The Savar Story a Year on

Zeenath Reza Khan* and Gwendolyn Rodrigues**

On the morning of April 24th, the collapse of the Rana Plaza building housing five export-quality garment factories, killed a few hundred and injured thousands of garments workers, mostly women instantly, trapping more victims in a steel prison for days, making it the worst disaster in the history of apparel manufacturing industry world-wide. Although media, nations and corporations voiced strong stands against such appalling work safety and human rights violations, many multi-national companies continue to exploit the under-privileged workforce with constant threats of moving businesses to more-profitable markets that offer lower wages and lower costs.

Almost a year after the world-shaking collapse, the victims, their families and the garments workers population in general continue to fight for their rights, better standards of living, safer working environments, that seem to be falling on deaf ears.

This paper revisits the Savar Tragedy – a year on… using primary and secondary data to highlight the key issues related to the manufacturing industry, particularly the Savar Tragedy in Bangladesh, some solutions that have come in place and possible solutions that involve ethical consumerism for a sustainable future of the industry.

Keywords: Management, Social Responsibility, Ethical Trade, Supply Chain Workers

1. The Savar Story Revisited

While the world reeled from yet another Iraqi insurgency’s raids from the day-before on the Hawija city of Iraq that left dozens dead (Griffs, 2013), elsewhere in the outskirts of the world’s most densely populated city, a building collapse began to make headlines. Within minutes, Rana Plaza Complex located in an industrial city outside Dhaka city, Bangladesh, a residential building housing five export-quality garments factories, crashed down on its inhabitants, killing

Ms. Khan* Instructor, Faculty of Engineering and Information Sciences, University of Wollongong in Dubai, UAE. Email: zeenathkhan@uowdubai.ac.ae.
Dr. Rodrigues** Associate Professor; Faculty of Business, University of Wollongong in Dubai, UAE. Email: gwendolynrodrigues@uowdubai.ac.ae.

This case was written by Ms. Zeenath Reza Khan and Dr. Gwendolyn Rodrigues using various organization and individual information and interviews with written or video permission; and its intention was to provide material for class discussion through publication. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.
hundreds and trapping. As the minutes turned to hours, the world stood by, watching in horror as the full extent of the devastation came to light.

A day prior to the collapse, workers complained of cracks that appeared across the length of the building. The local non-government agency, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) demanded the building closed till investigations could declare the building safe for workers to return. This warning was not heeded (Reaz-bin-Mahmoud in interview with Khan, 2013).

As the industrial district woke up to early morning sunshine, people catching breakfast at road sides and worker milling into different factories to start work, workers from Rana Plaza were being threatened with salary cuts and no-pays if they did not enter the building. The owner of the building boldly declared the building would continue to stand another 100 years. But as history has proved such glam-claims false in the past, as the proverbial saying goes, history was indeed about to repeat itself.

Around 9am people around the building heard a loud boom and rumbling that seemed to begin from the depths of the ground and end in the deafening collapse of the eight-story complex leaving behind smog of dust, debris, smoke, ear-piercing screams and total chaos. The Rana Plaza complex in Savar had just collapsed like a pan-cake, killing hundreds instantly and trapping thousands in its steel grip (Ghulam Murtaja in interview with Khan, 2013).

Within the hour, at least 39 bodies had been dragged out and sent to the nearby hospital. The numbers began to rise alarmingly, almost doubling every hour. As the day dragged on, news began to pour out of the wreckage, shedding light into the true plight of the trapped workers, their families and friends and the people of Bangladesh (Anwar Hossain in interview with Khan, 2013). The chilling photos and videos by brave men, women, and journalists began to make rounds on Twitter, Facebook, online news sites, television channels and so on.

Besides firefighters, police, army and rescue workers, even common men and women from around the building vicinity jumped in, with no heed to their own safety, to help those who were still trapped inside, screaming to be dragged out, begging for another chance at living. These volunteers began to pull unbelievable feats, going in through trap holes where doctors or fire fighters wouldn’t go fearing too high a risk on their own lives (Major Rahman in interview with Khan, 2013). One such volunteer, Mohammad Ejajuddin Ahmed Kaykobad made headlines, when he lost his life trying to save a garment worker, Shahina who was trapped for over 100 hours and could not be saved as a fire broke out at the last minute killing her and her rescuer. These volunteers cried ‘Allah have mercy’ when finally, after 96 hours of non-stop manual rescue efforts, the government brought in heavy machinery to move boulders, a clear sign that all hopes had just
diminished of ever finding anyone else alive (Anwar Hossain in interview with Khan, 2013). Thousands were still missing.

With no proper record of number of workers, identifications on bodies became a near-impossible task. Volunteers, fire fighters and rescue workers began using any means to try and help families find closer. Dialing mobile numbers given by family members, looking through handbags and pockets of dead bodies led to some identification and too many heart-wrenching realizations of loss (Muhammad Lutful Haq in interview with Khan, 2013).

All volunteers, workers and viewers at home screamed with joy and shouted ‘Allahu Akbar’ when after 17 days of the collapse, Reshma Begum, a garment worker trapped in was rescued alive, once again restoring on-lookers’ and family members’ hopes and beliefs in miracles (Reaz-bin-Mahmoud in interview with Khan, 2013). Alas, there would be no more.

Rana Plaza collapse claimed a total of 1132 lives; 2438 workers were rescued alive and about 330 workers are still missing.

2. Bangladesh’s garment industry and its workers

Bangladesh is a developing country with an estimated population of 163 million. As of 2012, Bangladesh’ per capita GDP was estimated at $2100. Although majority of the nation depends on agriculture, in the last 30-40 years, the readymade garments (RMG) industry of Bangladesh has also flourished to now home over 3000 factories, employing approximately two million workers, and
increasing the country’s exports by 16% to $2.7 billion in 2013 alone (CPD Report, 2013).

The phenomenal growth of the RMG industry in Bangladesh has been attributed to Europe’s exemption of Bangladesh from ‘Multi-Fibre Arrangement (MFA)’ bilateral quota system that is imposed by developed countries’ (Bhuiyan, 2012) and cheap, reliable, hard-working, easily trainable worker source, among others (Professor Muhammad Yunus in interview with Khan, 2013). From pre-independence era, Bangladesh has been dwelling on garments export through small tailoring shops that moved to become manufacturing companies, raising the number of garment manufacturing and exporting facilities throughout the years to thousands.

Mr. Ghulam Mohammad Quader, Minister of Commerce, Government of the People’s Republic of Bangladesh, stated in an interview with Khan (2013) that

“The growth of the industry currently supports 80%-90% of the country’s total exports mainly because our workers are considered easily trainable and the wages/cost is considered highly competitive in the world market. The minimum wages in our industry at the moment is Tk. 3000 per month which is about US$38.72.”

However, Nobel Laureate, Professor Muhammad Yunus stated that the growth of the industry had two very significant impacts on the country (Professor Muhammad Yunus in interview with Khan, 2013):

- the obvious economic impact, with the rise in exports and creation of a new class of entrepreneurs who were educated and became leaders of the market through experience
- the empowerment of women who came out of villages, disassociating from social norms, religions customs and family inhibitions to join factories as workers, learning and becoming skilled at a job in an industry that now stands on their shoulders.

As the industry developed at a lightning speed, the young government struggled to keep up with its needs, often becoming lenient in matters of infrastructure, zone requirements and so on. Particularly, stated Minister Quader in his interview with Khan (2013):

“When the garments industry started, as it was labour intensive and not necessarily heavily reliant on massive machinery or even capital-intensive, many small-scale factories sprang up across cities, sometimes leasing space inside shopping centers or residential areas. When the factories did

---

1 MultiFibre Arrangement (MFA) provides bilateral quotas against textile and clothing exports from developing nations so developed countries can manufacture. It is administered under the General Agreement on Tariffs and Trade (GATT), it is neither nondiscriminatory nor avoids restrictions based on quantity (Goto, 1969)
grow in size, they moved away from the cities and built custom-manufacturing plants. But there still remain many small factories that are housed in residential and commercial areas, retail areas. Because the garments industry has been contributing significantly and essentially to the economy of the country, the government did not necessarily restrict the progress by being very strict on such matter, in order to help the industry grow further.”

3. The Savar building collapse – why did it happen?

Savar is a sub-district of the capital city Dhaka in Bangladesh, about 20 kilometers from the capital. It is an industrial zone housing hundreds of factories and manufacturing plants such as the Rana Plaza.
Rana Plaza was originally developed as a shopping complex whose foundation stood on a pond. It was first a four-storied building with permission and foundation for only four stories (CPD Report, 2013). However, the owner of the building developed four more stories without permit in order to house more garment factories. With shaky grounds to stand on and added load of four extra stories and heavy machinery, the building was an accident waiting to happen, especially when cracks appeared and workers were forced into the building on the morning of the incident.

4. Commitments and stakeholders

Majority of the victims of Rana Plaza tragedy were the sole bread-earners of the family. 25% of the workers who died had children who are now orphaned with no concrete plans for financial and educational stability in the future.

BGMEA’s Reaz bin-Mahmoud, vice-president and CPD’s Dr. Moazzem both have confirmed that Government, banks, factory owners have come forward to pledge 140,000,000 while the hospitals have reduced costs, especially Apollo Hospital Dhaka. Dr. Moazzem said in an interview with Khan (2013):

“Although in the beginning many stakeholders expressed their interests to help the workers and their families, in reality, as time passes, the situation seems to be different, especially for injured workers who need long-term rehabilitation, may be even alternate sources of income.

We need to take lessons on how to support the workers on short, medium and long-term basis. Government and international buyers need to commit themselves to helping the industry become safer structurally, environmentally, socially. But we haven’t seen such changes or mindsets yet.”

That was August 2013.
5. A year on… any conclusion in sight?

Immediately after the collapse of Rana Plaza, many international brands refused any dealings with any of the five factories housed in the complex, though tender receipts of such brands were later found in the ruins. Many others announced that they would leave the market all-together as the Pope labeled the Bangladeshi garment workers ‘slave labour’ and Walt Disney rated it the ‘highest risk country’.

Professor Yunus stated in interview with Khan (2013):

“Business houses need to understand that while the garment workers are physically working in Bangladesh, they are actually contributing their labour for their business. Buying houses leaving Bangladesh is not a solution. It will only add to the existing problem”

Almost a year after the tragedy, only a handful of international brands such as Primark has made short-term donations towards compensating their supply chain worker victims and their families. But is it enough?

A Rana Plaza Trust Fund has been set up with the help and under the supervision of ILO in January 2014 after talks failed between owners of clothing brands and pressure groups. Under the ILO Convention 121 and the Bangladesh law, the victims are expected to make claims to the Trust Fund and receive a minimum payment of BTk 50,000 by the first anniversary of the tragedy, money that is desperately needed in order to pay for treatments, lost salaries, and to move forward with their lives (Butler, 2014). The claims will be processed from a single point of the Trust Fund to make it easily accessible and transparent for the beneficiaries and all involved (RanaPlazaArrangement, 2014).

So far, about $7 million has been donated by:

- Bonmarché
- BRAC USA (US $ 2,205,000), including donations from:
  - Asda
  - Gap Foundation
  - The Children’s Place
  - Walmart
  - Walmart Foundation
- C&A Foundation (€500,000)
- Camaïeu
- El Corte Inglés
- Inditex
- Loblaw
- LPP S.A.

---

2 In September 2013 representatives came together to form the Rana Plaza Coordination Committee. With International Labour Organisation (ILO) acting as a neutral chair, its purpose is to develop a comprehensive and independent process to deliver support to the victims in a predictable manner consistent with ILO (Source: RanaPlazaArrangement, 2014)
Mango  
Mascot  
N Brown Group  
Premier Clothing  
Primark (US $ 1.000.000)

However, estimated required fund to cover all beneficiaries is US $ 40 million. Of the 28 US retailers who were linked to the building collapse directly, only 16 have confirmed their donation to the Trust Fund (RanaPlazaArrangement, 2014). The apparel industry is estimated to be a $48billion industry; having collected only US$7 million seems a drop in that bucket (Butler, 2014). Brands such as Gap and Walmart have been heavily criticized for their contribution of $2.2 million by the IndustriALL, international trade union’s general Secretary, Jykri Raina (Butler, 2014). Benetton has yet to confirm any pledges of contribution.

Another initiative, the Accord for Fire and Building Safety in Bangladesh\footnote{The Accord is an independent agreement designed to make all garment factories in Bangladesh safe workplaces. It includes independent safety inspections at factories and public reporting of the results of these inspections and expects all stakeholders to commit (Source: Bangladesh Accord, 2014).} was signed by the government, non-government organizations such as BGMEA and 150 international brands and retailers in May of 2013 after the Savar Tragedy. The Accord was signed with IndustriALL and UNI Global Union after they challenged brands to sign such an agreement in wake of such a disaster. This Accord has published its first round of independent and transparent inspection report of factories in Bangladesh. The report identifies a number of serious issues that need to be addressed immediately (UNI Global Union, 2014). Some of these include:

- Weight distribution inside factories
- Better support for electrical cables
- Improve maintenance

However, be it the Rana Plaza Arrangement or the Bangladesh Accord, these initiatives are still one-sided attempts to help the garment workers and victims. Bangladesh depends heavily on this industry for its exports and finding solutions to problems after-the-effect cannot always be the answer. Said Professor Yunus in interview with Khan (2013):

“We need to find solutions, not escape routes. The 3.6 million garment workers in Bangladesh depend on the buyers’ business as sources of livelihood and Bangladesh still offers the most competitive pricing. So, the focus should be on ethical trading and manufacturing.”

Bangladesh is not alone its plight. The Shree Arihant Complex and Bhiwindi\footnote{A two-story building in the Shree Arihant complex collapsed in Bhiwandi, in the western state of Maharashtra. (Source: Wall Street Journal, 2013, Available URL: http://blogs.wsj.com/indierealtime/2013/07/04/garment-factory-collapse-in-mumbai/} collapse in Mumbai India in 2013, the fires in factories in Karachi and Lahore,
Pakistan⁵, the fire in a Chinese factory in Prato⁶, or the constant plights of garment workers in Sri Lanka, China, Pakistan, Cambodia seem to be increasingly hitting the headlines with alarming regularity, screaming out against multinational corporations and their lack of social responsibilities. Though most apparel brands claim their products are "ethically sourced", their attempts to seek manufacturing plants in low-wage developing nations to drive down production costs and increase profits inadvertently gives rise to what is commonly termed as ‘sweat shops’ (Arnold and Hartman, 2005).

Studies have shown that consumers' expectations of corporate social responsibility have also increased world-wide due to mass movement across the globe against human-rights violations in well-known apparel plants including child labour, etc. along with concerns over production conditions (Adams, 2002). They are not only concerned about what the retailer sells or at what price, also under what conditions those apparels were produced (Adams, 2002). So, can consumers' buying behaviour towards ethically manufactured apparels force brands to adhere to their corporate social responsibility and extend it to their offshore manufacturing plants?

Alongside inspections and minimum wages, it is becoming necessary to increase consumer awareness to ethical manufacturing through programs such as:

- designer-labels that clearly announce ethical manufacturing, or
- increase in retail prices that clearly explain where the extra 50 cents are going

Initiatives such as the above can make consumers pressure groups to ensure the international brands and retailers are treating their supply chain workers ethically and fairly.

As it is out of the scope of this paper, it is recommended that a follow up study be conducted that studies the consumers’ perceptions of apparel manufacturing, its supply chain, workers’ conditions and the extent of their awareness. If the world wants to ensure another Rana Plaza tragedy does not occur somewhere else in the underdeveloped, abused worker-market, the time is now to act for indeed it is their needs over our wants that should matter if we want to sustain such industries in the future.

---

⁵ Almost 300 people were killed in two separate blazes in Karachi and Lahore. (Source: The Economist, 2012, Available URL: http://www.economist.com/blogs/banyan/2012/12/garment-factory-fires

⁶ Due to a fire in a Chinese textile factory in Prato, seven people were killed a few days ago. (Source: Rupp, J. 2013, Rupp Report: Chinese “Made in Italy”. Textile World. Available URL: http://www.textileworld.com/Categories/The_Rupp_Report/?page=2)
References


