

## THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON:

RED FLAG NO.



11

RED FLAGS IN THE VALUE CHAIN

Speed in developing products or services, or delivering projects, such that excessive pressures are placed on workers or consumer safety is compromised.

- Such as:**
- Setting extremely abridged timelines for product development in order to meet launch dates or to be first to market, for example, when undertaking rapid product development in the tech sector, leading to workers working excessive hours
  - Requiring excessive speeds for the manufacture or processing of goods such as meat & poultry or other fast-moving consumer goods, impacting the safety or other working conditions of workers
  - Requiring speed from workers to meet commitments made to clients, such as providing round-the-clock responsiveness to client requests in legal advice, management consultancy or other client services, affecting the family life of workers
  - Providing or changing orders to suppliers with insufficient lead time for capacity planning, impacting the health, safety and wages of supply chain workers
  - Placing excessive pressure on suppliers for speed in production in the lead up to events, or to meet seasonal demand, such as in the harvesting of seasonal agricultural commodities, exacerbated by changing climate conditions, such as extreme heat
  - Expediting R&D for new or updated products/services to market, leaving insufficient time to test for potential impacts on users/customers
  - Delivering construction projects with unattainable schedules or particularly inflexible deadlines (e.g. associated with large sporting events or rapid expansion of renewable energy capacity)
  - Rushing minerals to market to meet decarbonization - or digital transformation - related demand without regard to the conditions faced by supply chain workers.



### HIGHER-RISK SECTORS:

- Apparel
- Companies with labor-intensive production lines, such as beef, pork and poultry processing plants
- Mining of high-demand or "critical" minerals, such as cobalt, lithium or copper
- Tech, including start-ups pursuing rapid growth
- Fast-moving consumer goods, including those reliant on agricultural inputs
- Food and beverage companies, including those reliant on agricultural inputs
- Toy companies
- Law firms
- Management consultants, PR firms, advertising agencies, accounting firms and other client services industries
- Construction, including in the context of: (i) particularly time-bound projects such as mega sporting events, and; (ii) rapid expansion plans, such as for renewable energy capacity

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KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED:

- How does the company understand whether and to what extent the incorporation of speed in the value proposition impacts the human rights of workers, suppliers or other business partners?
- How does the company ensure that demands for speed in the R&D process leave sufficient time for considering and mitigating potential unintended impacts on customers/end users?

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### RISKS TO PEOPLE

Speed is a key element of the value proposition and value chain in many business models. For some, speed is “transformative for how a business operates” as “in today’s business environment, companies have to see value and quickly.” Speed in product innovation, speed to market, speed in delivery, speed in the preparation of targeted marketing campaigns that react to cultural events: the importance of speed as a competitive advantage is said to be increasing, with commentators stating that “with the pace at which society progresses, companies have to do whatever it takes to stay relevant.”

Demands for speed in the business model become problematic from a rights perspective when they are absorbed in ways that place undue pressure on vulnerable people in the company’s operations and value chain. Demands for speed can have effects across the value chain, often on the **most vulnerable people** – such as young workers; factory workers, including migrant workers and women workers; and small-holder farmers. Some examples of impacts are below, with impacts on workers’ *right to health, right to just and favorable conditions of work (including rest, leisure and adequate limitation of working hours), right to a family life, and in some cases where excessive hours are demanded, right to fair wages or right to a living wage* for hours worked.

- **Client Services and Financial Firms** may promise delivery of services to clients in ways that place undue pressure on workers, often at a junior level in the organization, leading to excessive hours and/or round-the-clock availability with resulting risks to physical and mental health. This is exacerbated when factors such as the high price of services and/or representations by partners in the firm to clients, create an understanding that the firm will respond to client demands immediately at all hours.
- **Tech Companies** for which providing the “latest” updates or functionality is a key part of the value proposition, or tech start-ups with a “grow fast or die” mindset, pursuing “hockey-stick growth”, can “burn through employees” as workers become mentally or physically unable to maintain the work-levels expected.
- For **production line** jobs, intense pressure to keep up with production can risk injury and debilitating illness.
  - In 2019 Human Rights Watch reported high rates of serious injury and chronic illness among workers at chicken, hog, and cattle slaughtering and processing plants; interviews with workers found that “nearly all the interviewed workers identified production speed as the factor that made their job dangerous.” Advocacy organizations in the US have expressed concern about risks increasing as the “government has also proposed regulations that would bring in new inspection systems and eliminate caps on slaughter line speeds.”
- For **apparel** companies or **FMCG** companies speed of product innovation and delivery may be a key element of the value proposition and be reflected in purchasing practices. If not addressed through effective mitigation measures, this can adversely impact the health, safety

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### RISKS TO PEOPLE

and/or income of workers at various tiers of the supply chain as the pressure ripples throughout the value chain. For example:

- Supply chain factories given short lead times can feel obliged to require workers to work unreasonable hours, or to discriminate against pregnant workers on the basis that they cannot meet such demands. (See also red flag 1).
- Logistics providers and fulfillment centers can impose unreasonable deadlines or schedules. (See also red flag 2), while disregarding health and safety considerations of workers.
- Factories producing seasonal products, such as Christmas toys, can result in excessive overtime and poor working conditions for workers.
- Farmers or others working at the level of cultivating raw materials can face sudden and unmeetable demands for increased supply.
- The climate crisis can be expected to further exacerbate such issues where value chain workers are susceptible to climate conditions, such as heat, water availability or extreme weather events. This can create impacts, for example, to agricultural workers in the supply chains of fast-moving consumer goods companies. Already between 2000 and 2015, there has been a loss in productivity related to outdoor work due to increasing incidence of heat stress. Failure to adapt speed expectations to increasing global temperatures and other physical climate impacts can have detrimental health and safety impacts for supply chain workers and small-holder farmers, as well as productivity.
- In the construction industry, “one of the most concerning consequences of prioritizing speed is the increased risk to worker safety”. Rushing through tasks often results in overlooked safety protocols, insufficient site inspections, and incomplete hazard assessments. Workers are more likely to skip essential safety measures or use improper tools and equipment when deadlines are looming. There are several contexts in which this construction phenomenon has been observed, perhaps most notably with respect to the “extreme pressure that often characterizes the construction phase prior to mega sporting events”. For example, in 2016 the Guardian reported that the Chief Inspector of Labor Conditions for the 2016 Rio Olympic Games had criticized the organizers of the Rio Olympics at a memorial service for 11 workers killed on construction projects, stating that “rushed construction caused by delays and poor planning was the primary factor in the high number of fatalities on Games-related infrastructure projects.”
- Other examples in the construction industry include ambitious timelines for renewable energy development and deployment in response to global or national climate change objectives, which have knock-on implications for the living and working conditions of workers.

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For example, Gulf Cooperation Council countries have committed to at least partial reliance on renewables by 2030, requiring a rapid expansion of renewable energy projects. A recent report has highlighted that migrant workers are particularly at risk as a result of this rapid expansion. Cases of “egregious recruitment, working and living conditions” have been reported by construction workers, as well as emerging evidence of forced labor, withholding of worker identity documents and prohibition on changing employers.

- Mining companies looking to get critical minerals to market as quickly as possible to satisfy market demand for clean energy transition and digital transformation risk severe environmental, health, and social consequences for workers and communities. In places where artisanal mining is widespread and/or labor standards are low, working conditions can be harsh and exploitative – low wages and excessive working hours in dangerous work environments - and there is often widespread child labor, such as cobalt mining in the Democratic Republic of Congo or lithium mining in Nigeria. Further, the race to secure these minerals is also driving unchecked toxic pollution with severe health repercussions for communities living near mine sites.

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### RISKS TO THE BUSINESS

#### Financial, Reputational and Business Continuity Risks:

- Where taken to the extreme, speed of roll-outs has been noted as a factor in “tech product launch fail[ures].”
- Where workers reach the limits of their capacity to absorb demands for greater speed, continued demands risk injuring and/or alienating the workforce. Employees may resist through the only means available where appropriate avenues to discuss the impacts of speed are unavailable:
  - in the poultry processing industry, following injuries and unmet requests from workers to slow line speeds, “workers began jamming chicken bones into the machinery to stop the processing line. It was the only way they could get some relief from the frantic pace.” (See Southern Poverty Law Centre).
  - A group of Goldman Sachs junior bankers joined forces to develop a slide deck detailing extensive overwork, which circulated on social media and ultimately made headline news drawing attention to the grueling work culture of investment banking
- In instances where an industry’s reputation becomes synonymous with a speed-based business model, there is a risk of legal and regulatory action. For example, in 2021 the US Department of Agriculture issued a speed limit on hog slaughtering in the pork sector, as a result of a court ruling in favor of worker groups, which has financial implications for pork processing plants.

#### Reputational Risks:

- Where excessive speed is built into the business model, it can undermine sustainability efforts at the operational level. Moreover, increasingly savvy consumers, advocacy organizations and investors are looking beyond individual sustainability initiatives and programs and are quick to label them “greenwashing” if they perceive that the business model continues to increase the risk of negative impacts. A recent study of the five leading Spanish “fast-fashion” brands found that “many consumers perceive [sustainability] communication as greenwashing, resulting in negative impact on brands’ reputation.”
- The prefixes “fast” or “ultra-fast” have developed negative connotations when associated with products (and industries producing such products) due to concerns about both environmental impacts and impacts on supply chain workers, as well as community and worker health. In 2022, Greenpeace launched a campaign against Singapore-based online fashion brand SHEIN, which it argues “forces suppliers to deliver at breakneck speed” resulting in a “business model built around the exploitation of the environment and people”. SHEIN, which is “one of the major players driving the acceleration of ultra-fast fashion” has also been the subject of OECD National Contact Point complaints in Belgium and France, alleging violation of the OECD’s MNE guidelines, including with respect to poor working conditions in the company’s value chain driven by excessive demands resulting from product delivery turnaround times.

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### WHAT THE UN GUIDING PRINCIPLES SAY:

*\*For an explanation of how companies can be involved in human rights impacts, and their related responsibilities, see [here](#).*

Where a company demands excessive speed from its workers, it may **cause** impacts on their health, safety or other working conditions. The company may also **cause** impacts if products are unsafe due to excessive speed in R&D phases.

Where a company's purchasing practices create demands for speed in the supply chain, they may **contribute** to impacts caused by suppliers at different tiers in their chain, in their efforts to comply with these demands.



### POSSIBLE CONTRIBUTIONS TO THE SDGS:

Addressing impacts to people associated with this red flag can contribute to, inter alia:



#### SDG 8: Decent Work and Economic Growth, in particular

- **Target 8.8** on protecting, “labor rights and promot[ing] safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.”
- Engagement with the human dimensions of “fast” business models can have positive environmental impacts, and contribute to **Target 8.4**, “Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.”



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### DUE DILIGENCE LINES OF INQUIRY:

- Can we map where demands for speed are originating – both internally and externally to our business?
- How are demands for speed absorbed within our value chain and by whom? How do we know whether or to what extent those pressures are passed onto vulnerable workers in our value chain?
- How do we attempt to avoid or reduce such impacts and how do we know whether we are succeeding?
- What channels do we have for hearing concerns from our own workers, and workers in our value chain, related to any impacts from demands for speed, and to hear their views on how we could reduce these impacts? How do we know whether people feel able to use them?
- Do we involve internal human rights experts at the R&D stage to help identify potential risks to people from rapid product roll-outs and adaptations?



### MITIGATION EXAMPLES:

*\*Mitigation examples are current or historical examples for reference, but do not offer insight into their relative maturity or effectiveness.*

#### Speed in the Supply Chain

- Primark uses “off-season factory time for production [which] lengthens the lead time and helps a factory to plan their production more effectively and provides stable employment in typical low seasons.” This model may assist suppliers to manage fluctuating demand, including demands for speed from other buyers.

planning and extensive communication with workers. Simulation models have highlighted two critical success factors for safety management in construction operations: managing rework and schedule delays. See further [here](#).

#### Speed in Meeting Deadlines for Construction

- In the construction context, researchers studying strategies to counter the effects of schedule pressure highlight the importance of, for example, attainable schedules, proactive

#### Speed in client services or financial firms

- In response to public scrutiny of gruelling and unhealthy investment banking work culture, JPMorgan and Bank of America implemented measures to crack down on excessive working hours for junior bankers through work blackout periods, more rigorous tracking of work hours and imposing work limits of 80 hour/week.





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### ALTERNATIVE MODELS:

- In the tech world, some have called for alternative business models, particularly for start-ups, that reframe success as long-term or organic growth.
- Various “slow” movements have recognized the social and environmental advantages of reducing the speed imperative from the business model.
  - One example of a “slow fashion” business model is Slow and Steady Wins the Race is a US clothing collection that

creates classic garments and accessories made using simple, durable materials. The company introduces new styles at a regulated pace year-round, rather than the usual accelerated pace of the seasonal fashion schedule. Various other examples, including Patagonia and Boden, are detailed in the article “99 Sustainable Clothing Brands by budget.”



### OTHER TOOLS AND RESOURCES:

#### On Production Lines

- Human Rights Watch (2019) *When We're Dead and Buried, Our Bones Will Keep Hurting: Workers' Rights Under Threat in US Meat and Poultry Plants*.
- South Poverty Law Centre (2013) *Unsafe at These Speeds*.
- Oxfam America (2015) *Lives on the Line: The high human cost of cheap chicken*

#### On “Fast-Fashion” and supply chains

- *KnowTheChain* is a resource for companies and investors to understand and address forced labour risks within their supply chains.

- Center for Biological Diversity (2023) *At What Cost? Unravelling the Harms of the Fast Fashion Industry*
- Business and Human Rights Resource Centre (2024) *Shein, ultra-fast fashion and forced labour risks: Key issues for investors*

#### On the slow movement

- Good on you. (2023) *What is Slow Fashion?*
- *Slow Food* is a global movement of local groups and activists united by the common goal of ensuring everyone has access to good, clean and fair food.

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### OTHER TOOLS AND RESOURCES:

#### On Technology-based Start-ups

- Medium, Stanier (2019) Silicon Valley's Grow-or-Die Culture Is Costing Us: Startup founders must set a new tone instead of burning through their employees.

#### On Construction

- Industrial Safety and Hygiene News, Leemann (2016) Deadlines can erode safety and promote risk-taking: Summarizes studies on the identification and mitigation of impacts from demands for speed in construction.
- Buniya, M. et al. (2021) Barriers to safety program

implementation in the construction industry, Ain Shams Engineering Journal, Volume 12, Issue 1.

#### On Just Transition

- AIMprogress (2023) The Fast Moving Consumer Goods Sector and the Just Transition: The State of Play and the Road Ahead
- Business and Human Rights Resource Centre (2024) Rush to renewables: Toward migrant worker rights and a just energy transition in the Gulf

*Citation of research papers and other resources does not constitute an endorsement by Shift of their conclusions.*

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