



# Why suppliers should address homeworkers' working conditions: The business case

Homeworking is an important part of the world economy, and is present in a huge range of sectors and countries.

## Many suppliers use homeworkers in their supply chains

Homeworkers form an essential part of supply chains around the world, carrying out specialised and intricate work which often cannot be mechanised cost effectively, and providing much-needed flexibility in production.

## Homeworkers are likely to be working under poor conditions

Homeworkers usually have very poor working conditions, including low pay and irregular work. They may not receive basic entitlements like holiday and maternity pay, social security benefits and job security, because their employment status is unclear. They are often the main breadwinner for the household, and don't have the opportunity to earn money outside the house.

## Retailers expect their suppliers to address homeworkers' working conditions

Retailers and buying companies are under increasing pressure from campaigning organisations and consumers to make sure that the workers making their products have good working conditions. As a result, many of them have signed up to codes of labour practice – such as the internationally recognised ETI Base Code – which set out the conditions that workers in their supply chains can expect.

Retailers and buying companies that have signed up to these codes will expect their suppliers to apply the same standards within their own supply chains. Suppliers to companies that have made such a commitment will be expected to ensure good working conditions for all workers – including homeworkers.

## Failing to address homeworkers' conditions presents a business risk

If homeworkers are working under poor conditions, this could have a major impact on a suppliers' business in terms of:

- **Loss of business and customers.** Where poor working conditions are uncovered, there is a real risk of high-profile exposés in the press, by NGOs, trade unions or other interested groups. These can have a negative impact on companies' reputations, and may cause retailers to change their suppliers.
- **Poor compliance with codes/standards.** If suppliers are not meeting minimum legal standards for homeworkers on health and safety, wages, child labour or bonded labour, they will fail to meet codes of labour practice or other commitments that their customers require them to meet. This in turn could lead to loss of business.
- **Quality of work.** Homeworkers' physical environment and working patterns can affect the quality of their work. For example, they may have inadequate lighting, or be working in unsuitable premises – even outdoors – where products can get damaged or dirty. They may be working long hours to try and earn sufficient income, or be under pressure to meet short-term deadlines – all of which can affect their work.
- **Security of supply.** Homeworkers who are vulnerable to accidents or ill health may become unavailable at short notice, which could result in skills shortages or lack of production capacity. They may have little loyalty to their contractors, and switch employer at short notice when the opportunity for increased income or additional work arises.



This doesn't mean that suppliers should stop using homeworkers. Retailers signing up to these codes of practice are likely to have a positive approach to homeworking – for example ETI retailer members have signed up to accept homeworkers in their supply chains and implement the ETI Base Code with homeworkers. However, suppliers will need to work with their contractors and others to identify whether homeworkers are present in their supply chains and to ensure that their working conditions meet required standards.

### **Working to improve conditions for homeworkers can have real benefits**

Identifying and improving working conditions for homeworkers will not only improve the lives of homeworkers and their families, but can have real benefits for suppliers' business.

- **Satisfying your customers.** Retailers are increasingly concerned about the way that suppliers treat their own workers and workers in their supply chain. Suppliers that can show they are actively addressing workers' conditions – including conditions for vulnerable workers such as homeworkers – are more likely to retain existing customers and even attract new ones.
- **Improved compliance.** All suppliers need to comply with national and international labour standards, and many are required by their customers – or their own company policies – to comply with company or third party codes of labour practice, such as the ETI Base Code. Addressing homeworkers' conditions can help improve compliance, as well as potentially bringing additional benefits through improved supply chain relations.
- **Improved relationships with customers and contractors.** Spending time discussing the importance of homeworkers and possible ways of addressing their working conditions can help suppliers to develop trust and openness with their customers and their contractors. Contractors will not feel the need to conceal the presence of homeworking, which will help reduce risk.
- **More efficient supply chains.** Better transparency and improved communication can mean better production planning, increased opportunity for efficiency, and less disruption to production.
- **Better quality work.** Homeworkers working in safe and healthy conditions, with regular and secure work and reasonable hours, and who earn a living wage for that work, are much more likely to produce good quality work, on time and to the specifications required. Evidence shows that training homeworkers and promoting more stable and transparent supply chains can dramatically lower product reject and return rates.
- **Better lives for homeworkers.** It seems obvious, but we shouldn't forget probably the most important benefit of all. Taking action to improve homeworkers' conditions can help improve the lives of millions of people – not only the homeworkers themselves, but their families and the communities they live in.