

IN FOCUS PROGRAMME



Boosting employment through  
small enterprise development

WORKING PAPER  
NO. 2

Homeworkers in  
Paraguay

María Victoria Heikel

Series on Homeworkers in the  
Global Economy



International Labour Organization  
Geneva

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InFocus Programme on Boosting Employment  
through Small Enterprise Development  
Job Creation and Enterprise Department

INTERNATIONAL LABOUR OFFICE GENEVA

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This report is part of a series of studies carried out by the International Labour Organization (ILO) in connection with the Latin American component of the ILO inter-regional project “Homeworkers in the Global Economy”, financed by the Government of Denmark.

The purpose of these studies is to ascertain/explore whether home work in Latin America is a residual form of work that is “becoming extinct”, as was considered for many years to be the case, or whether it is in fact a mode of employment that is re-emerging in a context characterized by the fragmentation and relocation of production processes, an increasingly flexible labour market and the individualization of labour relations.

With that end in view, an attempt has here been made to provide an overview of the number and profile of workers engaged in this form of employment, and to analyse the relevance and effectiveness of the legal framework governing home work. Likewise, the perceptions and attitudes of governments and employers’ and workers’ organizations towards this modality of work are examined.

The countries reviewed reveal major differences in terms of the relative preponderance of the rural and urban populations, the structure of work (incidence of modern work and composition of the informal sector), levels of employment and unemployment, level of industrialization and openness of the economy, among other aspects. Nonetheless, the studies are unanimous in indicating that the number of homeworkers is significant and may be increasing, although evidence to that effect tends to be of an anecdotal nature. Similarly, although home work is the subject of extensive legal regulation in many countries, it is not registered or protected in practice.

The scant attention that has traditionally been devoted to this subject by public policies, particularly those relating to the labour market, and by public institutions and social stakeholders is to be attributed to the fact that no clear and common criteria exist regarding the nature of home work and exactly what the concept covers.

These and other aspects were highlighted during the Technical Tripartite Consultation organised in Santiago, 26-28 May 1999, by the former Department of Development Policies (POLDEV), in collaboration with the Santiago Multidisciplinary Technical Team (MDT) and the Regional Office for the Americas.

One of the main objectives of this consultation and of the project was to identify possible areas of study and action in order to better understand home work, its characteristics and future trends, and to outline possible support policies. Follow-up activities are underway within the framework of the recently-established InFocus Programme on Boosting Employment through Small Enterprise Development of the Employment Sector. We would like to express our thanks to the Bureau for Gender Equality, which kindly financed the translation of these studies into English.

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## **Bibliography**

## ACRONYMS AND ABBREVIATIONS

<b>IDB</b>	Inter-American Development Bank
<b>CEPAE</b>	Business Support Centre
<b>CNT</b>	National Union of Workers
<b>CUT</b>	Single Confederation of Workers
<b>FEPRINO</b>	Paraguayan Federation of Industry and Commerce
<b>FUPACODE</b>	Paraguayan Development Foundation
<b>IPS</b>	Social Security Institute
<b>MAG</b>	Ministry of Agriculture and Animal Husbandry
<b>MIC</b>	Ministry of Industry and Trade
<b>MJT</b>	Ministry of Justice and Labour
<b>SMEs</b>	Small and Medium Enterprises
<b>SNPP</b>	National Vocational Training Service
<b>UIP</b>	Industrial Union of Paraguay



## **1. Introduction**

The objective of this research project was to carry out a preliminary survey of home work in Paraguay, in order to assess the extent of the phenomenon, to ascertain the interest of the various social and economic stakeholders, and to analyse available information. Overall, it should be emphasized that, despite the fact that the phenomenon has existed in Paraguay for some time, no accurate data or estimates exist regarding this sector of workers and, more worrying yet, government institutions, companies and even workers themselves do not share a common understanding of what home work encompasses.

In regard to legislation, home work is expressly recognized in the Labour Code, but not in social security legislation, and conceptual and practical difficulties in identifying such work hamper or even make it impossible to enforce labour legislation.

Given this situation, and since no body of statistical data is yet available to permit this sector of workers to be more precisely identified, a preliminary survey has been made on the basis of interviews with the main institutions involved, with individuals who have experience in the area and with homeworkers themselves. This information reveals not only the interest of stakeholders in implementing policies and measures targeting such workers, but also identifies the sectors (economic and geographical) in which they are engaged and the conditions under which they carry out their work.

Data emerging from the Households Survey of 1996 revealed only 24 clear cases of homeworkers, a proportion which is too small to allow conclusions to be drawn. It is hoped that the National Industrial Census, which is currently being processed, will provide a more precise estimate of the number of workers involved and of the area of activity of the companies which hire them.

The bibliography of 25 publications consulted on subjects relating to the labour market and the description of the labour force in Paraguay, published between 1980 and 1996, produced only six more or less explicit references to this sector of workers. As a result, the interviews and case studies, which were originally intended to serve as a complementary source of information, became the main analytical instrument used. Consultations were carried out with the relevant government institutions, trade union federations and men and women from both urban and rural areas engaged in homeworking.

On the basis of the analysis undertaken, a series of suggestions and recommendations are put forward relating both to the need to gain a better understanding of this phenomenon and to strategies to facilitate the implementation of current legislation and the inclusion of homeworkers in human resource support programmes and economic and social development policies.

## **2. The concept of home work and how it may be identified**

According to ILO Convention No. 177, home work means work:

- i) carried out in the home of the worker or in premises of his/her choice, other than the workplace of the employer;
- ii) for a remuneration; and
- iii) which results in a product or service, as specified by the employer, irrespective of who provides the equipment, the materials or other inputs used (art. 1).

The other feature specified in the same article refers to the employer as the natural or legal person who, either directly or through an intermediary, whether or not intermediaries are provided for in national legislation, gives out home work in pursuance of his or her business activity.

The current Labour Code in Paraguay (Act 496/95) defines home work as “all work carried out for a third party, by task or on a piece-work basis, in a family workshop, in the worker’s home or in another place of his/her choice, without supervision or direct instructions by the employer or his/her representative” (art. 137).

While the two approaches have similarities regarding the fact that the worker works in his/her home or in premises other than the employer’s work place and for a remuneration, they differ in regard to the dependence relationship, particularly as per the instructions regarding the work to be carried out. Indeed, Convention No. 177 refers expressly to the fact that the employer gives the work specifications, while the Labour Code of Paraguay refers to the absence of supervision or direct instructions. This is one of the aspects that has contributed most to the confusion existing between the concept of home work and that of work carried out “for a third party”.

## **2.1 The dependence relationship**

Various documents make repeated reference to the need to establish the dependence relationship which, indeed, constitutes the deciding factor both as regards the enforcement of labour legislation and for assessing the size of the sector. In this connection, Arriagada clearly states that the relationship of dependence is reflected in the technical and production decisions “since this is an occupation in which technical and production decisions fall to the employer, it might be considered as a paid job and, as such, subjected to the relevant regulations, with the difference that it is carried out in a place outside the company, in the worker’s home, with no stability in terms of time and which is paid on a piece-work basis (Arriagada, 1994).

From another point of view, but for the same purpose of distinguishing between self-employment or independent work and home work, the former may be defined as that carried out by a worker who has sufficient ability and independence to control the production process as a whole, and to regulate the intensity of work and of the resources invested, based on the nature of the demand and of his own needs (Prates, 1985).

It should consequently be possible to distinguish between these two groups of workers on the basis of the level of dependence or autonomy under which they carry out the work process. However, the information that is currently available for Paraguay - and which is not very different from the findings of the studies carried out in other countries - reveals that people frequently carry out work on a self-employed and home-work basis simultaneously.

Where there is evidence of a relationship of dependence, both researchers and those responsible for implementing labour legislation should bear in mind that differences exist in the ways in which the “work commitment” is established. The latter depends on the nature of the work, the means of production at the worker’s disposal and which part of the process is carried out “outside” the company. Hence, homeworkers are to be found in the manufacturing sector (in the most classical form), but also in primary production, services and even intellectual production.

In regard to work instruments, they may belong to the employer who lends or rents them to the worker. Alternatively, the worker may own the tools, while the materials/inputs are provided by the employer, either directly or as advances of payment or credits, thereby ensuring the price of the good and that of the work carried out.

The worker may produce the work piece or parts of it, depending on the level of technological complexity and the sequence of operations that its production may involve.

## 2.2 Intermediation or sub-contracting

The identification of homeworkers is further complicated by the presence of the intermediary or contractor who receives instructions from the employer and has a direct relationship with him/her and, in turn, hands out part of the work to others. This relationship may differ, both as regards the part of the work that the intermediary himself/herself adds to the production process, and whether or not workers carry out their work in a premises/workshop set up by the intermediary or in their own homes. In all such cases, the worker has no direct relationship with the company and is sometimes not even aware of the final destination of what he/she produces, particularly when a workshop owner<sup>1</sup> produces for more than one company.

This relationship or linkage between entrepreneurs, workshop owners and homeworkers also occurs between companies of different levels of development, thereby creating a chain of sub-contracting arrangements with vertical links (descending from those with the highest level of technological and capital development to those of more limited means). This inter-firm chain operates in a different manner from the mechanisms inherent in outsourcing or the establishment of horizontal networks between various companies with a broadly similar level of operations. Chains of sub-contracting arrangements imply some measure of inter-relationship between the formal and the not-so-formal sector of the economy, in that the so-called “mother companies” establish links with workshops of different sizes and different degrees of legality which, in turn, establish relationships with non-registered workers (Abramo, 1997).

The relationship between the different economic units involved in the sub-contracting chain need not flow only in one direction but may be of a two-way nature, from the company to the workshop and from the workshop to the worker and vice versa (Prates, 1987). Cases have also been recorded in which the company hands out parts of the work to a homemaker (embroidery on *aho po'i* canvases) which are subsequently passed on to the workshop to be made up, producing a company-homeworker-workshop-company relationship.

In Paraguay, the future outlook for such sub-contracting chains varies, for a number of reasons:

- ! the development of companies with capacity for technological innovation which are able to eliminate previously labour-intensive phases of production such as, for example, computer embroidery instead of hand embroidery or mechanized leather stitching instead of manual manufacture or mechanical turning, etc.;
- ! the incorporation of new technologies which eliminate the need for home work, such as the use of plastic bags to pack cotton, thereby replacing export companies' seamstresses/menders;
- ! the atomization of medium-sized workshops or factories, as a result of fiscal policy which may exert pressure to legalize or regularize their status (which in the early 1990s affected a large number of workshops)<sup>2</sup>;

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<sup>1</sup>The term “workshop owner” will be used to describe the intermediary who owns a premises and may hire workers or hand out home work or combine both simultaneously.

<sup>2</sup>Following the fall of the Stronist administration (1989), the Rodriguez Government introduced a new tax regime and some effort was made to enforce it. This change chiefly affected small and medium enterprises, particularly those that were foreign-owned (Oriental).

- ! the problems experienced in gaining access to credit by small and medium enterprises which cannot meet legalization requirements - among others - resulting from the aforementioned measure;
- ! the processes relating to the opening of new markets and/or the entry of new brands on the Paraguayan market from **MERCOSUR**; and
- ! other factors conditioning the trade integration policy which, for example, penalizes the imports of raw materials which are produced nationally, but not in sufficient volume to supply domestic demand. This situation particularly affects the production of cotton fabrics for sportswear which are produced in insufficient quantity for the national industry, thereby requiring garment manufacturers to import the shortfall which carry high duties.

Some anticipate that the survival of traditional labour-intensive relationships will disappear, as will the family workshops or homeworkers producing low quality products for low-income sectors or workshops engaged in imitating brands. The latter are relatively permanent in that they frequently change categories (clothing, footwear, kepis, etc.) and geographical location, since their operations are largely illegal.

Lastly, as regards supply of labour, the entire sub-contracting strategy to attract cheap labour under the home work system must compete with the incipient establishment in Paraguay of *maquiladora* industries.<sup>3</sup>

### **2.3 The link between the formal and not-so-formal sectors**

Although the future of home workers' sector may look uncertain, it will for sure not disappear in the short term. Technological advances and modernization of companies do not appear to be the reason for ousting this sector of the labour market. To say that survival of this form employment depends on the extent to which companies are in a position to modernize would be to say that the two sectors, the "modern" and the informal, are in opposition. In reality, in socio-economic and technological development contexts as heterogeneous as those of Paraguay, the formal sector is closely inter-linked with the non-formal sector. Risks and costs are transferred to the latter. The nature of this link means that the benefits received by the two sectors are not equitable (Prates, 1985).

### **2.4 Externalization of costs and risks**

Indeed, it is this transfer of costs and social responsibilities to labour which make homeworkers "operational" for the company. Placing work outside the company premises serves not only to disguise the employment relationship and relieve the employer of social responsibilities. It also reduces plant and machinery costs, thereby giving medium enterprises the appearance of small enterprises, which may entitle them to particular credit and even tax advantages.

Outsourced labour also allows companies to adapt to the demand's fluctuations. Indeed, the companies interviewed stated that one of the objectives of hiring home workers was to have more workers available during the periods of greatest demand without being obliged (as they acknowledge) to employ them throughout the year.

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<sup>3</sup>Act No. 1.064 "relating to the *maquiladora* export industry", the first legislation relating to that sector in Paraguay, was enacted on 3 July 1997.

The irregularity and temporary nature of such employment is somehow counter-balanced by homeworkers, during periods of slack demand, by working for several “employers”. The multiplicity of employers makes it even more difficult to establish the social responsibility inherent in the employment relationship. Moreover, during periods of peak demand, workers must work flat out. Another strategy that is frequently employed, as mentioned, is to combine home work and work on a self-employed basis, as in the case of garment workers who have their own clientele for particular work.

## **2.5 Internalization of work**

Homeworkers themselves, particularly women, may hamper their identification. Since they carry out remunerated work at home, women often fail to classify themselves as “workers”. A number of authors refer to the presence of women in home working, and most agree that their clandestine conditions contribute to the deterioration of their work conditions (Silveira, 1993). In addition, the fact that they work at home means that they must combine home work with their reproductive and domestic responsibilities, thereby extending their working day and reducing their possibilities of economic betterment (Prates, 1987).

Such studies also make reference to the fact that home work tends to prevail amongst older women with family responsibilities and lower skills, as compared to younger women who are more readily able to adapt to reconversion of production in companies. Although the interviews conducted reflect similar views by State institutions and business consultants, this was not confirmed by the workers consulted. Indeed, the cases analysed showed, for the most part, a low age and schooling level amongst homeworkers. The presence of young children was not excessively high and there was no clear predominance of either men or women.

## **3. Home work in the Paraguayan legislation**

A review of the legal and institutional frameworks was one of the main concerns of the democratic transition process initiated in Paraguay on 2/3 February 1989. It began with the reform of the Constitution (1992), which provided for the establishment of new institutions such as the Office of the Comptroller General of the Nation (1994) and the Council of the Magistrature (1995). New regulations were also introduced to grant increased autonomy to the Central Bank. The reform of the Judiciary and of the main legislative Codes was initiated as well. Between 1993 and 1995, the Labour Code had been twice amended (Act 236/93 and 496/95, respectively). The Act establishing the National Health System was passed (Act 1.032/96) and discussions begun regarding the demonopolization of the social security services, centred to date in the Social Security Institute (IPS).

### **3.1 The Labour Code**

Act 496 of 1995 contains major advances in the conceptualization of workers’ rights; the rights of women at work, the right to strike, trade union freedom and stability, collective bargaining and tripartite relations. Nonetheless, the provisions pertaining to home work were not amended. However, although it has benefited from general advances in the labour law, it has neither been given more specific treatment nor has the law been adapted to its newly evolving forms.

As has been stated with regard to other countries, homeworkers need to be identified and differentiated from the self-employed or independent workers, given that different regulations apply to these two categories of workers. Indeed, while homeworkers may enjoy some of the benefits granted to workers in general, inappropriate or ambiguous conceptualization of home work means that they cannot be incorporated into the regime governing dependent work. This, in turn, reduces the possibility

of providing them legal protection against moves by companies to decentralize production with a view to reducing labour costs (Veneziani, 1992).

Under the Paraguayan labour legislation, the fact that the homemaker's situation of economic and legal dependence is recognized means that they may be considered as employees although, for different reasons, the law is flouted (Márquez G., 1997).

Provisions regulating home work are contained in Chapter Three of the Labour Code titled "Special Contracts", which also deals with apprentices, minors, women, domestic workers, rural employment and employment in overland automotive transport companies. The specificity of home work lies in the fact that it is carried out for a third party, paid on a piece-work basis, in a family workshop, outside the company (in the worker's home or in another place of his/her choice) and without supervision or direct instructions by the employer or his/her representative (art. 137).

The labour expert J. Cristaldo (1995) has stated that article 137 of the Labour Code hampers compliance with both labour and social security legislation because:

- ! the reference to supervision of work and instructions is not clear;
- ! the work may be carried out by third parties who are members of the family or dependents;
- ! there is no reference to the exclusive nature of the worker-employer relationship.

However, the same author refers to the existence of other features which make home work similar to subordinate work:

- ! the homemaker does not work for himself/herself but for a third party;
- ! he/she has no contact with the final consumer, because of the intermediation of the "entrepreneur"; and
- ! the homemaker and the employer do not discuss the price of products but the price of labour.

The definition of the employers relying on home work is even less clear. They are depicted as "those who provide such occupation, whether they are retail traders, entrepreneurs or intermediaries" (art. 138). It is important to bear in mind, nonetheless, that home work is not confined to the manufacturing sector and that it involves intermediaries among employers, although that point is not elaborated upon.

Another important element in the enforcement of legislation lies in the "family workshop", which is defined as being composed of the head of the household or his wife and the relatives living in the same house (art. 139). This definition does not include homeworkers who use the labour of non-relatives to carry out piece-work for an employer. Nonetheless, art. 21 of the Labour Code can be invoked, which establishes that: "if the worker, as agreed or as per customary practice, were required to work together with a helper or auxiliary, the employer of the former would also be the employer of the latter, provided the employer had given prior consent". The employer's "agreement" must be demonstrated if this interpretation is to be invoked.

The only reference in the Code to the labour contract appears in art. 140, which refers to the supply of materials to the worker, giving rise to "the application of this Act". For J. Cristaldo, this is the main element which helps identifying the home work relationship. That relationship can be clearly demonstrated, if materials are provided by and work is carried out exclusively for a single employer.

Article 140 would also make it possible to assimilate other categories of workers who are traditionally considered to be self-employed to homeworkers. This applies to a large number of peasant farmers who plant cotton for a collecting agent. The latter provides seeds, insecticides, fertilizer and even cash (subsistence credit), in exchange for a commitment by the peasant farmer to sell the crop to the collection agent. This arrangement is very frequent and applies to some 65,000 producers, according to the agricultural census of 1991.<sup>4</sup>

The Paraguayan Labour Code establishes further regulations on home work, such as:

- (1) the obligation to record in a **book, stamped by the labour administration authority**, information on the worker, the address of the place in which he/she carries out the work, and the arrangements relating to the supply of materials and remuneration (art. 141);
- (2) the obligation to give the worker a “**booklet signed by the relevant labour authority**, which contains not only information required under article 141, but also records information regarding advance payments made and wages paid (art. 142);
- (3) the regulation of **rejection of defective work** with the possibility of withholding one tenth of wages (art. 143). What happens in practice, in most cases, is that the defective unit is rejected and the price of materials used is deducted. For cotton planters, the collection agent reduces the price per kilo on the basis of the “quality” of the product. This article also constitutes the clearest reference to the relationship of supervision or quality control carried out by the employer;
- (4) the regulation of the **period of payment for work carried out**, not to exceed one week (art. 144);
- (5) the obligation to **compute waiting time** for the supply of materials or payment of remuneration, as remunerated work time (art. 145);
- (6) the right to **payment for public holidays** established by law (art. 146); and
- (7) the right to the **legal minimum wage** which, when paid for piece work or by period of work, cannot be less than that which is paid for similar work in local factories or workshops, **and the observance of comparable conditions regarding the remaining provisions of the Labour Code**, as regards conditions of work which are not specified in this chapter, such as **the fixing of wages, family benefits, social security, contract termination** which will be regulated in the same way as for employees in general (art. 147).

Article 147 also lays down the **rights which do not apply** for homeworkers. These include **legal working period, breaks and annual paid holidays**.

In Chapter Five of the Labour Code on Safety, Health and Comfort at Work, no direct reference is made to homeworkers, although various authors acknowledge that quality of employment is markedly inferior in this sector of the labour market.

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<sup>4</sup>A number of studies exist regarding the work relationship between cotton-planting peasants and collection agents or silos, most of which use the term “sale of man power”, rather than self-employed labour. The establishment of price appears to be the most important factor in determining the type of labour relationship established (see item on Paraguayan bibliography).

The right to better working conditions, regulation of the working period and of breaks are, among others, the most long-standing demands of workers in the garment sector. Indeed, reference has been made to endeavours to obtain these rights since the 1930s. “The Act contained such shortcomings as: failure to establish limits to the length of the working period, failure to regulate the payment of compensation, and failure to guarantee social security and additional benefits for workers” (Ben Altabef and Landaburu, 1995).

### **3.2 The Social Security Act**

The regulation of social security was introduced in Paraguay at the end of the last century and has been successively revised and expanded until 1992, when it was last amended (Act 98/92). Article 95 of the new Constitution embodies the commitment to extend its coverage to all sectors of the population and the possibility of obtaining public, or private or mixed services. It was this point that gave rise to debate regarding the possibility of demonopolizing IPS services and sub-contracting the health services of the national social security system to the private sector.

Act No. 98/92 amends the original Decree Law of 1950 which underwent successive changes. In fact, the huge number of provisions relating to social security matters are contained in a relatively large number of decrees and minor laws, including the founding charter of the IPS and the provisions of the Labour Code (Candia, 1995).

More or less explicit references are made in every case to the fact that all wage-earning workers must be covered by the insurance regime, whatever the nature of their contract, age or amount of remuneration (art. 2). However, the same Act provides that the Supreme Council (of the IPS) should “lay down the values ... that are to be applied to ... piece work or work of other types where appropriate ... on the account of the particular difficulties inherent in such tasks ...” (art. 19). To the date of writing, this provision has never been enacted. For this reason homeworkers cannot make their contributions to the social security system, unless they abide by the regulations governing the self-employed, but this would deprive them of the protection provided by other Labour Code provisions that are specific to home work.

A recent study has drawn attention to the serious shortcomings of the (under-) registration of employment in Paraguay and the need to establish basic indicators with a corresponding monitoring system to ensure the effective coverage of the social security system (Galín and Feldman, 1997).

All declared employment must also be registered by the employer in the Labour Department of the Ministry of Justice and Labour (Decree 10.047 of 1995). Information should also be supplied on staff, hours of work and wages and daily rates for every worker. Employers must submit proof of their enrolment in the IPS, which is a pre-requisite for registering their workers in the Labour Department.

Employers are required to inform the IPS of any change in their staff, to facilitate their enrolment and to provide individual documents proving that they are insured.

It would appear that some 79 per cent of private wage earners (workers and employees) fail to fulfill the statutory requirement to register. The volume of “black” work is calculated at 96 per cent for domestic employees, 75.4 per cent for private employees, 61.8 per cent for public employees and 80.9 per cent for private workers (Galín and Feldman, 1997). The latter category include home workers.

### **3.3 A case of jurisprudence**



The above-described difficulties on the definition of home work become particularly relevant when a dispute arises with the employer since, in applying to a labour court, it is necessary first and foremost to establish the existence of an employment relationship.

Very few labour-related court rulings in Paraguay relate to cases brought by homeworkers. The reason for this lies in the difficulty of establishing the presence of an employment relationship and in the practice of out of court settlements, which are the most frequent means of resolving cases of this nature. In general, the cases which do lead to a sentence involve worker plaintiffs who benefit from some form of trade union or specialized legal support (from the University Law School Outreach Programme, principally). These include a case brought for “payment of Guaranis” where the court ruled in favour of the homemaker, in the Labour Court second instance, in 1996.

In the case in question, the plaintiffs demonstrated that they had worked at home for over seven years for a given employer making different types of hats and had received a monthly payment for their work. The hats were supplied by the employer who collected them once the work was concluded. The plaintiffs also held that they had been dismissed without reason and requested the payment of the benefits foreseen by law.

Meanwhile, the defendant argued that no employment relationship existed since the workers fetched the articles from the home of the defendant and took them away to their homes to assemble them as independent manufacturers. The defendant invoked the time period that must be observed in bringing a case, falsifying the date on which the employment relationship had been terminated. He further argued that the plaintiffs were “independent” by reason of the fact that they possessed the equipment and tools to carry out the work, and that payment was made against delivery of the product.

In the first instance, the sentence was in favour of the employer, while on appeal, it was pointed out that the original ruling contained “violations of the procedures and formalities of procedural labour laws” given that the employment relationship had been sufficiently acknowledged by the employer when he had referred to the time limit for bringing the case and, consequently, the principle of contrary proof applied.

With the proceeding placed on this new footing, the basis of the dependence relationship resided on article 137 of the Labour Code, particularly in reference to the workers’ possession of machines and tools, and the employer was instructed to submit the “wage book” and other documentation required by the Act. Since such documents did not exist, ruling no. 29, second instance, of 1996, specified the payment of the sum corresponding to compensation for dismissal, absence of notice and proportional bonus, given that, under article 147 of the Labour Code, paid holiday did not apply (Irún G., 1997).

## **4. Relevant bibliography on Paraguay**

The bibliographical review carried out for this study failed to produce a series of qualitative data or information referring explicitly to homeworkers. This is a form of work which is referred to only incidentally in several studies and reports on urban and rural labour markets, particularly those dealing with changes in employment in the rural sector and in the supply of women’s labour.

### **4.1 Studies relating to women workers**

Among the studies dealing with women’s employment, O. Zarza stated, as early as 1992, that there are two occupational groups in which women predominate over men: domestic workers, where they

account for 98 per cent of the total, and homeworkers, accounting for 96 per cent of the total. In other occupations, men prevail.

More recently, in a study on women's participation in industrial employment, only one out of 44 companies of different sizes in Asunción and the Metropolitan Area hired female homeworkers. This was the case of a micro enterprise in the garment sector which employed three men, on a permanent basis, and relied on eight women who "carried out practically the entire company's production in their homes, with their own machinery, and receiving no social benefits". The same study refers to a second case which hires the services of other companies mainly when the demand for production exceeds the installed capacity" (Bareiro and González, 1997).

In the garment sector likewise, O. Zarza states that, between 1986 and 1992, the proportion of homeworkers in the female economically active population (EAP) increased from 12.5 to 16.1 per cent "probably because of a new strategy on the part of capital which employs female labour under the home work modality" (Zarza, 1996).

## 4.2 Studies relating to MERCOSUR

It has been stated, in connection with technological changes and changes occurring in various sectors in the context of economic integration of MERCOSUR, that “women are being increasingly excluded from the sectors in which they had secure jobs and pushed towards the more precarious sectors .... ‘the bad jobs’”. The trend towards precarious employment is being exacerbated by processes which are designed to increase flexibility and which generate part-time work, and temporary jobs increasingly carried out at home, creating a just-in-time labour force in which women workers must be ready to work when necessary, and to accept low wages, with few or no benefits and scant compliance with labour standards (Ramirez, 1995).

## 4.3 Studies relating to the rural sector

Studies dealing with rural employment, specifically peasant farming, address two trends which have a bearing on home work. The first relates to the growing landless peasantry, particularly in the Central region of the country, whilst the second refers to mechanisms by which surplus is transferred from the peasant sector to the entrepreneurial sector, in the cotton and soya production. In the Central region of the country, two phenomena are occurring: (i) the break-up of peasant holdings; and (ii) the increasing prevalence of paid employment among peasant farmers, as a result of the failure of production options other than cotton and soya. In this context, new occupations are emerging, whilst peasant families are undergoing a process of increasing semi-proletarianization. Attention is drawn, among these semi-proletarianized workers, to the presence of peasant women “who sew garments that are commissioned by the new companies that have set up in recent years in the capital and its metropolitan area” (Galeano, 1990).

Since 1995, the Government of the Central Department has been implementing an economic and social development strategy which is based on the production of horticultural products for export to MERCOSUR countries. This way an old form of semi-peasant production is recreated, but now with government support, which may serve to counter the aforementioned displacement of peasant farming. Moreover, home work could be viewed as providing an income supplement which would allow families to keep small farms (through women’s work, principally) and prevent migration to the more densely populated urban centres. If this were found to be the case, home work would be serving as an income complement for primary production activities, thereby making it possible to maintain peasant farms.

Among the studies discussing the transfer of surplus value from peasant production to the entrepreneurial sector, access to credit and other forms of commercial capital seem to determine the degree of peasant farmers’ “real ownership” of what they produce. In fact, the production of farmers who rely on middlemen, such as collection agents, wholesalers, warehouse owners, due to the constraints they face to access the formal capital market, is sold before it is even harvested, without speaking of price fixing, deductions and other abusive forms of value transfer (Palau and Heikel, 1987).

Intermediation relationships of this type have been recorded in Paraguay since the colonial period and have remained virtually unchanged through the centuries. The following are the words of a cotton-growing peasant in the Alto Paraná region in the 1980s:

*“We get the credit (the inputs), we are given it by Mr. XX, he is the collection agent, he is the one who gives us the seed and the poison for the plants and when we harvest we also give him what we produce (the crop) for the debt, and he pays us what is left. That is our obligation, that is part of the deal to get the credit. He fixes the price that he will pay for the product and that is also part of the deal”.*

This form of appropriation of the surplus resembles the concept of the homemaker applied to the agricultural sector and also implies hidden forms of separating the peasant from his means of production. He does not dispose of the crops produced, he disposes only of his labour. Moreover, the separation of the worker from his land can increase his farm's "production specialization" which, in turn, exacerbates the degree of dependence on the collection agent.

The same study states that soya cultivation also generates intermediation relationships, but with two variations: it includes the use of machinery that the peasant does not own (thresher) and involves a chain of companies, as described by the peasants of Alto Paraná:

*"We sell to the collection agents (soya), they come in with their lorry and the threshing machine to take away the product. Those who plant soya get seed and poison (insecticides, herbicides/weed killer etc.) from the collection agent on credit, and they sometimes also get supplies and, when the crop is ready, the collection agent comes to have the debt repaid; and at the same time he usually takes away the whole crop and gives money or supplies to the peasant for the difference. ... Most of the collection agents also owed the silos in order to have enough seed and poison to be able to give credit. That is how they work, the crops they take from the peasants they return to the silo that gave them the loan or credit, and they are the ones who keep the money that the farmer should earn".*

The idea of applying the concept of home work to primary production been little explored in Paraguay. It is mentioned here because it is apparent that, although the Government fixes the prices of agricultural commodities each year, the amount that is actually paid to the producer is fixed locally. In practice, this is a relationship of dependence in which the intermediary provides the inputs and the peasant hands over the crop (incorporating his work) with no possibility of negotiating the price with other buyers.

## **5. The Government's perception**

With a view to ascertaining the Government's position regarding home work, 10 interviews were conducted with representatives of the Ministry of Justice and Labour (MJT) (3), of the Ministry of Industry and Trade (MIC) (3), the Ministry of Agriculture and Animal Husbandry (MAG) (2) and of the National Vocational Training Service (SNPP) (2). In all cases, a semi-structured interview model containing similar questions was used.

### **5.1 Awareness and interest**

In the Ministry of Justice and Labour, both the Labour Inspection Department and the Labour Training Programme expressed having some knowledge of what home work encompasses. The National Employment Service stated that it was aware of its existence, but had no information.

Among the other government offices consulted, no uniform criteria existed to describe home work, or even to establish whether it was a recent or long-standing phenomenon. In all the interviews, reference was made to the absence of studies and the considerable confusion that exists, both on the part of government institutions and of workers and companies themselves.

*“Here in Paraguay, if we focus on the definition that you are giving me, an investigation would have to be carried out because, as far as I know, there is no study dealing with this sector of workers”.* Labour Training Programme MJT-MIC-IDB.

It was stated repeatedly that it was difficult to distinguish homeworkers from intermediaries and self-employed workers; in some cases, they were even confused with microentrepreneurs. One interviewee stated that:

*“Homeworkers themselves consider that they are self-employed, or companies make them believe that. And then, they cannot lodge complaints or they do not do so because they are not aware of their rights”.* Labour Inspectorate. MJT.

A special project exists in the Ministry of Industry and Trade, known as the Business Support Centre (CEPAE), which provides training vouchers to small and medium enterprises. This Centrebody categorizes homeworkers as contract workers, who can be hired either on a temporary or a permanent basis. A greater awareness exists within the CEPAE than elsewhere of this category of workers, although home work is seen as one possible form in which entrepreneurs organize production:

*“By way of example we can cite the Orientals who have each part of the production process carried out in a different place (referring to the garment industry), they do not have machinery, they function as the “unifiers” of the process. The machinery is usually owned by the workers who carry out the work”* Business Support Centre, MIC.

As per the manner in which homeworkers obtain their working tools, many declared that the machines are passed on to former employees who, for reasons of staff cut-backs, modernization of the company’s machinery or the company’s change of activity (from production to marketing) negotiate the purchase of these machines as part of their compensation when the employment relationship is terminated. De facto, there is no termination of the labour relationship, but rather a new work arrangement is put in place in which workers continue to work for the same company, but from home.

In those cases in which no prior work relationship existed, the employer supports the acquisition of machinery by standing as guarantor for purchase on credit or by deducting the cost from the worker’s remuneration.

The officials interviewed at the Ministry of Agriculture and Animal Husbandry (MAG) confused the concept of home work with “professions connected with domestic work: servants, nannies, gardeners, etc.”, despite the fact that they had served as intermediaries between homeworkers and a cooperative in the garment and serigraphy sector.

## 5.2 Sectors and profile of workers

The sectors in which homeworkers are present include: the traditional garment industry (sewing, embroidery and craft fabrics), as well as leather (footwear, wallets, belts and bags) and wood industries (cabinet-making). It is also recognized that they are concentrated in the processing of primary products such as tobacco (snuffers) and cotton.

The Business Support Centre displayed a broader knowledge of the economic activities in which these workers are active. In addition to the above sectors, they also listed, *cotillón* articles and other less traditional sectors such as metalworking and electronic goods (assembly of personal computers).

According to the CEPAE, home workers engage in a home-based activity as their second or third job, since they generally work in offices in the mornings (paid employment), as hairdressers in the afternoons (self-employed) and occasionally accept home work. Many of those who are sub-contracted, in turn, have “assistants” or helpers.

The SNPP considers that the sub-contracting mechanism is wide-spread, both in the form of a company sub-contracting a worker, and sub-contracting between companies.

As far as the geographical distribution of home work is concerned, most cases refer to urban areas including, in order of importance, Asunción and the Metropolitan Area, the Central, Cordillera, Paraguay and Guairá Departments of the central zone, and the main urban centres on the borders: Ciudad del Este and Pedro Juan Caballero on the Brazilian border and Encarnación on the frontier with Argentina.

Mention should also be made of the close association between the type of activity undertaken and its geographic location, as if certain regions or places specialized in particular types of production:

*“Economic sectors coincide with geographic areas. For example, on the outskirts of the capital (Itá, Paraguari, Cordillera, etc.) arts and crafts are produced; woollen fabrics, in Misiones; leather, in the areas around the capital. In Itapúa-mi de Luque, people work in leather which is sold in the airport, some through intermediaries and others for stalls. Wallets and smaller items are bought in Luque, for their quality. Bags are made in Itaguá, and those who work with aho po’i are located in Yataity (Guairá), with whole families carrying out this work”.* Department for the Advancement of Women, MAG.

## 5.3 Recruitment techniques

When asked about the ways in which companies enter into contact with the homeworkers they wish to recruit, or vice versa, different answers were given by the institutions interviewed, depending on the type of service offered and their target groups. Thus, the MJT stated that “newspaper advertisements” are the main conduit for recruitment of homeworkers. Once contact has been established, it is explained to the workers that “they should take the work home”.

According to the MIC, personal contacts play the main role in hiring:

*“They usually have the information, the entrepreneur knows where to go, it is a system based on direct personal contacts, passed on from mouth to mouth, and by recommendation”* Business Support Centre, MIC.

It is also recognized that no formal entity, either public or private, receives information in connection with carrying out or advertising such work. The CEPAE considers that newspaper advertisements take second position.

In the experience of the MIC’s Craft Promotion Service, homeworkers are hired “through chains” of personal contacts, which amount to sub-contracting chains. Nonetheless, the example given would appear to indicate that some confusion exists regarding the division of labour through outsourcing:

*“There are sub-contracting chains, beginning in cooperatives, for producing sweet, for example: some collect the fruit, others make the product and others sell it. Lastly, all the capital (or profit) goes to the cooperative”* Craft Promotion Service, MIC.

Other experiences would indicate that the above mechanisms are being employed, with variations depending largely on the size of the company and, more specifically, on its prior “experience” in contracting homeworkers.

#### **5.4 Legal protection and social security coverage**

The MJT’s Labour Inspection Division acknowledges that homeworkers enjoy all the rights corresponding to employees, with the exception of the right to paid holidays, as embodied in the Labour Code. However, the Ministry’s Vocational Training Programme states that, although “in theory” these rights are regulated, in practice, homeworkers do not enjoy any legal protection or social security coverage since this is precisely how entrepreneurs “keep down” their costs:

*“... they deliver the work to homes and in this way wash their hands of everything, they do not assume any type of social responsibility”* Vocational Training Programme, MJT-MIC.

This view is shared by other government agencies and, as will be shown hereafter, also by trade unions and private entities.

Workers are generally not aware of their labour rights, nor do they know that they can request social security registration. The disputes which are brought before the Labour Inspection Division (MJT) do not originate from inspection procedures. Those are difficult to carry out in practice, precisely because entrepreneurs do not meet the obligation to enrol themselves, nor their workers. Therefore, disputes are submitted solely on the initiative of workers. The MJT is the first administrative body which refers to the courts any problem that it is unable to resolve.

A particular case mentioned by the Labour Inspection Division demonstrates that people may be dismissed without cause after 16 years of work. The case involved a shoemaker in the city of Limpio who carried out work commissioned by a company in Asunción. The worker produced items of footwear exclusively for a single firm, working in his home, with materials provided by the company which, moreover, fetched the finished product in a company vehicle from the worker’s home.

The MJT ruled that he was a dependent worker, who was paid on a piece-rate basis or on commission, but was entitled to compensation for years of service. According to the MJT, non-compliance with existing requirements is to be attributed to workers' ignorance of their rights and to the particular conditions in which home work is carried out. The place in which home work is performed, the form of remuneration and the fact that homeworkers may work for more than one employer make it difficult to differentiate it from self-employment.

*“Other disputes have arisen involving garment workers, although here the situation is somewhat complicated by the fact that they work for a number of companies simultaneously, with the result that the dependence relationship becomes ambiguous. If however the worker has worked exclusively for a single company throughout his life and under the same work regime, on commission or on percentage, using the company's machinery, then obviously there is a dependence relationship”* Labour Inspection Department, MJT.

In effect, the presence of more than one employer certainly makes it more difficult to identify a homemaker, particularly since different relationships may exist simultaneously. In some cases, an individual may perform as a homemaker (garment worker) and at the same time work on a self-employed basis (local dressmaker). Nonetheless, current legislation does not require that a worker works for only one employer for a dependence relationship to exist.

## **5.5 Support services offered**

None of the institutions consulted, neither in the Government nor in the trade union or entrepreneurial sector developed support programmes for homeworkers. Existing programmes are targeted at micro-enterprises or workers in the non-formal sector and as peasant women. Alternatively there are training and/or credit programmes directed at low-income workers in general, who might include homeworkers (at the present time or in the future).

Neither does the Labour Inspection Department have a special programme because it is very difficult to identify homeworkers because they are typically scattered”. However, when they approach the institution, the department can channel complaints, send inspectors (once the company has been identified) and hold conciliation and arbitration meetings. In all the cases on record, such action has been initiated by the workers involved.

The Business Support Centre (CEPAE) of the Ministry of Trade and Industry offers the best structured worker training programme. With the backing of the Inter-American Development Bank (IDB), it is developing a Pilot Training Plan for microenterprise involving the award of training vouchers. Some 60 institutions currently use these services which include: information, technical assistance and development of business management skills, including financial consultancy services. The courses are tailored to meet the needs of the groups that request them.

The CEPAE's programme is part of a new conception of Vocational Training in Paraguay which, until 1995, had offered a series of courses through the National Vocational Advancement Service (SNPP) based on “supply-side” programmes designed by the SNPP. The new National Labour Training System employs a “demand-side” strategy triggered by requests submitted by small and medium enterprises and based on the requirements generated by MERCOSUR.



In selecting recipients of vouchers and training courses, the CEPAE requires only that the trainee should have machinery (tools) and be working, regardless of whether work is carried out on a self-employed basis or as dependent work.

Under the new system, a Board will be established to regulate, accredit, establish and monitor curricula, training programmes and some form of certification that is recognized by other MERCOSUR member states.

The CEPAE also offers two minor programmes supporting management of credit and providing marketing services at the national level, respectively. Both programmes seek to bring together small and medium enterprises with the relevant institutions, and to provide advice with a view to ensuring effective management.<sup>5</sup>

The Craft Promotion Service of the Ministry of Trade and Industry is another institution whose programmes include homeworkers (albeit not specifically). Its activities are focussed on marketing rather than training. National craft products are produced on demand and once an export contact has been established through the PROPARAGUAY project. Textile crafts are promoted, including tablecloths and embroidery, leather goods and natural fibre hammocks.

This programme, which was established in the 1960s, is currently being heavily promoted; its effectiveness, however, depends to a large extent on the initiative of the Management. Its main constraint lies in its limited management capacity, in terms both of human resources and budget. Production of goods for export is carried out on the basis of "advances" provided by the purchasers, which are passed on to producers so that they can carry out the work. The final payment is made once the products are exported.

The beneficiary workers are identified through other government projects, such as the Ministry of Agriculture and Animal Husbandry's income generation programme, or they are craftsmen who have already gained some measure of local or national recognition. On occasion, support is offered to craftsmen who approach the institution individually.

As mentioned previously, the National Vocational Training Service also conducts training courses for individuals and enterprises of different sizes. It has developed a Dual Training System for young apprentices and its budget is provided for under Act 1265 which channels one per cent of wages paid to training activities. It also receives a small proportion of the National Budget and international cooperation support. Its courses are conducted in associated (public or private) centres, with the support of chambers of commerce and trade unions which put forward the names of enterprises or workers to be trained and the areas of training. Other government institutions also participate in developing modules on specific topics of interest to women workers, such as the Presidency's Secretariat for Women.

Despite the fact that the SNPP is presently undergoing a reorganization, to date it is the most widely recognized institution at the national level and it is expected to become part of the new National Labour Training System.<sup>6</sup>

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<sup>5</sup>PROPARAGUAY is the institution responsible for providing advisory services regarding the international market.

<sup>6</sup>The Paraguayan Development Foundation (FUPACODE) is another highly regarded institution in the area of training and credit support to small and medium enterprises; the only available data appears in their published reports. It is a private institution which functions in a similar manner to the CEPAE in the training sphere, but with the specific aim of

The Ministry for Agriculture and Animal Husbandry, through its Agriculture Extension Service and its Department for the Advancement of Women, offers training and credit support both for agricultural activities and for advancing home and craft production. The interview revealed that the latter group includes homeworkers, particularly women who produce craft items using leather, fabrics and embroidery.

Through its credit support programme, the MAG has become aware of disputes between “embroiders” of national fabrics and their “employers” over final ownership of these articles, since both parties wish to affix their own label or “brand”. In such cases, the Department for the Advancement of Women offers credit support to workers to enable them to “become independent”.

## **5.6 Suggestions for specific measures**

The MJT’s Labour Inspection Department sees a need to carry out inspections of companies which hire homeworkers, although it is necessary first and foremost to set up a programme to identify and monitor such companies. It was also mentioned, as a complementary measure, that homeworkers should be able to “organize” and join trade unions.<sup>7</sup>

The MJT’s Labour Training Programme suggested that specific training programmes should be designed to enhance the quality of production and, by extension, boost revenues (furthermore, product quality strengthens workers’ bargaining position vis-a-vis companies). It was mentioned that it is difficult to enforce social security coverage to homeworkers since the current system does not even protect all in-factory employees.

The MIC’s Business Support Centre considers that labour relations should be made more flexible, reducing and simplifying standards in order to guarantee compliance. This position, which broadly coincides with that held by the companies consulted, considers under-employment preferable to unemployment. Institutions which are in direct contact with craft production under-scored the absence of training (in presenting and finishing products) and of financing (for purchasing inputs) (Department for the Advancement of Women, MAG).

Only one government institution mentioned the need “clearly to define who they are (homeworkers) and to differentiate them from other workers” (Craft Promotion Service, MIC).

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giving credit support under conditions that are more appropriate than those offered by the formal banking system.

<sup>7</sup>In connection with the suggestion regarding unionization, it should be borne in mind that homeworkers are frequently former factory employees, particularly of large enterprises, and that when they were employees they were probably already members of their respective trade unions. References to such situations have been mentioned in the garment, leather and wood industries.

## 6. Perceptions held by organizations and professionals in the field

To obtain a global view of the situation of homeworkers, interviews were also held with two leaders of the country's main independent trade union federations: the Single Confederation of Workers (CUT) and the National Confederation of Workers (CNT). Also a labour lawyer, a former trade union advisor, and a labour psychologist with experience in human resources development and currently advisor to an enterprise were interviewed.

### 6.1 Trade union organizations

The CUT Women's Secretariat maintains contacts with female homeworkers, principally former textile industry employees. No systematic records are kept, but workers' complaints are supported. Their relationship with their respective trade unions consists primarily of requests for support in ascertaining the sum due to them as severance payment (as in-factory employees).

The method used by companies for cutting back their payroll is to pay compensation partly in cash and partly in equipment, which is generally obsolete machinery and needs to be replaced anyway. The end result is that the company "wins twice" as it only pays half the compensation due and also disposes of machinery which it will no longer use:

*"I fire you after ten or twelve years of service, I give you half of what you are entitled to, and I say to you: why don't we do the following: we'll give you half in cash and the other half in equipment, we're not going to leave you out on the street, we're going to continue to give you work and you'll come and fetch the work to be carried out at home".* Example recounted by the Women's Secretariat. CUT.

It is pointed out that the company gains on two fronts; on the one hand, it dispenses with the social cost relating to the worker and, on the other hand, it reduces production costs since it retains its employee but pays him/her per piece, which is actually much cheaper. "When a comparison is made with the wage formerly earned, a homeworker has to work twice as hard when he/she is paid per piece". Here the expression "per piece" refers to pieces or parts of a garment, such as collars, cuffs, lapels, pockets, etc.

Different accounts exist of the work relationship. In some cases, for instance in the manufacture of footwear, the company (factory) is responsible for the design - which changes every year or season - and the provision of inputs, while the worker supplies his/her labour and that of his/her family.

Although awareness exists that these workers do not enjoy the full protection provided by the law, it is nonetheless acknowledged that home work does offer some advantages (although they may be subjective) to the worker:

*"In this way workers do not sever the link with their employer and they can take the equipment and work at home; a convenience ... without fixed hours they can work much more",* Trade union leader, former homeworker, CNT.

Trade union leaders have found that, depending on the sector, there is a division of labour between women and men, the former being more active in the garment industry, whilst the latter tend to be concentrated in the footwear industry. It has also been noted that men who undertake home work are better qualified than women (shoemakers, tailors, metalworkers, etc.) Conversely, women undertake home work out of necessity, because they have been fired, or because of their advanced age and/or

because they have young children to look after. The leaders of one of the trade union confederations who stated that “homeworkers” earn more than in-factory workers referred to cases requiring some level of specialization.

The forms of recruitment described by the trade unions do not differ greatly from those illustrated by government institutions. Like government institutions, trade unions do not usually have specific programmes for homeworkers. Support in lodging complaints is not specific to this sector of workers either.

As per the possibilities for establishing a more organic relationship between this category of workers and the trade union confederations, it has been stated that, while contacts established with former company employees are maintained, “workers themselves show little interest since they consider themselves to be in some way entrepreneurs, as they do not depend directly on a employer or factory”.

This same feeling of “independence” also represents an obstacle when it comes to demanding respect of the rights guaranteed in the Labour Code:

*“There is no legal coverage, ... it is like a black market. I think it is a problem of culture. They (homeworkers) are totally unprotected but they consciously overprotect the employer, because then they also feel themselves to be small employers.”* Trade union leader, former homeworker, CNT.

Trade union confederations do not offer targeted support programmes for this category of workers, nor do they have specific measures or suggestions for improving their working conditions. The usual appeals are made regarding the need to “ensure compliance” with the law and “not to legitimize or validate” the sub-contracting chains.

## **6.2 Labour consultants**

Such professionals, who are connected in some way either with the companies or with homeworkers, have a clearer view of the origin and future possibilities of this type of workers. Two main causes were advanced for the recent growth of home work:

- ! the Government’s response to complaints by workers in the garment sector, leading to the intervention (and subsequent closure) of small clandestine workshops; 30 employees working in a “family home” were dispersed to work individually in their respective homes; and
- ! the need for large enterprises to renew their equipment, and enhance their productivity, by raising the level of technology employed and upgrading the skills and competence of their workforce.

The former case involved small enterprises, while the latter related to factories with a larger production capacity. In both instances, the response has the same result, regardless of whether the intention was to disguise hiring by giving out work and thereby making it invisible, or to dispense with older or less qualified employees and those whom it would be most difficult to retrain.

Another means of disguising the employment relationship is for the worker to purchase machinery, usually with the credit support of the employer, thereby turning the worker into a “commercial partner”.

In regard to the different types of work carried out, attention has been drawn to the difference between excess of work that requires the “hiring” of people from outside the company and those

situations in which part of the work is no longer “done” in the company, at any time. The latter instance constitutes outsourcing.

The duration of such work will depend on the category in question: while those that can be replaced by new technologies will disappear, other tasks which are “harder” to “carry out by technical means” will remain. The latter are concentrated in the primary sector: cotton and tobacco, and in textile crafts: *aho po 'i* embroideries, *tupoy*, *ñanduti*, etc.

It has also been stated that, while some occupations are replaced by technology or are simply dropped (such as the manufacture of tallow candles), other new occupations emerge (such as computer assembly). Moreover, even where technology can be introduced into certain stages of the production process, account should be taken of the fact that it is, by no means, certain that all companies will be in a position to replace labour with new technologies given that pay in Paraguay is so low.

Mention was made once more of the recruitment mechanisms reported by government institutions. In addition, “verbal” agreements are a deeply-rooted practice in Paraguay, which encourages non-written contracts which, in turn, permit and strengthen sub-contracting chains and non-registered work:

*“This normally operates on the basis of a relationship of trust, of mutual acquaintance. The workers involved are generally former company employees, because when a worker takes home a batch of cloth that costs between 15 and 20 million guaranies, with nothing in writing, trust is essential. Among the cases I know of, in the garment industry, there were people who had worked for the company for 12 or 13 years, and that constitutes an asset in itself... The entrepreneur knows his homeworkers very well”.* Labour expert and former CUT advisor.

In sub-contracting chains involving larger companies, workshops and homeworkers, the head of the workshop usually invites the head of the family engaged in home working to take part in training courses offered by the companies. It appears that this strategy is practised only by the larger enterprises and illustrates one advantage of a link between undertakings of different sizes.

As a means of strengthening homeworkers, professionals have emphasized the need to undertake a “major campaign” with a view to enabling both the Government, the entrepreneurial sector and workers themselves to identify exactly who qualifies as a homeworker. Mention was made of the success achieved by campaigns to raise the profile of small and medium enterprises of which virtually nobody had been aware until the beginning of this decade, whereas today they have a recognized identity (SMEs), specific support programmes and have achieved proven positive results.

## 7. Main features of selected enterprises relying on home work

The following enterprises were selected with a view to giving an initial insight into the different types of companies that hire homeworkers:

- ! a publishing house that has mechanized most of its production, but uses manual labour to bind single editions (Editora, LITOCOLOR);
- ! a company manufacturing traditional garments which hires peasant women to embroider typically Paraguayan fabrics for domestic sale and for export (ARTE POPULAR);<sup>8</sup> and
- ! a small company of 130 employees which originally manufactured garments and subsequently decided to become a commercial undertaking, marketing garments produced by workshops and women homeworkers (NADRI, garments);<sup>9</sup>

### 7.1 How production is organized

One feature common to the three companies is that they decide what to produce, its design and delivery to the consumer. For both the traditional garment manufacturer and the marketing enterprise, the mother company is responsible for selecting and purchasing the raw material, and the design (which, for NADRI, includes the pattern or mould).

The use of technology is considerably more restricted in the production of craft items, and, even within the sector, some distinctions exist in the production tools used, with craftsmen employing manual looms, while the garment-makers in the company workshops use industrial machinery.

Editora LITOCOLOR has been able to computerize the entire production process, from composition and assembly right through to printing.

Another common feature is that the company retains control over acceptance or rejection of finished articles (quality control), employing different strategies to recover the raw material employed.

The production process employed for craft items appears to be more complex since at least two clearly differentiated strategies are combined within a single enterprise:

- , the embroideries are designed and the work is sent out to artisans who return the finished product which is ready for sale. This applies to certain items of table linen, bedspreads, cushions and hammocks; and
- , the embroidery design is made by the company, the work of embroidering fabrics is handed out to artisans who, upon completion, deliver to the workshop, where the garments are made up for subsequent sale by the company.

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<sup>8</sup>Many other types of company exist, in various sectors, which should be studied in depth. The information revealed by the National Industrial Census, which is currently being processed by the Directorate General of Statistics, Surveys and Censuses, will be extremely useful both in identifying such companies and accurately assessing their number.

<sup>9</sup>The activity of this company will be referred to as “commercial garment manufacture” in order to differentiate it from traditional garment manufacture.

In the first case, the relationship is: company-artisan-company while, in the second case, it is company-artisan-workshop-company.

NADRI, the garment retailer also relates to homeworkers either directly or through workshops depending on the quantity of garments to be manufactured and on the intensity of work involved. Women homeworkers tend to be hired for the production of children's clothes "which need more detailed work", while workshops are given such work as sewing trousers, shirts and sportswear items that have been designed and cut by the company.

Both garment manufacture companies use intermediaries. The intermediary plays a dual function in the company-worker relationship. On the one hand, the intermediary facilitates the link between the homeworkers and the company or workshop relying on home work through the provision of inputs.. On the other hand, the intermediary's involvement breaks the link between the worker and the company (upwards), thereby relieving the latter of all social responsibilities.

The geographical location of intermediaries and artisans differs. The former have better access to means of communication and greater mobility, whilst artisans depend on them to deliver what they produce. Conditions relating to the location of workshops are similar to those described for intermediaries.

Workers organize their work in different ways and for different companies. Many people who work for a company also have their own factory or workshop and, the more diversified the strategy employed, the greater the family labour "requirement":

*"They involve the entire family's labour, the whole family works, including the men. During the holidays, the children also help. Some (children) do crochet, others remove threads from the fabrics, once the embroidery of the "vainillas" has been completed, ... The difficulty of the work they do depends on their age"* ARTE POPULAR.

Statements such as "I don't buy any garments from them other than those of the design, size and colour that I order" serve as a fairly clear indication of the employment relationship that is established between artisans, in this case, and the company.

Supervision and quality control constitute another indicator of the existence of a labour relationship. In many cases, the criteria of acceptance or rejection are not clearly established at the outset and approval or rejection of the finished product is at the company's discretion.

*"I travelled every Friday to establish contacts, review their work, correct them, teach them ..."* ARTE POPULAR.

## **7.2 Years of activity**

The three companies selected had been in operation for the past 15 to 19 years. NADRI constitutes an exception since, despite the fact that it had existed longest, it had not been able to consolidate its position in the market. It was obliged, indeed, to turn downsize, drifting from a medium-sized factory (130 employees) into a workshop which carries out only parts of production including design, cutting, quality control, packaging and marketing.

The underlying reasons for its decline were high export costs, tax policy and social charges. Two and a half years prior to its downsizing, NADRI had decentralized its production, outsourcing the pre-washing activities and using homeworkers to sew the garments.

At the time of what the owner calls “the crisis”, NADRI garments was obliged to take a loan in order to pay compensation to dismissed workers, sell two of the three brands it had registered, dismantle the workshop itself, and open commercial premises in several shopping centres. Some employees were compensated with equipment and currently work in their own homes.

Today, NADRI is penalized by the current credit policy which supports production rather than commercial activities, as well as by the customs tariffs established in the context of MERCOSUR, which make import of raw materials dearer. “The problem is that insufficient (cotton fabric) is produced here (Paraguay) and no raw material is available, which means that there is no alternative but to import”.

### **7.3 Estimated capitalization**

The LITOCOLOR publishing house is the company with the highest level of capitalization, standing at US\$2 million. It also employs the highest level of technology and hires the largest number of homeworkers.

Neither does the level of capitalization bear any relation to the number of “branches” of companies, which appear to reflect the marketing strategy used rather than serving as an indicator of the companies’ financial soundness. Indeed, the LITOCOLOR publishing house has only a small, old premises, in a fairly central area of the city of Asunción. NADRI has sales outlets in a shopping centre frequented by the middle and lower middle class, and distribution depots for sales in border cities “to facilitate export”.

Meanwhile, ARTE POPULAR, which may be considered a successful enterprise, has premises in a shopping centre frequented by middle and high income sectors and a boutique in the centre of Asunción, thereby clearly distinguishing the purchasing power of its clientele.

### **7.4 Work and remuneration**

The proportion of homeworkers hired by the three companies reviewed does appear to bear some relationship with the technological content of the production process. For instance, LITOCOLOR hires only two homeworkers in a total of 70 employees (31 permanent, 37 temporary and 2 homeworkers), although temporary workers constitute over 50 per cent of the total number of employees.

NADRI reduced its staff of 130 permanent employees to 24, gives no temporary contracts, but relies heavily on large workshops (100 workers) and medium workshops (60 workers), as well as on 16 homeworkers.

ARTE POPULAR has 23 permanent men and women employees and estimates that hundreds of artisans devote part of their time to work for the business:

*“There are very many people working at home for the company. It is difficult to specify the exact number because we work with intermediaries, who in turn sub-contract work to 50 women workers each and thus a chain is formed ... As far as I can estimate, there may well be 600, 800 or 1,000 people working at home, the total rising and falling overtime”. ARTE POPULAR*



The need to outsource or to employ homeworkers may vary according to the level of technology introduced. An analysis of the information provided by the owner of LITOCOLOR reveals that this enterprise experienced two distinct periods. A first phase of expansion, with temporary demands exceeding its installed capacity and requiring the recruitment of homeworkers, and the current phase of consolidation during which it upgraded its technology in order to maintain a consistently rapid pace of production. During this second phase, home work is employed only for those (few) tasks which cannot be mechanized; the company has achieved a high level of specialization and outsources only those activities which are “non-specific” to its activity, such as accounting:

*“Previously, I used to have people who would take, for example, 200 books home in the truck and ask them to finish them for me by the next day. But that is finished now, we no longer work in that way ... Now bookbinding is taken care of ... A new system is used that everybody bought because it eliminates staff and particularly because it is fast ... However, when there are requests for manual binding for collections, we accept the work and give it to the secretary or to an employee (of the same company) who takes it away and does it at home. These are temporary agreements, when the work appears, two or three times per month.”* Editora LITOCOLOR.

The garment retailer works with his former employees and with workshop owners who “offer their services”. In both cases, the pace of work varies throughout the year and depending availability of inputs. In this case, part of the production process is “given out” because the company is unable to absorb the costs and risks, rather than as a result of specialization.

In traditional garment manufacture, manual production is essential but this part of the work, which is labour-intensive, is not undertaken within the enterprise. In addition to the intermediaries, over 150 direct contacts are maintained with trusted artisans. These relationships are life-long and of a permanent nature. Each artisan has learned and carries out a particular type of work, which is not in itself a finished product. Moreover, these “parts” are not even produced in the same domestic unit. This mode of production is in the company’s interest because it makes the process more flexible and the work cheaper.

*“It might take you a week to make a tablecloth if it is simple, or it might take between one and six months if it is made of genuine fabric. There is a process for everything, for example, several people work on a tablecloth, one to make the fabric, when this is made by hand, another to embroider, another to add the lace and another to wash and iron it. In most cases, this is not done within a single family, but by people from different places and the intermediary is responsible for bringing the parts together ... He comes back with the completed work”.* ARTE POPULAR

Although a labour relationship is permanent, it is acknowledged that production cycles exist. Fluctuations do not respond to changes in demand for the product but rather to the manner in which artisans working at home combine this work with their agricultural tasks, principally the cotton and sugarcane harvests.

In NADRI payment is made on a piece-rate basis and in accordance with the type of work carried out. In LITOCOLOR, payment is also piece-rate based and no account is taken of the fact that work is performed when the company’s own employees are involved.

In garment manufacture “each product has its price”, fixed after quality control has been carried out.

Where sub-contracting takes place, despite the fact that payment is referred to in all cases as the “price” of the product, there are indications that it constitutes rather remuneration for work. The intermediaries provide, in fact, “the thread and the cloth”, while the company is responsible for design and quality control, and the craftsmen for manufacturing the product.

When a product is not accepted by the company, it is returned to the intermediary who decides whether to sell it on his own account to other retail traders or to return it to the artisans who will, in turn, try to sell it. This phenomenon of returning a product means that its price falls as it descends along the chain, on account of the type of client that each link is able to find. For this reason, the craftsmen (and the intermediaries) prefer “deductions” for low quality rather than having the garments or units produced returned to them.

A company’s level of consolidation also has an influence on its capacity to absorb production “errors”, with the more successful companies imposing more lenient conditions than less financially sound companies.

*“The same piece of work that is very well finished has a different price, a sort of bonus for excellence. If it is badly finished, we return it. They (intermediaries and artisans) already know this. While they are being trained (in the companies themselves) we take such work which isn’t very well finished and put a special price on it, but once the training is completed we return inferior work and they must find a way of selling it elsewhere.” ARTE POPULAR.*

## **7.5 Support services offered and benefits envisaged**

The type of support offered depends on the company’s needs and possibilities. In the case of the publishing house, if manual binding work is to be carried out outside the company, particular tools must be provided to the workers (who devote most of their time to other tasks). The tools provided by the employer are of minor importance, such as the guillotine, while other inputs are obtained by the workers and the corresponding cost is added to the “price” established.

In the case of former employees, as previously mentioned, support normally takes the form of a guarantee for the purchase of machinery, when the latter is not provided by the former employer as part of compensation or other payments. In NADRI, what actually occurs is that a guarantee is provided to obtain credit and a sufficient volume of work is promised to enable their workers to fulfil the quota commitments.

In the case of ARTE POPULAR, product quality is essential to the success of the company which targets a high income clientele and the export market. Therefore, the support provided by the company takes the form of training:

*“They do receive training, because we train them all, otherwise it would not be possible to work with them. All their work is individually corrected (the training takes this form, and there are no structured courses), they are each given demonstrations individually and then they are supervised ... it is difficult to work with an artisan, because the work we do with the intermediaries, they must then do with the artisans”. ARTE POPULAR.*

None of the companies consulted provided social security or other benefits. LITOCOLOR and ARTE POPULAR only offer such benefits to their permanent staff: under 50 per cent in the former case and 23 out of hundreds or thousands in the latter. Not only does the garment retailer not offer such

coverage, but it explicitly stated that “this was one of the reasons why the factory had to close. Particularly the request by the trade union of a bonus on the total earned by each worker during the course of the year” proved controversial.

Today, a record is kept of homeworkers, but “only of how they can be contacted”, particularly by the intermediaries. There is no record of inputs or payments, although seamstresses and “supplier” workshops are required to be enrolled as self-employed (flat rate) so that they can issue receipts which are submitted for the VAT (value added tax) payment purposes.

## **7.6 Suggestions by companies**

In the view of the three companies, home work would continue in the future. Manual bookbinding was considered to be a requirement for collections. It was not envisaged that craft items could be produced “all working together in a workshop” and, for the garment retailer, the advantages inherent in decentralized production could not be compensated at that scale of production.

In all cases, it was stated that workers needed to be trained in order to raise the quality of products and, consequently, their price and remuneration. Product quality was also mentioned, in the case of ARTE POPULAR, as a requirement for competition in MERCOSUR.

The garment retailer also referred to the need to: extend lines of credit for small and medium enterprises, with a view to upgrading technology; make labour relations “more flexible”, in order to facilitate compliance with legal requirements; and recast export conditions and the role of trade unions.

## **8. Main characteristics of home work**

### **8.1 (Scant) statistical information**

In the section on Economic Activities of the Population, the 1996 Households Survey included the question: Location of the enterprise. Those responding “here” carry out their activity in their own home. This group includes both those who work directly on the land (peasants) as well as the self-employed and home workers. The first two categories of workers were excluded from the total of those responding “here”, in order to isolate home workers. This methodology produced only 21 cases, of a total of 2,943 households surveyed in all the urban zones of the country and the rural areas of the Departments of Alto Paraná and Itapúa.

Since the number of cases identified was small, an individual analysis was made of the answers of all workers who stated that their home was their place of work. This produced only an additional three cases who had declared themselves to be self-employed and thereby corresponded to the home workers category. This produced a minimal sample of 21 families (households) and 24 cases in total.

An evaluation of the questionnaires prompts the conclusion that the same problems of conceptualization encountered in other spheres also hamper the identification of home workers who are perhaps categorized as self-employed rather than as dependent workers by those conducting the surveys and because interviewees declared the address of the enterprise or of the intermediary for whom they work (instead of their own address).

In order to overcome this difficulty, it was decided to include in the study the information gathered by the 1997 National Industrial Census which was carried out among industrial enterprises with seven or more employees and service enterprises with three or more employees. The following questions were

asked in both cases: “Are there people who work for the company who carry out their activity in their own home?” and “What was the maximum total of such persons in 1996?” While the Industrial Census does not contain information about individual workers, it does indicate the proportion of the total work force hired by the company either on a temporary or permanent basis, according to the type of activity in which the company engages. Unfortunately, the resulting data had not yet been processed at the time of writing this final report.

The 1996 Households Survey did not provide information that permits a strictly statistical analysis of the data which were dealt with as “cases” in the description of some of their characteristics.

It was thus found that, coinciding with the interviews undertaken, most of such workers reside in the Central Department (both urban and rural) and in the urban areas of Asunción, Cordillera and Alto Paraná.

In terms of their position in the family structure, the majority of homeworkers are sons, although there are also heads of households (male) and wives. Only four of the 20 families identified declared that two or more members jointly carry out the same work.

The interviews conducted and some studies (see Zarza s.f) suggest that women predominate in this sector, but available data reveal the contrary. Indeed, the prevalence of either sex depends on the type of activity. Female home work appears to be confined primarily to the garment industry while men’s activities include the categories of carpentry, mechanical engineering, construction materials and blacksmithing.

With regard to age, young workers predominate with an average age of 37 and 30 for male heads of households and wives, respectively, and 17 and 22 for sons and daughters, respectively. This age pattern, particularly among women engaged in garment manufacture activities, contradicts the statements of the enterprises interviewed to the effect that the seamstresses are former employees of large factories who could not be re-cycled in the company’s modernization process. The possibility exists, therefore, that they may have declared to be retired while they were in fact engaged in home working. Another detail of note is the low age of sons (between 13 and 16 years) which may suggest that home work may serve as a mechanism to enter the labour market.

The hours devoted to work are also low. No case was identified in excess of 80 hours per week, in comparison to nine of the 24 cases who stated that they work 40 hours or less. Although it might be assumed that in such cases home work is carried out only on a part-time basis in conjunction with other economic activities, none of the persons interviewed stated to be carrying out any other occupation. In all groups, wives or partners devoted less hours to their productive activity (32.6 hours).

With regard to income, the majority receive less than the established minimum wage at the time the survey was carried out. By sector of activity, garment manufacture pays the highest income, particularly to women, and carpentry or manufacture of mechanical engineering parts to men.

The highest incomes are earned by women who are wives, followed by male heads of households, sons and daughters. Although, as stated, women devote less hours to paid work, it is, nonetheless, best paid in terms of the hours/income ratio, followed by pay to heads of households and male children, with daughters in the last place.

As far as the years of schooling are concerned, most workers, regardless of the type of activity in which they engage and of their income, had primary schooling, only four had completed the basic cycle

of nine years of schooling and one had finalized secondary schooling (12 years). The latter is a daughter who produces “*cotillón*” for children’s parties, involving a maximum of 24 hours per week.

Other data supplied by the Households Survey reveal that only two of the 24 cases have social security coverage (Social Welfare Institute) and, since they are wives or partners, it may be assumed that they are family members who are dependent on a male employed elsewhere. The remaining 22 cases are not insured, two attend private health centres, one uses traditional empirical medicine and the remainder attend the local centres of the Ministry of Public Health and Social Welfare.

## 8.2 Results of qualitative information

With a view to complementing the (scant) quantitative information on the situation and characteristics of homeworkers, six in-depth interviews were carried out in: Asunción (2), the Metropolitan Area (1) and in the interior of the country (3). Of these, half involved male workers and the other half female workers. Two sectors where homeworking has been traditionally concentrated were selected, namely, the garment and footwear industries. In order to correlate this information from the six workers with that obtained from companies, an employee of LITOCOLOR was also interviewed.

The cases selected may be described as follows:<sup>10</sup>

- i) a woman who makes children’s clothing upon demand for a company in Asunción, which markets its products to the medium and low-income sectors. Her work consists of sewing and sticking accessories, while the employer is responsible for design, washing, ironing and packaging of the final product. The company places its label on the finished product;
- ii) a woman seamstress who works for a small company which imports bundles of used clothing, in the interior of the country. Her work is to modify the clothes in order to suit the local style and size. Clothes of all types;
- iii) a male garment-maker (trouser-maker), residing in the interior, who makes trousers for a company in Asunción, fetching the fabrics and design from the company and returning the made-up units;
- iv) a shoemaker who works for a small industry in the interior of the country. The company lays down the design, provides materials and machinery, carries out the finishing and sells the footwear. The worker does the cutting and makes the item.
- v) a shoemaker who works for a number of companies in Asunción, who, in turn provide him with inputs and machinery. The worker owns his own manual tools, takes care of the cutting and assembly, as well as finishing details. The company affixes its brand name.
- vi) a manual bookbinder who fetches the work from the company where she is employed as a cleaner. The company provides her with the tools required. The worker carries out the entire process manually.

### 8.2.1 Socio-demographic characteristics

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<sup>10</sup>Earlier work considered to be of “home” work will be described here. Any other economic activities undertaken will be taken into account for purposes of analysis.

All the cases interviewed stated that they were married and of intermediate age (between 27 and 39 years) with a sole exception (male) of 52 years of age. Regardless of sex, all had less than the national average number of children (between one and three) and, in all cases, the children lived in the same home as the workers. These are families in the reproduction stage.

Migration is not a constant feature of home working, with the exception of rural-urban migration which is typical of the entire low-income sector of the Paraguayan population.

With regard to housing, the construction materials used and the availability of services is of good quality in urban areas and of lower quality in rural areas, reflecting the average living conditions in their respective communities. In five cases, the work is carried out in marginal areas of the home, such as corridors and galleries and only one individual (trouser-maker) possesses a type of shed in which to work. The latter hires helpers.

The educational level is relatively high (complete primary) while specific vocational training varies: successful cases of “hands on” apprenticeship exists (trouser-making and bookbinding) while others have completed more than one course, particularly in the footwear manufacture category (three years of continuous training).

Any type of social security coverage that exists relates to other jobs (wage-earning bookbinder) or coverage of family members of other insured persons (wives of employees). But all use the local health centre (of the Public Health Ministry), as revealed by the Households Survey, which suggests that the public health system serves as a replacement for social security for this sector of workers. Moreover, one of the women interviewed stated that since, in her work, “time is money” she prefers to pay for private health care rather than “queue” in the IPS (social security).

All the women said that they did not stop working during pregnancy.

### 8.2.2 Work carried out

Workers living in the central area of the country carry out work for a number of enterprises in different types of activity, combining self-employed work with home work and even paid employment. This phenomenon of combining different occupations is less pronounced the further people live away from the capital. For example, while all workers in the central zone combine home work with other types of occupation, workers in the Department of Concepción, in the north of the country, work exclusively for a single company, even though it may be part-time work.

When asked what they considered their own employment status to be, those interviewed could not differentiate between home work and self-employed work. Affirmative responses were given in both cases, not only because in practice they combine the two modalities of work, but also because the same activity is considered to be home work because it is carried out at home, and to be self-employment because the employer is not physically present.

The working day is longer for men (14 hours), particularly when they receive no assistance. Women work intermittently, between five and ten hours daily “but with considerable variation”. Only one worker (female garment manufacturer) notes the hours worked, while no other worker appeared to keep any record of the work done or the payment received or the inputs used.

Most obtain their work through personal contacts: references by friends or relatives. Only one garment maker stated that she knew other workers in the same profession close to her home. However,

it frequently occurs that “at certain times” they hire helpers. Since both cases occur, it means that such hiring may not be restricted to a single community, but might occur by way of an acquaintance or relation living outside the worker’s place of residence.

### 8.2.3 Remuneration and family income

In all the cases interviewed, payment is made per piece (by pair, in the case of footwear or by piece when producing for parts of garments). The possibility of negotiating “prices” depends on the worker’s ability to supply part of the inputs: when the company contributes all the materials, the “price” drops considerably. When the worker has his own tools and can buy minor inputs such as thread, zips, hooks or glue, the “price” is much higher.

According to the information obtained, remuneration per finished article accounts for between 10 and 20 per cent of its market value, and it has been noted that the greatest percentage corresponds to workers in the interior, probably because there is less labour available in these areas. None of the interviewees were aware of the provisions of the Labour Code in this regard.

In all cases, payment is in cash, by the week or by the month, depending on the manner in which the products are delivered. No deductions (or bonuses) are made although, and the price falls when the company provides inputs. Neither are there any receipts or vouchers, with the exception of the garment maker (the same woman who notes hours worked) who is registered as self-employed and pays taxes (flat rate) which would in fact correspond to another occupational category.

In cases where workers receive assistance, family members receive no remuneration, while non-family members are paid per day worked, under a different system to that under which the main worker is hired (who is paid on a piece-work basis).

The importance of the homemaker’s income in the family budget is variable. In some cases, it constitutes the sole family income, while in others it is a complementary family-earning, with no difference being identified by sex, but rather by type of activity. The professional garment makers and shoemakers have the highest income, the seamstress adapting the bundles of clothes receiving the lowest income, with the bookbinder in the intermediate position.

### 8.2.4 The organization of the home work process

Women engaged in homeworking devote less time to remunerated home-based work because they combine their productive activity with “housewife’s” tasks. Male homeworkers organize their day in shifts or work full time, without interruptions, apart from normal breaks for meals and rest. The fact that men undertake work at home does not mean that they devote time to domestic chores.

Women who work at home receive assistance from their families, both for paid work (as in the case of the bookbinder) and for household tasks (the remainder). Assistance in domestic tasks is provided by their elders (in-laws, for example) and children, regardless of their age or sex.

### 8.2.5 Support services provided

In addition to support provided to purchase equipment and tools, as previously mentioned, it was found that seamstress in the Department of Concepción were provided with a guarantee by their contracting company for the purchase of transport (bicycle) used to fetch materials and deliver products.

No other support, such as assistance in situations of family need (health, education, unemployment of other family members), which are typical of the employer relationship in Paraguay, was identified. Neither are other social relationships such as that of godmother (support in raising small children) formed. In this regard, the relationship is much more “business-like and modern” than that which is established between peasants, for example, and their intermediaries and collection agents. In the latter cases, the intermediary generally grants subsistence credits during the production cycle, takes an interest in cases of illness of the worker, and it is even customary for them to organize christenings and wakes.

Other forms of support for training and credit are obtained by homeworkers outside the company, through social organizations (trade unions and women’s organizations) or economic organizations (cooperatives) of which these workers are members.

#### 8.2.6 Needs identified

All workers highlighted the need for training in the areas of credit and marketing. While some requested credit in order to purchase inputs (the Concepción shoemaker), others needed it to set up their own workshops (construction of premises and purchase of more powerful machinery). Likewise, while some requested training “to improve their services” (bookbinder), others needed it in the area of management, administration and marketing (trouser-maker, who hires staff on a regular basis).

Only one individual said that remuneration (price) should be higher, while the remainder stated that they could only raise their earnings by becoming self-employed, which meant buying their own inputs and acquiring tools and equipment. More availability of equipment would resolve (almost by magic) problems related to design and cutting or finishing. Nobody identified, in fact, a need for training in these areas although, as previously stated, lack of equipment and marketing services is an obstacle that is clearly identified by homeworkers.

## 9. Conclusions and recommendations

Not only these workers, but all the sectors consulted, clearly experienced difficulties in defining home work. The fact that no uniform criteria have been laid down to determine what home work encompasses does not mean that it does not exist. Indeed it has long been regulated by the Paraguayan legislation. It is rather the lack of experience in recording this form of work in statistical terms, which results in the absence of studies and debate on the subject.

This study clearly reveals that:

- ! “home work” exists in Paraguay, in some instances as the sole form of work and, in others, combined with self-employment and/or wage-earning status;
- ! this is not a form of employment in which men or women predominate. It is associated either to men or women depending on the type of activity performed. Compared to men, women are concentrated in a range of options requiring lower skills;
- ! although many such workers had been previously engaged in other occupations, cases were also found in which work in “family workshops” constitutes a form of work initiation;
- ! no organization of homeworkers exist but those who belong to social cooperative organizations apply to them for credit or training;



- ! although no specific programmes exist to support homeworkers, they are included in initiatives to support workers in the non-formal sector, microentrepreneurs, craftsmen and other forms of work encountered in the formal sector, at the lower-income end of the scale. Such initiatives, some of which have already achieved positive results, focus primarily on training, credit (including revolving funds for groups and communities) and market information;
- ! it is not possible to ascertain the level of remuneration received by homeworkers (it may be assumed to vary) but some socio-economic indicators reveal that, in regard to housing for example, conditions are equivalent to the average situation of workers in the area. However, homeworkers “wish to progress”, which manifests through their desire to shift from a situation of employment dependence to autonomy;
- ! in regard to needs, most workers mentioned access to credit and to training, although the latter is more focussed on the technical content of the activity they carry out, than on management and administration;
- ! according to the definition embodied in the Labour Code, home work is a predominantly urban occupation, located primarily in the capital city and in the central area and also in other inland urban areas, particularly on the borders. However, if the legal concept is broadened, it might include certain practices inherent in the work-remuneration relationship which occur frequently in soya and cotton production, and which involve a large number of peasant families;
- ! although it is a practice that can be found in different regions of the country, available evidence suggests the existence of some degree of regional specialization, in cases where several neighbouring communities manufacture similar products;
- ! the likelihood that this form of work will continue in the future is linked, to a large extent, both to the ability of companies to introduce technological innovations (which also implies a higher level of capitalization). But it is also related to the existence of demand for products of different quality and price, resulting from the different purchasing power across society;
- ! it would also appear that these labour relations will probably survive in the manufacture of products which “copy” foreign brands, in view of the (il)legal nature of the manner in which the workers are hired and of the types of products where labour cannot be replaced by technology, such as production of soya and cotton (if the relationship with the collection agent is considered as a form of home work), the preparation of work sheets for subsequent processing and craft production in leather and fabrics, at least.

A programme supporting this category of workers might well be justified by the interest shown by the various sectors consulted, including Government, business and trade unions, in addition to the successes achieved in programmes targeted towards other sectors of the labour market that were until recently “unknown” (such as SMEs, for example). Any discussion of such a programme should consider the following measures:

### **9.1 In regard to legislation (including social security)**

- , promote ratification of Convention No. 177 “Concerning Home Work”, and consider this as a confirmation of the Government’s interest in supporting homeworkers;

- , clarify, with the participation of all sectors, the section of the Labour Code dealing with home work, bringing it into line with the features characterizing the sector;
- , formulate and implement a series of ministerial and judicial lines of action to guarantee observance of the law;
- , regulate articles corresponding to home work in the Social Security Act and disseminate appropriate mechanisms to guarantee their coverage, ensuring in particular that women are covered.

## **9.2 In regard to compilation of the information and its analysis**

- , distinguish homeworkers from independent workers or the self-employed, first conceptually and subsequently in operational terms, to ensure that they are included both in Household Surveys and in Population Censuses, although these categories may be presented together;
- , include a special module on home work in future Household Surveys, to be applied to a sub-sample, in order to gather specific information regarding the conditions and characteristics of home work;
- , promote the production of studies and their broad dissemination among the relevant sectors, with particular emphasis on in-depth studies of certain types of work which might be considered as “home work” in view of the particular characteristics they have in Paraguay, such as craft work or soya and cotton production, with an assessment of the likelihood of the future survival or transformation of the various forms of home work.

## **9.3 In regard to the companies that hire homeworkers**

- , widely disseminate the results of the National Industrial Census, particularly the data relating to home work;
- , to promote the inclusion in the agenda of work of the various business organizations, including the Industrial Union of Paraguay, the Paraguayan Federation of Industry and Trade and the specific Chambers, of appropriate measures to detect the presence of homeworkers and to guarantee the rights to which they are entitled;
- , encourage affirmative action measures intended to improve labour relations between entrepreneurs, intermediaries and homeworkers, such as the latter’s participation in company training programmes and support in obtaining production credit.

## **9.4 In regard to trade union participation**

- , disseminate information on homeworkers within those sectoral trade unions in which, according to the results of the National Industrial Census, this form of work is likely to exist;
- , establish a specific meeting and organization forum for this category of workers;
- , formulate a special trade union education programme for homeworkers; and
- , promote their unionization.

## **9.5 In regard to homeworkers themselves**

- , establish an institutional entity to coordinate the activities of the Programme to Support the Homeworkers, with a department to deal directly with their requests and complaints (of the “attention to users” type);
- , coordinate the activities of such a programme with others that are already in operation, such as those for small and medium enterprises and for workers of the informal sector;

- , encourage the formation of cooperatives amongst workers;
- , include this category of workers in municipal programmes directed at women workers, particularly through creches and infant canteens.

#### **9.6 In regard to the population as a whole**

- , formulate and implement, with the participation of all sectors, a national campaign intended to raise awareness regarding the existence of homeworkers and clarify their conditions of work;
- , establish a means of dealing with the response generated by the campaign, with a view to gathering proposals for appropriate measures to support homeworkers; and
- , seek to involve the media in the entire campaign process.

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