

Rana Plaza, two years on

Davut Sidi-Sarfati

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The collapse of Rana Plaza on 24 April 2013 in Dhaka was one of the major collective crimes in the modern era due to human negligence, where 1,130 people died and many more were injured. The 8-story building, consisting of offices and mainly garment suppliers that produced for leading fast-fashion retailers, fell into pieces. The structure was known to be unsafe to inhabit industrial machines and thousands of laborers. This brings up the question of whether it was an ethical attempt to have these garments cheaply produced in such conditions, so that the Western world could enjoy fashion products at low costs. This article examines the ethical aspects of this event from two different viewpoints: respectively from a non-consequentialist and a consequentialist perspective.

Thousands of people made a living from working at Rana Plaza. Taking into account the poor socio-economic conditions in Bangladesh, it was crucial for the lower-class public to have a vocation that would help feeding their families. Thus, from a non-consequentialist view, one might argue the good will of the employers at Rana Plaza who provided these people with jobs. However, one should dig deeper into the concept and question the values intrinsic to the decision. This will enable us to become aware of the underlying reasons for the business owners' actions, which may not go further than pure financial interest. For the building owner and the employers at Rana Plaza, there would be extra costs related to improving safety standards; and from the buyers' side, it would be more costly to source such inventory from a more equipped supplier, meaning that the prices would rise due to increasing production costs that come along with corporate social responsibility compliance procedures. This situation can also be examined through Kant's theory of 'a priori moral laws'. According to this view, "humans are regarded as moral actors who make their own rational decisions regarding right or wrong" (Crane and Matten, 2010). Such an act would be regarded as 'wrong' based on universal norms, since a rational person would not be involved in such an evil act where the principles of his/her decision may lead to risking the lives of many innocent people.

Whilst a non-consequentialist perspective leaves some room for interpretation concerning the underlying principles of business managers' decisions, a consequentialist view would be more likely to lead to a definite conclusion on the topic. Knowing that the building could pose safety risks, the managers still insisted that the workers should go on to the premises and work, so that they would not fall behind the production schedule. This clearly points to the responsibility of fast-fashion companies, which allow very tight manufacturing lead-times to suppliers. The fact that garment manufacturing is a very labor-intensive sector, together with very low price targets set by the buyers, it becomes very challenging for suppliers to follow ethical norms. The price war set by corporations, who hold power over numerous suppliers in the sector, has a direct effect on how manufacturers shape their business model, quality of their products, and their ethical liabilities towards their stakeholders and the environment. Considering the dynamics of fast-fashion business, one can easily address the negligence of human rights and safety in return for profitability of corporations. This cycle only works in favor of certain individuals who manage and own these corporations. In other words, "the individual desires and interests are met" (Crane and Matten) when businesses make more and more profit. In this sense, one can also invoke the presence of egoism at a personal level.

Fast-fashion was first introduced as affordable fashion that is reachable by mid-level income consumers. At this stage, the approach was rather utilitarian as a lot of people enjoyed being fashionable. However, as the demand for such businesses increased, the core of these firms' strategies started to become increasingly more profit-concentrated, with bigger quantities requiring lower production prices. For instance, 'Inditex, the world's largest clothing retailer and owner of Zara, most recently recorded a 58-per cent gross margin — the excess of revenues over the cost of the goods it sold — according to Thomson Reuters data; Sweden's H&M Hennes and Mauritz AB had a margin of 55 percent.'" (Morris, 2013) This implies that these companies have enough margins to shrink their mark-ups, which will eventually reflect on the welfare of their suppliers.

In the aftermath of the collapse of Rana Plaza, many fast-fashion brands, such as Matalan, Primark, Walmart, Mango, Monsoon, and H&M “have contributed \$21.5m to the Rana Plaza Donors Trust Fund, which was set up to award compensation to victims and their families.” (Westervelt) On Primark’s website, the company even created a page merely for Rana Plaza victims and their families, stating that “Primark has worked with local partners in Bangladesh, to give short-term financial support and food aid to the victims and their families... also devised an approach to long-term compensation and been making payments over the last year.” (Primark.com) On the back of rigorous marketing efforts, companies like Primark achieved to rebrand themselves in the public eye. However, eventually, these attempts proved not to be very genuine after all. The reason is that Primark still does not require its suppliers to declare a specific production unit. This triggers many suppliers to use unlicensed manufacturing units where underage labor takes place and the sourcing is poorly managed. This situation also contradicts with Primark’s code of conduct declarations such as “child labor shall not be used, living wages are paid, working hours are not excessive, and working environment is safe and hygienic.” (Primark.com) On the other hand, companies like H&M and Inditex developed *Intranet* systems, where each supplier has to assign an approved production unit for each specific order so that the production units can be audited.

One of the companies whose name is repeatedly mentioned in the incident is Walmart. As the world’s leading retailer, one would expect Walmart to have safety and social responsibility measures taken care of prior to this disaster. Even after the incident, Walmart refused to sign *the Accord on Fire and Building Safety in Bangladesh*, which is an “independent, legally binding agreement between brands and trade unions designed to work towards a safe and healthy Bangladeshi Ready-Made Garment Industry.” (International Business Times UK) Instead, together with a number of other companies, Walmart founded the *Alliance for Bangladesh Worker Safety*, which was far less comprehensive compared to the *Accord on Fire and Building Safety in Bangladesh*. Furthermore, Walmart’s website states that the company did not have any production at Rana Plaza during the incident and that they still contributed to the BRAC fund “showing their positive impact on the global supply chain practices...” (Corporate.walmart.com) However, this statement also implies that the factory was amongst Walmart’s list of suppliers, meaning Rana Plaza received approval for production prior to the collapse of the building. In other words, Walmart not having any ongoing production at the time being was only a coincidence.

Through these arguments, it is seen that the core of these incidents are caused by financial reasons. What would rather be a utilitarian approach is to help these garment workers to work in better safety standards, and still have fast-fashion be enjoyed by mid-level income people. At first sight, this may seem like a trade-off between pay vs. fast-fashion, but in fact it is possible to achieve this through collaboration in the sector. For this, the Bangladeshi government should be willing to give further incentives to garment manufacturers and the companies should agree to pay more for their inventory. Walmart and other companies in the field should be genuine when they say they want to “build capacity” (Corporate.walmart.com) in Bangladesh. The underlying reason should not only be low costs, but it should also be working towards building a sustainable business model through collaboration with governments, business owners, NGOs, and labor unions.

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