

TOWARDS BUILDING A MODERN ECONOMY



RMG sector: Lessons for the future

CONTINUED FROM PAGE 24

standard operating procedure (SOP) for monitoring and inspection, and review and follow-up of remediation work of factories on a timely basis. It is to be noted that fire, electrical and structural safety concerns of RMG factories are the key areas of monitoring and review under these initiatives. The safety concerns of backward linkage activities of the RMG enterprises (such as textiles, accessories, etc.) had been excluded from monitoring and inspection which also need to be taken into due consideration. Besides, both the initiatives have prepared corrective action plans (CAPs) for each of the factories based on the problems identified in the factories and made them public through their websites. The progress of remediation-related work of each factory has also been made public. Both the initiatives made timely review of remediation-related work and based on the progress put necessary pressure on factories for timely completion of their remaining work; in extreme cases where factories were unable to comply with target level of remediation work, business ties with those factories ended. On the other hand, factories that successfully completed the remediation-related work received a "letter of recognition" from the private initiatives.

It is a fact that the method followed by private initiatives has to get a positive nod (though informal in nature) from the stakeholders, particularly employers, which isn't always a smooth process. The first step of Accord and Alliance was to consolidate national rules and regulations related to fire, and electrical and building integrity. Based on the national rules and regulations,

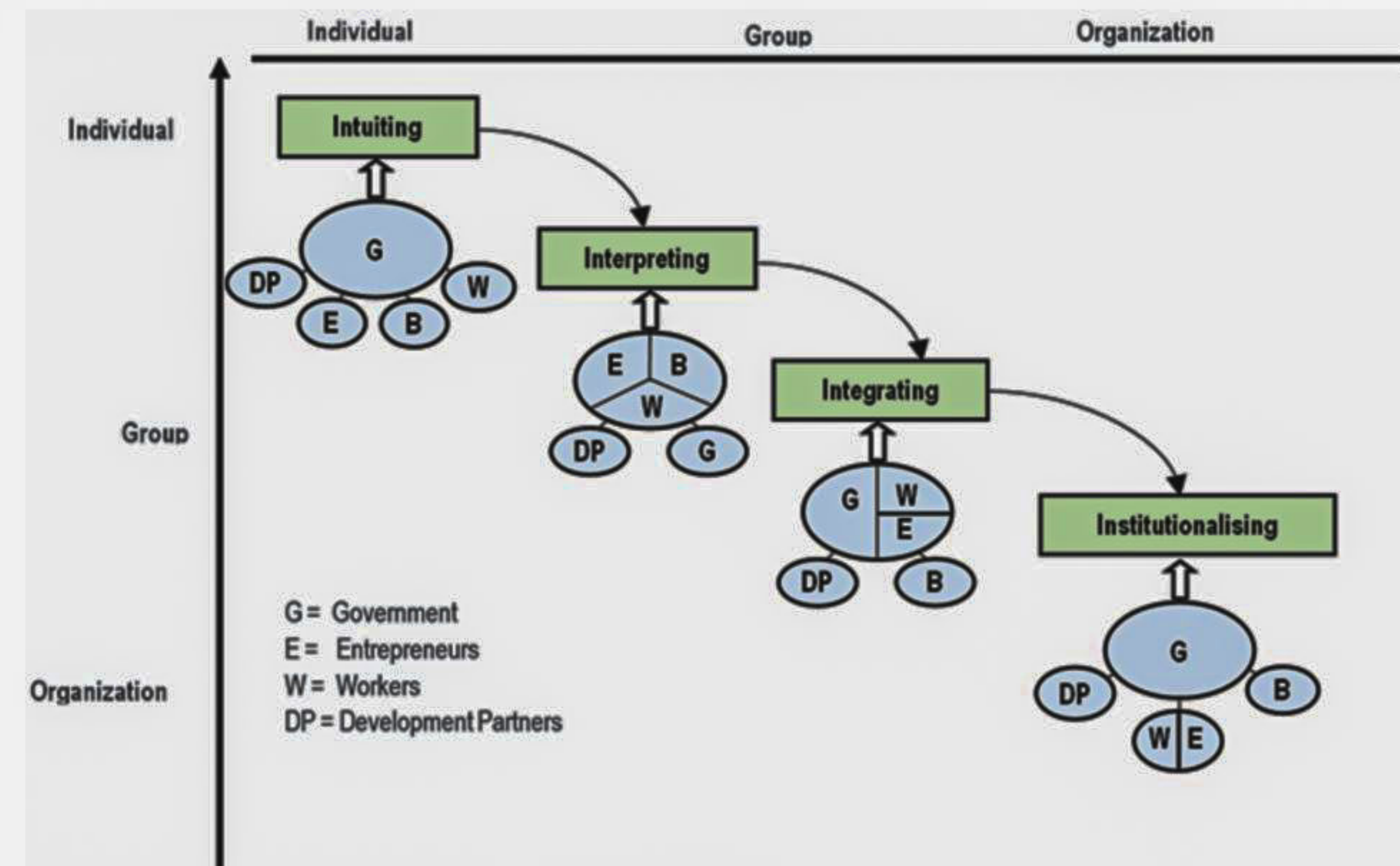


Figure 1: Steps of organisational learning and role of stakeholders

including Bangladesh National Building Code Act, Bangladesh Labour Act 2006 and other national rules, a comprehensive document was prepared. In case of insufficiency in local rules, both Accord and Alliance took support from international rules/guidelines which further strengthened the overall safety standards. However, this inclusion in the operational guideline was not welcomed by entrepreneurs because of the requirement of huge additional investment in order to comply with the new standards. However, entrepreneurs ultimately accepted these new standards and made the

necessary investment for improvement of compliance standards.

Both the initiatives follow almost a similar type of standard operating procedures for inspecting factories such as inspection checklists, standard level of compliance of different safety measures, testing requirements, timeline for remediation, reporting of problems, public reporting of non-compliance, review mechanism, notice period, level of warning and cancellation of contractual ties in case of non-compliance, etc. Entrepreneurs were initially quite apprehensive about public reporting of non-compliance of their respective

factories fearing adverse effect on their reputation; however, such reputational risk of public reporting did not happen, rather employers actually benefitted through reporting of their compliance-related information. Most importantly, such public reporting of the state of compliance of inspected factories has ensured transparency about the initiatives and made the concerned stakeholders more accountable.

According to the last available report of Accord and Alliance, a significant number of problems have been remediated by the factories. In case of Accord-inspected factories,

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85.4 percent of electrical, 76.4 percent of fire-related and 65.4 percent of structural problems have been addressed while the respective shares in case of Alliance-inspected factories are 89 percent, 85 percent and 78 percent, respectively. In both cases, factories are relatively slow in remediating structural problems because of difficulty in addressing their concerns. Besides, Accord and Alliance have taken initiatives to increase awareness among workers about the safety standards of factories by setting up safety

CONTINUED ON PAGE 27

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