



## THE TIMES 100

### BUSINESS CASE STUDIES



## External stakeholders - Primark

Being ethical means doing the right thing. For example, ethical companies provide fair working conditions for their employees, and build fair relationships with suppliers. For Primark, acting ethically means taking care of its people, being a good neighbour, respecting human rights and engaging with stakeholders. Stakeholders are individuals, groups and organisations that have an interest in the decisions and actions of a particular business. Stakeholder engagement is the process of creating communication channels that enable stakeholders to be informed about and, in some cases, influence decision-making processes. Primark uses a variety of methods to engage with its different external stakeholder groups such as suppliers, customers, trade unions, civil society groups and the communities in which the business operates. Primark understands that different stakeholder groups have different needs and expectations.

**Trade unions and civil society groups** - Primark works with a variety of civil society groups and trade unions around the world. These organisations share a common goal of protecting the rights of workers. Two key organisations that Primark works with are the Ethical Trading Initiative (ETI) and the International Labour Organisation's Better Work programme. Primark has been a member of the ETI since 2006. It works to improve the lives of people working in supply chains across the globe. Primark joined the Better Work Partnership in 2010. This is a major international partnership set up by the UN's International Labour Organisation to improve labour practices across the globe. This partnership aims to ensure that there is adherence to international standards, such as a ban on any use of child or forced labour, limits on the number of hours in the working week and proper leave entitlements.

**Workers and communities** - Primark sources its products from countries like China and India, which are world leaders in garment manufacture. In 2010 Primark engaged in a long-term programme to improve working conditions and wages in China. The aim is to make sure that every worker has a living wage. This is a wage that is high enough to meet all of the basic needs of an adult and their family and to provide some additional income on top. Primark is also engaged in some wider community initiatives. In India, Primark is working with a NGO to address some of the challenges facing people in communities where the company sources its products. It provides education on a wide range of topics such as the rights of women, safety at work, labour laws, preventing HIV and AIDs and the role of organisations such as the ETI and ILO. In Bangladesh, Primark is working in partnership with Business for Social Responsibility and the Awaj Foundation. Together they are supporting health care initiatives for women. These provide advice on how to recognise and treat common health conditions, such as anaemia (lack of red blood cells) and how to look after their health when they are pregnant.

**Customers** - Without customers retail businesses cannot exist. All businesses must understand and respond to the needs of their customers. Primark's key strength is providing fashion-conscious consumers with affordable fashion. Unlike many high street brands, Primark does not have a large advertising and marketing budget. Instead it relies on customers to talk about its products and its business. Primark's reputation is an important business asset so Primark must respond to its customers' concerns as well as their needs. This is why Primark is not simply committed to giving customers the best value for money; it actively seeks to meet their concerns about ethical trading. Primark's dedication to ethical practices is demonstrated through its dedicated ethical trading website. This is a key channel of communication to its customers.



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## **BUSINESS CASE STUDIES**

### **Questions**

1. What is a stakeholder?

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2. Give examples of some of Primark's external stakeholders.

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3. Explain the objectives of the trade unions and civil society groups with which Primark works.

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4. Analyse why providing information about Primark's ethical behaviour is important for the future of the firm.

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### **Task**

Create a poster showing the different stakeholders of a business and their expectations of the organisation.

### **What have you learned?**

In exactly eleven words, explain something you have learned in this session about external stakeholders.