The Rana Plaza Incident – An Analysis

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When the 8-storey Rana Plaza building collapsed and came crashing down on the ill-fated day of 24th April 2013 in Bangladesh, amidst the dust and deaths of over 1,100 victims buried under the rubbles, came to surface one of the biggest issues in global garment production industry and demands of fast fashion out of cheap labour – the issue of workers' safety. Furthermore, the haziness of the supply chain and the legal obligations, implementations of regulations and audits, or lack thereof, were all brought to much-needed attention of authorities, global spectators and consumers. The disaster unveiled the difficulties of the unprotected workers that are often away from the public sight but form the foundation of modern day global economic production (Agarwala, 2014). This paper aims to unravel the hard realities of the garment industry, the shortcomings of the international retailers in ensuring appropriate standards in factories of production in line with their code of ethics, analysis of the situation against theory of Utilitarianism, and the measures to be taken in order for this industry and its processes to be made more ethical.

The issue:

More than 4 million garment workers are employed by an estimated 5,000 factories in Bangladesh, most of which are not up to fire and building safety standards (Harvey, 2014). Over half of the victims of Rana Plaza building collapse were women and children, and majority were low-income garment workers producing cheap clothes for 29 different Western brands (Agarwala, 2014).

According to Srinivas Reddy, Bangladesh director for the International Labour Organization (ILO), Dhaka's Capital Development Authority grants permits but does not monitor the construction, mainly due to lack of staffing resources. The key issue with Rana Plaza was that it was only approved for six floors, yet eight floors were built (Westervelt, 2015). Furthermore, the building was built on swampland with only permit from local municipality and mandatory permit from a national building safety agency was not obtained (Harvey 2014). It is astonishing that such facts would not have been uncovered by any of the numerous global retailers that worked with the factories in Rana Plaza.
Combined with the low wages paid to these factory workers, are the extremely long hours the workers are expected to work to meet rush orders (Harvey, 2014). Furthermore, there is little protection from retaliation by factory owners for the Bangladeshi whistleblowers and they are constantly at the risk of losing their jobs if they voice any injuries or concerns (Harvey, 2014). There is evident lack of respect for the vulnerable workers and clear injustice in the system.

Major global retailers (e.g. Primark, H & M, Walmart) seeking cheap production costs and fast turnarounds have been outsourcing to poor economic countries, among which Bangladesh ranks high on popular choice, mainly due to the availability of workers willing to work under conditions described above. Given the demands of the powerful Western retailers, a local supplier's ability to support and adhere to ethical standards is highly challenged (Laudal, 2010). Furthermore, the global recession led to added challenges in implementation of Corporate Social Responsibility since retailers were increasingly prioritising price over compliance in order to remain competitive in the global market (Ruwanpura and Wrigley, 2011).

Not only do these companies benefit from a commercial point of view in widening profit margins, but from a liability point of view, outsourcing of responsibilities to third parties allows companies to distance themselves from the realities on the ground and thus, reduced accountability.

**Utilitarianism**

According to the utilitarian theory, devised by Jeremy Bentham and further expanded by John Stuart Mill in the 18th and 19th centuries, an action is morally right if it results in the greatest amount of good for the greatest amount of people affected by that action (Crane and Matten, 2010). Within the boundaries of this theory, it would lend itself to the argument that compared to the benefit of cost reduction and profit maximisation for the large international retailers, shareholders and their staff, together with the advantage of cheaper clothing options for the vast consumers in the western world, the compromise on the health and safety and unfair treatment of poor workers in Bangladesh is justifiable as the action is creating the greater amount of good for larger number of people. Is it really so simple though? What about the value of each consequence? Is the amount of money a large company saves really comparable to the life risk a vulnerable factory worker faces walking into a building with poor foundation and cracks on the walls each day?
The theory supports the decision as to why these large companies should be outsourcing production in Bangladesh, but its limitation is apparent where it fails to cover the scale of the consequences should anything go wrong. It fails to take into account the vulnerability of the underprivileged, especially women and children, by comparing them to the gains of powerful business employees in the same equation. It neglects aspects of well-being by putting too much emphasis on material wealth. The theory focuses too much on the outcomes of an action and places little regards on its intentions.

**Responses in the aftermath of the collapse and retailers’ codes of ethics**

The knee-jerk reaction by some consumers and retailers after the building collapse may have been to boycott clothes produced in Bangladesh and pull the business out of Bangladesh altogether. It is important to be conscious though that the Bangladesh economy relies heavily on apparel exports that generates at least US$20 billion in annual revenues and forms the largest source of foreign exchange earnings (Ghosh, 2014). Pulling out would be no different to simply running away from responsibilities.

In the aftermath of the Rana Plaza collapse, Primark was one of the 190 brands that signed up to The Accord, which is a five-year independent, legally binding agreement between brands and trade unions designed to work towards a safe and healthy Bangladeshi ready-made garment industry (Bangladeshaccord.org, 2015). Among its six key components, public disclosure of all factories, inspection reports and corrective action plans as well as commitment to worker empowerment through training programs and right to refuse unsafe work are particularly noteworthy. Walmart, on the other hand, despite being one of the largest US retailers that source merchandise from Bangladesh refused to sign this accord that would hold it legally responsible for the safety of workers in the factories (Engel, 2013). Instead, Walmart chose to form its own safety plan that would mandate independent factory safety audits, but would not be legally binding (Engel, 2013). On the surface, this action appears to be distancing the company from being held legally accountable and has been met with some criticism on those grounds.

Among the largest retailers to be linked with Rana Plaza, the responses from Primark and Walmart will be considered further alongside their code of ethics.

Primark was among the first movers to attempt to make things right in the aftermath of the Rana Plaza collapse. The company has completed more than 95% of long-term compensation payments to the 668 workers (or their dependents) of its supplier, New Wave Bottoms (Primark.com, 2015). The total aid stands at US$14 million. Primark has additionally made a payment of US$1 million to the Rana Plaza Donors Trust Fund.
While the actions of Primark post-Rana Plaza collapse are worthy of praise, its failure to comply with its own code of ethics are not hard to miss. The company sets out that its suppliers and factories must follow core principles to ensure products are made in good working conditions, and that the people making them are treated decently and paid a fair wage. Primark also states that it is committed to full compliance with the laws and regulations in each procurement location where Primark conducts business and will not knowingly operate in violation of any such law or regulation (Primark.com, 2015). The occurrences in Rana Plaza, and indeed in most garment factories in Bangladesh contradict the conducts set out by companies like Primark. A Primark representative accepted that the company's factory audits pre-Rana Plaza did not involve structural checks as nobody else did (Vogue UK, 2014). With a clear absence in procedures to ensure implementation of such code of ethics, they appear to be mere words without credibility.

Walmart, too, made a donation of US$3 million to the North American branch of the Bangladeshi non-profit BRAC, with US$1 million of that going to victims and their families, although it did not have any explicit links to Rana Plaza at the time of the tragedy (O'Connor, 2015).

Walmart's statement in relation to factory visibility and disclosure, whereby it claims any suppliers found to be producing merchandise in or subcontracting to an unauthorised or undisclosed facility would lose its ability to do business with Walmart, appears questionable. Especially, in light of cloudy responses as to whether Tazreen garment factory was producing garments for Walmart or not when it suffered a factory fire in November 2012 (Greenhouse, 2012). The company has made specific commitment to the workers of Bangladesh and sustainable reform of the ready-made garment industry. The company also commits to increasing transparency in the supply chain, whilst recognising that no single organisation can bring lasting change to the ready-made garment industry in Bangladesh (Corporate.walmart.com, 2015). There are questions as to how Walmart is going about this commitment of reform and transparency though, especially when its refusal to sign The Accord appears to be dodging legal accountability and the requirement to provide direct funding for safety renovations to factories.
Conclusions

The garment industry is in need of workplace safety revolution and industry professionals, retailers as well as consumers need to take steps to bring about the necessary changes to ensure avoidable disasters like Rana Plaza building collapse do not occur again. Global retailers are not wrong to source production in countries like Bangladesh, since they are definitely helping the economy on the whole and providing employment for millions of people, alongside benefitting the company shareholders, staff and consumers. From a purely utilitarian perspective, it benefits a greater number of people. However, it is necessary to recognise that the retailers’ responsibilities do not end there. There is lack of clarity in the accountability aspect of maintaining health and safety standards and the international brands would be wrong if they were exploiting this weakness in the system.

Given the large amount of savings and profits the companies gain by basing their production in Bangladesh, the companies are morally and ethically obliged to ensure they are giving back, at the very least, by ensuring safety standards they claim to be standing by on their declared code of ethics. Retailers need to actively inspect and audit the workplace safety and treatment of the workers in the factories they do business with. Despite the levels in the supply chain, multinational corporations in a powerful position to be able to enforce compliance of the rules and regulations in their contracts with subcontractors. There is strong need for the powerful brands to adopt policies with enforceable penalties for failure to maintain workplace safety and workers’ rights. It is also highly important that factory managers recognise safety measures as key Business asset rather than an expense.

Multinational corporations brands need to have genuine knowledge of the cost levels needed to cover minimum living wages, operations as well as the safety practices. Until these costs are truly accounted for in the business, the biggest loss faced is going to be the risk of innocent human lives and their livelihoods.
References:


