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Rana Plaza and its Aftermath

Contested Understandings in the Global Garment Industry after Rana Plaza

Sarah Ashwin, Naila Kabeer and Elke Schüßler

ABSTRACT

This Introduction synthesizes the key themes of this special cluster of articles and explores the implications of the three contributions on garment supply chains after the Rana Plaza disaster. The three articles examine the perspectives of key stakeholders in garment value chains — global buyers, managers of garment factories in Bangladesh, and workers at these factories — and analyses their responses to the new governance initiatives that emerged in the aftermath of Rana Plaza. Placing the contrasting perspectives of these stakeholders alongside each other starkly reveals how their different positions within hierarchically organized global value chains form the particular lens through which they view post-Rana Plaza initiatives. This special cluster scrutinizes the particular understandings of these stakeholders and reveals the very different capacity for voice and influence that they bring to bear in shaping outcomes. It reflects on the contradictory imperatives faced by actors in the garment industry caught between a logic of competition on the one hand and global labour standards norms on the other. The Introduction concludes by examining the prospects for a re-embedding of the market in global value chains via the activation of civil society.

THE GLOBAL GARMENT INDUSTRY AFTER RANA PLAZA

The Rana Plaza building collapse of April 2013, which killed 1,134 Bangladeshi garment workers and injured many more, was hailed as a Rubicon in the global garment industry. Palpable shock at the scale of the disaster gave rise to the rapid adoption of new regulatory initiatives. Foremost amongst these were the Accord on Fire and Building Safety in Bangladesh

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(hereafter the Accord), a transnational, legally binding five-year agreement signed by over 220 global brands and retailers, and two global union federations, IndustriALL and UNI Global Unions, along with their local affiliates; and the Alliance for Bangladesh Worker Safety (hereafter the Alliance), a much smaller initiative involving mainly US brands. Further initiatives were developed at national and firm levels. The three articles in this special cluster draw on data from an international research project analysing changes in the governance of garment supply chains since Rana Plaza and their impact on working conditions in Bangladesh. The cluster brings together the perspectives of three crucial sets of stakeholders within garment global value chains with regard to the governance innovations that have occurred since Rana Plaza. The first of the three looks at the buyers — global brands and retailers (hereafter lead firms) and their efforts to improve labour conditions in global supply chains. For this contribution, Chikako Oka, Niklas Egels-Zandén and Rachel Alexander draw on interview data with corporate social responsibility (CSR) and procurement managers from 64 lead firms in Germany, Sweden and the United Kingdom. The second article in this cluster, by Shahidur Rahman and Kazi Mahmudur Rahman, considers the managers of Bangladeshi factories supplying global markets and their views on the Accord and Alliance. Managers at 109 factories were interviewed by Rahman and Rahman. The third and final article, by Naila Kabeer, Lopita Huq and Munshi Sulaiman, looks at the workers in the export-oriented firms. The authors carried out a survey of 1,500 of these workers, supplemented with seven focus groups with around 50 workers.

Placing the contrasting perspectives of these stakeholders alongside each other reveals with remarkable clarity how their different positions within hierarchically organized global value chains form the particular lens through which they view post-Rana Plaza initiatives. It explains their specific understanding of the problems which gave rise to these initiatives; it accounts for their particular interpretations and experiences of the initiatives and it uncovers the very different capacity for voice and influence that they bring to bear in shaping outcomes. Our analysis therefore helps to illuminate the thorny problems facing the global garment industry. Any attempt to improve labour standards in the industry has to start from an appreciation of these complexities.

Contrasting Stakeholder Perceptions

The first article in this cluster, by Oka, Egels-Zandén and Alexander, identifies three key approaches of buyer engagement — auditing, capacity building and advocacy — on the basis of lead firm interviews. The logic underlying these approaches is that the problems of labour and safety standards common within garment value chains can be traced to poor factory management and slack government regulation. Auditing and capacity building aim to address the deficiencies of factory management, while advocacy efforts attempt to

secure changes to, or greater enforcement of, government policy in relation to issues such as trade union rights or minimum wages. Both the Accord and Alliance reflect this logic. They locate the problem of poor safety standards in the Bangladeshi garment industry within the internal conditions of the industry and the country. Tellingly, representatives of the Bangladesh government and local employers were not signatories to either agreement. When pushed on what their own contributions should be in addressing the problem — for example, should they assist suppliers in paying for safety improvements or raise the prices they offer suppliers — the general response of lead firm representatives was that factory safety is the responsibility of the suppliers, especially given other investments in compliance issues and in the light of buyers' own thin profit margins. Accordingly, only 12 per cent of the lead firm CSR managers interviewed as part of our wider project reported that their company had paid higher prices for garments to support factory improvements (Schübler et al., 2019).

Reflecting this perspective, Oka, Egels-Zandén and Alexander argue that a key innovation of the Accord is that it mobilizes the collective power of lead firms to pressure suppliers into compliance with safety requirements. That is, it enhances the effectiveness of private regulation and enforcement while intensifying power imbalances between lead firms and suppliers, leaving distributional inequalities within the industry intact (see also Scheper, 2017).

At the same time, other scholars stress the way in which the Accord enhances worker voice within the industry (Anner et al., 2013), even though this may be seen as a double-edged sword for local trade unions (Zajak, 2017). This is manifested in the union-inclusive governance of the initiative (Donaghey and Reinecke, 2018) and its local implementation, with factory safety committee training and support for freedom of association an integral part of the Accord's approach. The Accord thus is not merely an effective auditing initiative backed by collective organization, but also a transnational industrial relations agreement (TIRA) with potentially multi-level reach and spillover effects (Ashwin et al., 2020).

The second article in this cluster, by Rahman and Rahman, discusses the perspective of those faced with implementing the provisions of the Accord and Alliance. While the managers interviewed concede that improvements in safety were required following Rana Plaza, and welcome the resultant boost to the industry's image, they were less satisfied with the implementation process. They pointed to inconsistencies in findings reported by inspectors which they believed resulted from different inspectors applying the same standards idiosyncratically. They also stressed the high costs entailed in carrying out the remediation/relocation recommendations of the inspectors, the imposition of unrealistic timetables to carry these out and the failure of the buyers to provide financial assistance with remediation. None of the 109 factories in the survey had received such financial assistance.

Above all, they complained about their lack of voice. As a result of the collective power of the buyers concentrated within the Accord, and the

exclusion of employer representatives, factory managers perceived that even when they had legitimate concerns the Accord was ‘too big to fight’ (quoted in Rahman and Rahman, this issue). Rahman and Rahman perceive this ‘coercive’ approach to compliance, combined with the lack of assistance with safety improvements and their exclusion from the agreement, as a key reason for the growth in resistance to the Accord from both government and industry representatives in Bangladesh.

Rahman and Rahman do not deal directly with how factory managers explain safety and labour standards violations in the garment industry, but they note reports by managers that the prices they receive have continued to fall even after Rana Plaza, as have their profits (a trend also noted by Anner, 2018). As one manager told them, ‘On buyers’ demand, we are investing a lot in compliance but they are not willing to give good prices for our products which could give us a minimum profit’. He went on to claim, ‘Now we are doing business for the sake of our factory and workers only [not for profit], because if the factory closed there will be huge unemployment’ (Schüßler et al., 2019: 16). In line with this quotation, the majority of factory managers in the survey describe themselves as benign paternalists with 70 per cent claiming that they ‘treated workers like family’ (ibid.: 33).

This self-perception conflicts directly with the views expressed by workers in the industry. Kabeer et al. (2019) report that only 14 per cent of the 1,500 workers in their survey believed that management treated them like family, while 50 per cent described relations with management in ‘command and control’ terms. The final article in this cluster, by Kabeer, Huq and Sulaiman, argues that while workers have seen important improvements since Rana Plaza, particularly in relation to workplace safety, other problems remain intractable, notably mistreatment at work which was reported by 75 per cent of workers. Nor was compliance with labour standards post-Rana Plaza always experienced positively by workers. For example, Kabeer, Huq and Sulaiman (this issue) find that many workers perceive enforcement of working time limits to have increased work intensity, since the reduction in working hours has not been accompanied by a reduction in daily targets.

While the majority of ready-made garment (RMG) workers singled out supervisors as the main perpetrators of abusive behaviour on the factory floor, one of the more insightful among them offered a more systemic explanation, having watched his line manager being humiliated by his superior: ‘the abuse starts at the top and gets passed down to each lower level’.¹ But even this worker’s analysis stopped at the factory level. None of the workers interviewed saw beyond the factory to the contradictory pressures on their managers generated by buyer practices higher up the global value chain. Instead they tended to see buyers as their protectors. Yet, as Kabeer, Huq and Sulaiman note in this special cluster, the recent research on falling prices

1. Focus group discussion, male worker from an Accord and Alliance factory, Gazipur, 14 September 2018.

and shortening delivery times by lead firms partly helps to explain the rising levels of abuse in factories as workers are pressured to pursue ever-higher production targets.

Beyond the Accord: Re-embedding Global Supply Chains?

The contradictory accounts offered by these three sets of actors directly involved in implementing the Accord and Alliance initiatives are symptomatic of the partial and piecemeal perspectives of many of the stakeholders in global value chains. For instance, for those involved in anti-sweatshop campaigns, the culprits are profit-hungry lead firms. The lead firms, on the other hand, point to greedy and exploitative suppliers in low-income countries, with their ‘Porsches, Rolexes, and helicopters’ (Oka et al., this issue).² Lead firms also present themselves as victims — of cut-throat competition by rivals. This argument has some force. For example, in the UK several high-profile clothing retailers including Debenhams, House of Fraser and Karen Millen have fallen into administration (Butler, 2019), while Marks and Spencer has been closing stores and in September 2019 lost its place in the FTSE 100 for the first time since the index launched in 1984 (Thomas, 2019). Meanwhile, their suppliers in low-wage economies can, also with justification, point to the ‘decoupling’ between the purchasing practices of lead firms who pay lower prices and demand shorter delivery times, and their CSR standards, which require suppliers to take on the full costs of improving labour standards, increasing minimum wages and making factories safer (Ashwin et al., 2019).

With both lead firms and suppliers claiming to face a profit squeeze, tensions regarding who should pay for labour standards are unsurprising. They are only likely to increase without a change in approach. It is now *de rigueur* for companies to champion worker ‘voice’ and ‘empowerment’ in their supply chains with freedom of association and the right to collective bargaining enshrined in international soft law in the form of the UN Guiding Principles on Business and Human Rights (OHCHR, 2011). Were such voice and empowerment to be effective, however, it would eventually lead to a greater share of value within the production network going to workers. The history of the garment and athletic footwear industries suggests that when this happens the reaction of firms is very often to apply a ‘spatial fix’ to restore profits, moving production to sites where workers are less ‘empowered’ (see, e.g., Merk, 2011). Although, in some cases, the countries

2. A quick survey of key informants in the industry by Naila Kabeer suggested that many suppliers owned Rolexes, some owned Porsches but they could only identify two people in Bangladesh who owned private helicopters, one of whom was linked to the industry. Privately owned helicopters are not common in Bangladesh.

left behind have been able to move from garments to higher value-added forms of production, this is far from inevitable.

Garment workers therefore seem to be caught between a rock and a hard place: living in a capital-forsaken zone is worse than being exploited within a global supply chain. The dilemma is as old as capitalism. Marx (1867/1990: 381) long ago noted the limits on employer munificence set by competition: ‘Capital . . . takes no account of the health and the length of life of the worker unless society forces it to do so . . . this does not depend on the will, either good or bad, of the individual capitalist. Under free competition, the immanent laws of capitalist production confront the individual capitalist as a coercive force external to him’. In support of this assertion, Marx cited (*ibid.*) the 1863 petition of representatives of the Staffordshire potteries in the UK, including Josiah Wedgewood, for ‘some legislative enactment’ regarding child labour, since competition did not allow them to limit the working hours of children despite their desire to do so. The representatives of lead firms we have interviewed likewise stress the importance of instituting ‘a level playing field’ to allow them to uphold labour standards (Oka et al., *this issue*; Schüßler et al., 2019). The search for a floor in the ‘race to the bottom’ highlights the social constraint on free competition emphasized by Polanyi: to leave ‘the market mechanism to be the sole director of the fate of human beings . . . would result in the demolition of society’ (Polanyi, 1944/2001: 76). This observation inspired Polanyi’s famous argument that protective counter-movements emerge to re-embed the market within society whenever the market logic becomes too dominant.

Yet finding an effective means of protecting workers from the impact of competition is more difficult in the era of global production networks than in the time of Josiah Wedgewood. Multiple collective action problems pertain between firms, between suppliers and between nations. Although imperfect, the Accord did showcase one means of dealing with such problems through lead firm collective action, binding agreements with unions and sourcing guarantees for producers. While suppliers may not have received assistance with the improvements mandated by the Accord, lead firms did abide by the important stipulation to continue sourcing from Bangladesh while the agreement was in force. Such a sourcing guarantee has also been incorporated within another TIRA, the Action, Collaboration, Transformation (ACT) living wages initiative,³ whereby countries which facilitate industry collective bargaining to set living wages receive sourcing guarantees in return. ACT also recognizes that many labour standards violations originate in purchasing practices, and member firms commit to reforming these in connection with country agreements.

However, beyond ACT, which builds on the experience of the Accord (Ashwin et al., 2020), there has not been much progress in expanding the

3. See: <https://actonlivingwages.com/> (accessed September 2019).

Accord model, which, as Rahman and Rahman note in this special cluster, has faced increasing hostility in Bangladesh. The latter point speaks to the importance of involving and giving voice to all the social partners in producer countries in any schemes to raise labour standards to promote the internalization of goals (Kuruvilla et al., forthcoming). The announcement of the RMG Sustainability Council in Bangladesh in September 2019, a national initiative uniting industry, brands and trade unions ‘to ensure a sustainable solution, based on a unified compliance standard’,⁴ offers a chance for better involvement of local actors in Bangladesh, albeit one faced with the task of overcoming the hostility of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Pushing lead firms to collaborate in the promotion of TIRAs is also difficult — as the shortage of corporate recruits for ACT demonstrates.

Buyers and producers alike have only agreed to regulate labour standards when pressurized by civil society, including production and consumption-based actors (Reinecke and Donaghey, 2015) as well as organizations in the North and South (e.g. Merk, 2011). The sustainability and effectiveness of such regulation likewise depends on coalitions and articulation between different actors. The attempt to extend the Accord illustrates this need. Recruiting nearly 200 brand signatories to the 2018 Transition Accord required not only pressure from IndustriALL and union allies, but also campaigning by global advocacy groups such as SumOfUs, which ran an online campaign shaming companies which were slow to sign.⁵

Nevertheless, such cooperation among Northern actors was not enough to secure the Accord’s future, as the protracted political struggle over the Accord’s continued presence in Bangladesh revealed. The future of the Accord’s successor, the RMG Sustainability Council, will be determined by the commitment of the BGMEA, which in turn will depend not only on global but also, crucially, on local pressure to participate in good faith. This highlights the importance of Kabeer, Huq and Sulaiman’s point (in this special cluster) regarding the need for a broad-based approach to raising labour standards rooted in civil society. Unions have played a role in the struggle to raise labour standards, but they have done it in collaboration with training, awareness and legal support from a wider range of civil society actors. In line with these arguments, cross-country research on global supply chains shows that local civil society and regulatory institutions dwarf the influence of lead firm interventions such as auditing on labour standards (Distelhorst et al., 2015).

4. See: <https://bangladeshaccord.org/updates/2019/09/04/joint-statement-bgmea-accord-discussions-on-the-establishment-of-the-rmg-sustainability-council> (accessed September 2019).

5. See: <https://actions.sumofus.org/a/john-lewis-marks-and-spencer-debenhams-topshop-sainsbury-s-sign-the-2018-bangladesh-accord-to-ensure-a-tragedy-like-the-rana-plaza-collapse-never-happens-again> (accessed October 2019).

Articulation between Northern and Southern civil society actors can be difficult to achieve, in particular because global power inequalities are mirrored in civil society. For example, the effectiveness of Global Framework Agreements negotiated between global unions and multinationals depends on the ability of local union affiliates to perform their bargaining and watchdog functions, which in many cases is severely compromised by factors such as low union density and local employer and/or state hostility. Moreover, the partnership achieved at higher levels may be at odds with conflictual relations lower down the supply chain (Fichter and McCallum, 2015). Relatedly, the failure of global unions to reach out beyond their own affiliates within Bangladesh has led sections of local civil society, including progressive left unions, to see these affiliates as out of touch with workers' everyday experiences (Ashraf and Prentice, 2019; Hossain and Hossain, forthcoming). It has been progressive left unions in the country, rather than those with transnational links, that have led a series of struggles by garment workers since 2006 that have resulted in successive increases in their minimum wages.

The creation of global supply chains can be seen as a form of disembedding whereby production is divorced from the regulatory regimes of consumer countries. As shown above, given the geographical scale, re-embedding is complex. We have argued that this can only be achieved through cooperation between diverse Northern and Southern unions and civil society actors placing sustained pressure on brands, employers and governments. Crucially, such action must guard against reproducing the power differences it seeks to address.

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