the survey; to solicit their comments, clarifications or explanations; and to discuss the barriers and the business case for them to more effectively implement IWAY and how best IKEA can work with them to address the issues.

2. **Share the findings of this report internally with IKEA's own operations and management teams** with the aim of promoting wider understanding of the complex issues surrounding who and what is in its supply chain and contributing to a hard look at what really needs to be done – internally and externally, with suppliers, with communities, and with a wider set of partners and stakeholders - to achieve an effective push on labour standards in its supply chain.

3. **Review and revise the IWAY training programme** in terms of both contents and manner of implementation. The training should focus not just on the "must" aspects of IWAY but importantly on the "why" for workers and for business. The training should not just target suppliers and sub-suppliers and leave it to them to then train their workers. The survey had revealed that the majority of workers have no idea of IWAY. The training should be conducted by trained staff who are able to hold interactive sessions with both sub-suppliers and workers and stimulate discussion on the questions and concerns that they may have. Ensure that the training programmes are women-friendly and cover both weaving centre workers and homeworkers.

4. **Address the issue of the minimum wage** since this clearly is the priority concern of the IKEA representatives. IKEA may wish to work with wage experts in the ILO to conduct a specific study on the method of fixing piece rates and the various factors affecting the income earned by workers raised in Section 6.1.4 above. The study should also examine whether the minimum wage is an adequate proxy for the basic needs of workers and their families – examine not just the minimum wage but also the living wage.

5. **However, do not focus just on the minimum wage**. Decent work is about much more than wages and IWAY itself emphasizes many other important labour standards. There are several

41 In Viet Nam, for instance, weaving is recognized as a semi-skilled occupation, so that workers are paid above the minimum wage.

other practical measures that IKEA can implement together with other stakeholders which could have important impacts for workers, business and the wider weaving community. One such measure would be a gender-sensitive communication/awareness raising programme jointly developed with the main suppliers and sub-suppliers on topics (described above) such as ergonomics to improve the ways workers are carrying out their work and address their health problems, or on the importance of written contracts. IKEA could also discuss with the main suppliers, sub-suppliers and government representatives the feasibility and cost of extending accident insurance for all homeworkers. Another important measure would be to address the concern of both sub-suppliers and workers about irregular supply and poor quality of raw materials (for example, the workers had suggested that one way to improve supply efficiency and avoid delays is by arranging for the chair frames produced by one sub-supplier to be sent directly to the sub-supplier responsible for weaving instead of being sent first to the factory of the main supplier).

6. **Identify who to work with in the wider community to promote scalable ways to improve labour rights and increase collective leverage**: IKEA can conduct its own due diligence on some of the possible local partners identified above (such as PROSPECT) to determine the value of collaboration and the most effective methods to do so. IKEA can also consider joining multi-stakeholder initiatives, such as Better Work, Ceres, ETI, to have better access to good-practice know-how and also opportunities to collaborate with others to address difficult issues.

7. **Set up a clear process for tracking follow-up to this report**. Ensure that responsibility is clearly assigned internally within IKEA to check on recommendations adopted, changes made and impact both on business processes and on the welfare of workers, and to report back.

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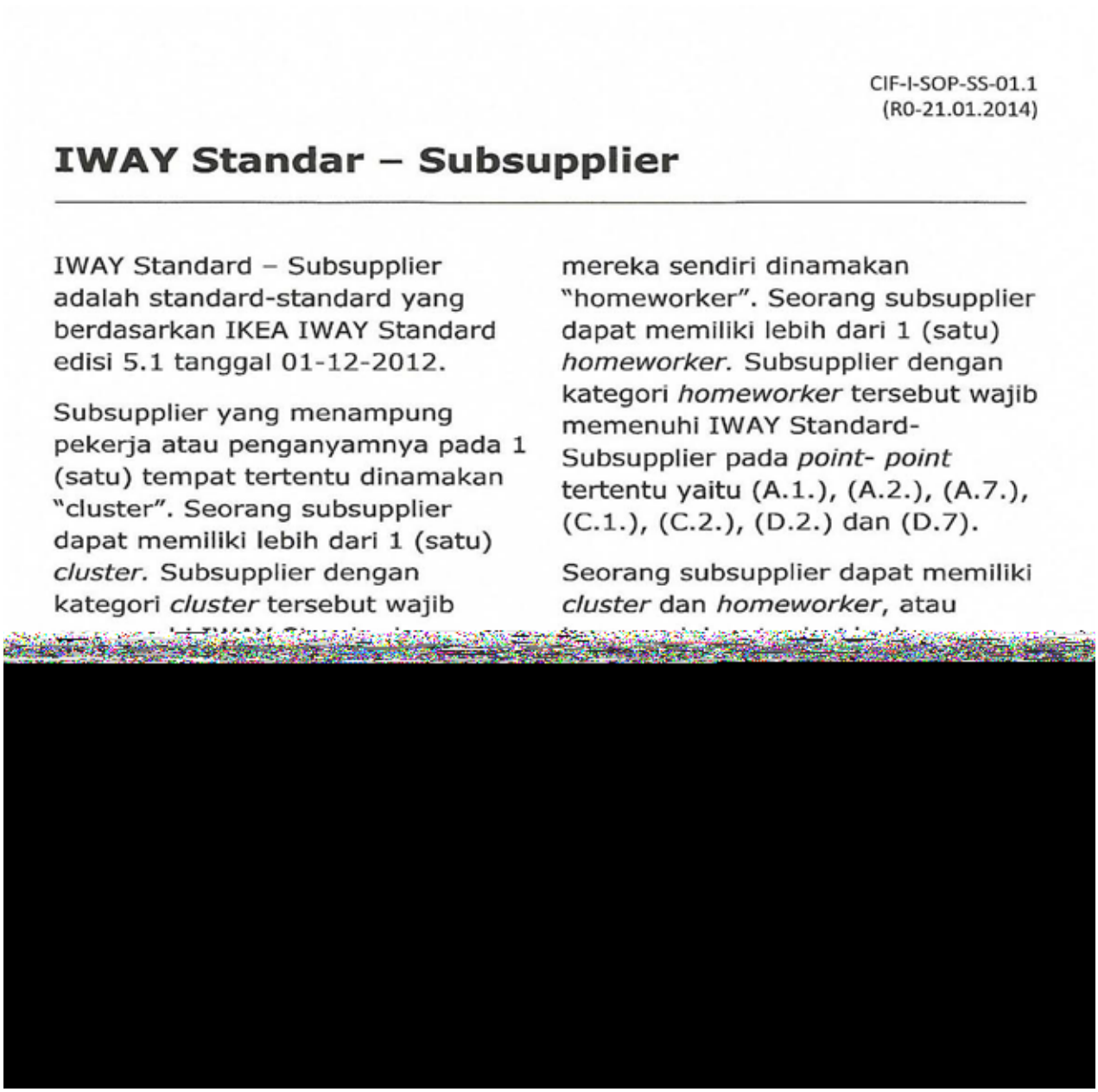
APPENDIX 1



CIF-I-SOP-SS-01.1
(R0-21.01.2014)

IWAY Standar – Subsupplier

IWAY Standard – Subsupplier adalah standard-standard yang berdasarkan IKEA IWAY Standard edisi 5.1 tanggal 01-12-2012.

Subsupplier yang menampung pekerja atau penganyamnya pada 1 (satu) tempat tertentu dinamakan "cluster". Seorang subsupplier dapat memiliki lebih dari 1 (satu) *cluster*. Subsupplier dengan kategori *cluster* tersebut wajib

mereka sendiri dinamakan "homeworker". Seorang subsupplier dapat memiliki lebih dari 1 (satu) *homeworker*. Subsupplier dengan kategori *homeworker* tersebut wajib memenuhi IWAY Standard-Subsupplier pada *point- point* tertentu yaitu (A.1.), (A.2.), (A.7.), (C.1.), (C.2.), (D.2.) dan (D.7).

Seorang subsupplier dapat memiliki *cluster* dan *homeworker*, atau

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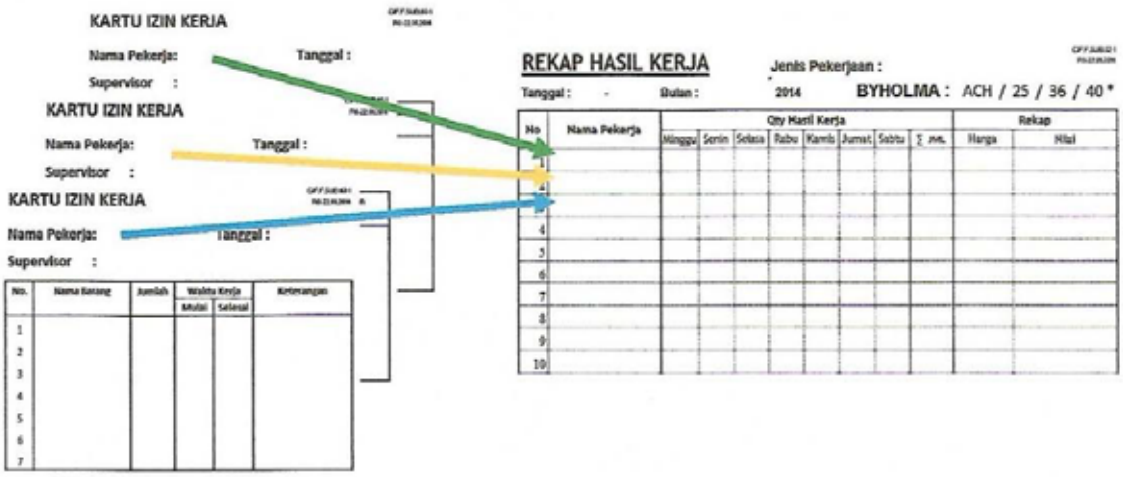
- Ada sistem pengupahan yang transparan dan benar/tidak dimanipulasi.



KARTU IZIN KERJA

Nama Pekerja: Tanggal :

Supervisor :

KARTU IZIN KERJA

Nama Pekerja: Tanggal :

Supervisor :

KARTU IZIN KERJA

Nama Pekerja: Tanggal :

Supervisor :

No.	Nama Barang	Jumlah	Waktu Kerja		Keterangan
			Mulai	Selesai	
1					
2					
3					
4					
5					
6					
7					

REKAP HASIL KERJA

Jenis Pekerjaan :

Tanggal : - Bulan : 2014 BYHOLMA : ACH / 25 / 36 / 40 *

No	Nama Pekerja	Qty Hasil Kerja								Rekap	
		Minggu	Senin	Selasa	Rabu	Kamis	Jumat	Sabtu	Σ pcs.	Harga	Nilai
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											

- Ada bukti bahwa pengupahan sudah diterima secara langsung oleh penganyam/pekerja.

Nama Sub-Supplier: CIF.F.SUB.04-1
R0-22.01.2014

Tanda Terima Pembayaran Hasil Kerja

Nama :
Bagian :
Periode :

Nilai Rekap Hasil Kerja	Rp.
Potongan Kas Bon	Rp.
Potongan Jamsostek 2%	Rp.
	Rp.

Tanda Tangan Pekerja,

A.8. Asuransi Kecelakaan Pekerja point 1.8

- Seluruh penganyam/pekerja atas asuransi kematian dan kecelakaan kerja dan atau sesuai dengan ketentuan perundangan yang berlaku.

BPJS Kesehatan
Badan Penyelenggara Jaminan Sosial

ASKES
Health Insurance Specialist

JAMSOSTEK

JAMSOSTEK
Jaminan Sosial Tenaga Kerja
KARTU PESERTA
RINA KARLINA
10-2011
11WJ4006814

APPENDIX 2

CONTRACT BETWEEN SUB-SUPPLIERS AND WORKERS
(Examples translated from Bahasa Indonesia into English)

Example 1: Contract with weaving centre workers

Contract

This letter of agreement is agreed by both parties, namely between:

Name: _____

Address: _____

With Weaver/Worker with the following details:

Name: _____

Place and Date of Birth: _____

Address: _____

With the following provisions:

1. Mr./Ms. _____ will carry out the process of weaving/making frames for the following products and price _____

   _____

2. The work will be carried out at the place of Mr/Ms. _____from Monday to Saturday 8 am – 4 pm.

3. The weaver/worker Mr/Ms. _____ is required to submit a photocopy of his/her Identification Card (ID) to the Sub-contractor Mr/Ms._____.

4. Payment of wages will be made once every week on Saturday for the number of products made by the weaver/worker that have gone through quality control checks (CEK QC).

Thus this agreement is made for mutual understanding.

Cirebon, _____

(_____) (_____)

Employer Employee

Example 2: Contract with weaving centre workers

Contract

The undersigned:

Name: _____

Identification card (ID) No. _____

Hereby acting as the employer certifies that:

Name (of worker): _____

Identification card (ID) No. _____

Type of work/Job: _____

Start date: _____

End date: _____ (filled when job ends)

Minimum wage: _____ (year _____)

Cara pembayaran: _____ (daily/weekly/monthly)

Details for calculation of payment per piece:

No.	Name of product	Rate per piece	Record/criteria/provision

This agreement is made in good faith, voluntarily and without force on the part of both parties.

This agreement comes into force upon the contract being signed.

Made in: _____

Date: _____

_____ _____

Employer Employee

Example 3: Contract with homeworkers

Contract

This letter of agreement is agreed by both parties, namely between:

Name: _____

Address: _____

With Weaver:

Name: _____

Place and Date of Birth: _____

Address: _____

With the following provisions:

1. The Sub-contractor Mr/Ms._____ provides raw materials for weaving/making frames to Mr/Ms _____, namely for the products _____, _____, _____.
2. Payment of wages will be made once every week on Saturday for the number of products that have gone through quality control checks (CEK QC) by the Sub-Contractor Mr/Ms. _____
3. The Weaver Mr/Ms _____ is required to submit a photocopy of his/her Identification Card (ID) to the Sub-contractor Mr/Ms._____.
4. The Sub-contractor Mr/Ms. _____ and the weaver are required to record the products produced daily in notebooks kept by the sub-contractor and the weaver.
5. The work will be conducted for 8 hours a day.

Thus the agreement is made for mutual understanding.

Cirebon, _____

Weaver

(_____) (_____)

Employer Employee

Australian Government

Department of Foreign Affairs and Trade

IKEA