

# Complexities of Reputation Management and Policy Making in a Globalized World: Bangladesh after Rana Plaza

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# Introduction

On April 24, 2013, a building called Rana Plaza in Dhaka came crashing down on thousands of workers, killing more than 1,100 and injuring more than 2,500 individuals. Unlike any other building collapse, this received widespread international attention - and continues to do so because the building housed factories that sewed garments for many European and American clothing brands. A chunk of blame for the collapse and deaths was placed on retailers and brands that outsourced their work to Bangladesh and particularly Rana Plaza.

Many groups, such as local and international NGOs, unions, workers, and consumers focused on the point that the collapse was not a result of a national calamity or disaster but rather a product of neglect, transgressions of human rights, and gross violations of local laws and building codes – all of which were *allowed* to occur because the labor was not in the West but in Bangladesh. This incident immediately turned attention to a host of issues surrounding the garment industry - from workers' wages to gender issues as well as working conditions. Suddenly, years of activism around the garment industry, particularly in South Asia, found the spotlight.

Since the collapse of Rana Plaza, a number of initiatives have taken place to provide remuneration to affected workers and their families, improve factory conditions, and make companies more liable. However, this has yielded a complex network of reactions, groupings, and bindings that affect the political economy of outsourcing, laws, and institutions. This complexity goes beyond the influence a nation-state can exert alone as different types of players enter negotiations with inherently different interests that vary the power dynamics and ultimately affect policies around the globe. This very complexity also demonstrates how companies have evolved such that they impact nation-states in multiple ways.

# Post Disaster Reputation Management: Alliances, Agreements and the Art of Being Silent

So what happens after a tragedy of this magnitude? Many complicated things. Immediately after the Rana Plaza collapse, the world's attention turned to the garment industry and poor working conditions in Bangladesh. When the media covered this story, they also tied in related stories of how companies outsource their work to Bangladesh and the gross violations of rights and abuses that occur within the confines of sweatshops and factories. The real price of cheap clothing is much higher for the workers who toil in hard conditions to produce them. This human angle of the media coverage was bolstered by many campaigners and activists who, for years, have tried to influence changes in the ways garments are outsourced and produced. Thus, many companies and retailers reluctantly found themselves in a scenario that was neither conducive to reputation nor to business.

The incident brought many diverse groups and players to one platform - whether they liked it or not. Their clash of interests and ideas, plus news attention, resulted in the tribalization of groups. If we were to conceptualize the groups involved, they could be categorized as follows:

- **Brands and Retailers:** Brands and retailers who regularly use Bangladeshi labor and property for production of garments.
- **International organizations:** These multilateral groups manage the law and policy side of issues, such as the International Labor Organization (ILO).
- **Campaigners and activists:** These campaigners include Clean Clothes Campaign, Maquila Solidarity Network, and International Labor Rights Forum.
- **Local worker unions:** Local worker unions and labor groups in Bangladesh.
- **States:** These include the home countries of brands and retailers who have outsourced their production, such as the US and the UK (to name a few) and those who are home to outsourced garment factories, such as Bangladesh.

Post disaster, all of the above actors had to negotiate several things in a very short time:

a) dealing with issues of compensation that had to be meted out to the victims and their families  
b) improving safety standards in Bangladeshi factories and; c) preventing future incidents. It is important to note here that Bangladesh has one of the biggest garment industries in the region, and in 2012, 83 percent of its exports were from the garment sector (Lopez-Acevedo &

Robertson, 2016). Sixty percent of clothing produced in Bangladesh goes to Europe and more than 20 percent goes to the United States (Chandran, 2016). Therefore, any policy or institutional changes were bound to affect millions of workers and their families and, of course, the Bangladeshi economy.

This situation presented an unprecedented problem for two different blocs: brands and retailers that had to do something quickly but sought to avoid agreements that would bind them into giving millions over the course of many years, and campaigners and unions that sought to correct labor imbalances and improve workers' rights. For campaigners and unions, this situation was conducive to forcing a change in the way the garment industry works. It was the time to compel companies to accept their responsibilities to provide fair compensation and follow safety standards.

Post disaster, strategies pertaining to brand reputation management have impacted policy making as a number of ideas and agreements have been generated since the building collapse three years ago. In the following sections, the report will take the reader through various strategies that have been employed by companies since the tragedy.

## Strategy A: Don't React - Silence Saves

Bangladesh has a huge garment industry where many retailers from across the globe outsource the sewing of their materials. Zara, H&M, Mango, Uniqlo, Walmart, JC Penney, and Gap are just few of the many retailers who employ labor in Bangladesh. Some of these companies were directly associated with production at Rana Plaza - but many others were not. For some retailers, it was easier to deal with the situation by not reacting to the disaster at all.

How is it possible to use silence after a tragedy in order to manage brand reputation? The pressure to produce ethical clothing comes not only from activists but also consumers. The latter are critical to companies— both in terms of their reputation and sales. In this case, the pressure from consumers was almost insignificant. It may be so because cheap and chic clothes remain in very high demand as new designs make way into stores on a bi-weekly or monthly basis. The garment industry has also not witnessed a sub-culture associated with it that encourages ethical sourcing, which is often visible in other industries like the food industry where organic or ethical produce is sought after. This is evident in coffee or chocolate, for instance. Plus, movements focusing on ethical sourcing of clothes have not been able to garner enough attention to generate many boycotts. This allows retailers to get away with all kinds of outsourcing conditions and, thus, use the strategy of being quiet in the wake of such tragedies and avoid attention all together. This strategy was most likely to be pursued by smaller brands that were not under international media or activists' scrutiny. These groups include retailers in Europe and North America who are not too well-known and are able to avoid attention.

For companies which are rather popular and get the spotlight, Strategy B, described below, turned out to be a more suitable option.

## Strategy B: React via Solidarity and/or Binding Agreements - The Case of The Accord

The pressure to contribute to fire and safety standards in factories was intense on major as well as minor companies who outsource clothing production to Bangladesh - whether a company was directly a part of Rana Plaza or not. This scrutiny came from the media as well as activists and campaigners. Those brands that responded to the pressure worked with international organizations to establish guidelines. Under the guidance of European representatives, the ILO and workers' unions of several retailers and companies signed a five-year legally binding and independent agreement called [The Accord](#).

“The Accord is an independent, legally binding agreement between brands and trade unions designed to work towards a safe and healthy Bangladeshi Ready-Made Garment Industry. Our purpose is to enable a working environment in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety Measures.”<sup>1</sup>

The Accord’s goal is to bring global companies under a system that can allow for inspections. The signatories mostly include European, Australian and North American companies. The Accord has emerged to become a transnational and even trans-actor phenomenon where different agents have bound themselves to follow the norms and rules of the agreement. This includes paying various membership fees, being subjected to independent inspections, training workers, and outsourcing work to vetted factories. Workers can also refuse work in factories considered unsafe by them under Accord’s conditions.

The Accord is endorsed by many worker unions and international campaigners such as Clean Clothes Campaign and Maquila Solidarity Network. It has staff in Bangladesh that oversee day-to-day operations and conduct inspections. Under the Accord’s provision, all garment factories are required to undergo inspections, and if any fail to meet the safety requirements, then the factory has to be closed down until provisions for safety are made.

After the disaster, the signatories were also encouraged to pool money for the Bangladeshi victims into a donors fund; however, the companies were not obligated to pay explicit amounts but rather a number they saw fit. Two years after the tragedy, a report claimed that not all victims had been compensated due to a shortfall of donations in a fund specially created for those affected – as companies are not required but only encouraged to pay (Westervelt, 2015).

Interestingly, not many of these signatories publicized their participation in this agreement through traditional or social media stories. In fact, they signed the agreement quietly. Participation in The Accord appears to be a strategy in which companies take part in an initiative intended to save them from future embarrassments.

This initiative also allows companies to present little information on ethical sourcing and reparations which can prevent unwanted attention that can turn into criticism. If interested parties such as journalists or policy makers really want to investigate how conditions of the Accord have materialized, they will have to find out for themselves since companies and retailers present so little or no information about their participation in this agreement.

On a positive note, however, a likely consequence of such a legally binding agreement is some improvement in the Bangladeshi garment sector – although it may be subject to various issues such as local politics, corruption, and lack of personnel and/or resources<sup>2</sup>. A recent report indicated a lack of financing to deal with widespread problems in the garment industry – yet, some transparency has come about due to agreements such as The Accord (Chandra, 2016).

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<sup>1</sup> <http://bangladeshaccord.org/about/>

<sup>2</sup> Also see [The Guardian](#) report.

**The special case of Primark** - After the Rana Plaza incident, Primark, a UK -based group that offers chic but cheap clothing, was one of the first companies to rush to help the victims, sign the Accord, and donate a substantial amount of money to the victims' families. The company also put up a separate page on its website which focused on its commitment to Bangladesh.

These efforts may, in part, be due Primark's history of public scrutiny of their labor practices in developing countries. In 2008, Primark was the subject of investigation in a BBC documentary which showed how children in India were employed to produce cheap clothing. The attention generated from the documentary was damaging for Primark's reputation. In the wake of the Rana Plaza incident, Primark did not take the quiet route but was vocal about its efforts in giving compensation, as well as quickly signing The Accord.

## Strategy C: Creating Your Own Response

A final pathway of response includes establishing an independent agreement of like-minded companies, outside of international legislative bodies. Twenty-eight major US brands and retailers, who outsource their work in Bangladesh, did not sign the Accord. Instead, they formed their own organization called Alliance for Bangladesh Worker Safety, or simply 'The Alliance'. The major companies who took part in this deal included Walmart and JC Penney, and it was brokered under two US senators George Mitchell and Olympia Snowe.

"The Alliance is built upon the principles of commitment, collaboration, transparency, and accountability, and contains specific and measurable actions across areas essential to improving fire and building safety. All members are required to sign the Member Agreement, which outlines the commitments to which members must adhere, under recognition that the safety of workers is paramount at RMG factories in the members' supply chains within Bangladesh. Member compliance to the Member Agreement is monitored by a committee comprised of the independent Board members."<sup>3</sup>

A group like The Alliance is another way brands have been able to deal with a crisis, like the factory collapse in Bangladesh. Using this strategy, companies write their own narrative and avoid dictation from international organizations or trans-national agreements. This approach, however, is not without its drawbacks. The Alliance has been under fire from groups like Clean Clothes Campaign who have accused them of serving their own purpose and neglecting workers' rights or demands. Moreover, The Alliance has been criticized for not being legally binding—unlike the Accord. The lack of legal enforcement leaves the factories at the retailers' discretion to do what they see fit. Companies employing this strategy are not obligated to fulfil their

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<sup>3</sup> <http://www.bangladeshworkersafety.org/who-we-are/membership>

promises and do not face penalties if factories to which they outsource do not abide by building codes, fire and safety rules, etc.

Just like The Accord, The Alliance is not a guarantee to industry-wide changes. In fact, by not being legally binding, it does not cost companies and retailers any problems if local laws or codes are violated<sup>4</sup>. It also does not ensure that local unions or activists are represented in day to day dealings with the companies and factories. These agreements simply provide signatories a platform on which they can appear as responsible and ethical businesses that care about workers' rights.

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<sup>4</sup> For a detailed comparison between The Accord and The Alliance, see Clean Clothes Campaign [report](#).

## The Impact of Different Strategies and Blocs

It is clear that there exists different interests and blocs when it comes to managing the garment industry in Bangladesh. However, the repercussions – regardless of which path taken — rest on the shoulders Bangladesh workers.

Firstly, the various responses show that a state like Bangladesh is in some ways caught between different influential blocs, with international retailers and investment on one side and local trade unions and workers' rights campaigners on the other. Each of the involved groups try and steer building codes, labor rights, safety protections, and many other policies towards their own ends. Unfortunately, this tussle takes attention away from the role and responsibility of the state in making sure that local laws are followed and human rights are ensured. Pitting international corporations against local or international campaigners appears to put the state outside the situation - as a mere arbitrator between its people and retailer blocs. In an interview, Bangladesh Prime Minister Sheikh Hasina suggested that “accidents happen” and that they are trying their best (Watkins, 2014). However, this only widens the spotlight on the government and its responsibility to create safe environments for a vital industry that employs millions.

This also goes to show that using a single policy that applies to all those who outsource work to Bangladesh is a far-fetched idea. Moreover, it is also hard to expect companies and international corporations to band together under one policy or be highly motivated to self-regulate. Various blocs and strategies emerged after the disaster, meting out splintered attention to policy and compensation that instead should have been unified and nationally applicable.

Most importantly, these strategies and blocs prevent the free flow of information from the factories. On the contrary, information is routed via signatories or representatives of The Accord or The Alliance who appear to represent the industry in Bangladesh but are simply groups of companies/retailer blocs that primarily have their own interests at heart. This makes those interested in investigating the ground conditions of the garment industry more responsible for finding out the reality for themselves.

On a rather different note, it is important to recognize the achievements of campaigners, activists and unions that have long worked for ethical sourcing of clothes and worker rights. Their consistent efforts were able to create a situation in which agreements such as The Accord were signed immediately after the tragedy. It is indeed sad that such an arrangement only came about after thousands died or were injured, but without years of work and activism that has gone into campaigning a quick turnaround would have been difficult.

## Conclusion

An important takeaway is that retailers and companies will always try to increase their profit margins – that is their central motivation as businesses. When need be, they can come up with ideas or agreements that ensure that safety improvements and workers' rights are followed. However, the responsibility of the state toward its people should not be overlooked. States owe it to their workers to assure safe and decent working conditions.

When it comes to campaigning for ethical and just conditions, consumers also bear responsibility. Over the years, diamonds and other conflict minerals have received enough attention that a buyer can ask for a 'conflict free' gem. Similar ideas could be applied to the garment or any other industry that employs labor in degrading and unsafe work environments.

Most brand reputation management strategies in a contested area such as the garment sector are designed to give too little information to consumers and other interested groups, such as campaigners or international organizations. This suggests that information about policy changes and their applications are often within the clutches of global companies and journalists, researchers, advocacy groups and labor organizations have to work harder to find out if and how policies are being implemented and whether conditions are being improved on the ground.

Finally, the emergence of different retailer blocs in Bangladesh suggests that not all workers employed in the garment industry can expect the same level of care and safety. The existence of various groupings and agreements cannot create a uniform policy for all the garment workers in a country. This non-uniformity of expectations and impacts regarding policies in developing countries is something future policy makers and researchers must be keenly aware of.

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