

# Leveraging change in the working conditions of UK homeworkers

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*The debate among NGO and union activists about how to improve working conditions and labour rights has been dominated by proponents of specific approaches, arguing variously that the best route is through company codes, legislation, organisation of workers, or sweatshop-style campaigning. This article describes a campaign by NGOs and trade unions that integrates these approaches to improve the labour rights and conditions of UK homeworkers. Its 'change model' is to seek changes in company behaviour as part of a strategy to strengthen legislation while also exploring the opportunities and mechanisms for leveraging change in (company) practices and (government) policies.*

## Introduction

This article describes the situation of homeworkers, and a bold attempt by unions and NGOs to improve their terms and conditions of employment, in the UK. The article focuses on subcontracted, home-based workers, also termed industrial outworkers, who are involved in labour-intensive manufacturing and finishing activities in many product chains. It looks at synergy between diverse approaches (campaigning on labour rights; implementation of company codes; organisation of (home-) workers to achieve their rights; strengthening legislation and its enforcement) and argues that integrated strategies are essential if unions and NGOs campaigning on labour rights are to win improvements for women workers in precarious, informal employment.

The first section describes attempts to improve the conditions of homeworkers through an Ethical Trading Initiative (ETI) project that is developing guidelines for the homeworker context and the experience of implementing these guidelines in one of the two pilot sectors. It shows how linkages with campaigning on homeworkers' rights made engagement with companies more robust. The emergence of an integrated strategy, based on an analysis of points of leverage with companies and government, is outlined in the following section. It is argued that brand-name companies are particularly susceptible to campaigning, and describes how companies adopting higher labour standards became allies in NGO and union advocacy with other companies and also supporters of stronger labour legislation. A theoretical 'change model' for leveraging changes in company and government policy and practices is presented. The third section describes the outcomes to date, and how code implementation was undermined because retailers had not integrated ethics into their purchasing practices. The fourth section

describes the subsequent campaign to change company practices and strengthen enforcement of labour laws, and how NGOs and unions are seeking to address the challenges that arose. The final section draws out learning and concludes that the most effective labour-rights strategies will integrate company code implementation, campaigning, advocacy for better labour laws, and the organisation of workers to exercise their rights. The lesson for international development NGOs is that their position straddling North and South, and their credibility and authority in each, makes them ideally placed to facilitate more effective integrated labour-rights strategies. The overall conclusion is that adopting a change model such as that described will strengthen NGO and union strategies by showing how best to harness market and political forces to effect change.

## Using company codes to help homeworkers

Improving the working conditions of homeworkers has proved an exceptionally intractable challenge. Many factors confound attempts to address and raise these conditions. Labour legislation rarely applies to homeworkers. In addition, their work is usually informal and they often lack any written contract or documentary proof of their employment, which leaves them vulnerable to victimisation. The gendered social constraints that lead many women to become homeworkers, the fact that many do not perceive themselves as workers, and their isolation from other homeworkers also hamper their organisation.

Tackling homeworking through voluntary company codes has suffered from two main flaws. First, codes may not address raising the conditions of homeworkers and other informal workers, despite the prevalence of such workers in global supply chains. In addition, the insensitive or hasty implementation of company codes may exclude homeworkers, as in the case of football production in Pakistan, which was driven by exposés of child labour, but resulted in lower incomes and loss of employment for many women homeworkers when production was brought into stitching centres (Brill 2002). A more fundamental challenge is presented by the experience described in the present article, which suggests that homeworkers' employment conditions may be so far below minimum labour standards that meeting such standards will significantly increase production costs and subsequently product costs, and as a result market forces will tend to undermine attempts to raise conditions even, as in this case, to the legally binding UK national minimum wage (NMW).

There are around one million homeworkers in the UK, 90 per cent of whom are women and around half from ethnic minorities (Huws 1994). One survey found that homeworkers' hourly earnings averaged 72 per cent of the NMW (Ellison 2001). A network of local homeworker organisations, coordinated by a small but highly effective NGO, the National Group on Homeworking (NGH), has over several decades sought to organise UK homeworkers and campaign for their labour rights. After persistent lobbying of the UK government and the EU, minimum wage and holiday pay rights were given to all UK 'workers', including homeworkers, most of whom are conveniently categorised as self-employed by the companies for which they work. However, poor framing of the 1999 UK regulations left a loophole whereby employers could not be prosecuted if homeworkers (or other piece-rate workers) received at least 80 per cent of the NMW. Even so, many homeworkers continued to be denied even this lower target. The NMW regulations are weakly enforced, with decisions taken on a case-by-case basis at industrial tribunals. One group of homeworkers has been fighting a four-year battle for back-payment of the NMW, supported by the Transport & General Workers Union (TGWU) and the NGH, but at the time of writing (December 2004) has yet to receive reimbursement for tax year 2000. Worse, homeworkers who have taken up claims of underpayment of the NMW frequently receive no further work, and are poorly placed to seek redress for such

victimisation because they lack formal contracts of employment. Paid holidays, to which homeworkers in the UK are entitled under the Working Time Regulations (1988), are rarely given to homeworkers, nor are the benefits (maternity leave, sick pay, pensions rights) which are afforded to workers in formal employment.

In this complicated scenario, the NGH, together with Oxfam GB and UK union organisations, sought to use company labour codes, under the auspices of the ETI Homework Project, to improve the situation of homeworkers in the UK and elsewhere, as the ETI Guidelines would apply to supply chains involving workers overseas as well as UK homeworkers. The most active unions were the National Union of Knitwear, Footwear & Apparel Trades (KFAT),<sup>1</sup> which represents UK garment workers, and the Trades Union Congress (TUC), through its New Unionism Project, an initiative to organise agency, part-time, and informal-sector workers. This experience has had mixed success, but from it a strategy is emerging whereby engagement with the corporate sector over company codes of conduct, underpinned by campaigning, is linked with advocacy for improved labour law. This strategy could become a model for global campaigning on labour rights.

### *The ETI Homework Project*

The ETI is a UK-based forum involving companies, trade unions, and NGOs, set up by DFID in 1997. Its remit is to learn about implementation of labour standards, which it does through projects or pilots with a geographical or thematic focus. The Homework Project (HP) was established in 2002 with the aim of developing and testing ETI guidelines on implementing labour standards with homeworkers, who are prevalent in many UK retail supply chains, especially knitted or embroidered clothing and furnishings, jewellery, and paper goods including crackers, an obligatory accessory at British meal tables during the Christmas period.

The starting point for the HP was that homeworking is acceptable, provided homeworkers enjoy all their entitlements under the ETI Base Code. This code, which is based on ILO core labour standards, commits member companies to ensuring that ‘obligations to employees under labour or social security laws and regulations arising from the regular employment relationship [are not] avoided through the use of . . . sub-contracting or homeworking arrangements’ (ETI Base Code 8.2). The HP sought to establish how the Code could be implemented to benefit, and not exclude, homeworkers in UK retail supply chains. The ETI has a ‘continuous improvement’ approach, whereby conditions should be progressively improved. Key areas were identified as wages—specifically that piecework rates should be equivalent to the NMW—and security of employment. The guidelines would be tested with homeworkers assembling Christmas crackers in the UK and also in India, with homeworkers producing jewellery and embroidered garments and homeware.<sup>2</sup> Learning from the trial implementation of the draft guidelines in both sectors would be fed into the final version.

### *A sector-wide approach—UK Christmas cracker production*

The UK cracker sector was chosen for testing the homework guidelines partly because it comprises only a dozen manufacturers, of which four produce the bulk of the crackers sold by ETI retailers. This offered the opportunity to test a ‘sector-wide approach’, where retailers would collectively pressure suppliers to raise conditions across the sector. To ensure a level playing field, industry-wide piece-rates equivalent to the NMW hourly rate would be set through time-and-motion studies. Getting a ‘critical mass’ of companies on board—both retailers and suppliers—was essential. It was hoped that the participation of the UK’s largest retailers of crackers would reduce the competitive pressure that would otherwise undermine the

competitiveness of any supplier raising labour standards. The principal manufacturers would be able to improve conditions, as ETI retailer-members were committed to maintaining their orders to suppliers within the HP, even if achieving the standards of the ETI Base Code required raising the wholesale price of the product. ETI member companies sign up to an obligation that '[n]egotiations with suppliers shall take into account the costs of observing the code' (ETI Principle of Implementation 5.1). The union and NGOs wished to show that such a sector-wide approach could be feasible through the ETI, which includes most large retailing chains operating in the UK. The combined turnover of ETI retail members exceeds £100 billion a year (approximately €150 billion), representing a sizeable chunk of the UK retail sector,<sup>3</sup> and the participation of up to a dozen major retail chains<sup>4</sup> in the HP gave every appearance that a critical mass of the sector had been achieved.

Negotiations over the draft guidelines between companies, NGOs, and unions are ongoing, and unions and NGOs were keen that these should clearly set out the responsibilities of retailers, as the most influential actors in the value chain. For instance, the guidelines detail their responsibilities to manage their supply chains in a way that does not prejudice homeworkers, and direct orders towards suppliers that are meeting or seeking to attain ETI Base Code standards for homeworkers. The likelihood that meeting the Base Code will increase the product cost beyond what can be absorbed by the suppliers (as a result of the distance between homeworkers' actual conditions and the ETI Base Code) is also made explicit. However, the logical sequence—the willingness of companies to allow an increase in product price, in fulfilment of their ETI commitments (ETI Principle of Implementation 5.1)—continues to be a point of contention at the time of writing (December 2004).

### *Made at home: rights and respect for the UK Homeworker Campaign*

Unions and NGOs agreed early on in this process to campaign together on homeworkers' employment rights. This was the UK element of Oxfam International's *Stop Trading Away Our Rights* campaign, which calls on retailers to stop undermining their ethical codes and to integrate ethics into their business practices. Retailers' awareness of this campaign has been used to increase 'traction' in discussions with companies. The homeworkers' campaign has two targets, asking:

- retailers to integrate ethics into their purchasing practices; and
- the UK government for better enforcement of minimum wage and holiday laws, employee status for homeworkers, and ratification of ILO Convention 177 on Home Work.

Research was commissioned jointly by Oxfam GB, the NGH, and the TUC, based on the experience of implementing the ETI Base Code in the UK cracker sector, and published in a joint report entitled 'Made at Home: British Homeworkers in Global Supply Chains' (Hocking and Wilding 2004). The campaign calls on retailers to integrate ethics into purchasing practices by implementing ETI Homework Guidelines in their supply chains, including the specific purchasing and implementation practices identified during the HP required to ensure that homeworkers benefit. At the same time, it calls on the UK government to enforce homeworkers' existing rights to the NMW and paid holidays; and to ratify the ILO Convention on Home Work, which would entail giving homeworkers employee status, among other entitlements. Strengthened enforcement is proposed through the simple measure of fines for companies which breach NMW law. This sanction exists but is not used, and there is currently no real penalty for non-compliance except for payment of arrears, which is hardly a disincentive to law breaking.

Plans for public campaigning were informed by the experience of the Clothing and Footwear Union of Australia (TCFUA) in its 'Fair Wear' campaign for homeworkers' rights. 'Homeworkers World Wide', a DFID-funded project looking at homeworking globally, facilitated a September 2003 visit to the UK by TCFUA campaigner Annie Delaney, and this helped win union support. Materials were produced by the TUC to inform homeworkers of their rights and to prepare union officials and lay representatives on homeworking issues. The close cooperation between NGOs and unions within the campaign is in itself a great achievement, and owes much to the vision and enthusiasm of the organisations involved.

## An integrated labour rights strategy

The labour rights strategy developed jointly between the unions and NGOs integrates *engagement with companies*, both through the ETI and in private discussions, on their implementation of ethical codes, *advocacy* aimed at government to strengthen legislation, *public campaigning* to back up both activities, and finally *organisation* of homeworkers to achieve their rights. The strategy is built around an explicit model of how change could be achieved in both company practices and legislation.

### *The change model*

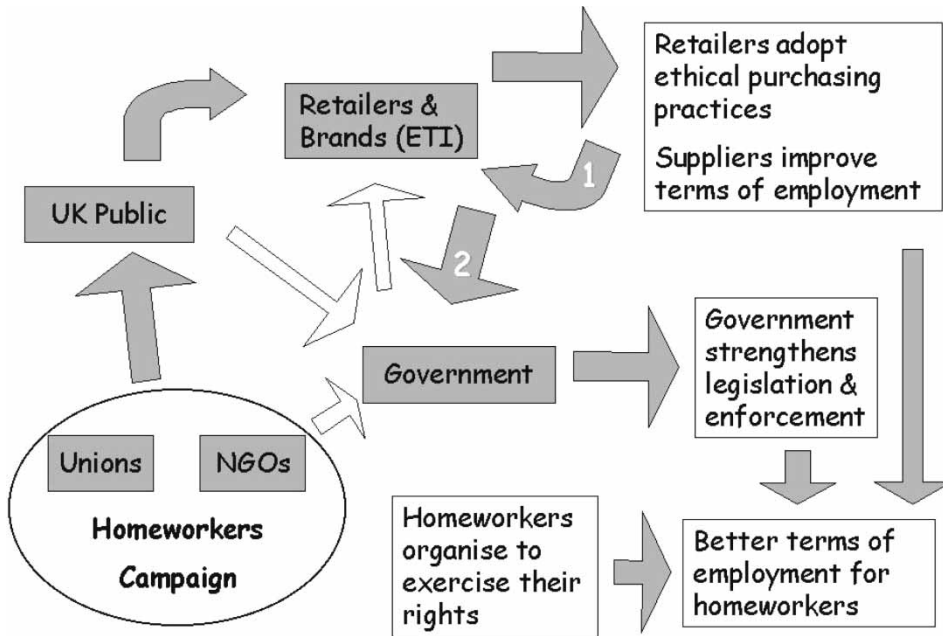
A major weakness of many campaigns and corporate-sector advocacy is the lack of leverage to secure sustainable change. The strategy adopted in this change model has three hypotheses about how change can be effected:

- the value of brands offers opportunities to leverage change in company practices;
- companies with better practice will seek a level playing field with their competitors;
- good company practice is a precursor to extending legislation.

This change model is plotted as an influencing map in Figure 1, in which the actors' degree of influence in achieving the outcomes is indicated by the size of arrows, and the principal points of leverage of the campaign are shown through shading. Explicit in the overall strategy are actions to support the organisation of homeworkers to empower them to exercise their rights.

### *The value of brands—a lever for change*

Upwards of 60 per cent of the monetary value of a brand-name company may be held within the company brand and the reputation for quality, service, and values it embodies. For example, during the 1998 Nestlé takeover of Rowntree, a UK confectionery maker, 82 per cent of the latter company's value was held to reside in its brand (Roberts 2004). Brands are slow to build, but can be rapidly damaged, especially by behaviour which goes against the company's declared or implicit values, including supply-chain abuses and product safety scares.<sup>5</sup> Companies invest substantial resources to build their brand identity, not only through advertising but also by establishing a reputation for product quality and how they do business. This creates opportunities for civil society to leverage change in corporate practices through campaigns, or indeed the threat of campaigns, and the resulting negative media coverage focusing upon labour and environmental conditions in the supply chain. Brand-name companies are therefore susceptible to public pressure to improve conditions in their supply chains, in this case through public concern generated by the Made at Home campaign.



**Key**

- 1 ETI companies that have adopted ethical practices pressure other ETI members to follow suit, maintaining a level playing field between ETI companies.
- 2 Companies with better ethical practice support stronger legislation to reduce disadvantage from their less ethical competitors.

**Figure 1:** UK Homeworker Campaign strategy—change model/influence map

The intention of NGOs and unions to campaign on homeworking was made clear both within the forum of the ETI and in informal discussions with companies, which sought to build consensus around the need for ‘levelling-up’ standards across the sector, both by concerted action within the HP and through legislation. Support in keeping other companies on board was sought from more sensitive and responsible companies, many of whose brands are synonymous with good labour standards and who would therefore have much to lose from negative campaigning.

*The level playing field*

The UK retail market leaders, having agreed within the HP to pay the NMW to UK homeworkers in their supply chains, manifested interest that this should apply to other retailers in order to prevent competitors gaining advantage. For the same reasons, the cracker manufacturers supplying them were keen that their competitors’ suppliers should be subject to the same requirements. A dynamic was established that favoured a ‘level playing field’, which helped keep both retailers and manufacturers on board, albeit imperfectly. Most significantly, it motivated the retailers en bloc to support advocacy of the government by unions and NGOs on homeworkers’ labour rights.

### *Gaining corporate-sector support for better labour legislation*

Thus it was that the UK's principal supermarket and retail chains endorsed NGH/TUC submissions calling for a reformulation of the NMW regulations to ensure that piecework rates for homeworkers were at least equivalent to the NMW. The Department of Trade and Industry (DTI) official leading on the NMW stated (personal communication) that receiving a single position from unions, NGOs, and companies was influential in its decision to adopt the union/NGO position. It is understood that winning the support of, or at least neutralising the opposition from, sections of the corporate sector is an essential precursor to any advances in labour legislation. Certainly this de facto strategy of 'levelling-up' standards has been a feature in the long history of legislation on workplace health and safety, which has revolved around expectations of what the best companies are able to achieve at any time, rather than imposing improvements to standards that might be ideal for workers' health.

### **The outcomes—significant gains and setbacks**

In 2004, the UK government announced changes to the NMW regulations, establishing the right of homeworkers and other piece-rate workers to the full NMW from October that year. There are various estimates of the impact of this modest change in the law. The government's regulatory impact assessment was that the incomes of 170,000 homeworkers would be increased by around 20 per cent, equivalent to £3000 per person each year (Lords Hansard 23 March 2004), totalling an annual £500 million (about €740 million). However, the invisibility of homeworkers means that governments consistently underestimate the scale of homeworking and the degree of underpayment, and NGH figures (quoted above) are widely accepted as more accurate. In either case, this amendment to the NMW regulations has enormous potential impact, putting between £0.5 billion and £1 billion per year into the pockets of the UK's one million homeworkers—a significant boost to the livelihoods of women from poor and ethnic minority communities. This, of course, depends on the enforcement of legislation, and may be expected to be offset by job losses, given that the low cost of labour is one of the main reasons for employing homeworkers, alongside their flexibility. Nevertheless, the change in legislation is a very positive outcome, in large part attributable to the coordination between unions and NGOs and the strategy of getting support, through the ETI, from companies professing ethical values. There has also been a cultural change in attitudes about homeworking, with companies and trade unions seeing homeworking as an acceptable form of employment.

In other respects, the HP has had mixed results, especially the implementation of the draft Homeworking Guidelines in the UK. Suppliers implemented several measures that did not have financial implications, including better information for homeworkers about piece-rates, and health and safety assessments. Granting homeworkers the NMW was a harder proposition, as this would put up the price of the product. Several major retail chains initially indicated they would absorb any extra costs involved in paying the NMW to UK homeworkers, at least in 2004 (though it appears that none in fact did so). This would have represented a significant step forward in terms of a purchasing decision in which ethical considerations predominated over commercial ones, and would have been a rehearsal for the integration of ethics into purchasing practices as called for by Oxfam GB and its union and NGO allies. However, the retailers' commitment waned tangibly after one major supermarket switched its crackers production to a factory in China, in breach of its ETI commitments and of the draft guidelines. Spurred by the fear of losing market share, four or five smaller retailers followed suit, some alleging they

had already intended to source from China, others that as small operators they were forced to follow the market leaders. The 'level playing field' agreement had been broken, and while a couple of retailers continued to hold to their principles, by July 2004 only one ETI member (an NGO) was sourcing crackers made by UK homeworkers,<sup>6</sup> and the project was wound up (Brown 2004). Instead of winning better pay, homeworkers had lost their livelihoods.

## **A campaign for change in company practices and better labour rights**

The NGOs and unions never imagined that it would be easy to achieve homeworkers' rights, and hence from the outset were planning a joint campaign under the strap-line 'Made at Home, rights and respect for UK homeworkers'. Public campaigning, aimed at consumers, was launched to coincide with the 2004 Christmas shopping season. For diverse reasons, neither the unions nor Oxfam GB participated in the public campaign. The campaign does not call for a boycott of unethical retailers, nor does it ask consumers to 'pay more', a demand which is as unlikely to succeed as previous NGO calls for companies to make lower profits. Instead, the campaign seeks to harness brand-name sensitivity to consumer pressure. Retailers have stated (personal communication, Ethical Purchasing Manager of a major retail chain, 2003) that they will respond even to a relatively low level of public concern. Half a dozen e-mails a week will put an issue on a supermarket's agenda, in contrast to the thousands of postcards needed to influence a government agenda.

The plan had been to recognise and name retailers that behaved ethically within the HP and associate negative messages with the brands of the retailers that did not, using tactics pioneered in the TCFUA campaign for homeworkers' rights. The collapse of the ETI work on crackers made the campaign harder to target. There was no retailer that could be praised for its good practice, while much of the evidence against less ethical companies had been gained through the HP, and could not be made public, much less used in campaigns, under existing ETI confidentiality rules. A campaign aimed at the entire retail sector would dilute impact and would not deliver the brand association. For better or worse, the UK's four major supermarkets were targeted. Public actions encouraged consumers to ask retailers what measures they were taking to protect homeworkers' livelihoods and respect their rights. Behind the scenes, these retailers are being pressured to integrate ethics into purchasing mechanisms and to implement the Homeworker Guidelines in their supply chains. This compromise targets one company, which had long stopped using homeworkers in cracker production, and creates no particular sanction for the retailer that first broke ranks within the HP. ETI retailers may potentially feel aggrieved that retailers outside the ETI and with even worse supply-chain conditions are not targeted. With this mixed message to both consumers and companies, it remains to be seen whether the campaign will deliver sufficient leverage to change company practice. However, as a signal of the return of campaigning on labour issues, it may help to put ethical issues back on company agendas. Ongoing lobbying of retailers through the ETI, and behind the scenes with the four named retailers, will pressure companies to integrate ethics into their purchasing practices and implement the Guidelines in their supply chains.

The NGH/union allies were hoping to influence a government review of the employment status of homeworkers set for November 2004, and at the time of writing (December 2004) planned again to seek the support of ETI member companies in their advocacy. In the longer term, the package of rights that homeworkers would gain under ratification of the ILO Home Work Convention will have serious cost implications. Companies have great influence with government policy makers, and might be expected to frustrate moves towards stronger enforcement and extending rights to homeworkers. Winning the support of the ETI retailers and brands will be key to reducing corporate-sector opposition to these measures.

### *The challenges*

The switching of sourcing by retailers in the HP resulted in several hundred homeworkers losing their livelihoods in 2004. The view is widely held among retailers and within the crackers industry that the move of production to China would have happened in any case, and some suppliers had been subcontracting manufacture there for years. Nevertheless, the unions and NGOs were distressed, to say the least, apparently to have accelerated this trend. When the amended NMW regulations come into force, further job losses of homeworkers in the cracker and other sectors may follow. The fluidity of product sourcing in a globalised market means that any attempt to raise standards in one country may have similar effects, and there are no easy answers to this, except to reinforce the importance of an internationalist perspective on the part of unions and NGOs.

Winning employment status would confer redundancy rights on homeworkers, which could help mitigate negative impacts and deter flighty behaviour by manufacturers currently employing homeworkers by increasing their exit costs. It is expected that some sectors will be badly affected by the rising costs of giving homeworkers equitable work rights and conditions. However, homeworkers will still be needed in the UK for the foreseeable future, both for the finishing, packing, and assembly of products imported in bulk from low-cost production zones, and as a flexible production facility which is based nearer in space and time to European product markets.

### Lessons learned and conclusions

Raising labour standards in the informal employment sector will always be a challenge, especially where poor standards and precarious employment are built into the product price—as in the case of crackers, in which labour costs account for a large part of the product price.<sup>7</sup> In such a context, market forces will quickly tend to undermine attempts to raise conditions in the absence of other mechanisms. In this situation, strategies built around the implementation of company codes through multi-stakeholder initiatives like the ETI can be used to reduce downward market pressures and will add to the likelihood of success, especially if used to create opportunities for workers to organise to achieve the rights that are embodied within these codes.

However, as the experiences described above demonstrate, raising informal labour conditions to ILO minimum standards may imply increases in production costs that are beyond what suppliers can absorb. To date, retailers have expected code implementation to be largely cost free. Audits (often financed by the supplier) point out instances of ‘non-compliance’, which are the suppliers’ responsibility to remedy. The learning that should be taken away from the HP, however, is not that it is impossible to improve homeworkers’ conditions, or that voluntary codes will fail, but that homeworkers will suffer from insensitive code implementation if companies act in an unethical manner and do not implement their own ethical policies. ETI Principle of Implementation 5.1 clearly obliges member companies to factor the cost of raising standards into price negotiations with suppliers. Yet few ETI retailers in 2003 had any mechanism to direct sourcing towards ethical suppliers if these were more expensive (personal communications with Ethical Purchasing Managers of eight ETI retailer and brand-name sourcing companies, September–December 2003), let alone to negotiate an *increase* in buying price.

The conclusion from the experience of the ETI Homework Project (and others) is that voluntary codes do not offer strong enough incentives for companies to adopt purchasing decisions

that are guided by ethical considerations where these conflict with commercial goals, especially in the present deflationary retail environment.<sup>8</sup> The collapse of the cracker 'work-stream' in the HP has shaken the credibility of the ETI among NGOs and unions. Sanctions are clearly needed to deter unethical behaviour or inaction by participating companies, but the voluntary nature of ETI membership limits its ability to impose them. One avenue being pursued by some disenfranchised unions and NGOs is making confidentiality within the ETI dependent upon companies meeting their commitments.

For the time being, the threat of negative campaigning and media attention will continue to be an essential element to pressure companies to adopt and maintain ethical purchasing mechanisms—otherwise more immediate commercial drivers (margins and market share) will tend to prevail. But the likelihood of detection has to be real, and the penalties need to outweigh the advantage gained by unethical purchasing. In the absence of a legal obligation in the foreseeable future, the asset through which campaigners can exert leverage on companies is the company brand, and its increasing importance and economic value within the present global trading model. The objective of NGO campaigning should be to persuade companies to factor into their sourcing strategies any potential brand damage that might result from poor supply-chain conditions and subsequent negative exposure. The threat of exposure over supply-chain conditions needs to be real if companies are to bring the absence of brand damage into their cost comparisons between ethical suppliers and their cheaper competitors. This does not mean that every company needs to be targeted, as campaigns against the worst offenders discourage the rest. Wise companies seek to avoid the attention focused on Gap for its historical low supply-chain standards, and the resulting reputation among consumers, which it is still struggling to shake off. Such campaigns need to be accompanied by influencing work and an engagement with companies that recognises the constraints under which they operate, and a more sophisticated analysis by NGOs, especially of the dynamics of the market and how these affect companies' room for manoeuvre.

Mechanisms to increase the transparency of supply-chain conditions and the accountability for ethical behaviour or otherwise of companies would increase the sustainability of this approach. There have been vigorous discussions within the ETI about how to increase transparency and accountability on labour standards, and socially responsible investors are calling for statutory declaration of supply-chain risks in company accounts. The latter would be more feasible if it had the support of companies which, as members of the ETI or other voluntary initiatives, and through conviction or coercion, were already more transparent about conditions in their supply chains.

There has been a long-standing debate among NGOs working on labour rights between those who support the adoption of company codes and those who favour legislation as a means of improving workers' rights. Increasingly, this is seen as a false dichotomy (Compa 2004). The implementation of company codes delivers immediate impact (as can be witnessed from company reports to the ETI) but should also be seen in the context of wider labour-rights strategies. The UK homemaker experience shows that changes in company *practice* (won through code implementation and/or campaigning) can win company support for improved legislation, which eventually widens the ambit and sustainability of such changes. The same mechanisms that helped the union/NGO alliance to win more effective labour laws in the UK in this instance are equally applicable to developing countries. Here again, the history of workplace standards on health and safety offers a precedent. Transnational companies that observe comparable standards across their operations (often in response to international trade union pressure) will operate above the legal minimum in countries with less stringent legal standards, helping to generate higher expectations of practice in those countries, and eventually giving rise to advances in legislation, as was seen, for example, in the levelling-up of UK

occupational-exposure standards during the 1980s to match the more stringent limits set in the USA.

Clearly, ILO Conventions are an important factor in setting international norms and standards, increasing the pressure and setting the rights-based agenda that underpin national lobbying. Homeworkers' organisations in India and globally campaigned for the ILO to adopt the Home Work Convention 177, which it did in 1996. This Convention, which has to date been ratified by only four countries—Albania, Finland, Iceland, and Ireland—legitimises global improvements in homeworkers' conditions; but labour legislation is by nature national and ratification has to be won country by country. Likewise, an EU Directive on homeworking will become a more realistic goal once a critical mass of member countries has passed national legislation protecting homeworkers.

The ILO's current focus on informal workers is helping to change union attitudes about the rights of homeworkers and other workers denied normal employment rights and benefits. Even in the UK, the union movement has traditionally perceived these workers to be a threat to unionised, in-house employment, warranting exclusion from supply chains, rather than regarding them as an exploited group that unions should seek to represent. Such attitudes, which are still to be found in some union quarters, have impeded both the representation and organisation of homeworkers and the defence of the rights of those workers with full employment rights. But like the TCFUA, unions such as KFAT have recognised that by championing the cause of homeworkers they also help protect the conditions of their members in formal employment. The New Unionism Project is helping to change attitudes towards homeworkers and other so-called 'atypical' workers among TUC affiliates. And credit is due to the UK unions and the TUC for working closely with NGOs, a relatively rare phenomenon worldwide.

Finally, campaigning by civil society organisations will be more effective within a strategy whereby the heat and light generated by their efforts is converted into sustainable change in policy and practice. The case study described in this article offers a vision of what effective, integrated strategies will look like. Successful labour-rights strategies will involve building alliances with unions and alliances, albeit of a different nature (e.g. through forums like the ETI), with companies. This requires NGOs to develop policy positions jointly with union allies, which must be reflected in timescales for planning and implementing campaigns. It also means trying to understand the environment in which companies operate and seeking to create consensus among those that have ethical aspirations, both to reduce the risk of their breaking away and to build a constituency around the need for better company practices and stronger legal standards. Forums like the ETI will continue to be useful for interaction with companies, just as campaigning will continue to be a necessary complement to engagement in relation to company codes of conduct.

Building such strategies demands that NGOs develop a careful analysis of the position of key union and company stakeholders, the market forces which drive company behaviour, and a greater understanding of how changes in practice are not only worthwhile per se but can be a precursor for better legal standards. Using the change model described in this article will increase the effectiveness of engagement with the corporate sector and of NGO and union campaigns on labour rights. The impact on poverty of raising labour standards is so great that doing so should be a priority for international development NGOs, despite competing demands. NGOs that support labour-rights programmes, including many OI affiliates, are well placed to act as interlocutors between (mainly Southern) workers and smallholder farmers in the supply chains of (mainly Northern) brand-name companies, and above all to facilitate the kinds of effective, integrated strategies described above. Despite the setbacks, such strategies have made a substantial impact on poverty in the UK, and playing such a role is one of the most effective uses NGOs can make of their scarce resources.

## Disclaimer

The views, findings, interpretations, and conclusions expressed in this paper are entirely those of the author and should not be attributed in any manner to the organisations originally or currently involved in the ETI Homework Project, or to Oxfam GB.

## Notes

- 1 KFAT has since changed its name to Community, after a merger with the steelworkers' union ISTC.
- 2 The implementation of the ETI Homeworking Guidelines in India will be also be informed by the experience of the UK trials. NGOs and unions are seeking written commitments from retailers as a precondition of implementation. Other approaches are under consideration, notably asking retailers to direct orders towards an approved list of participating suppliers that are willing to raise homeworkers' conditions.
- 3 While the ETI has no figures on the proportion of the UK retail market represented by ETI member companies, it estimates that roughly 80 per cent of UK retail food sales are through ETI members (personal communication, Dan Rees, ETI Director, 29 June 2004).
- 4 The following UK retailers participated in the Homework Project: ASDA, The Body Shop, Boots, Co-op, Debenhams, Sainsbury's, Safeway, Littlewoods (which withdrew from the ETI), Marks & Spencer, Monsoon/Accessorize, Next, Oxfam Trading, Tesco, Traidcraft, and WH Smith (Brown 2004).
- 5 For example, in 1990, Perrier incurred a loss of brand value as a result of contamination of bottled water with benzene, requiring £84 million for the repositioning of the product, plus a £125 million price reduction when the drinks division was sold off (Gream 2004).
- 6 This retailer made payment of the NMW and production by homeworkers part of the contractual obligations with its supplier.
- 7 One of the frustrations of the ETI Homeworking Group was the lack of transparency by retailers and suppliers over the breakdown of production costs. It is understood that labour accounts for 10 per cent of the wholesale cost of a typical cracker, but would double if NMW and holiday pay were respected, increasing the wholesale price by roughly 10 per cent.
- 8 In addition to the current expectation of falling retail and wholesale prices, over the course of the ETI Homework Project several companies were affected by takeovers, profits crises, and subsequent down-sizing, all of which inevitably reduced the capacity and influence of their ethical purchasing teams.

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