

The Garment Industry in Bangladesh: A Human Rights Challenge

Peter Stanwick

Auburn University

Department of Management

Sarah Stanwick

Auburn University

School of Accountancy

Abstract

The purpose of this paper is to present a case study of the working conditions in the garment industry in Bangladesh. This case study describes past and current unsafe working conditions in the garment industry from the perspective of violations of human rights. Factors that are discussed in the case study include: the high incidence of injuries on the job by the workers, the very low wage rate of the workers, the lack of payment of wages to the workers, the use of gender discrimination, air quality issues in the factories, the lack of safety features in the factories, and the response of the garment industry to external stakeholders.

Keywords: Human Rights; Bangladesh; Garment Industry.

The Industry

Bangladesh boasts some of the highest population density in the world with more than 164 million people living in the country. Of those 164 million, approximately 4.0 million people were employed in the garment industry in 2010 (ACCORD, 2015). In a country where poverty and overpopulation abound, the garment industry faces many human rights challenges. Due to favorable trade policies implemented by the government of Bangladesh in the early 1980s, textile manufacturing has skyrocketed in the country. When these policies were first introduced, there were approximately 50 textile factories were manufacturing garments and employing a few thousand workers. By 2000, there were over 3,000 factories which employed 1.8 million workers and generated total exports of over \$6.4 billion US. Of the 1.8 million workers, 80 percent were women. This percentage of women workers remains the same today. It is estimated that a shirt manufactured in Bangladesh cost 16 cents in labor costs and is sold for a retail price of \$13.00. The total landed duty price of the shirt is \$.04 and the retail markup of the shirt is \$6.96(Kabeer and Mahmud, 2004).

The Employees

Women are an attractive resource for textile manufacturers in Bangladesh. Women are paid a lower wage than men. The women who work in the textile factories are usually young, unmarried, have very little formal education and are from poor rural families. This allows the factory owners to dictate the working conditions in the factories. Furthermore, Paul-Majumder and Begum (2000) give additional reasons why women comprise a vast majority of the workforce in the textile industry in Bangladesh. These factors include: women are more patient and nimble; culturally, women are more controllable than men; women have limited opportunities to move to another job and, therefore, are less likely to support a trade union; women have traditionally been better skilled at performing the functions in the textile plant including sewing (Paul-Majumder and Begum, 2000). In addition, factory owners have demanded that newly hired women be required to take a mandatory pregnancy test and submitted themselves to humiliating searches on the way into and out of the factory. The desire to hire unmarried women is based on the belief that these women would have no family obligations that would interfere with their working hours (Belal and Owen, 2007).

The Working Conditions

The working conditions in the Bangladesh garment factories are described as overcrowded, difficult to move around in and equipped with a very poor ventilation system. Furthermore, because of the poor ventilation system, the workers were exposed to toxic dust that would float in the air. The workers were also exposed to other toxic substances such as dyes needed to color the fabrics during the manufacturing process. Most of the factories did not have any exhaust fans to help the ventilation and did not assign breathing masks for the workers. In addition, there was additional safety hazards including having no fire exits or fire alarms in many of the manufacturing facilities. Furthermore, the basic necessities were not addressed for the workers. In one survey of textile facilities, it was calculated that there was one latrine for every 61 female workers while the ratio was 1 latrine for 31 male workers. The male workers usually worked in the higher skilled areas of the factory, which include the cutting and finishing areas. There were also usually no lunchrooms and no access to pure drinking water for the workers in the textile plants (Paul-Majumder and Begum, 2000). In 2012, textile workers in Bangladesh's approximately 5,000 garment factories were earning approximately \$50 a month which is, ironically, above the minimum wage of \$37 a month. In addition, workers are routinely not given promised benefits such as annual raises, monthly attendance bonuses or the 17 required paid holidays. Furthermore, the workers average four hours of overtime daily but are usually only paid for two hours (Yardley, 2012).

The Human Cost of Unsafe Working Conditions

The legacy of worker deaths in the garment industry in Bangladesh is a long one. For the last ten years, hundreds of workers have died due to negligence on the part of the factory operators. In April 2005, the Spectrum garment factory collapsed after additional floors were illegally added to the factory building and the supports buckled because it could no longer hold the additional weight. Located 30 kilometers outside of Dhaka, the collapsed factory resulted in the death of 64 people with another 80 workers being injured (CBC News, 2013). In February 2006, 54 garment workers died and over 150 were injured in a fire in a textile factory in Chittagong. The factory, which had approximately 1,000 workers inside when the fire started, had only one main exit for the workers to move through a narrow stairway in order to escape. A majority of the victims were women who died either from burns or suffocation. Many workers jumped out the windows in the factory in order to escape the fire (Anonymous, 2006). On December 3, 2010, an explosion of a boiler in a Eurotex garment factory in Dhaka resulted in an exit stampede which killed 2 workers. (CBC News, 2013). Less than two weeks later, on December 14, 2010, a garment factory north of Dhaka caught fire and killed at least 24 people. Since the fire had started on the ninth floor, management was hoping to re-open the first eight floors since they did not appear to be damaged (Manik and Bajaj, 2010). On November 24, 2012, 112 people died in the Tazreen Fashion factory fire. The factory produces clothes for retailers including Walmart and Sears.

Walmart and Sears claimed they were not aware that their clothing was being manufactured in the factory. It was alleged that the factory owner and nine middle managers/supervisors at the factory did not allow the employees to initially evacuate the building after the fire alarm sounded. The fire had started in an area of the factory where flammable fabric and yarn were illegally stored. The storage area did not have fireproofed walls, which are a requirement of Bangladeshi law. In addition, there were no sprinkler systems in the factory, nor was there an outdoor fire escape. Furthermore, the managers had closed the collapsible gate which blocked the workers from using the staircases in order to escape and it appeared that none of the fire extinguishers had been used during the fire (Manik and Yardley, 2012). On January 27, 2013, seven workers were killed from a fire causing smoke inhalation at the Smart Export garment factory located in a suburb of Dhaka. Workers who were able to escape claimed that the emergency exit was locked and they had to break windows in order to leave the building. By the time the exit had been unlocked, the factory floor was covered with smoke. A senior official from the fire service stated that he did not see any firefighting equipment at the factory which was located on the second floor of a two story building. In addition, there was no evidence that the factory had received a fire license so it should not have been able to receive the factory license needed to operate (Al-Mahmood and Bjork, 2013).

Rana Plaza collapse

On April 24, 2013, an eventual total of 1,129 people were killed after the Rana Plaza building collapsed. There were building violations which included the illegal construction of the top four floors of the eight story building which were also built without the necessary permits. In addition, there were structural flaws in the building that included a substandard foundation.

The day before the collapse, an inspection team found cracks in the structure and the bank and shops on the lower level were closed as soon as the cracks were discovered. However, factory managers ordered the workers to continue working despite the warnings from the inspectors. Some of the retailers whose clothing was manufactured in the factory include Primark and Walmart (Manik and Yardley, 2013). The owner of the building, Sohel Rana, did not get mandatory building permits from the municipal safety-compliance regulator in Savar, where the building is located. Instead, the owner got approval from the mayor of Savar, after complaining that the regulator was too slow in issuing the necessary permits. When told of the cracks which were observed a day before the collapse, Mr. Rana was quoted as stating the Rana Plaza would stand “for another 100 years” (Al-Mahmood and Banjo, 2013). An investigation found the building was constructed with substandard materials. In addition, large power generators were placed on the illegally built upper floors due to common power outages. The upper floors struggled to handle the weight and the floors would shake every time the generators started. When the generators were turned on in the morning of April 24, 2013, the building first buckled and then collapsed. It was alleged that the owner of the building had bribed local officials for construction approvals and that the recommendation of the investigation was that he should be charged with culpable homicide (Yardley, 2013).

On September 11, 2013, a \$77 million compensation plan was announced for the families of the Tazreen factory fire and the Rana Plaza collapse. The compensation fund would be sponsored and funded by the retailers whose clothes were being manufactured in the factories, the Bangladesh government, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the factory owners. The benefits given to the victim’s families would include payments of up to \$6,359 for pain and suffering, the payment of the average annual salary of \$888 for 25 years which is adjusted annually for inflation and a 10 percent education allowance for families with children. Retailers such as Primark participated in the compensation, while Walmart did not participate in the Compensation Plan (Passariello and Banjo, 2013). On June 1, 2015, the Bangladesh police filed murder charges against 41 people that were linked to the Rana Plaza collapse. The owner of the building, Sohel Rana was included among the people charged with murder (Manik and Najjar, 2015). The Rana Plaza collapse was the turning point in the clothing retailers becoming more proactive in responding to the dangerous working conditions of the garment factory workers.

The Industry Slowly Reacts

In an April 2011 meeting of global retailers in Bangladesh, Wal-Mart officials had blocked an effort to have retailers pay more for apparel from Bangladesh factories in order to help improve electrical and fire safety in the plants. The director of ethical sourcing at Wal-Mart claimed that the proposed improvements to all the factories would be very costly to implement and was not financially feasible (Greenhouse, 2012). In May 2012, Swedish retailer, H&M asked other suppliers to join its efforts to set up democratic committees which could negotiate better wages and working conditions of the garment workers in Bangladesh. In demonstrating its commitment to worker safety, H&M made more than 1000 unannounced factory visits a year in Bangladesh in order to verify that the factories are meeting H&M code of ethics (Hansgard, 2012). On May 1, 2013 Walt Disney Company announced that it would no longer produce any of its products in Bangladesh. “Disney is a publicly held company accountable to its shareholders, and after much thought and discussion we felt this was the most responsible way to manage the challenges associated with our supply chain,” stated Bob Chapek, president of Disney Consumer Products. It would outline a transition period for the suppliers to adjust to the loss of Disney contracts in not only Bangladesh but also Pakistan, Belarus, Ecuador and Venezuela to be completed by March 31, 2014.

The decision was based on the evaluation by the World Bank’s Governing Indicators which focus on government effectiveness, rule of law, accountability and control of corruption. Countries which had a low rating score were prohibited from producing Disney clothing in the future (Greenhouse, 2013a). On May 13, 2013, it was announced that a number of Europe’s largest apparel companies has signed a legally binding agreement to be called the Accord on Factory and Building Safety in Bangladesh, which would require retailers to help finance safety and building improvements in factories in Bangladesh. The agreement was started by H&M, Primark, Tesco, and C&A. The parent company of Calvin Klein, Tommy Hilfiger and Izod, PVH, also signed the agreement. The plan was based on having independent factory safety inspectors review the factories and issue public report and identify mandatory repairs and renovations that would be financed by the retailers (Greenhouse, 2013b).

Alternatively, 20 American companies including Wal-Mart and the Gap have signed a nonbinding pact called the Alliance for Bangladesh Workers Safety which also focuses on investing in factory inspections and upgrading the fire and safety conditions within the factories (Banjo and Al-Mahmood, 2013). Both the European and American Alliance agreed on inspection standards for garment factories in Bangladesh. The standards require that factory inspections must be carried out by a minimum of 2 qualified inspectors with at least 5 years' experience each and a combined total experience of at least 20 years. It also sets requirements for the maximum number of machines and weight allowed on any given floor within the manufacturing building. The standards also require that the factories have fire doors to prevent smoke entering stairwells and a maximum of 82 feet between floor exits. The European Accord will be enforced in the over 1,600 factories in which the European retailers are customers. The American Accord will be used in the approximately 600 factories American retailers buy from.

Thus, of the estimated 5,000 garment factories in Bangladesh, approximately 3,200 plants will be guided by the Accords. The Bangladesh government created its own inspection program called the National Tripartite Action Plan to cover some factories not included in the European or American accord (Al-Mahmood, 2013). On September 22, 2013, thousands of garment workers protested demanding to be paid at least \$100 per month as a new minimum wage. Over 100 garment factories had to shut down for the day due to a shortage of workers (Reuters, 2013). In December 2013, the minimum wage in Bangladesh increased from \$37 to \$68 per month. The wage rate moved to being comparable with India, Sri Lanka, Pakistan and Cambodia. The factory owners voiced their concern that the wage increase would result in Bangladesh losing its wage advantage. One argument as to why Bangladesh has a lower wage rate is that the literacy rate is 58 percent in Bangladesh as compared with more than 90 percent in China.

Bangladesh workers are only 25 percent as productive as compared with Chinese workers. It is estimated that a basic polo shirt in Bangladesh costs \$3.46 per unit to manufacture as compared with \$3.93 per unit cost in China. However, the average Bangladesh worker produces between 13 and 27 shirts per day while the equivalent Chinese worker produces between 18 to 35 shirts per day (Al-Mahmood, 2013). In October 2014, it was announced that an inspection of 1,100 Bangladeshi garment factories under the Bangladesh Accord on Fire and Building Safety found that all the plants had safety hazards which total over 80,000 safety issues. Seventeen plants had such serious safety violations that they were ordered to shut down (Al-Mahmood, 2014). The costs for the safety improvements for each factory ranged from \$250,000 to \$1 million. The violations ranged from removing machinery and fabric from overloaded floors to the installation of sprinkler and alarm systems and the strengthening of support columns (Greenhouse, 2014).

Conclusions

Therefore, a solution to permanently improve the working conditions for the garment workers in Bangladesh is to incorporate the development of a more comprehensive corporate social responsibility philosophy related to issues pertaining to global outsourcing. One avenue of discussion is for corporations who are customers of these garment factories to incorporate the principles and ideals which have already been developed by NGOs. For example, the principles established by the Caux Round Tableⁱ, the Organization of Economic Co-operation and Developmentⁱⁱ and the United Nations Global Compactⁱⁱⁱ could be the starting point in the adoption of a corporate social responsibility strategy which incorporates the global human rights of these garment workers.

References

- ACCORD on Fire and Building Safety in Bangladesh. 2015.
- Al-Mahmood, Syed Zain and Christopher Bjork. 2013. "New Bangladesh Fire Kills 7". *The Wall Street Journal*. January 27.
- Al-Mahmood, Syed Zain and Shelly Banjo. 2013. "Engineers Detained in Bangladesh Disaster". *The Wall Street Journal*. April 28.
- Al-Mahmood, Syed Zain. 2013. "Safety Groups Agree on Standards for Bangladesh Garment Factories". *The Wall Street Journal*. November 20.
- Al-Mahmood, Syed Zain. 2013. "Bangladesh Factory Owners Wary of Wage Increase". *The Wall Street Journal*. December 4.
- Al-Mahmood, Syed Zain. 2014. "Inspections Highlight Flaws at Bangladesh Garment Factories". *The Wall Street Journal*. October 14.

- Anonymous. 2006. "Toll Rises to 43 in Bangladesh Textile fire". *The New York Times*. February 24.
- Banjo, Shelly and Syed Zain Al-Mahmood. 2013. "Bangladeshi Garment Exports Surge Despite Accidents". *The Wall Street Journal*. October 10.
- Belal, Aatur Rahman and David L. Owen. 2007. "The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh". *Accounting, Auditing & Accountability Journal*. 20: 3. 472-494.
- CBC News. 2013. <http://www.cbc.ca/news2/interactives/timeline-bangladesh/>
- Greenhouse, Steven. 2012. "Documents Indicate Walmart Blocked Safety Push in Bangladesh". *The New York Times*. December 5.
- Greenhouse, Steven. 2013a. "Some Retailers Rethink Role in Bangladesh". *The New York Times*. May 1.
- Greenhouse, Steven. 2013b. "Major Retailers Join Bangladesh Safety Plan". *The New York Times*. May 13.
- Greenhouse, Steven. 2014. "Two Groups Complete Inspections of 1,700 Bangladesh Garment Factories". *The New York Times*. October 13.
- Hansegard, Jens. 2012. "H&M Wants Better Conditions for Bangladeshi Suppliers". *The Wall Street Journal*. May 28.
- Kabeer, Naila and Simeen Mahmud. 2004. "Rags, Riches and Women Workers: Export-oriented Garment Manufacturing in Bangladesh". From *Chains of Fortune: Linking Women Producers and Workers with Global Markets*. Edited by Marilyn Carr. Commonwealth Secretariat: London. 133-162.
- Manik, Julfikar Ali and Vikas Bajaj. 2010. "Bangladesh Factory Fire Kills at Least 20". *The New York Times*. December 14.
- Manik, Julfikar Ali and Jim Yardley. 2012. "Bangladesh Finds Gross Negligence in Factory Fire". *The New York Times*. December 17.
- Manik, Julfikar Ali and Jim Yardley. 2013. "Building Collapse in Bangladesh Leaves Scores Dead". *The New York Times*. April 24.
- Manik, Julfikar Ali and Nida Najar. 2015. "Bangladesh Police Charge 41 with Murder Over Rana Plaza Collapse." *The New York Times*. June 1.
- Passariello, Christina and Shelly Banjo. 2013. "Retailers Meet to Set Reparations for Bangladesh Factory Deaths". *The Wall Street Journal*. September 11.
- Paul-Majumder, Pratima and Anwara Begum. 2000. "The Gender Imbalances in the Export Oriented Garment Industry in Bangladesh". *Policy Research Report on Gender and Development*. Working Paper Series No. 12
- Reuters. 2013. "Bangladesh: Protests Over Wages". *The New York Times*. September 23.
- Yardley, Jim. 2012. "Export Powerhouse Feels Pangs of Labor Strife." *The New York Times*. August 23.
- Yardley, Jim. 2013. "Report on Deadly Factory Collapse in Bangladesh Finds Widespread Blame". *The New York Times*. May 22.

ⁱ<http://www.cauxroundtable.org/index.cfm?menuid=8>

ⁱⁱ<http://www.oecd.org/corporate/mne/>

ⁱⁱⁱ<https://www.unglobalcompact.org/what-is-gc/mission/principles>