

BUSINESS AND LABOR RIGHTS IN GLOBAL SUPPLY CHAINS

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GLOBAL SUPPLY CHAINS: INHERENTLY DETRIMENTAL TO GOOD LABOR RIGHTS



CHARACTERISTICS OF GLOBAL SUPPLY CHAINS

**Lack of
information**

**Lack of
accountability**

**Lack of
transparency**

**Hyper-
flexibility**

**Unequal
power
relationships**

**Fragmentation of
work**



**Who is your
worker?**



**Who is your
employer? Where
are they?**

PRIVATE REGULATION: VARYING FORMS

Corporate codes of conduct

- Require suppliers to sign on to these standards

Monitoring programs

- Inspect and assess factories to make sure suppliers are in compliance

Certification mechanisms

- Label products 'sweat free' or 'fair trade'

REALITY OF COMPLIANCE PROGRAMS

- Ritual of compliance
- Incomplete information generated by faulty audits
- Flawed incentives:
 - Not rewarding “good” suppliers who comply
 - Continuing to work with suppliers that don’t





“SOCIAL AUDITING IS AN \$80 BILLION INDUSTRY, AND ‘HUNDREDS OF THOUSANDS OF AUDITS ARE CONDUCTED ON BEHALF OF INDIVIDUAL FIRMS AND MULTI-STAKEHOLDER INITIATIVES EACH YEAR.’”

FOCUS ON THE LOCUS OF PRODUCTION



Usually, the focus is on the suppliers:

- Northern brands dictate how factory owners and the government should improve conditions at a particular factory in a particular country.
- Brands typically police factory level breaches and combine compliance tactics with remediation.
- Research and policy discussions has concentrated on what supplier countries can and should do to address poor labor conditions and the effectiveness of these plans and programs.



CONNECTING BRANDS TO THE RANA PLAZA DISASTER



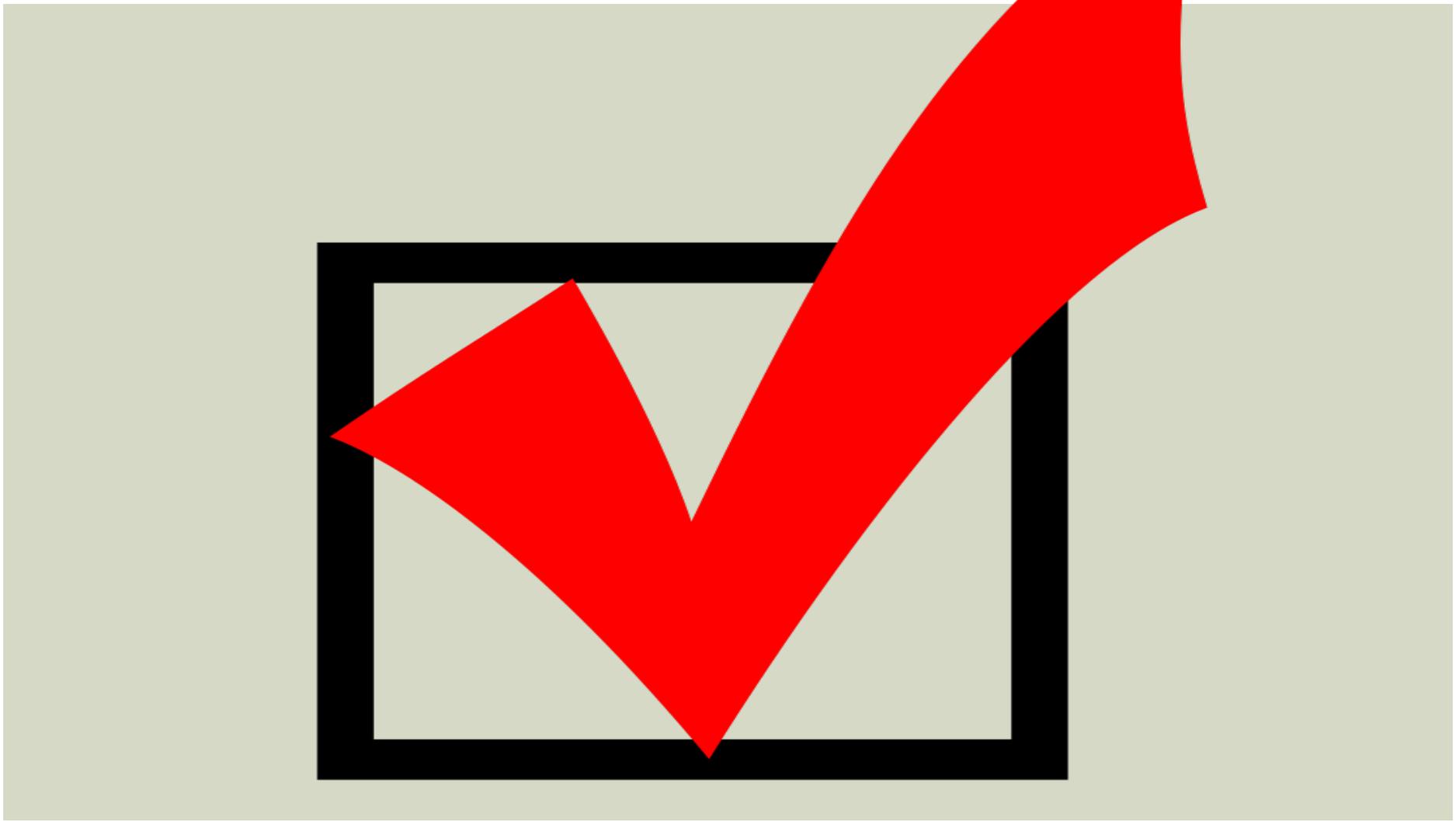
UNITED VICTIMS
OF BENETTON.





অগ্নি নির্বাপক যন্ত্র
FIRE EXTINGUISHER





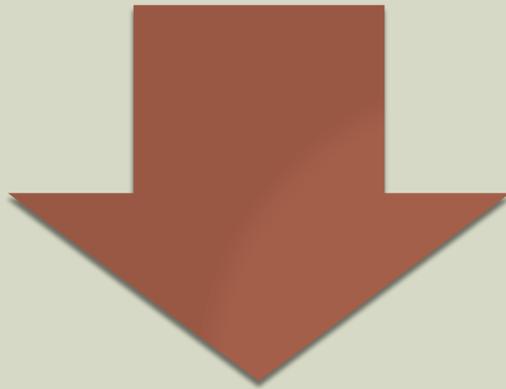




A focus on the “failed building” as the main cause and culprit of the disaster puts the focus narrowly on factory safety, rather than broader issues of ill health and unsafe conditions (Ashraf, 2017).

**NO MORE BUSINESS AS
USUAL?**

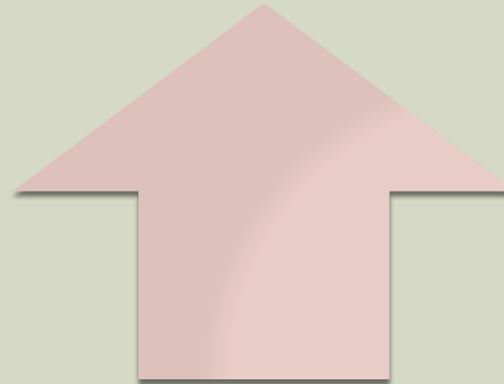
PRESSURE ON SUPPLIERS



- Price paid to suppliers declined by 13%
- Lead times declined by 8%
- Wages have dropped by 6%
- Profit margins for Bangladeshi suppliers decreased by 13% (Anner, 2019)



**Increased
profit margins
for global
brands**





Global supply chains

Lack of Information, accountability, and transparency

Hyper-flexibility

Unequal power dynamics

Impact on workers

Health impacts- mental and physical, everyday violence

Livelihoods- low wages, overtime, lack of job security





The Covid-19 pandemic put a spotlight on already unfair practices and heightened inequalities that were inherent in the system

77% of garment workers have gone hungry since the beginning of the pandemic

\$10 bn of profits recorded by fashion brands in 2nd half of 2020

9843+ garment workers faced wage theft

One in four workers have not received legally mandated severance pay during the pandemic

Standard workers wages are four times less than the wage they need to live on

In 7 out of 8 cases, workers have not been paid the full amount owed to them

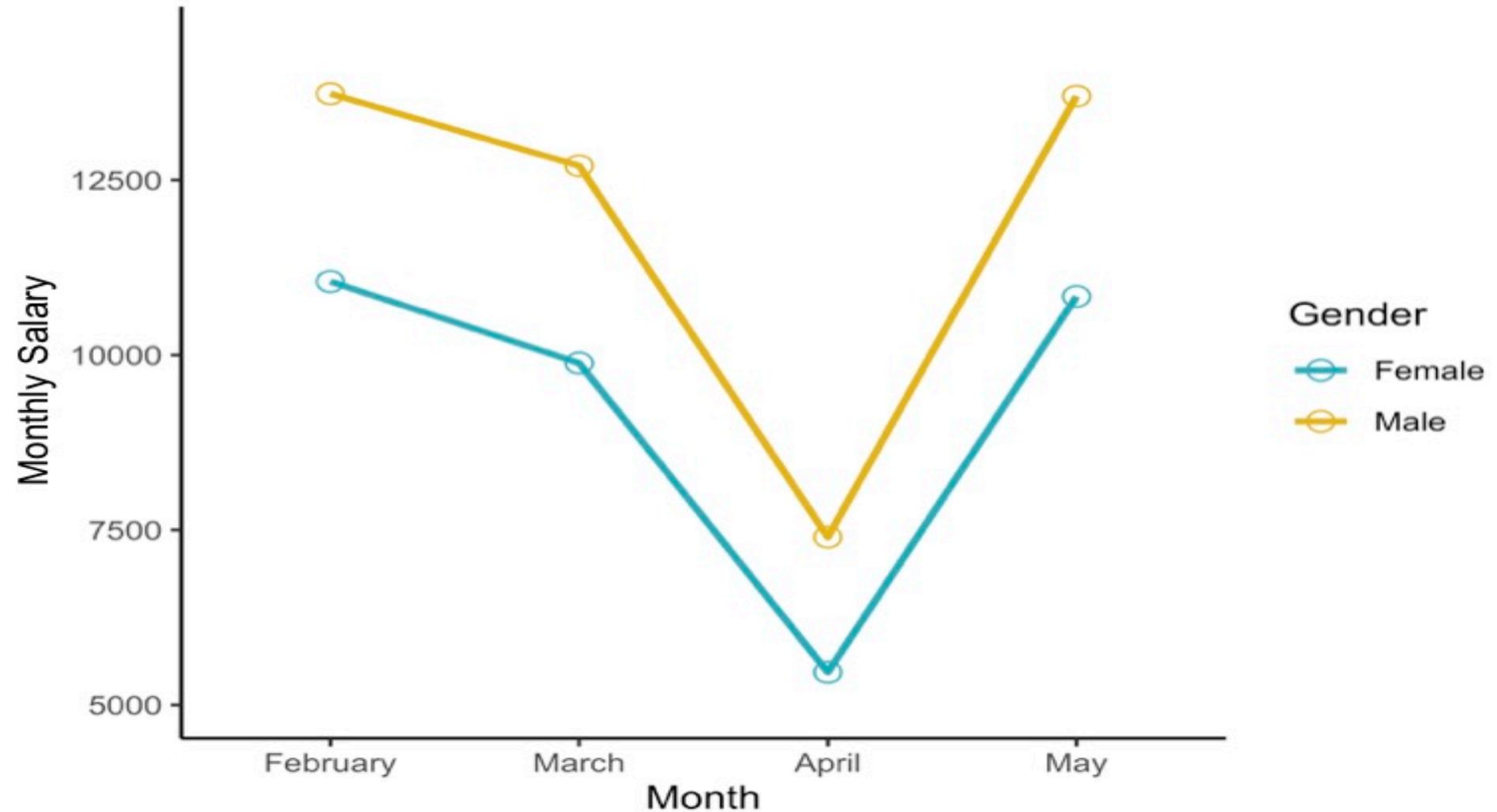
A woman with dark hair pulled back, wearing a green sari over a yellow top, is shown from the chest up. She is holding a black mobile phone to her ear with her right hand. The background is a blurred outdoor setting with trees and a building. The text is overlaid on the left side of the image.

The Subir and Malini Chowdhury Center for Bangladesh Studies at the University of California, Berkeley in collaboration with the James P Grant School of Public Health (BRAC JPGSPH) and the Centre for Entrepreneurship Development (CED) at BRAC University in Bangladesh conducted a rapid response survey of garment workers in order to understand how they have been faring under this crisis

Between June 30 and July 13, 2020, we reached 1,057 garment workers who participated in a phone survey of about 35 minutes.

Workers were surveyed from factories in Dhaka city, Ashulia, Savar, Dhamrai, Tongi, Gazipur, Narayanganj, Tangail, Chattogram and Mymensingh.

MONTHLY SALARY OF WORKERS (FEB-MAY, 2020)



When asked how they have coped during this period, 60% of workers (65% women and 55% men) said they don't save or use their savings to pay for food;

92% (90% of women and 96% of men) said they reduce other expenses.



62% replied with a '6' or higher (on a scale of 1 to 10), for how worried they were about not being able to feed everyone in their household because of money



An Oxfam report describes the case of one worker who worked in a garment factory in Bangladesh and lost her job last April. She was eight months pregnant, but did not get any of the maternity benefits to which she was legally entitled. She said at the time: “With the pregnancy, fear of the virus, unemployment, lack of payment of benefits ... sometimes I feel I will lose my mind.”



When people talk about relief, it irritates me. We don't want relief programmes, we don't need any training, we just want dignified wages. We just want the laws to be implemented and protect us. Brands can easily do that by working with our governments and adding more money with every garment they are sourcing. It is that easy. It is not complicated. — K. Akter

UNEQUAL POWER DYNAMICS

WHO HAS THE POWER?

*“It's an open secret, frankly, that cancellations, I think, are more common than people think...If a shipment arrives and it doesn't meet any of our quality standards, or if the vendor says okay, well, the shipment is going to be three months late, we, and any other company out there, retain the right to, for specifically prescribed reasons, to cancel the orders. And that is just how the apparel business works...”-
Head of Labor and Human Rights at a major retailer*



HOW CAN WE DISRUPT THE POWER IMBALANCE AND MAKE STRUCTURAL CHANGES?



**Business
model
changes**



**Legislative
changes**



**Contractual
changes**



**THIS IS A CRITICAL
MOMENT FOR US TO
BUILD BACK BETTER
AND CREATE A 'NEW
NORMAL'**