Export growth needs a safety system

Bangladesh's garments, learning and the Rana Plaza response

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The hook

Bangladesh built a large garment-export industry by connecting market access with production knowledge, imported inputs and finance. In April 2013, the Rana Plaza collapse exposed a devastating failure of worker protection. The decision was no longer only how to win orders, but how to make production safe and accountable without abandoning the people whose livelihoods depended on it. [S1-S4]

Abstract

Bangladesh's garment industry grew through imported production knowledge, access to inputs and finance, and the spread of export capabilities beyond pioneering firms. Yet success did not guarantee safe workplaces. The Rana Plaza collapse in April 2013 exposed the human cost of weak protection and forced a new implementation question: who would inspect factories, finance repairs, hear workers and verify completion? This case connects an early export-learning account with original post-disaster commitments and later institutional reports. Inspection coverage, compensation payments and reported export scale are distinguished from proof that every factory became safe or every worker gained. The evidence supports neither a simple low-wage success story nor a claim that safety automatically follows growth. For Sri Lanka, the conditional lesson is to treat production capability and worker protection as joint requirements, with clear responsibilities, funded remediation, accessible complaints and separate measures of export revenue, locally retained income and workers' lived conditions.

The decision question

How can an export industry keep orders and employment while changing the practices that make production dangerous? Which commitments must bind buyers as well as suppliers?

Independent teaching case. Not an HBS publication. Recommendations and mechanisms beyond the cited evidence are labelled judgment. Historical focus through the 2023 safety response; not a certification of current factories or a current export forecast.

1. Learning how to export

An original World Bank-hosted study by Yung Whee Rhee and Therese Belot, dated November 1989, describes collaboration between Bangladesh's Desh and Korea's Daewoo. Its Bangladesh evidence came from field interviews during operational missions. This is a detailed early account of a mechanism, not a controlled experiment proving one firm caused the whole industry. [S1]

The study dates Desh's establishment to 1979 after a collaboration agreement. It describes training, machinery and fabric purchases, plant start-up, production advice and marketing rather than an equity joint venture. Desh could acquire a working package of know-how instead of learning every manufacturing and commercial task separately. [S1]

Exhibit 1. Knowledge that could travel

Training. The authors report 130 Desh recruits trained at Daewoo's Pusan plant, with six months of training envisaged under the agreement. They were prepared for management, supervisory and production roles, including training later recruits. [S1]

Diffusion. The authors report that 115 of the initial trainees later left Desh at different times to establish their own garment-export firms. This is an attributed historical interview finding, not independently reverified personnel data or proof that all new firms succeeded. [S1]

Commercial capability. Production, input sourcing and export marketing were linked. The study later describes Desh operating its own export marketing and using non-Daewoo sources for materials. A temporary collaboration could leave usable domestic capability. [S1]

The policy complement

The study describes a special bonded-warehouse system permitting duty-free imports of intermediate inputs for garment exporters and back-to-back import letters of credit based on export letters of credit. These addressed practical input and financing constraints. Its claim that Daewoo-Desh knowledge influenced the warehouse system is explicitly described as lacking documented evidence; this case retains that caveat. [S1]

Judgment: a tariff preference or low wage does not sew and deliver an order. Skills, materials, finance and buyer relationships must work together. The account illustrates that chain without establishing the weight of each factor in Bangladesh's aggregate growth.

2. Scale did not mean protection

ILO reporting describes ready-made garment exports of US$24.5 billion in fiscal 2013-14, over 80% of national export earnings, and around four million workers. Those are dated sector figures, not present-day counts. Its later ten-year retrospective reports US$42.6 billion in fiscal 2021-22 and about 82% of export revenue. [S2-S3]

Exhibit 2. Two separate outcome dimensions

Commercial scale. ILO-reported nominal export revenue rose from US$24.5 billion in 2013-14 to US$42.6 billion in 2021-22. Desk calculation: 42.6/24.5 = 1.74 times, or about 73.9% higher. These are fiscal-year, nominal-dollar sector figures drawn from institutional reporting, not inflation-adjusted output or locally retained value added. [S2-S3]

Worker safety. Rana Plaza collapsed on 24 April 2013. The ILO's ten-year account reports over 1,100 deaths and many injuries. An earlier ILO report gives 1,136 deaths. This case uses the less precise "over 1,100" rather than presenting differing published counts as an independently reconciled exact total. [S2-S3]

An industry's large revenue cannot compensate for unsafe buildings or make a casualty count an acceptable production cost. Growth and protection are different tests. Nor does export growth after a disaster prove that the subsequent reforms caused that growth. Prices, quantities, buyers and other economic conditions also change.

Whose success was being measured?

The ILO reports a large female workforce, but estimates vary by date and source: 55-60% in the earlier report and a 60.5% estimate for 2018 in the later retrospective. This case does not combine them into a timeless workforce statistic. Employment can create opportunities while workers still face low pay, poor housing, weak voice or safety risks. [S2-S3]

Judgment: evaluate the industry through separate measures of shipments, jobs, earnings and safety. A favorable national trade number cannot substitute for what happens inside a workplace. A safety program likewise needs evidence of repairs and worker protection, not only a count of meetings.

3. The post-disaster choice

The analytical alternatives below are teaching choices, not reconstructed government minutes.

Restore confidence mainly through assurances. Potential benefit: avoid immediate commercial disruption. Risk: buyers return without the underlying hazards being removed; workers carry the unresolved risk.

Exit broadly from affected production. Potential benefit: reduce a buyer's exposure to unsafe suppliers. Risk: orders and livelihoods disappear while unsafe practices persist elsewhere. Withdrawal alone does not create a functioning safety system or fund survivors' support.

Bind production to inspected, financed repair. Potential benefit: link continued sourcing to verified improvement and worker voice. Risk: commitments fail if the costs, responsible parties, access and follow-up are not clear. The case evaluates this path without assuming universal coverage or complete success.

The original action plan

The government, employer and worker partners and the ILO issued a joint statement on 4 May 2013. It called for structural and fire-safety assessment of active export-oriented garment factories by the end of that year, remedial actions including relocation, and a labour-law reform package improving protection in law and practice. A stated deadline was an obligation to pursue, not a verified completion date. [S4]

The statement also called for 200 additional government inspectors within six months and a stronger inspectorate with an adequate regular budget and capacity to recruit at least 800 inspectors. Those were announced staffing goals. This case does not claim that the full numbers were hired on schedule. [S4]

Support for injured workers and redeployment of displaced workers were part of the statement too. That matters because a safety transition can close or relocate production. A repair plan that ignores workers' income and rehabilitation is incomplete even if a building's engineering improves. [S4]

The execution test

Judgment: record the hazard, responsible party, funding, deadline and independent check. Distinguish inspection from remediation, and remediation from the worker's ability to refuse unsafe work. Promising a safer industry is not the same as changing the next shift.

4. Buyers and workers in the safety system

The Accord's own institutional history describes the 2013 Accord on Fire and Building Safety as a five-year agreement initially signed by 40 brands and retailers, two global trade unions and eight Bangladeshi trade unions. It describes subsequent renewals and transfer of implementation functions to the RMG Sustainability Council in 2020. These are the institution's account of program design and history, not an independent impact evaluation. [S5]

A February 2023 program document describes the International Accord as a legally binding agreement between clothing brands and global trade unions. The arrangement differs from a company's voluntary assurance because the parties undertake commitments under an agreement. This case does not provide legal advice about enforcing a specific brand's obligations. [S6]

Exhibit 3. The operational chain

Disclose and inspect. Covered production facilities are disclosed and receive independent engineering inspections. The 2023 document describes fire, electrical, structural and boiler safety scope. Later scope is not automatically attributed unchanged to every 2013 inspection. [S6]

Plan and repair. Factories develop corrective action plans with brand support, including remedial actions and timelines. Reports and updates are published; follow-up inspections check progress. The system separates an identified defect from a completed repair. [S6]

Train and hear workers. Safety committees and training are paired with a complaints mechanism. The document describes confidential or anonymous complaints and the right to refuse unsafe work. Those are program features; their existence alone does not establish that every worker can use them without fear. [S6]

Why funding matters

Judgment: an engineer's list of defects does not create the resources to repair them. Supplier and buyer responsibilities, commercially workable schedules and access to finance belong in the implementation question. Shifting all cost to a constrained factory can turn a plan into paperwork; continuing orders without conditions can preserve the hazard.

Coverage is a boundary

The Accord program covers facilities connected to signatory brands, not every workplace in the country. Public inspection capacity remains necessary. A private agreement can supply one accountability route, but it cannot replace all state duties, labour rights or protection in industries outside its scope. [S5-S6]

5. What improved, and what remains unproved

The ILO's ten-year account reports that structural, electrical and fire assessments began in late 2013 and that the government and private sector led assessments of 3,780 factories. That is evidence of reported assessment coverage, not proof that every factory passed or all repairs were completed. The account also says industrial safety outside garments remains a concern. [S3]

The same account reports completion of compensation payments by October 2015, with over US$34 million disbursed through the post-disaster effort. It describes a 2022 pilot employment-injury scheme providing monthly income to permanently disabled garment workers or eligible relatives after work-related death. Paid compensation is a material result; it cannot reverse the loss or certify the prevention system. [S3]

The record supports a change from general assurance toward inspections, repair plans, worker channels and institutional follow-through. It does not supply an independently estimated reduction in fatality risk for every factory or establish that commercial growth and safety improvements had equal reach. Those questions require further evidence.

Conditional lessons for Sri Lanka

Import know-how, retain capability. Judgment: structure partnerships around practical production, quality, sourcing and marketing skills that domestic teams can use. Track people trained and capabilities retained, not only investment announced. Bangladesh's early interview account suggests a mechanism, not a guaranteed replication.

Make inputs and finance work. Judgment: inspect the exporter's actual input, customs and working-capital constraints. Duty-relief and financing arrangements need controls and administration. Do not copy a historical instrument without checking today's domestic law and risks.

Treat safety as a production requirement. Judgment: pair growth measures with inspected hazards, funded repairs and verification. Do not make worker protection wait for a future income threshold. Avoid claiming Sri Lankan factories share Bangladesh's specific failings without local evidence.

Include buyers and worker voice. Judgment: clarify sourcing-party obligations and let workers report hazards through usable channels. Test accessibility and follow-up instead of counting committees alone. Private coverage should complement public enforcement.

Keep transition costs visible. Judgment: identify income support, rehabilitation and retraining needs when repairs or closures interrupt work. A safer facility and a displaced worker are separate outcomes requiring separate follow-through.

Decision. Prefer capability-led exporting with accountable safety execution. Measure revenue, domestic learning and worker protection separately; none proves the other two.

Sources, calculations and limits

Evidence inspected 10 October 2026 for the 11 October case. Original interview research, a tripartite action statement, institutional program documents and reported outcome retrospectives are distinguished. No current factory certification, revised national export series or causal safety-effect estimate is presented.

S1. Yung Whee Rhee and Therese Belot, November 1989. Export Catalysts in Low-Income Countries: Preliminary Findings from a Review of Export Success Stories in Eleven Countries. World Bank Industry Series Paper No. 5. Original field-interview account of Desh-Daewoo, training and input/finance arrangements. Authors' findings, not a causal experiment; undocumented warehouse-influence claim remains qualified.
https://documents1.worldbank.org/curated/en/344891468765610935/txt/multi0page.txt

S2. ILO, Improving Working Conditions in the Ready-Made Garment Industry: Progress and Achievements. Institutional report with 2013-14 export, employment and casualty figures. The exact death count differs from the later account; this case uses "over 1,100."
https://www.ilo.org/resource/improving-working-conditions-ready-made-garment-industry-progress-and

S3. ILO, Rana Plaza ten-year retrospective, 2023. Reported 2021-22 sector scale, assessment coverage, compensation completion and the injury-protection pilot. Institutional figures, not independently reconstructed export accounts or an audit of every factory.
https://webapps.ilo.org/infostories/en-GB/Stories/Country-Focus/rana-plaza.html

S4. Tripartite partners and ILO, 4 May 2013. Original joint statement after the high-level mission. Assessment deadline, remedial action, staffing goals, labour-law reform and support for affected workers. Commitments are not treated as completed actions.
https://www.ilo.org/resource/statement/conclusions-ilos-high-level-mission-bangladesh

S5. International Accord, Bangladesh safety agreement origins. Institution's account of the 2013 Accord, renewal and 2020 transfer of implementation. Coverage and later program evolution retained; no inference that all workplaces belong to the program.
https://internationalaccord.org/bangladesh-safety-agreement-origins/

S6. International Accord, February 2023. How the Accord Works. Original program document: agreement parties, inspections, corrective action, disclosure, training and complaints. Design features are not an independent estimate of effectiveness.
https://internationalaccord.org/wp-content/uploads/2023/02/International-Accord-How-the-Accord-works-Feb-2023.pdf

Calculation. ILO-reported nominal fiscal-year exports: 42.6/24.5 = 1.74 times; (42.6/24.5 - 1) x 100 = 73.9%. No real-output, salary, value-added or safety-effect interpretation. Employment and gender estimates remain dated. No single-cause account of national development or claim that growth justifies preventable harm. Sri Lankan lessons are conditional judgment.