From Rana Plaza to Covid-19: Deficiencies and Opportunities for a New Labour Governance System in Garment Global Supply Chains

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ABSTRACT

The 2013 Rana Plaza building disaster highlighted the failure of labour regulation in global garment value chains. Eight years on, in the midst of Covid-19, we ask: what changes have occurred in labour regulation and with what consequences for workers? Using the concept of a labour governance system (LGS), we show that despite improvements in building and worker safety regulation, the garment LGS remains weak, with wages, working hours and treatment of workers showing little improvement. The pandemic appears to have exacerbated these deficiencies but its demise offers an opportunity to strengthen the LGS along lines that we propose.

Keywords

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INTRODUCTION

The Rana Plaza building collapse in April 2013 that resulted in over a thousand deaths and many serious injuries exposed the failure of building safety regulation in Bangladesh’s garment export industry. This calamity raised anew the question of how to uphold labour standards where extant labour governance institutions are too weak to protect workers from the effects of global competition as powerful Western lead firms continue to squeeze suppliers based in the Global South. In this paper, we introduce the concept of a labour governance system (LGS), distinguishing between strong and weak ideal types that illuminate contrasts between sets of national and transnational institutions that have significantly different effects on outcomes for workers in GVCs. Using our own and others’ data on post-Rana Plaza regulatory developments, we examine which elements of the Bangladeshi garment LGS have changed in recent years and how these changes affected procedural and substantive worker outcomes. We find that while building safety has improved, the LGS overall remains weak. These weaknesses can be explained by remaining regulatory gaps in the LGS and underlying unchanged power relations in the supply chain more generally. Covid-19 has revealed these
weaknesses and has constrained further reform efforts. However, the pandemic might act as a new, extended focusing event, providing opportunities to address systemic problems like consumption patterns and weakly organized labour. We conclude by proposing reforms that are likely to lead to a stronger, sustainable LGS in the Bangladesh garment industry.

THE CONCEPT OF A LABOUR GOVERNANCE SYSTEM
Based on the rapid expansion of global value chains (GVCs) over the past 20 years, economic globalization has stimulated efforts to prevent erosion of labour standards (e.g. Hendrickx et al. 2016). The emergence of transnational labour governance initiatives has brought many challenges, including the compatibility of different forms of regulation (private vs public) found in these new multilevel LGSs (Marginson 2016). The LGS concept, inspired by Clegg’s (1976) industrial relations theory, refers to a set of institutions (i.e. recurrent social relationships regulated by legal rules and social norms) shaping the focal employment relationship and labour outcomes. This systems perspective is useful for analysing the different elements of a governance infrastructure, their interrelationships and outcomes. Rapid expansion of GVCs has, at least partly, moved the regulation of labour from national industrial relations systems to the transnational realm (Hyman 1999). Labour regulation in GVCs not only comprises multiple employers – buyers based mainly in developed countries and suppliers located mainly in developing countries – but also worker representatives, NGOs and unions at national and international levels. International labour conventions began to be layered on top of varying national and industry-specific systems. The ILO has played a pivotal role in facilitating the development and ratification of labour conventions by nation states (ILO 2020a), but also as a representative and legitimate public authority that gives support to private regulatory initiatives (Niforou 2014; Thomas 2019). In addition, international institutions like the UN, the OECD and the EU have become increasingly important in developing norms and guidelines to
complement extant legislation, government policies and various forms of private regulation including codes of conduct.

Several studies suggest that particular antecedents (e.g. social movement pressure and union power) and configurations of public and private regulation (e.g. strong state support and formal co-ordination) in favourable political economic circumstances facilitate compliance with and enforcement of labour standards as defined by national governments or international norms. Locke, Rissing and Pal’s (2013) study of electronics suppliers shows that where government regulation is relatively strong, it complements private efforts at regulating labour standards in supplier factories, whereas weaker state regulation casts private regulation in a substitute role. Different forms of regulation can complement one another without being formally co-ordinated (Amengual 2010). Formal co-ordination, stricter regulations and better enforcement and compliance are more likely where union pressure is exerted. Amengual and Chirot (2016), for instance, find that pressure from local unions with support from external stakeholders (in this case ILO officials) meant that rules were interpreted in ways that circumscribed employer behaviour. Bartley and Egels-Zandén (2015) also emphasize union influence, while Thomas (2019) shows that Sri Lankan tea workers were able to leverage their structural, associational and institutional power using ILO conventions, advice and training to collectively bargain with employers and obtain government support for decent work. Conversely, Bair (2017) indicates that without union influence in global industry dynamics, local labour regulation is likely to be weakened.

The multi-dimensional LGS concept enables empirical assessment of such institutional configurations and their interacting elements in a particular period, suggesting changes that encourage labour outcomes consistent with international labour standards. Institutions regulating work in supply chains differ along several dimensions (see Berliner et al. 2015 for an overview). Their scope varies from local (narrow) to global (wide) and can include only first-tier suppliers or the entire supply chain. Institutions will differ in number and type (e.g.
governments, lead firms, buyer intermediaries, suppliers, trade unions, auditors and other stakeholders) across supply chains. This diversity contributes to different forms of regulation that may combine in various ways: public and private, applying to individual and/or collective production units at a variety of levels (local, national, regional, global). Institutional relations (and associated logics of action) may vary in four ways: a) strength e.g. private and public regulation may be strongly or weakly co-ordinated i.e. consensus vs very limited agreement on regulation and its implementation; b) explicitness e.g. the relationship may be documented or remain informal; c) structure of co-ordination, which may be authoritarian (top-down) or democratic, or there may be no co-ordination at all. Finally, d) the character of co-ordination refers to whether their objectives are complementary, conflictual or substitutive.

Changes external to the LGS are likely to impact one or more dimensions of this institution, leading to varying labour outcomes in first-tier supplier factories. Procedural outcomes refer to formal participation rights through unions and collective bargaining, worker ‘voice’ via consultative mechanisms and informal treatment of workers by management. Formal participation procedural rights are especially important as they enable substantive outcomes such as wages, working hours, health and safety, and other working conditions to be realised in line with international standards and norms promoted by the ILO and other international organizations.

The LGS concept only applies to the formal labour market. Sweatshops that typically serve the local market or occasionally sub-contract to larger export factories are characterized by informal employment and associated with labour outcomes that are substantially below international standards (Dewey 2018). These workplaces lie outside our focus which is on larger, export-oriented factories in Bangladesh. Accordingly, Table 1 refers to an ideal type weak LGS in the formal economy associated with substandard labour outcomes, contrasted with the strong type that facilitates favourable, sustainable labour outcomes.
A weak LGS includes only a small proportion of production units in the supply chain and so regulates few suppliers. It is likely where lead firms source mainly via agents or other intermediaries who pay little or no attention to labour regulation. Under these conditions, lead firms absolve themselves of responsibility for upholding labour standards and turn a blind eye to labour abuses in suppliers’ factories. Consequently, regulation is left to individual suppliers whose employment relations are formally subject to local regulation. However, weak enforcement may ensue because government agencies lack motivation or resources or because the state prioritises attraction of foreign investment over upholding labour rights.

Against a background of ineffective labour law enforcement and without buyer support for labour regulation, individual suppliers experience limited or no stakeholder pressure. The ensuing weak co-ordination remains informal and implicit. Regulation is monopolized by supplier management, and under competitive pressure from buyers, labour outcomes will reflect management’s objectives: unilateral control with little or no procedural opportunities for worker voice, coupled with low wages and sub-standard employment conditions.

In contrast, a strong LGS includes all firms in the supply chain and spans many organizations and institutions of various types including lead firms, supplier factories, international and national unions and NGOs. The governance form is collective, involving negotiation between representative organizations. This includes governments in buyer countries, which provide trade or aid conditional on supplier countries meeting minimum labour standards and who commit to enforcing international norms in buyers’ GVCs. Supplier country governments are expected to enforce domestic labour law and support international norms in local factories. Institutional relations are highly co-ordinated by considerable knowledge exchange and frequent discussion among the LGS’s institutional members. Decisions (e.g. on types of inducements and deterrents to promote member solidarity) and rules (e.g. on
remediating disputes) are codified, as explicitness promotes common norms and enforceability. Decisions are taken by discussion that favours stakeholder inclusiveness and limited power inequality, while negotiation aims to achieve consensus and hence on-going commitment to LGS processes and outcomes. This strong type of LGS yields the best possible labour outcomes given extant financial and product market contexts.

When looking at garment supply chains, hybrid forms of LGS with mixed levels of labour outcomes are common. Variations in form will mainly reflect differences in producer country institutional conditions, factory size and extent to which suppliers are regarded by major buyers as core or peripheral. Furthermore, LGS are dynamic: responding to changes in union or consumer pressure (e.g. Reinecke and Donaghey 2015; Zajak 2017), regulatory reforms in lead firm countries (Evans 2019), or sporadic labour protests (Anner 2015). Often such changes occur singularly, but there have been instances of positive spillover effects across regulatory initiatives, strengthening collective action at multiple levels in order to improve labour outcomes (Ashwin et al. 2020). Before the Rana Plaza event, the Bangladeshi garment industry LGS was weak, with limited national labour legislation and desultory enforcement. Codes of conduct of questionable effectiveness comprised the main form of regulation and private and public regulation were largely uncoordinated (Rahman, 2014). The occurrence at the Rana Plaza was a focusing event that triggered system changes in the Bangladesh garment LGS (Anner et al. 2013; Donaghey and Reinecke 2018; Schuessler et al. 2019a). Here we examine whether this focusing event has strengthened the garment industry LGS in Bangladesh and discuss whether Covid-19 may act as a similar trigger for LGS reform.

THE CHANGING BANGLADESH GARMENT INDUSTRY LABOUR GOVERNANCE SYSTEM
We draw on data derived from a comparative research project on garment GVC regulation that included lead firms (79 management interviews) from four advanced countries (Australia, Germany, Sweden, UK), supplier factories (survey of 152 managers) and workers (survey of 1,500 and several focus groups) in Bangladesh (see Schuessler et al., 2019b) to identify those LGS elements that have combined to perpetuate weakness and those that have contributed towards a stronger LGS. In addition, we refer to others’ research in discussing the interrelationships between the different elements of our LGS typology and the impact of the Covid-19 pandemic.

Insert Table 2 Here

Institutional characteristics of the LGS in Bangladesh in 2019

Although the garment industry transcends national borders, our focus is on the LGS that regulates labour in Bangladesh’s export factories. This LGS focuses on the larger factories exporting to Western buyers and excludes factories supplying fabric and accessories including many smaller, informally organized production units. The LGS is thus limited in scope.

Participating institutions include several representative organizations operating at different levels. At the local and national levels there are trade unions, NGOs, the two major garment industry employer organizations (BGMEA and BKMEA), and the Bangladesh government and its agencies. These include the Ministry of Labour and Employment, the Department of Inspection for Factories and Establishments (DIFE), the judiciary, and the police. At the international level, there are the lead firms and the organizations to which they are affiliated, international unions (IndustriALL and UniGlobal), NGOs (e.g. Clean Clothes Campaign), the ILO and other international institutions, as well as foreign governments, especially the EU and its member states, and the USA.
As indicated in Table 2, the LGS includes three types of regulation. First, Bangladesh has a public, legal framework for labour regulation. The Bangladesh government has ratified seven out of eight core labour standards’ conventions, excluding the minimum age convention No. 138. However, two thirds of conventions have not been ratified, including recent convention 190 on violence and harassments at work (ILO 2020a). Furthermore, enforcement of extant Bangladeshi labour law remains weak and is a major reason for attracting buyers to Bangladesh. The 2006 Labour Act regulates contracts of employment and other work-related aspects including worker consultation, trade unions, wage determination and dispute settlement. Following Rana Plaza, the Act was amended in 2013 and implementation regulations introduced in 2015. Changes included new safety precautions, serious accident reporting by factory inspectors, establishment of health centres in large factories (5,000 or more employees), and improvement in workers’ death benefits. The number of factory inspectors was increased but remains inadequate. The new regulation strengthened Worker Participation Committees (WPCs): workers’ representatives in factories employing more than 50 workers had to be elected by secret employee ballot and committee meetings held at least six times a year (Manzur et al. 2017). Additional amendments to the 2006 Act were intended to ease union registration and to facilitate collective bargaining (Rubya 2015). However, the government did little to implement these changes and avoided prosecuting employers for anti-union practices in 2016-17, including violence against union leaders and dismissals of union members (Anner 2018; Chowdhury 2017). Unions remain weak at around three percent density and collective bargaining non-existent. Worker discontent is occasionally explosively expressed in the form of large-scale strikes followed by violent repression, most recently in 2019 (Alamgir and Banerjee 2019; Anner 2018). Bangladesh government reluctance to enforce labour regulation reflects dependence on garment employers for political and economic support. This situation persists despite attempts by Western governments to pressure the Bangladesh government through trade-related agreements. For example, in the immediate aftermath of Rana Plaza, the
US government responded to NGO and union pressure and suspended several Bangladesh’s advantages under a trade agreement that affected goods other than garments. Soon afterwards, the EU and ILO (later joined by the US and Canada) negotiated a ‘Sustainability Compact’ requiring improvements in labour standards. The compact mandated a national factory inspection program known as the National Initiative (NI). Overall, implementation and enforcement of the Compact remained weak, and the Bangladeshi government has learned that breaches do not result in economic sanctions (Vogt 2017). Meanwhile, foreign governments have been funding factory-based schemes to improve selected labour outcomes.\(^1\) Western governments have also indicated that lead firms should take labour standards and human rights in their supply chains more seriously, though initiatives like National Action Plans for implementing the UN Guiding Principles on Business and Human Rights (UNGP\(\text{s}\) were largely voluntary and limited in scope to larger and publicly listed companies. The EU Parliament has recently been promoting mandatory due diligence legislation (EC 2020), and national supply chain laws along the lines of the French “Loi relative au devoir de vigilance” are being debated in Switzerland, Germany and the Netherlands. Meanwhile, the ILO established a programme to improve working conditions and labour relations in the garment industry (ILO 2020b).

Second, in response to changing public regulation and pressure from stakeholders and the media after Rana Plaza, lead firms have revised their supply chain policies and practices (Schuessler et al. 2019a). Lead firms have reduced the number of suppliers and began working more closely with preferred suppliers. Extensive third-party auditing has been complemented by more intense factory monitoring. Factory managers in our survey reported an average of slightly more than four codes per factory and nine audit visits a year by lead firms or third-party auditors (Schuessler et al. 2019b: 16-17). Yet, as Anner (2018) emphasizes, increased auditing

\(^1\) For example, the Danish Government has targeted occupational safety and health (OSH) including improving OSH capacity building in DIFE, especially regarding inspector effectiveness and information dissemination.
and compliance measures tend to be correlated with falling purchasing prices, thus exerting a dual squeeze on factory managers who then seek reductions in labour costs. In addition, lead firms have expanded their ‘regulatory portfolio’ towards capacity building and political advocacy. However, a compliance focus based on auditing rather than a commitment-oriented approach based on capacity-building to improve labour outcomes still dominate (Locke et al. 2009; Oka et al. 2020).

Third, Rana Plaza highlighted the limitations of public regulation and private individual regulation, particularly regarding building safety. This issue was addressed through a new private, collective form of regulation represented by two institutions: the Bangladesh Accord on Fire and Building Safety (Accord) and the Alliance for Bangladesh Worker Safety (Alliance). The Accord was a fixed term agreement (5 years) that was only extended for several months following resistance by Bangladeshi industry and government elites (Bair et al. 2020; Bartley, 2021). These stakeholders were instrumental in establishing the RMG Sustainability Council (RSC) which replaced the Accord. Funded by +200 lead firm members, mainly from European countries, the Accord covered around 1,650 factories that produced entirely or mainly for Accord member firms. Disputes were subject to legally binding arbitration. Unlike codes, factory owners were accountable through an inspection and remediation process whose results were publicly available. In addition, the Accord included requirements that encourage factory-lead firm collaboration to improve safety (Scheper 2017). The Alliance, supported by 29 mainly US firms, was a five-year (2013-18) alternative to the Accord, which avoided bargaining with unions in preference to consultation (Donaghey and Reinecke 2018). Because of its relatively small size and overlap with the Accord -- around one quarter of Alliance factories also supplied Accord lead firms – the Alliance worked closely with Accord officials, playing a subsidiary role in improving building and worker safety. Despite its narrow mandate to improve building safety, the Accord attempted to strengthen worker voice directly, in the form of safety
committees, and indirectly, by providing a “shadow of protection” (Zajak 2017) for workers reporting safety concerns (Bair et al. 2020).

*Institutional relations*

The UNGPs request governments to “... consider a smart mix of measures – national and international, mandatory and voluntary – to foster business respect for human rights.” (2011, p. 5) Such a combination is absent from the Bangladesh garment LGS. Although relationships between the regulatory forms outlined above and between the principal participating actors have been changing since Rana Plaza, their basic features, as summarized in Table 2, remain the same: weak co-ordination with few explicit rules, mainly top-down and lacking in complementarity.

With a continued strong focus on voluntary action by lead firms and suppliers, LGS strength remains low, but has been increasing in some areas, especially regarding building safety where initiatives like the Accord and the Alliance have contributed strongly to increasing transparency and awareness of legal and code of conduct requirements by factory managers and workers. However, a significant public policy gap remains, reflected in absent or weak supply chain labour legislation in most Western countries, paired with limited ambition to sanction labour standards’ violations by withdrawing trade preferences and very limited enforcement in Bangladesh.

The LGS has become more *explicit* with the reforms made to the Bangladesh Labour Act outlined above, emerging UNGP norms relating to lead firms, and compliance and transparency procedures promoted by the OECD. These changes have been complemented by dialogue between multiple stakeholders. Consequently, factory managers and workers report stronger awareness of safety requirements and labour rights (Frenkel et al. 2020; Kabeer et al. 2020).

The *structure of coordination* has tended to be hierarchical, with lead firms, Western governments and other stakeholders requiring strict compliance with new building safety rules.
in the Bangladesh garment industry. There is no regular social dialogue forum bringing together governments, lead firms, suppliers, and worker representatives to resolve problems and develop new regulation strategies. However, the Accord, assisted by the ILO, established an on-going dialogue between lead firm and international union representatives, including consultation with NGOs. The Accord and Alliance facilitated communication between lead firms and between the international unions and local organizations. Supplier representatives were regularly informed but were excluded from Accord and Alliance decision-making. Explicit co-ordination occurred within the Accord as formal supplier evaluation and remediation efforts were mutually recognized. Although co-ordination by Accord and Alliance officials with the government’s NI program was limited, frequent discussions concerning improvements in safety training were promoted by the ILO and facilitated by foreign governments. Because local trade unions and supplier organisations remain weak relative to lead firms, co-ordination is usually organized by the lead firms in collaboration with the international unions.

This lack of inclusive coordination has resulted in weak complementarity among the various initiatives. Lead firms are reported to shift resources among different initiatives based on those that best meet the current expectations of senior management. Factory managers must undergo costly multiple and sometimes inconsistent code of conduct audits by lead firms that require stronger coordination and transparency. Public labour regulation remains weakly enforced. The strongest improvements have been in the area of building safety, where the Accord (together with the Alliance) co-ordinated factory safety initiatives, encouraged dialogue within and between organizations and contributed to a general climate of improved compliance with international labour standards in garment factories supplying affiliated lead firms (Frenkel et al. 2020). However, it was the extension of this collective, more transparent and worker empowering form of regulation that the employers and the Bangladesh government actively opposed (Bair et al. 2020), with tacit support from buyers and Western governments (Vogt 2017). Consequently, the LGS remained piecemeal, inconsistent and incoherent.
Labour outcomes

Drawing on data from our project-related worker survey (Kabeer et al. 2019; 2020), Table 3 summarizes specific procedural and substantive outcomes of the post-Rana Plaza garment LGS in Bangladesh. Here we refer not only to codified outcomes such as formal forms of worker representation or wages and hours of work but also to informal and uncodified aspects concerned with procedural and interactional justice. The first four aspects indicate in descending order how much workers valued each aspect (Columns 1 and 2), together with an evaluation (Column 3) and evidence concerning change since Rana Plaza (Columns 4 to 6).

Insert Table 3 Here

Positive aspects include building safety and the work environment, reflecting the impact of the Accord and the Alliance. Jobs are not especially insecure, although, despite being employed on an on-going basis, only around 6 in 10 workers are satisfied with their job tenure. More problematic are several aspects including earnings, which are well above the (very low) legal minimum but below the estimated living wage, while working hours are very long. When under pressure, workers claim that their overtime hours (mean 3.3 hours) exceed the legal limit but we do not know how frequently this occurs. Regarding procedural outcomes, although the evidence is discouraging, there has been some improvement. Verbal abuse, mainly by supervisors, is frequently experienced, whereas sexual harassment is difficult to gauge and might be underreported (Walby, 2005). Only around 6 in 10 workers are satisfied with management behaviour, which is mainly experienced as rule-bound (49.3%) or characterized by unilateral domination (27.8%) rather than as caring (14.3%) or consultative (8.6%). However, almost two thirds of workers report having opportunities to complain. Of relevance here is that 71% of workers claimed knowledge of company codes of conduct compared to 40% who reported knowledge of the labour laws. Despite virtually no union presence in the factories.
and no collective bargaining, a large proportion of workers claimed that WPCs were functioning with elected worker representatives and nearly two thirds judged these to be effective.

Regarding changes over time, a clearer, more positive picture of labour outcomes emerges, albeit from a very low, pre-Rana Plaza base. In five of the eight job aspects included in Table 3, more than a half of worker respondents reported an improvement in their factory since the Rana Plaza disaster. Only regarding overtime opportunities did a sizeable proportion of workers (40%) report a deterioration. Apart from this, where improvement was reported by less than two thirds of respondents – job security, earnings, sexual harassment and management behaviour – a large minority reported ‘no change.’

Kabeer et al. (2020) showed that positive changes were mainly associated with the concerted effort of the Accord and Alliance. Workers in factories affiliated with these initiatives were found to be significantly more likely to report improvements in building safety and the work environment. Similar results were obtained for opportunities for complaints against sexual harassment, indicating that the initiatives’ emphasis on safety improvement was having a ripple effect by creating a wider climate of improved relationships with the factory workforce compared with relationships in non-affiliated factories. No significant differences were found for earnings, overtime hours and job security, all aspects especially sensitive to buyer demand and production requirements.

DISCUSSION – COVID-19 A FOCUSING EVENT FOR LGS REFORM?

Since Rana Plaza, the Bangladesh garment industry LGS has become more complex. The number of public and private regulations and its scope has increased, particularly regarding building safety and workers’ health and safety. It was strongest in this area because of the collective, concerted effort of lead firms, global union federations and other stakeholders and because the Accord raised workers’ safety awareness and capability. Yet, low wages, long
Working hours and abuse remain major problems of a generally weak LGS. Since this is typical of the garment industry more generally, we have to look elsewhere for an example of a strong LGS. A likely candidate is the Sri Lankan tea industry LGS which comprises a robust legal framework and a collective agreement between 23 companies and three unions, with on-going ILO support and government assistance where wage negotiations reach an impasse (Thomas 2019). Strong co-ordination is a feature of both the employers and unions. Unions wield considerable power, in part related to product characteristics (high quality, export value and perishability) and political influence based on ethnic solidarity.

In 2020 the garment industry experienced the impact of Covid-19. Bangladeshi garment exports plummeted as lead firms cancelled, postponed and delayed payment for orders (Anner 2020; ILO 2020c). Some large retailers went out of business. Under pressure from unions and NGOs, major lead firms agreed to pay for existing orders while others sought discounts from suppliers or avoided liability via a ‘force majeure’ clause in their contract. Meanwhile, after a one-month lockdown in May, 2020 required by the government, factories were opened according to official health guidelines and running at 55% capacity. Between December, 2019 and September, 2020 an estimated 11% of workers lost their jobs and average wages declined by around 8% (CCC 23 and 24 Jan. 2021 Live Blog). Workers protested and on 31 March, 2020, the Bangladesh government announced a $595 million stimulus package which included a 2% interest on loans to factory owners for payment of workers’ wages for up to three months (Rahman forthcoming). However, take up has been slow, especially among small factory owners.

Lead firms have been reviewing their business strategies and supply chain operations (McKinsey/BOF 2020). Aiming to develop more resilient supply chains that would limit operational and reputational risks, firms have accelerated a trend that emerged post-Rana Plaza, i.e. forging closer ties with fewer, larger suppliers (Schuessler et al. 2019b). Travel restrictions are encouraging more reliance on code monitoring by local professionals, possibly supported...
by new technology (Rankin 2020). In addition, there is discussion of artificial intelligence and 3D printing bringing garment manufacturing closer to points of sale, thereby posing a longer-term threat to garment industry jobs in Bangladesh. Meanwhile, Vietnam, having weathered the Covid-19 storm, has been rapidly expanding garment exports, overtaking Bangladesh in 2020 as the world’s second largest clothing exporting country (Ishty and Syeda 2020). This has alarmed Bangladeshi suppliers, encouraging employer solidarity and a stronger desire to introduce new technology that will enable environmentally sustainable production of more complex, higher value garments. Overall, these developments -- particularly order cancellations and delayed payments -- have imparted a sentiment of “apprehension” and “uncertainty” (McKinsey/BOF 2020) among buyers and suppliers that militates against building the trust and cooperation needed to achieve a major change in the LGS (ILO 2020d). However, following the widespread introduction of Covid-19 vaccination programs, we envisage this survival climate being replaced by a strong desire for growth opening a window of opportunity for LGS reform. Three key issues and related policy options addressing the root causes on both the supply and the demand side of GVCs (LeBaron 2020) will have to be resolved by discussion involving the main LGS stakeholders: a systematic, realistic increase in purchasing prices; a commitment to factory upgrading; and strengthening of worker representation.

First, in buyer countries, national legislation should aim at establishing a floor below which labour costs in supply chains should not fall. This is especially important in view of the adverse employment effects of the coronavirus pandemic. This legislation should include extra-territorial lead firm liability for supplier violation of international labour standards (Bartley 2018). Various initiatives are being debated by European governments, but remain contested by buyers. Such legislative action is urgently needed to leverage current private regulatory initiatives such as the multi-stakeholder Action, Collaboration and Transformation (ACT) effort to establish a living wage in textile and garment supply chains (Ashwin et al. 2020) or the German Partnership for Sustainable Textiles (Grimm 2019). The latter aims to institutionalize
industry-level collective bargaining and develop guidelines for facilitating transparent, responsible purchasing. Exemplary rules for public procurement and transparent labelling would complement the legislation, encouraging changes in consumption behaviour (Lohmeyer and Schuessler 2018). All relevant international garment buyers in the buyer country would contract with Bangladeshi suppliers at prices consistent with meeting agreed minimum labour standards. Lead firms would integrate CSR objectives into their purchasing practices and would reward suppliers that consistently maintain high labour standards with longer-term, higher volume contracts and engagement in joint economic and social upgrading initiatives that might attract foreign government investment (Barrientos et al. 2011; Amengual et al. 2020). These policies would be supported by factory-level reforms described below. International trade agreements could assist by offering buyers tax reductions for exceeding GVC governance standards and denying suppliers access to tariff concessions where labour standards are violated. These changes will probably be resisted by lead firms anxious to generate orders in a depressed market while governments are pre-occupied with improving the domestic economy and avoiding further unemployment. Consumers, too, might be especially concerned with maintaining their own well-being rather than expressing solidarity with workers in distant supply chains. At the same time, Covid-19 has triggered NGO and union opposition and drawn consumers’ attention to the plight of garment workers in supply chains. Whether or not Covid will be a focusing event leading to pressure for change similar to the Rana Plaza disaster will depend on continued stakeholder action (Schuessler et al. 2019a).

Second, in order to meet price and quality requirements, and uphold agreed labour standards, factories will need to upgrade their capability to maintain or reduce unit labour costs. This will require a program of factory upgrading in Bangladesh, perhaps supported by soft loans from the International Finance Corporation (World Bank Group) and grants from foreign governments, guided by the multilevel dialogue framework mentioned below. The program would emphasize improvements in three areas: factory business strategy, particularly regarding...
new product markets, buyer relationships that provide for fair prices, and productivity raising processes based on advanced management techniques and worker-management consultation, both supported by relevant training and stronger collective worker voice mechanisms at the factory level, which the Better Work program can help to improve (Pike 2020).

Third, factory labour relations require substantial change. Under the auspices of multilevel dialogue, a stakeholder commission, chaired by the ILO, should be established to provide a collaborative framework for change. Factory employers need to be persuaded of the advantages of collective bargaining, supported by workplace consultation in the form of effective WPCs and safety committees. Single workplace agreements and complementary monitoring procedures need to replace multiple, lead firm-controlled codes of conduct and monitoring processes. If bargaining and consultation are to be effective, unions need restructuring, beginning with a dialogue on the merits and disadvantages of various bases of union structure (workplace, industry, or political), including the question of co-ordination with global union federations like IndustriALL. The latter has played an important role in campaigning against irresponsible lead firm behavior during the Covid-19 pandemic (e.g. #PayUp) and in forging agreements with lead firms and local industry actors to avoid layoffs and pay salaries for garment workers (ILO 2020d). Covid-19 has spurred the use of digital tools and related practices, which has proved useful in facilitating bottom-up worker mobilization (see the “Exchains” initiative discussed in Lohmeyer et al. 2018) and might augment worker power in the future (Helmerich et al. 2020).

CONCLUSION
While acknowledging some advances since the Rana Plaza focusing event in 2013, the Bangladesh garment industry LGS continues to have many gaps that have left workers acutely vulnerable to exploitative working conditions and loss of livelihood. The systemic problems in GVC governance have persisted in the Covid-19 era, and factory employment, the focal point
of governance, has been called into question. New public and private institutions need to prioritize industrial growth based on fairness in relationships between buyers and suppliers, efficient suppliers committed to social and environmental sustainability, and strengthening worker voice. Major change of this kind is unlikely so long as lead firms, suppliers and workers remain preoccupied with survival arising mainly from Covid-19. However, when the pandemic subsides it may prove to be a focusing event, opening a window of opportunity for stakeholders and policy makers to forge a strong LGS that more effectively regulates the garment GVC in Bangladesh.

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Table 1: Weak and strong types of labour governance system

| LGS dimension          | Weak                          | Strong                                                  |
|------------------------|-------------------------------|---------------------------------------------------------|
| **Institutional characteristics** |                               |                                                         |
| Scope of regulation    | Narrow                        | Wide                                                    |
| Number of institutions | Few                           | Several                                                 |
| Form of regulation     | Individual: firms only        | Multiple: firms, unions and NGOs                       |
| Public, multiple organizations | Yes, law not enforced      | Yes, at various levels; includes trade agreements |
| Private, single organization | Yes                         | No                                                      |
| Private, multiple organizations | No                         | Yes (collective bargaining)                             |
| **Institutional relations (co-ordination)** |                               |                                                         |
| Strength of agreement  | Very limited                  | High                                                    |
| Explicitness of rules  | Low, implicit                 | High, explicit                                          |
| Structure of co-ordination | Authoritarian               | Democratic                                              |
| Character of co-ordination | Confictual                   | Consensual                                              |
| **Labour outcomes**    |                               |                                                         |
| Procedural, e.g. worker representation | Weak                  | Strong                                                  |
| Substantive, e.g. pay, working conditions | Below international standards | At or above international standards                       |
Table 2: The Bangladesh garment export labour governance system, 2019

| LGS dimension                                    | Bangladesh garments                                      |
|------------------------------------------------|--------------------------------------------------------|
| **Institutional characteristics**                |                                                        |
| Scope of regulations                             | Limited to first tier export factories                  |
| Number of institutions                           | Several                                                |
| Form of regulation                               | Multiple: firms, unions and NGOs                       |
| Public, multiple organizations                   | Yes, labour law and trade agreements                    |
| Private, individual organizations                | Yes, codes and auditing                                |
| Private, collective                              | Yes, Accord and Alliance                                |
| **Institutional relations (co-ordination)**      |                                                        |
| Strength of agreement                            | Low, increasing                                        |
| Explicitness of rules                            | Low, increasing                                        |
| Structure of co-ordination                       | Mainly authoritarian (attempt at social dialogue by ILO) |
| Character of co-ordination                        | Weak complementarity, even active undermining           |
| **Labour outcomes**                              |                                                        |
| Procedural, e.g. worker voice and treatment of workers | Weak but improving via WPCs; anti-unionism remains despite change in regulations; presence of abuse but improved management behaviour |
| Substantive, e.g. pay, working conditions         | Wages higher but below living wage; working hours not effectively regulated; safety and opportunities for consultation improved |
Table 3: Worker outcomes according to job aspects and workers’ perceived changes since the Rana Plaza disaster

| Job aspects                                      | Mean worker response                                                                 | Evaluation                                                                                       | Perceived changes since Rana Plaza in % | Note 1: % satisfied refers to proportion of workers that reported being satisfied on a three-point scale (Satisfied, Neither satisfied nor dissatisfied, Very dissatisfied). Exchange rate 80.2 Taka = US$1.00. Respondents were not asked about change in hours of work since Rana Plaza, nor change in verbal abuse. Rather, they were asked about change in opportunities for overtime and change regarding sexual harassment respectively. Similarly, they were asked about change in opportunity to complain but not change in WPC functioning. |
|--------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------|
| **Substantive outcomes**                         |                                                                                        |                                                                                                  |                                         | | |
| Job security                                     | 97% permanent status; tenure 3.6 years; 58.9% satisfied                                | Not especially precarious                                                                        | 47.4                                    | | |
| Building safety                                  | 94.3% satisfied                                                                       | Considerable remediation                                                                        | 85.0                                    | | |
| Work environment, safety and health              | 93.5% satisfied; 90% reported presence of safety committee                           | As above                                                                                         | 86.5                                    | | |
| Earnings                                         | 8,993 Taka (2017); 45.6% satisfied                                                   | Based on ISEAL (2017), between 66% and 54.6% of the living wage depending on worker residence  | 58.7                                    | | |
| Hours of work/opportunity for overtime           | 60, sometimes more; 29.1% satisfied                                                  | Long working hours possibly within legal limit                                                   | 18.7                                    | | |
| **Procedural outcomes**                          |                                                                                        |                                                                                                  |                                         | | |
| Sexual harassment                                | 1.2% often                                                                            | Infrequent                                                                                      | 13.0                                    | | |
| Verbal abuse                                     | 81.4% often                                                                          | Frequent                                                                                        | 86.3                                    | | |
| Management behaviour                            | 62.1% satisfied                                                                       | Bureaucratic                                                                                    | 56.3                                    | | |
| Opportunity to complain/WPC functioning          | 64.7% satisfied; 80.3% reported electing reps to WPCs and 64.8% perceive WPCs as effective | WPCs substituting for unions (4.3% stated union present in factory); consultation in lieu of collective bargaining | 68.4                                    | | |

Source: Adapted from Kabeer et al. (2019).