Whither Bangladesh: Accomplishments, Opportunities, Challenges and the Future

Guest Editors
M. Adil Khan & Habib Zafarullah
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INTRODUCTION

The vertically integrated RMG value chain and its global/local linkage, starting from the sourcing of raw materials to the manufacturing and final retailing of readymade garments, is marred with shadowy practices such as poor working condition, low wages, limited right to union, the use of child labour, unreliable building structures and inadequate occupational health and safety provisions (Chowdhury, et.al., 2014; Faroque, et. al., 2017; Hassan, 2016). From the supply side, the textile industry is equally criticised for producing fabric using unethically processed cotton or synthetic fibre. They are also condemned for maintaining an appalling working environment similar to RMG manufacturing facilities (Hancock, 2017). The RMG retailers including reputable fashion brands, on the other hand, are regularly blamed for their exploitative behaviour (As-Saber, 2014). They are reluctant to pay a fair price for the finished products they buy from the manufacturers while selling the same with a high margin to the market. Increasingly, major retailers are demanding better quality products at a lower price (Akter, 2017). Most of these retailers do not take the ethical sourcing issue seriously and reluctant to put any pressure on their suppliers as it could affect the ex-factory pricing of the RMG products. It often becomes difficult as well to know the actual trajectory of these products. These issues raise questions about the ethical standard of the various stakeholders within the value chain (ILO, 1999; Zohir, 2001; Krese and Francho, 2016; Prentice and De Neve, 2017). However, even though most of these activities are viewed as unethical, they are often not considered illegal as per existing international and country-specific laws or regulations and international business practices and protocols. The complex nature of the value chain also poses major governance challenges which are not easy to address.

Based on available evidence, both historical and current, this paper argue that a significant proportion of firms worldwide involved in the RMG value chain are engaged in shadowy activities which could be considered unethical or illegal or both. In explaining the
scenario using a critical thinking approach, the RMG value chain is a non-transparent chain of activities shrouded with darkness and doubts. Building on concepts of the ‘black economy’, ‘black market’ and recently introduced ‘black international business’ (As-Saber and Cairns, 2015) developed to describe illegal, unethical and shadowy activities, this paper proposes the concept and terminology of ‘black value chain’ while discussing the darker side of the RMG value creating activities. From an ethical-legal perspective, the paper provides a closer look at the RMG industry in Bangladesh. Existing ethical standards and legal and regulatory frameworks, both domestic and international are taken into consideration in assessing the complex structure and process of the value chain governance.

GLOBAL/LOCAL RMG VALUE CHAIN: AN OVERVIEW

Value creation through a chain of activities is typical of any production process. Although such process has been going on across industries around the world for many centuries, the concept of ‘value chain’ was first coined and popularised as an input-output relationship by Porter (1985) more than three decades ago. Value chain demonstrates the way raw materials are procured as inputs, transformed into end products and delivered to the consumers who are willing to pay a price for the value created by the process. The value chain requires disaggregating the value creation process of the firm into discrete activities which contributes to the firm’s relative cost position and product differentiation (Porter 1985).

In an increasingly globalising world, such value creating activities are becoming more complex with various stages of the production process taking place across different locations around the world. Such location diversification of value enhancing activities is known as global value chain (GVC). Kaplinsky (2013, p.3) has defined global value chain as a “range of activities which are required to bring a product or service from conception, through the separate phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use”.

According to OECD (2018), the international dispersion of value chain activities has emerged as a strong trend in recent decades through which firms endeavour to “optimise their production processes by locating the various stages across different sites”. Although GVC is like Porter’s industry level value chain (Porter, 1985), it considers the value creation of a product at a global level with added complexity in dealing with the various environmental constraints and their diversity across the various stages of the value chain system.
Gereffi, et al. (2005) consider three key theoretical underpinnings associated with the global value chain governance, viz., fragmentation, coordination, and networks. In this regard, the market fragmentation theory provides the diversity of markets in a globalising world (Arndt and Kierzkowski, 2001). The coordination and network become increasingly important as well because of the need for the so-called ‘integration of trade’ amidst a ‘disintegrated production’ (also known as ‘globalisation of production’) process across the value chain (Feenstra, 1998). The three factors of Dunning’s eclectic paradigm, viz., organisation-specific advantage based on a firm’s capabilities and resources, location-specific advantage based on the ease and opportunities available in operating within a specific location, and the internalisation (or minimisation) of transaction costs by operating in a foreign location may also provide some rationale for establishing a GVC (Dunning, 1977).

The apparel industry has long been using global value chain as a mechanism to produce and market RMG products. According to OECD, the business conducted through GVM includes “relationships with business partners, entities in its supply chain and any other non-State or State entity directly linked to its business operations, products or services. Business relationships may include any supplier or other business partner in an enterprise’s supply chain” (OECD, 2018, p.13). However, the extent of, and reliance on the use of GVM vary depending on the level of vertical integration of the production process of the firm and the relationship it maintains within its input-output transaction mechanism.

As a labour-intensive value chain, it provides employments to millions of people worldwide. Although the RMG manufacturing itself provides employment to more than 30 million people globally, the combined employment of the textile and garment industries reached almost 58 million in 2014 (Fashion United, 2018). On the other hand, the cotton sector employs a staggering 300 million people when family labour, farm labour and workers in ancillary services are considered (Fairtrade Foundation, 2018). Total global export value of clothing in 2016 was US$1.29 trillion (Fashion United, 2018).
THE ‘GLOBAL/Local BLACK VALUE CHAIN’ IN THE READYMADE GARMENT INDUSTRY: AN ETHICS, LEGAL AND GOVERNANCE PERSPECTIVE

However, this lucrative value chain is marred with greed, profiteering, empire-building and the lack of transparency and morality (As-Saber, 2013). Given the primary objective of the global value chain operation is to maximise profits and minimise costs, wellbeing of the vast majority of the employees have often been ignored. It follows a pattern which is characterised by rich factory owners sourcing raw materials at the cheapest possible price only to supply the finished products to large corporations at the cheapest possible price as well (Krese and Franko 2016). As a result, farmers producing cotton and other fibres including jute, wool and silk do not get the fair price, and workers toiling hard to produce fabric and garments do not get reasonable wages. The situation becomes more depressing amidst poor, unhealthy and risky working conditions that are common across the chain (Ogugbue and Sawidis, 2011). In Bangladesh, all rivers have become polluted due to such spillage. In addition, the RMG and textile factories in Bangladesh use significant amount of fresh water. While the water table has been declining in Bangladesh every year because of the overharvesting of ground water, textile factories are using 250 litres of water on an average for washing, dyeing, and finishing of every kg of textile produced (Mohrmann, cited in As-Saber et al., 2016). The excessive use of gas and electricity is also having a negative impact on the environment, both in terms of using fossil fuel and emitting carbon. Disposal of garments is a problem worldwide as the use of RMG has been continuously on the rise. If the fabric used in garments ends up in the landfill, its synthetic elements including dye would not easily decompose, while the stale woollen segments would produce methane contributing to global warming (The Ethics Centre, 2018).

During the RMG production process, a large amount of fabric often remains as left over. These are known as deadstock. In addition, 15 percent of the fabric used during the course of RMG production are wasted due to the normal pattern cutting processes (Edwards, 2016). These remnants or off-cuts are often considered as by-products of RMG value creation activity which, in turn, are used for producing other goods such as cushions, kids wear, boutique products and mattresses.

Ethical pricing is also a major issue. Most of the retailers do not take the ethical sourcing issue seriously. Despite increasing cost of RMG production, there is a reluctance among major retailers in raising the ex-factory price of RMG products (As-Saber, 2016). As most of them are not paying fair price while asking for the supply of better quality products in higher volumes, they are unable or reluctant to put any pressure on garment manufacturers to maintain ethical standards in terms of working condition, minimum wages and sustainable practices.
Ethics, Law and Regulations Governing the Global RMG Value Chain

According to Beauchamp & Bowie (2007), ethics is a set of general moral belief or standards that dictates what one ought to do when the well-being, right or duties to oneself, others or institutions are at stake. The code of ethical conduct for the apparel industry prepared by Clean Clothes Campaign (1998) is the most comprehensive one. Based on the suite of code of ethics espoused by International Labor Organization (ILO), it has come up with eight key criteria for the code of ethical conduct for the apparel sector which include: (i) employment is freely chosen, (ii) no discrimination in employment, (iii) child labour is not used, (iv) freedom of association and the right to collective bargaining are respected, (v) living wages are paid, (vi) hours of work are not excessive, (vii) working conditions are decent, and (viii) the employment relationship is established.

In addition, key principles of Global Compact also provide important guidelines for ethical and moral corporate practices globally. These principles emphasise on corporate sustainability based on the value system of the company and its adoption of a principles-based approach of doing business while meeting fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption (UN Global Compact, 2018).

Apart from these initiatives, major industrialised developed countries have also their own ethical-legal frameworks which are likely to promote responsible business practices both domestically and across borders. The Organization for Economic Co-operation and Development (OECD)’s international policy framework includes the adoption of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD, 2008). In line with the UN Global Compact, this convention has put emphasis on upholding human rights of those affected by corporate activities locally and globally. In addition, the OECD guidelines for multinational enterprises for ethical sourcing of textile and garments is a legal instrument of international law in which 46 OECD governments pledge their commitments to make their companies implementing responsible business conduct while operating within or beyond their domestic jurisdictions. The standard set by this guideline covers all areas of business ethics including human rights, labour, taxation, anti-corruption, consumer protection and environment (Gillard, cited in As-Saber, et al., 2016). It is important to note that most of the RMG products are imported by 46 OECD countries. There are other standards and guidelines for maintaining an ethical and acceptable RMG value chain which include International Standards Organisation ISO 26000, the International Finance Corporation’s performance standards and the UN Guiding Principles on Business

In addition to above-mentioned ethical codes of conduct, international as well as domestic law and regulations play a key role in ensuring ethical and legal operation of a business locally and internationally. In the US, the Corrupt Practices Act has the capacity to prosecute any American company engaged in illegal or corrupt activities outside the US. Such extraterritorial reach of the legal system has now been adopted by many European Union (EU) countries including the UK and France.

In developing countries such as Bangladesh, there are loopholes in the legal and regulatory frameworks. Following the Rana Plaza incident in Bangladesh, the Labour Law was amended. However, it did not fully implement the ILO provisions with the result that “workers’ rights still at serious risk” (Human Rights Watch, 2013). The government can still forbid or stop a strike while workers in many labour sectors are still unable to form unions. Nonetheless, Bangladesh made considerable improvement in the working condition and workers safety within the RMG industry since the Rana Plaza disaster in 2013. Thanks to the international community including labour unions, NGOs, the government of Bangladesh, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and European as well as North American lobby groups for promoting better and safer working environment in the country. Following the Rana Plaza incident, the combined efforts helped creating two major bodies, Accord on Fire and Building Safety in Bangladesh (ACCORD) and the Alliance for Bangladesh Worker Safety (ALLIANCE) in 2013, which contributed to the much-needed building and fire safety improvement and remediation process. Nonetheless, it is important to note that all factories had not been covered under these two initiatives. The results are mixed as well with significant improvement in some factories while many of them had little or no improvement. At the end of ACCORD tenure in June 2018, a second agreement, known as the ‘2018 Transition Accord’ went into effect on the 1st of June 2018 with nearly 200 brand signatories extending the Accord’s protections until the end of May 2021 (ACCORD, 2018). ALLIANCE is due to expire in the second half of 2018.

While the Bangladesh RMG sector has made some progress, it is important to know what has actually been happening across the global RMG value chain. The global RMG industry is supposed to abide by the various international codes of conduct as well as applicable laws and regulations, both domestic and international. The industry has long been criticised for maintaining unethical practices within its global value chain. Criticisms range from using unethically produced raw material such as cotton, fabric and accessories to the actual RMG
production while relying on cheap labour and inappropriate working environment. This is followed by its sales, promotion and disposal in a questionable manner. Unfortunately, many of its unethical activities are not considered illegal or illegitimate though. Many of the known illegal acts are also difficult to detect while law enforcing authorities often turn a blind eye on them. There are various reasons behind the failure in identifying illegitimate acts and prosecuting the individuals or organisations responsible for them. These may include the following:

(i) sometime the government has implicit support for the industry that generates large number of employment and significant export earnings and it does not want to annoy them;

(ii) too broad international governance framework which is often advisory only and not mandatory to follow;

(iii) loopholes in many of the existing laws and regulations and difficulties to enforce them;

(iv) the inadequacy of the number of inspectors checking out large number of factories and retail stores; and

(v) the inefficiency of the agency personnel because of their lack of necessary skills and training while being prone to be compromised through bribes.

Ethics, legitimacy and Black RMG Value Chain: The Case of Bangladesh

In the above context, the concept of ‘black international business’ (black IB) seems to be relevant to use as a tool in examining the current state of RMG value chain. For a long period of time, the international business literature has been ignoring the darker side of global business transactions. In 2001, Eden and Lenway (2001) presented the need for investigating the ‘darker side’ of globalisation to achieve a better understanding of international business activities. In doing so, they posited the multinational enterprise (MNE) as the ‘key agent’ and ‘face’ of globalisation and highlighted the relationship between MNEs and nation states as the central interface of its impact. Taking a ‘dark side’ standpoint, two international business scholars, As-Saber and Cairns (2015) argue that the human desire for power and authority, together with what some consider greed for money and resources, have been major drivers of global business activities over time (cf. Banfield, 1975; Boddewyn and Brewer, 1994). From slave trade and cultivation of corps using forced labour in the past to the modern-day labour exploitation using sweatshops and illegal or unethical production and distribution of goods and
services characterise the unethical albeit not often illegal features of international business value network. In this context and building on topics such as ‘black economy’ and ‘black market’, As-Saber and Cairns (2015) have developed the concept and terminology of ‘black international business’ (‘black IB’) and defined and discussed it from an ethical-legal perspective. They have also come up with a taxonomy of black IB outlining the complexities of ethical-legal interface in relation to MNC operation. Using ethics and legitimacy as two important dimensions, it provides typologies of international business activities. The framework for ethical consideration is grounded in Aristotle’s (350BC/2004) intellectual virtue of phronēsis – or ‘practical wisdom’ representing moral deliberations on reasoned and capable action for the good or bad of ‘man’ (sic). The framework also draws upon Flyvbjerg’s (2001) contemporary social science interpretation of phronēsis and his ‘value-rational’ questions for interrogating courses of action based on values, interests and power relations.

A closer look at the Black IB taxonomy from an RMG industry perspective could show how ethics and legitimacy interplay with each other across the RMG Value chain. The following figure (Figure 2) demonstrates how the various actors within the RMG sector in Bangladesh and its global linkages across the four key stages of RMG value chain are categorised according to their ethical and legal dispositions. Activities of some stakeholders are also brought into the discussion.

Type 1 companies represent the best players in the industry with high levels of ethical standard and legitimacy. Bangladesh has 67 LEED1 certified green factories. Thirteen of them are platinum rated of which seven rank among the top 10 green factories in the world (New Age, 2018). An article on the top 10 garment manufacturers in Bangladesh also shows that some of these manufacturers provide workers with free accommodation, pure drinking water, lighting and cooking facilities, transportation, meals at work, recreational facilities, and around-the-clock medical services (Bizvibe, 2018). These companies are careful about sustainable value chain in terms of ethical sourcing of raw materials, appropriate affluent management, and the use of biodegradable raw material where possible.

Type 2 companies are low in ethical standard. However, they somehow meet the legal/legitimacy requirements. Many of these factories were originally registered under ACCORD or ALLIANCE programs and have done some remediation and improvement. Accord covers about 1600 factories. According to ACCORD (2018), corrective action plan with respect to electrical, fire and structural safety has not entirely been completed with many factories failing to comply while some
are still ‘work in progress’. The ALLIANCE covers 700 factories with focus on fire and building safety inspections, worker training, and worker empowerment. Most of the factories successfully completed the process while a significant number of factories are still in ‘critical’ condition with many others requiring ‘intervention’ (ALLIANCE, 2018).

No garment factory directly falls within the Type 3 category. In their article on black IB, As-Saber and Cairns (2015) have provided an example of the battle between MNE pharmaceutical companies and the South African government over patents for drugs used in the treatment of HIV and AIDS (cf. Silverman, 2014). While the government was challenged by the drug companies for sanctioning production of generic alternatives to their branded products, in alleged breach of legal protection of their patents, they faced with opposition based on the ethical argument in support of affordable access to medicines. As such, drug companies considered the alternative drug production as being a Type 3 activity, whilst the South African government saw it as Type 1. This example shows how categorisation according to both business legitimacy and ethical orientation are subject to and must be understood and discussed within and across contextual constraints – both geographic and historical. Another example in this regard is the role of Greenpeace boats and their crews in fighting the whaling ships in the high seas. Although it is illegal to intervene a ship while whaling, Greenpeace has high moral ground to stop whaling (The Guardian 2015).

Nonetheless, in terms of the ethical moral obligations, many NGOs, human rights organisations and trade union activists are somewhat breaking the law by organising protests and strikes to bring their demand home for better working condition, better wages and better occupational health and safety within the RMG sector. As there is little or no trust on the law enforcing agencies because of the presence of pervasive corruption in Bangladesh (Zafarullah and Siddiquee, 2001), many activists jump to the street and organise protests while demanding justice for any alleged worker abuses instead of going to the law enforcing agencies. Although most of these actions appear to be illegal, they seem to have high moral ground.
**High Business Legitimacy**

<table>
<thead>
<tr>
<th>Type 1</th>
<th>Type 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inputs:</strong> biodegradable, ethically sourced</td>
<td>not biodegradable, not ethically sourced.</td>
</tr>
<tr>
<td><strong>Production:</strong> environmentally friendly, minimum wages, poor working condition, poor medical and safety</td>
<td>not environmentally friendly, minimum wages, poor working condition, poor medical and safety</td>
</tr>
<tr>
<td><strong>Output:</strong> high quality with less synthetic content, durable, good design</td>
<td>poor quality output with synthetic components and dye, more waste due to inefficiency, not durable, good design</td>
</tr>
<tr>
<td><strong>Marketing sales and disposal:</strong> fair ex-factory price from retailers, ethical marketing, sensible disposal with least ecological impact, retailers/buyers taking responsibilities</td>
<td>unrealistic marketing, exaggeration, disposal with negative environmental impact, unfair ex-factory pricing from retailers, retailers/buyers not taking any responsibilities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type 3</th>
<th>Type 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inputs:</strong> use of toxic material and dye, not ethically sourced or sources unknown</td>
<td>not biodegradable, use of toxic material and dye, not ethically sourced or sources unknown</td>
</tr>
<tr>
<td><strong>Production:</strong> environmentally damaging, less than minimum wages, unacceptable working condition, forced labour, no labour union, no medical, poor safety</td>
<td>environmentally damaging, less than minimum wages, unacceptable working condition, forced labour, no labour union, no medical, poor safety</td>
</tr>
<tr>
<td><strong>Output:</strong> poor quality output with synthetic components and dye, more waste due to inefficiency, not durable, illegal copying of design and the use of toxic material.</td>
<td>poor quality output with synthetic components and dye, more waste due to inefficiency, not durable, good design</td>
</tr>
<tr>
<td><strong>Marketing sales and disposal:</strong> ethical marketing, sensible disposal with least ecological impact, retailers/buyers taking responsibilities</td>
<td>arbitrary and very low ex-factory pricing from retailers, unethical marketing, use lies, disposal with high toxic content and negative environmental impact, retailers/buyers not taking any responsibilities.</td>
</tr>
</tbody>
</table>

**Low Business Legitimacy**

*Figure 2. Black international business taxonomy of legitimacy and ethics: A Black RMG Value Chain Perspective, Adapted from: As-Saber and Cairns (2015)*

Type 4 represents companies which are low both in ethical orientation and legitimacy. It is important to note, from a pool of almost 4,500 factories, only 2,300 were included in the ACCORD and ALLIANCE safety program. Many of the factories registered under them have utterly failed to improve. A recent ACCORD update reveals “major, life-threatening concerns remain outstanding in too many factories
and need to be fixed urgently” (The Guardian, 2018). The situation looks grim as more than 1,500 factories, producing for markets such as Russia and Turkey, only receive limited oversight and inspections from the government agencies which are not so reliable. Most of these factories have outstanding safety issues which ILO considers as safety ‘black hole’ (The Guardian, 2018). Most of these companies are run as sub-contractors and operate from rented sites. These factories often supply their products to NON-US or non-EU retailers and do not bother complying with any occupational health and safety or human rights principles. They often use cheap, non-biodegradable and toxic material and dye which are not ethically sourced. They do not have any respect for the environment and deny the right to union and healthcare. As they deal with the low end of the market in countries where the regulatory regimes are not strong enough, these factories supply garments at a very low ex-factory price. Many of these companies also illegally copy design and labels from major brands and sell and export them as ‘stock lot in some way’ (Textile Today, 2017). These products are not tested for chemical hazards and toxic substances and could pose severe forms of health hazards including irritation, sensitization, and carcinogenicity (Textile Today, 2017).

The evidence and discussion surrounding the black IB taxonomy present the RMG value chain essentially as a largely non-transparent chain of activities shrouded with darkness and doubts while marred with unethical, illegitimate and shadowy activities. The vicious value chain of the readymade garment industry, therefore, could simply be termed as black RMG value chain within the realm of black IB.

CONCLUSIONS AND THE WAY FORWARD

Global/Local RMG value chain is a complex network of multi-stage activities. Despite the presence of a set of ethical codes of conduct and the existing domestic as well as international legal provisions, the RMG value chain is prone to unethical and illegal activities. In this regard, the case of the black value chain linked to the RMG industry in Bangladesh provides a depressing picture which is marred with greed, profiteering, empire-building and the lack of transparency on the one hand and deficits of democratic norms and weak public accountability on the other. Starting from the sourcing of raw material and throughout the production, distribution and disposal stages, the operation of the value chain primarily focuses on achieving its key objective of maximising profits and minimising costs. The wellbeing of the vast majority of the employees working along the different stages of the value chain do not often get proper wages and forced to work in appalling conditions.
It is an intricate scenario and not easy to address. However, a systematic, multi-level and multi-pronged governance approach is required to manage the complex quandaries surrounding the RMG sector.

With respect to the sourcing of raw material and accessories, RMG manufacturers need to take extra care and stop sourcing any such material from unethical sources where child or forced labour is used. They should not also use low quality material with toxic or harmful content. The government should show vigilance and if necessary, legislate and enforce law in restricting the sourcing and use of such raw material and accessories.

At the national level, key players including labour representatives, factory owners and the government need to reach a consensus about the way the industry should be run and governed. In Bangladesh, some progress has been made since Rana Plaza incident. However, several stumbling blocks still remain on the way which include the further reform of the labour law, absence of a comprehensive and credible safety and building inspection process for all factories including the ones who haven’t signed up for the ACCORD or ALLIANCE.

At the buyer/retailer level, it is important for retailers to ensure ethical practice and auditing conforming to the 2011 UN human rights guiding principles to ‘protect’ people’s life and livelihood, ‘respect’ their dignity and ‘remedy’ any departures from these two. In this regard, it is important to refer to Principle 2 of the UN Global Compact that clearly advises businesses to make sure that ‘they are not complicit in human rights abuses’. Because of their extra-territorial jurisdiction, the OECD guidelines for multinational enterprises, the EU guiding principles and the US anti-corruption law may also be used by respective importing countries to make retailers responsible for their actions.

According to the UN Guiding Principles on Business and Human Rights, all parent companies are expected to maintain an acceptable level of ‘duty of care’ for the employees working in their foreign subsidiaries and sub-contracting partner firms (United Nations, 2011). There are now call for holding parent companies criminally liable for human rights abuses for breaching this provision (Smith and Lepeuple, 2018).

Arguably, single most challenge in turning this vicious value chain into an ethical, and legitimate global operation is the lack of appropriate and effective governance mechanism. Although, there are various governance models available to control and coordinate
different tasks and responsibilities, it is difficult to apply those models from an ethical-legal perspective due to the reluctance of the parties involved in the value chain to fully accept or implement them. Question could be raised if a special governance model is needed for this complex value chain. The straight answer could be, ‘no’ as the existing governance models are good enough to tackle the governance issues. Of course, effective and efficient governance will depend on the sincerity, diligence and commitment of individual stakeholders in implementing the respective governance models across and beyond the value chain. There is no need to reinvent the wheel - it would rather be desirable to grease the existing wheel and turn it to the right direction to make a positive way forward. It is not the model of governance, it is the spirit of governance that matters the most and needs to be upheld, materialised and respected by all concerned always.

Nonetheless, as governance at the global level may still seem problematic (Khan and Milne, 2018), it could be resolved through regular interactions and exchange of ideas across stakeholders belonging to different governance regimes who are positioned at different stages in different locations throughout the value chain. The idea could be - let each stakeholder perform their own governance check before checking with those of others.

Accordingly, at the retailers’ end, the home country governments, retailers and consumer group should form a partnership to ensure the observance of the relevant governance models and codes of conduct in factories located in their source-countries. Retailers should also be maintaining regular dialogues not only with their suppliers but with the trade unions or workers’ representatives in their source countries while being ready to compensate factory owners for the additional costs of compliance and higher wages.

Currently, apart from a handful of exceptions, there is no direct involvement of governments of major retailing countries in making retailers and major brands follow ethically responsible global sourcing practices across the global value chain. Organisations such as the International Labour Organisation, the UN Human Rights Council, International Trade Union Confederation, International Court of Justice and International Standards Organisation should also be directly involved in making the process transparent and accountable.

Finally, it is time now to consolidate above-mentioned apparently dispersed activities including the sourcing and purchasing practices which need to be supported by an acceptable monitoring system participated by all key stakeholders. An establishment of a ‘Garment
Industry Global Governing Council’ could be useful to offer a platform to coordinate and oversee the multiple levels of governance regimes across the RMG value chain. A Secretariat with a Secretary General could be established, preferably in Bangladesh being in the centre of the recent developments surrounding the readymade garment sector. All key stakeholders including, retailers, consumers, workers, factory owners, raw material and accessory suppliers, governments, NGOs and international organisations should interact, coordinate and participate in this much-needed body and fund its activities. Concerted efforts coupled with sincere motivation and commitment from all concerned can only make the apparently black RMG value chain fairer and better.

NOTE

1. Leadership in Energy and Environmental Design (LEED) certificate provided by the United States Green Building Council

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M. Adil Khan, PhD is an adjunct Professor of Development Practice at the University of Queensland, Australia and former Chief of Socio-Economic Governance and Management Branch of the United Nations Department of Economic and Social Affairs, New York. He possesses more than 35 years of practical and academic experiences in international development, participatory governance and public policy. He is the recipient of the UN Plaque of Recognition for championing the work of participatory governance at UN. He has published extensively in areas of governance and development and has been the founding editor of the journal, Sustainable Development. He is also an Editorial Board member of South Asia Journal.

Habib Zafarullah, PhD is an adjunct professor of Sociology (Governance Studies) at the University of New England, Australia. He was chair of the Public Policy Program there and his areas of academic interest are: democratic governance, comparative bureaucracy, public policy and administration, and international development and has published extensively in these areas and some of his recent books include: Colonial Bureaucracies (2014), Managing Development in a Globalized World (2012) and International Development Governance (2006) (the latter two with A S Huque). He served as editor of Politics, Administration and Change, an international social science journal, for 25 years.

Nizam Ahmed, PhD is Professor of Public Administration at the University of Chittagong, Bangladesh. He graduated with honors and obtained a master’s in public administration from the University of Dhaka. He has a Ph.D. from the University of Melbourne, Australia. Dr. Ahmed’s fields of interest are legislative behavior, local government and South Asian politics and administration. He has published numerous articles in major international journals on politics and administration and authored/edited several books published by reputed publishers such as Routledge, Palgrave Macmillan, Frank Cass, Ashgate, and University Press Limited. He is the Secretary of South Asian Network for Governance Studies, a regional organization engaged in researching governance problems in different countries of the region.

Niaz Asadullah PhD is Professor of Development Economics in the Faculty of Economics and Administration at Malaya University. He is also a visiting researcher at the University of Oxford, visiting Fellow at Reading University, visiting Professorial Fellow (Hon.) at the University of Manchester, Research Fellow at the IZA Institute of Labor Economics (IZA), Fellow at the Global Labor Organization (GLO), and RSA connector for Bangladesh. He is Associate Editor of the Journal of Human Development and Capabilities, and on the editorial advisory board of three academic journals–COMPARE (Journal of International and Comparative Education), Institution and Economics and Malaysian Economic Journal.
Pranab Kumar Pandey, PhD is a Professor of Public Administration, University of Rajshahi, Bangladesh and was a Senior Fulbright Fellow at Cornell University, USA. His areas of research are: public policy, social movements, NGOs, public sector management, governance and gender studies. He has authored seven books, including Women Empowerment in South Asia: NGO Interventions and Agency Building in Bangladesh (2016), Reforming Urban Governance in Bangladesh: The City Corporation (2017), and Strengthening Local Governance in Bangladesh: Reforms, Participation and Accountability (2018) and has articles in several international peer-reviewed journals.

Faisal M. Rahman, PhD is the Founding Dean and Professor at The Graham School of Management of Saint Xavier University of Chicago, Illinois, USA. He is also the Co-founder and Chairman of the Board of APAC group of healthcare companies which provide outpatient services in the Midwest area of USA. APAC also provides healthcare consulting services to major healthcare networks. His academic work is focused on healthcare and strategic management. In the world of healthcare delivery, he is regularly featured as a keynote speaker. He also serves as a member of the Board of Directors in several companies as well as not-for-profit organizations.

Ali Riaz, PhD is a Distinguished Professor of Political Science at Illinois State University, USA. He was the chair of the Department of Politics and Government between 2007 and 2017. He previously taught at universities in Bangladesh, England, and South Carolina, USA, and worked as a Broadcast Journalist at the British Broadcasting Service (BBC) in London. In 2013, he served as a Public Policy Scholar at the Woodrow Wilson International Center for Scholars at Washington D.C. Dr. Riaz’s recent publications include Lived Islam and Islamism in Bangladesh (2017); Bangladesh: A Political History since Independence (2016). He is currently coediting a volume titled Political Violence in South Asia.

Sharif As Saber, PhD is Founding Director of Master of International Business Program at RMIT University and previously served as the Deputy Head (Research & Innovation) at the School of Management, RMIT University and Sub-Dean (International Business) at the University of Tasmania. He was the Founding Director, MPhil (Industry) Program at Monash University and led International Business Programs at Monash University and Massey University. He published six books and written extensively for refereed journals. His current research interests include governance, anti-corruption, ‘black’ (illegal) international business and geopolitics. He is the Editor-in-Chief of the Journal of Administration & Governance.