

Rana Plaza: A Threat to the Fast Fashion Model?

Prof. Dr. Elke Schüßler

Institut für Organisation, Johannes Kepler Universität Linz

Sustainable Fashion Consumption Symposium

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Westwood ruft auf Mode-Event zu Konsumverzicht auf



Foto: REUTERS/BENOIT TESSIER

Vivienne Westwood

Die britische Designer-Ikone kritisierte auf "Bread & Butter"-Preview die Wegwerfgesellschaft.

Kurier.at, 13.06.2017

Agenda

- Why governing garment supply chains is difficult
- Rana Plaza as a focusing event?
- Introducing the Garment Supply Chain Governance Project
- Initial insights – changes since Rana Plaza
- Outlook

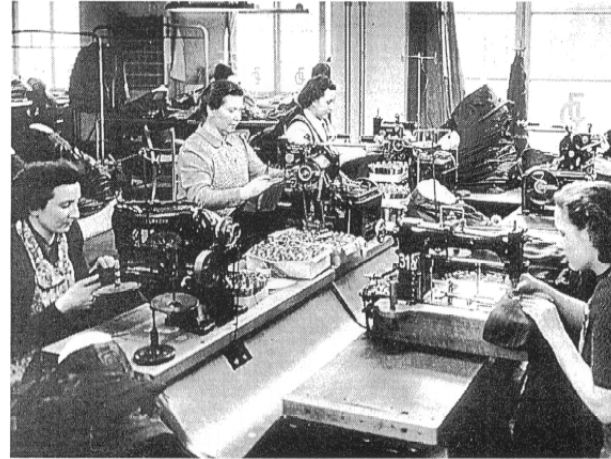
Why are good labour and environmental standards left wanting in the garment industry?

- Textile and garment production is typically found in poor regions where no other industry has set foot and agricultural production is scarce.
 - Industry marked by low skill requirements, low entry barriers and low profit margins.
 - The workforce is mainly female and collective worker representation is weak.
- *Bangladesh today a critical case because of high dependence on garment exports*

“Heimarbeit“ in Germany, 1946



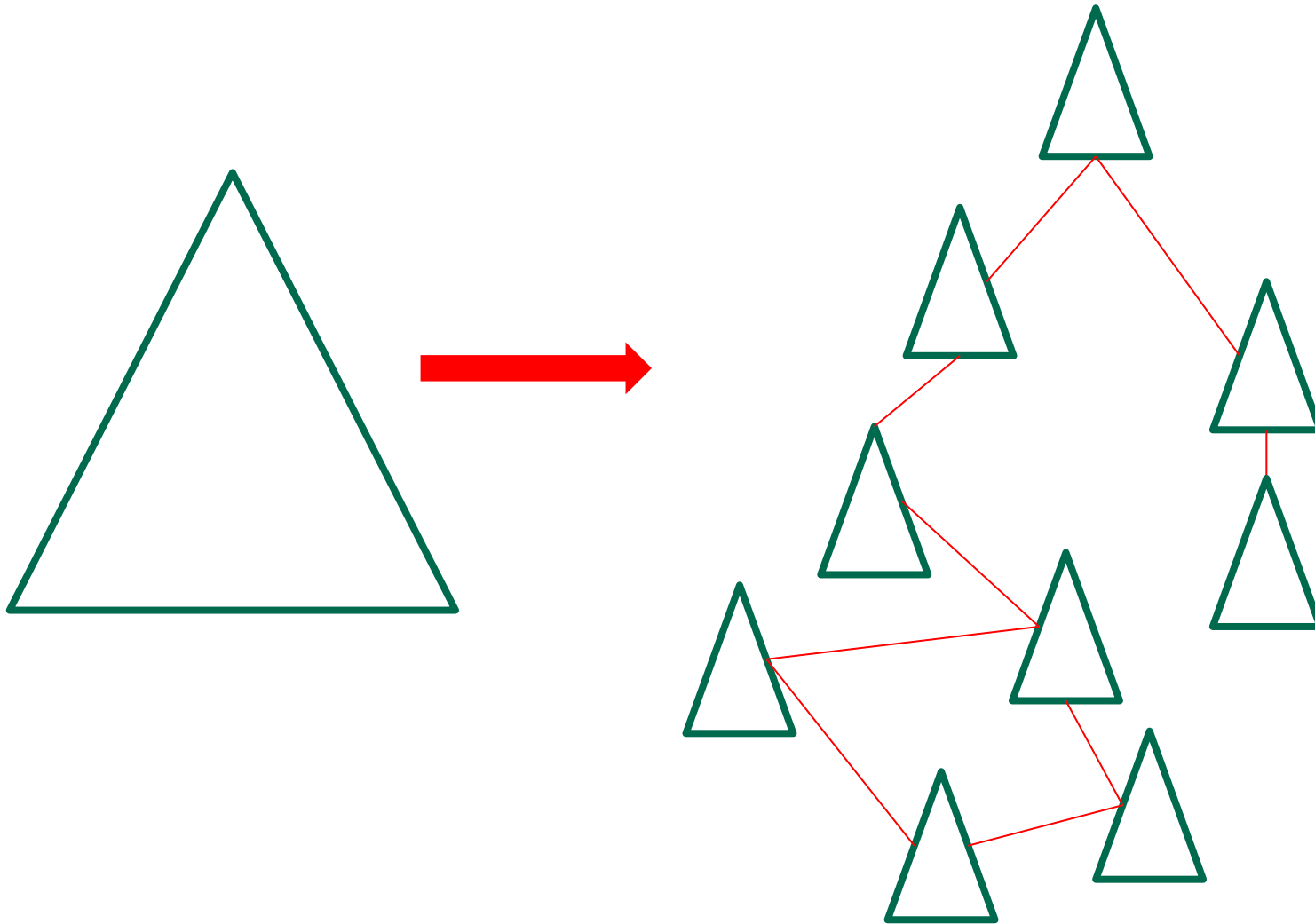
Industrial production in Germany, 1950s



Sweatshops in Bangladesh, 2010



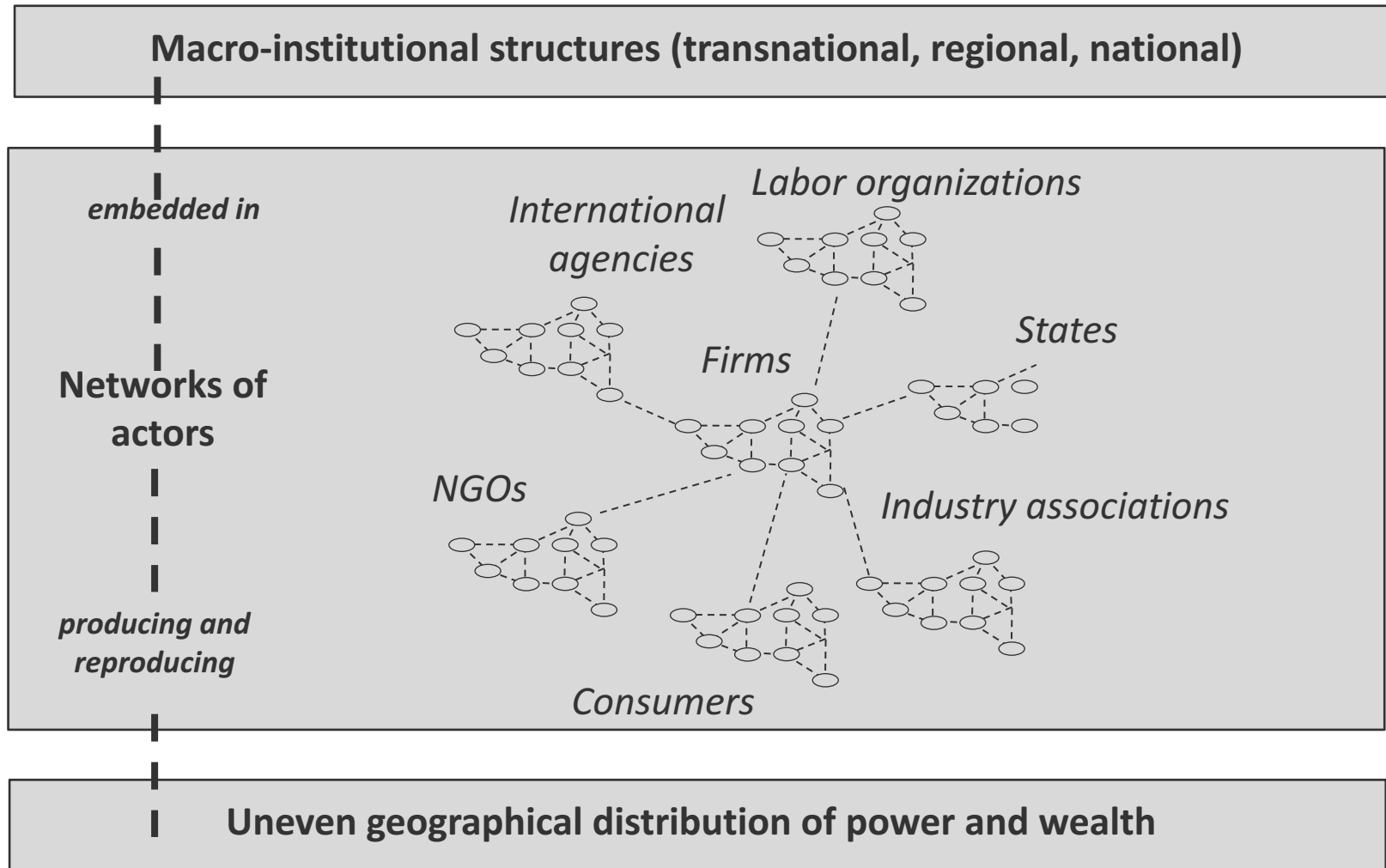
Global Production Networks (GPNs) are the dominant structural feature of the global economy



Garment GPNs are “buyer driven”

- Retailers hold more power than manufacturers, thereby creating and appropriating most of the value (Gereffi, 1994).
- Generally, supplier countries have possibilities for upgrading, i.e. moving to higher value-added activities (Gereffi, 2005), but upgrading in the garment industry is rare (Bair, 2006).
- Rather: garment GPNs stabilize exploitative employment conditions (Tokatli, 2013).
- Buyers' increasing demands for faster turn-around times and lower costs indirectly force suppliers to illegally undercut standards (Lane and Probert, 2009).

Who is responsible for governing labour and environmental standards in GPNs?



A regulatory gap in transnational arenas

- Westphalian **nation-state** system has little influence over global issues.
- **International regulations** such as the International Labour Organization's (ILO) declaration of human rights at work or the OECD's corporate responsibility guidelines are typically non-binding.
- **International labor law** or **preferential trade agreements**, target governments rather than corporations and differ widely in their degree of enforcement.

> *Multinational Enterprises (MNEs) are called upon as political actors but “are not very good at it” (Interview with a CSR manager at a German fashion brand, 2016).*

Private regulation to improve labour and environmental standards is largely ineffective

- Firm-level codes of conduct (CoC)
 - > Compliance typically monitored by firms internally through quality management programs or contracted auditing staff
- Multi-stakeholder initiatives (MSIs) composed of firms and other actors such as NGOs and governments (e.g. the Fair Labour Association)
 - > External forms of auditing through certification systems and auditors
- Global framework agreements (GFAs) as a contractual relationship between global trade unions and MNEs
 - > More legal “bite”; unions involved in monitoring compliance

A systemic problem weaved into current GPN

- **Individual factory owners** in emerging economies pursuing rational self-interest and maximizing profits/minimizing costs
- An **institutional framework** (international trade regulations, public policies supportive of such an industrial model, local government) that is both permissive and favors enterprises that provide employment
- An **industry structure** that has rationalized supply chains through outsourcing and has placed even greater pressure on cost and time
- **Western consumers** that have become accustomed to cheap and fast fashion

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„(....) a major, harmful occurrence that may unpredictably reoccur encouraging stakeholders to organise institutional reform aimed at preventing repetition” (Birkland, 1998)



The focusing event framework

- **Policy change** occurs when three separate streams converge
 - Problem stream (discrepancy between reality and goal accepted by policy makers)
 - Policy stream (consensus around policy instruments to solve the problem)
 - Political stream (willingness of agents to resolve problem)
- **Extant studies** on national-level policy-making e.g. after 9/11 (Birkland, 2004) or hurricane Katrina (Farley et al., 2007)
- *Possibly also affects **transnational policy** regarding production and consumption patterns*

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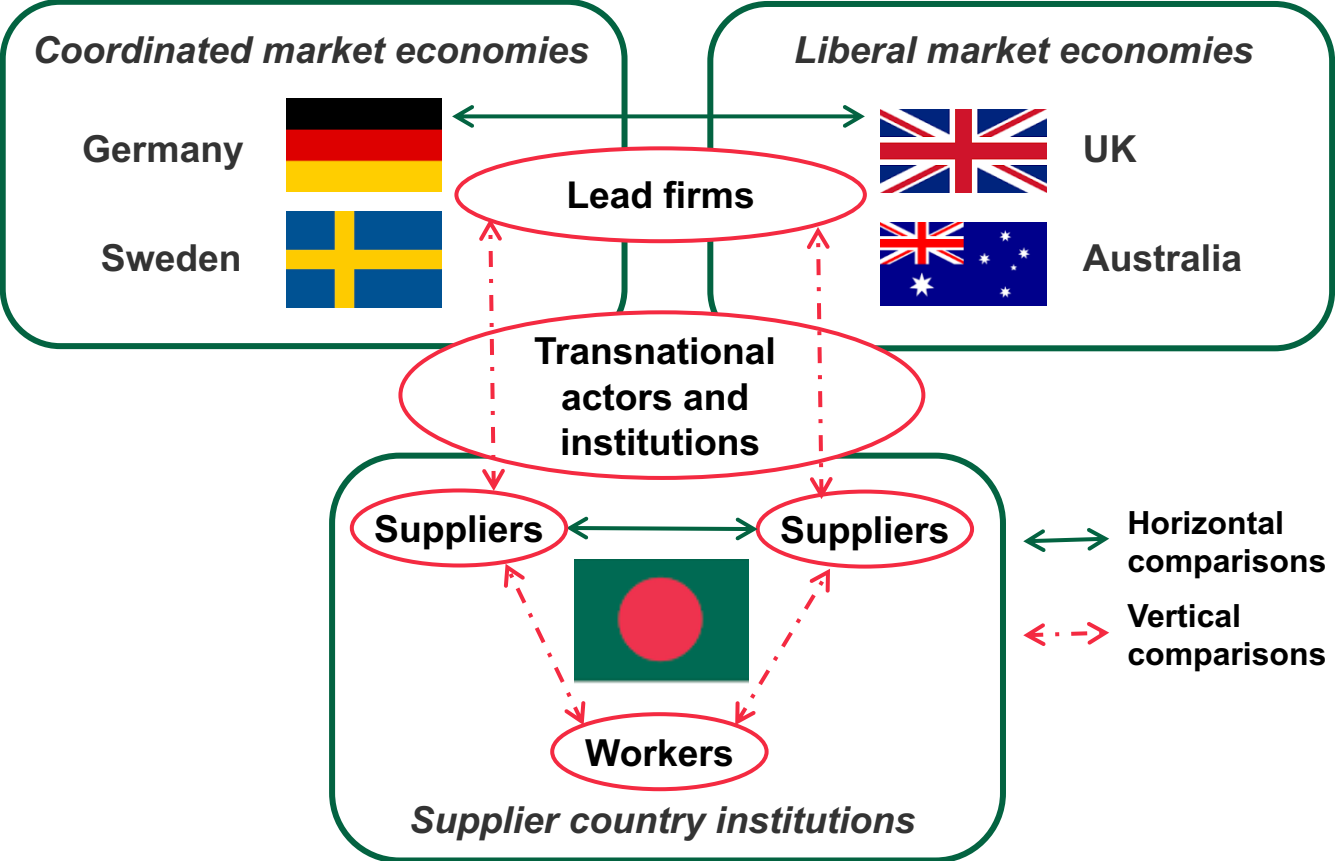
Garment Supply Chain Governance Project



- Funded by the Volkswagen Foundation, Rijksbankens Jubileumsfond and Wellcome Trust
- Rana Plaza accident in Bangladesh as a focusing event
- Opportunity to examine institutional reforms aimed at improving standards, e.g. “Accord for Fire and Building Safety”
- Triangulation of different actors’ perspectives: lead firms, suppliers, workers

Guiding research question: *Are appropriate governance structures for improving labour standards in GPNs developed since Rana Plaza?*

Multi-level theory and research design



Data collection effort

Interviews with lead firms

Analyzing supply chain governance policies and practices of the **largest 20 lead garment retailers and brands** in Australia, Germany, the UK and Sweden

Survey of suppliers in Bangladesh

Examining **150 suppliers in Bangladesh** expected to implement these policies, including the requirements set by the “Accord” or the “Alliance”

Large-scale worker survey

Surveying **1500 garment workers** in Dhaka and Chittagong, including a comparison of attitudes of employees working in mainly “Accord”-buyer and mainly “Alliance”-buyer factories

Case studies

4 in-depth case studies of lead firms per country examining particular compliance practices (e.g. relationship building, audits, training etc.)

International and interdisciplinary research team



Prof. Elke Schüßler
Management Department



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Prof. Sarah Ashwin
Department of Management

Prof. Naila Kabeer
Gender Institute



Prof. Niklas Egels-Zandén
Business Administration



Prof. Stephen Frenkel
Organization and Employment Relations

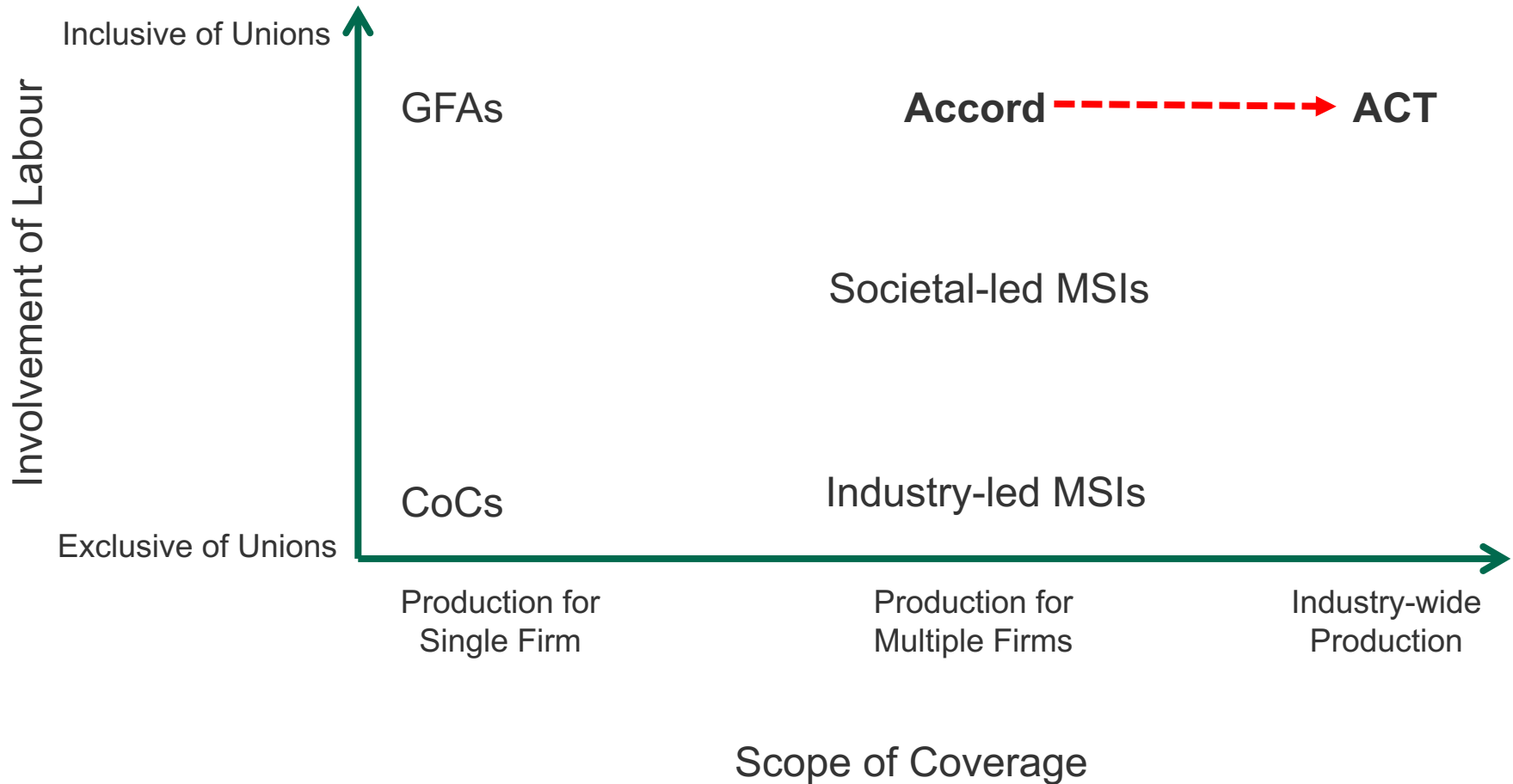


Simeen Mahmud
Centre of Gender and Social Transformation

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New forms of transnational labour regulation emerging post Rana Plaza



Most responses to date are production and not consumption-oriented

Production-oriented

Initiatives that aim to **effect changes in supplier practices** either directly, e.g. through local capacity building or funds for improvement, e.g., fire and building safety, or indirectly, by making lead firms more accountable for supplier practices (e.g. sustainable reporting initiatives)

Consumption-oriented

Initiatives that aim to **effect changes in the behaviour of end consumers and public buyers**, e.g. through information about the detrimental effects of fast fashion or public procurement policies, as well as initiatives that aim to change organizational buyers' business models towards more sustainable consumption practices

Overview national responses in Germany

Initiative	Problem stream	Policy stream	Political stream
German Partnership for Sustainable Textiles	production-oriented (buyers and suppliers)	existing standards and existing firm-level initiatives	international lead firms and ministry experienced in multi-stakeholder initiatives
Garment Industries Transparency Initiative (GITI)	production-oriented (suppliers)	existing initiative (ETI)	industry experts and international lead firms
Employment injury protection scheme	production-oriented (suppliers)	existing accident insurance system (from Germany)	DGUV, ILO, BMZ
Sustainable public procurement (BMZ)	consumption-oriented (buyers)	existing platform (kompass-nachhaltigkeit.de)	NGOs focusing on confrontation rather than cooperation
Textilklarheit.de	consumption-oriented (end consumers)	existing platform (siegelklarheit.de)	ministry inexperienced in addressing consumers

Summary

- The fast fashion model and consumption patterns are part of the problem of poor labour and environmental standards, but are not addressed as part of the solution
- This pattern can be explained by predominant ways of defining the problem (production-oriented), available policy solutions and the extant experience of actors
- Rana Plaza acted as a focusing event, but in a path-dependent way

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Towards more innovative policy-making?

- Public procurement initiatives seem promising because of direct policy influence and leverage
- Initiatives targeting end consumption need to go beyond appeals for ethical consumption, e.g.
 - More active forms of transmitting information via awareness-raising campaigns, e.g. promoting trends for slow fashion
 - Increased educational activities including providing negative information and preventing misinformation, like greenwashing
 - Providing financial incentives to consume socially and environmentally sustainable (e.g. through taxes)
 - Supporting the 'politicization' of consumers through campaigns, demonstrating, boycotting or lobbying activities

Thank you!

- Lohmeyer, N./Schüßler, E. (forthcoming): Rana Plaza as a threat to the fast fashion model? An analysis of institutional responses to the disaster in Germany. In: Becker-Leifhold, C./Heuer, M. (eds.) Eco Friendly and Fair: Fast Fashion and Consumer Behavior. Sheffield, Greenleaf Publishing.

Contact:

www.garmentgov.de

elke.schuessler@jku.at

