

# Tazreen Factory Fire : An Accident or Sheer Negligence?

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## Abstract

This case explored the Dhaka based garment Tazreen factory fire, which killed and injured a large number of people. Through this accident, the case investigated the poor working conditions in the garments industry of Bangladesh, which frequently puts the life of millions of workers in danger. Despite the fact that the garment industry has been the backbone of the country, the case exposed how the workers of Bangladesh are exploited socially and economically inside the factories. Highlighting the irresponsible nature of the managers of the factory during the tragedy, this case also sheds light on the negligent behavior of major Western brands that have an undeniable responsibility towards maintaining better safety conditions for the factory workers. Additionally, the case discussed about the unrest in the RMG sector added by the poor response of the government towards such mishaps and delaying the compensation to the fire victims.

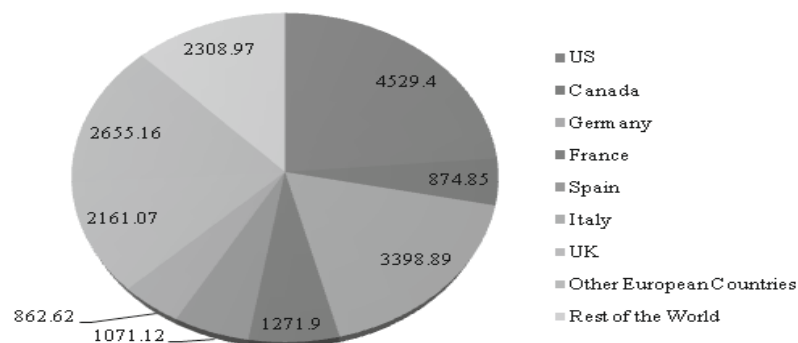
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On November 24, 2012, the Dhaka based garment factory, Tazreen Fashions, was alighted with a wild fire, killing 112 people and injuring more than 200. The factory fire led to an insurgency in the garments industry in Bangladesh. Various reasons were quoted to explain the actual reason behind the fire like a short circuit in the factory, negligence of the factory supervisors, or even a suspected sabotage. The factory fire brought disgrace to the factory owners and its suppliers as the fire attracted international and domestic criticism

**Figure 1. Bangladesh RMG Exports Worldwide (All Figures in US\$ million)**



Source : Adapted from Bangladesh Garment Manufacturers and Exporters Association.(n.d.a).

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**Table 1. RMG Exports and Total Exports**

| Year    | Export of RMG<br>(In million US\$) | Total Export of Bangladesh<br>(In million US\$) | % of RMG's to<br>total export |
|---------|------------------------------------|---|-------------------------------|
| 1984-85 | 116.20                             | 934.43  | 12.44                         |
| 1985-86 | 131.48                             | 819.21  | 16.05                         |
| 1986-87 | 298.67                             | 1076.61   | 27.74                         |
| 1987-88 | 433.92                             | 1231.20   | 35.24                         |
| 1988-89 | 471.09                             | 1291.56   | 36.47                         |
| 1989-90 | 624.16                             | 1923.70   | 32.45                         |
| 1990-91 | 866.82                             | 1717.55   | 50.47                         |
| 1991-92 | 1182.57                            | 1993.90   | 59.31                         |
| 1992-93 | 1445.02                            | 2382.89   | 60.64                         |
| 1993-94 | 1555.79                            | 2533.90   | 61.40                         |
| 1994-95 | 2228.35                            | 3472.56   | 64.17                         |
| 1995-96 | 2547.13                            | 3882.42   | 65.61                         |
| 1996-97 | 3001.25                            | 4418.28   | 67.93                         |
| 1997-98 | 3781.94                            | 5161.20   | 73.28                         |
| 1998-99 | 4019.98                            | 5312.86   | 75.67                         |
| 1999-00 | 4349.41                            | 5752.20   | 75.61                         |
| 2000-01 | 4859.83                            | 6467.30   | 75.14                         |
| 2001-02 | 4583.75                            | 5986.09   | 76.57                         |
| 2002-03 | 4912.09                            | 6548.44   | 75.01                         |
| 2003-04 | 5686.09                            | 7602.99   | 74.79                         |
| 2004-05 | 6417.67                            | 8654.52   | 74.15                         |
| 2005-06 | 7900.80                            | 10526.16  | 75.06                         |
| 2006-07 | 9211.23                            | 12177.86  | 75.64                         |
| 2007-08 | 10699.80                           | 14110.80  | 75.83                         |
| 2008-09 | 12347.77                           | 15565.19  | 79.33                         |
| 2009-10 | 12496.72                           | 16204.65  | 77.12                         |
| 2010-11 | 17914.46                           | 22924.38  | 78.15                         |
| 2011-12 | 19089.69                           | 24287.66  | 78.60                         |
| 2012-13 | 21515.73                           | 27027.26  | 79.61                         |
| 2013-14 | 24491.88                           | 30186.62  | 81.13                         |

Source : Adapted from Bangladesh Garment Manufacturers and Exporters Association.(n.d. b).

over a poor fire safety record, low wages, and policies that restrict labor organizing inside factories. Many international brands like Walmart, Disney, and Sears etc. were caught in the fire of Tazreen Factory, which uncovered many irregularities followed in the Bangladeshi garment factories. As a result, the incident led to numerous reforms in workers' rights and safety laws in Bangladesh with the hopes of having a safe working environment.

**Table 2. Number of Factories and Workers in the Garment Industry in Bangladesh**

| Year    | Number of Workers (In millions) | Number of Garment Factories |
|---------|---------------------------------|-----------------------------|
| 1984-85 | 0.12                            | 384                         |
| 1985-86 | 0.20                            | 594                         |
| 1986-87 | 0.28                            | 629                         |
| 1987-88 | 0.31                            | 685                         |
| 1988-89 | 0.32                            | 725                         |
| 1989-90 | 0.34                            | 759                         |
| 1990-91 | 0.40                            | 834                         |
| 1991-92 | 0.58                            | 1163                        |
| 1992-93 | 0.80                            | 1537                        |
| 1993-94 | 0.83                            | 1839                        |
| 1994-95 | 1.20                            | 2182                        |
| 1995-96 | 1.29                            | 2353                        |
| 1996-97 | 1.30                            | 2503                        |
| 1997-98 | 1.50                            | 2726                        |
| 1998-99 | 1.50                            | 2963                        |
| 1999-00 | 1.60                            | 3200                        |
| 2000-01 | 1.80                            | 3480                        |
| 2001-02 | 1.80                            | 3618                        |
| 2002-03 | 2.00                            | 3760                        |
| 2003-04 | 2.00                            | 3957                        |
| 2004-05 | 2.00                            | 4107                        |
| 2005-06 | 2.20                            | 4220                        |
| 2006-07 | 2.40                            | 4490                        |
| 2007-08 | 2.80                            | 4743                        |
| 2008-09 | 3.50                            | 4925                        |
| 2009-10 | 3.60                            | 5063                        |
| 2010-11 | 3.60                            | 5150                        |
| 2011-12 | 4.00                            | 5400                        |
| 2012-13 | 4.00                            | 5876                        |
| 2013-14 | 4.00                            | 4222                        |

Source : Adapted from Bangladesh Garment Manufacturers and Exporters Association.(n.d. c).

## The Bangladesh Garment Industry – Bulwark with Cracks

Bangladesh has been the world's second-biggest exporter of readymade garments (RMG) after China. Since the 1980s, the country's garment factory had experienced an exponential growth. By 2012, the garments industry of Bangladesh became an essential engine of its economy, pumping approximately \$20 billion from exports of garment products, mainly to the U.S. and Europe (“At least 112 dead in blaze at Bangladesh factory,” 2012). (Refer to Figure 1 for details of Bangladesh RMG worldwide). Estimates from consulting houses like McKinsey expected that by 2016, the Bangladesh readymade garment industry would become the world leader (Refer to Table 1 for details of RMG exports and total exports).

**Table 3. Several Disasters in Bangladesh**

| Date              | Garment Factory   | Killed | Injured |
|-------------------|---|--------|---------|
| November 25, 2000 | Chowdhury Knitwear Garments (Fire)  | 51     | 100+    |
| August 9, 2001    | Mico Sweater Ltd. (Stampede over fire)                                      | 23     | 100+    |
| May 3, 2004       | Five different companies (Stampede over fire)                               | 6      | 30+     |
| January 7, 2005   | Shaan Knitting (Fire)   | 23     | 40+     |
| April 11, 2005    | Spectrum Sweater & Knitting Factory Knitting Industries (Building collapse) | 73     | 100+    |
| February 24, 2006 | KTS Garments (Fire)   | 85     | 150+    |
| February 25, 2010 | Garib & Garib Sweater Factory (Fire)  | 21     | 50+     |
| December 14, 2010 | That's It Sportswear Ltd (Fire)   | 28     | 100+    |
| November 24, 2012 | Tazreen Fashions (Fire)   | 112    | 200+    |
| January 26, 2013  | Smart Garment Export (Fire)   | 7      | 8+      |
| April 24, 2013    | Rana Plaza (Building collapse)  | 1,127  | 2,515+  |

Source : Reproduced from S. P. Sethi (2013, May 08). *The world of Wal-Mart*. Carnegie Council. Retrieved from [https://www.carnegiecouncil.org/publications/ethics\\_online/0081](https://www.carnegiecouncil.org/publications/ethics_online/0081)

The industry has been a vital source of foreign currency, becoming an attractive destination for many international brands. A hub of almost 5600 garment factories, the country was employing more than four million workers, mostly women as of 2012-13 (Manik & Yardley, 2012a) (Refer to Table 2 for number of factories and workers in the garment industry in Bangladesh). However, the benefits have a cost of many lives associated with it. The industry has witnessed many disastrous factory fires (Refer to Table 3). Between 1990 and 2012, more than 33 major fire accidents have happened in garment factories (Jamieson & Hossain, 2013). A European group, the Clean Clothes Campaign (CCC), reported that from 2006 to 2012, more than 500 Bangladeshi laborers died in factory fires. The reason for such fires was attributed to lack of timely precautions. Many factories breached the safety measures; they were overcrowded and lacked sufficient fire exits. Moreover, in 2010, 29 workers lost their lives due to a fire inside a Bangladeshi factory making clothes for an international brand, Tommy Hilfiger (Manik & Yardley, 2012b). Liana Foxvog, of the International Labor Rights Forum (ILRF), opined :

The majority of factory fires in Bangladesh are caused by electrical circuit shortage. The chaos that follows the fire is caused by the fact that workers don't receive proper fire emergency plans, and exit doors and windows are usually blocked. They are not properly trained. (Mezzofiore, 2012, para.4)

Such frequent disasters have attracted worldwide attention about the standards and management practices of the country's garment industry. Apart from deteriorating working conditions, the garment companies have been successful in discouraging the formation of unions ; the workers are among the world's lowest paid employees. In 2012, the entry-level workers were paid the government-mandated minimum wage of about \$37 per month, approximately 18 to 20 cents an hour (Bajaj, 2012). They are the most overworked underpaid workforce in the garment industry in the world. Industry experts believe that cheap labor has been one of the important factors for driving Bangladesh's growth as a lucrative garment center (Zarrol, 2013). As of 2012, a U.S. multinational, Walmart Stores (Walmart) was buying more than \$1 billion per year in garments from Bangladesh (Greenhouse & Yardley, 2012).

Mushfiq Mobarak, Associate Professor, Economics, Yale School of Management believed that though the country has plenty of laws to regulate the garment industry, the powerful companies have been discouraging the

enforcement of such laws. According to Judy Gearhart, Executive Director of the ILRF, 2013, “Many of the garment factory owners are also politicians, which means that given that they are politically connected that's going to make it even harder for the government to crack down” (Zarrol, 2013, para.14) .

## Tazreen Factory – An Accident Waiting to Happen

Among the major garment exporters, The Tuba Group (Tuba) was a leading Bangladeshi garment exporter catering to clients like Carrefour and IKEA, and exporting to many countries including the U.S., Germany, France, Italy, and the Netherlands. Tuba had been supplying to big and established brands like Walmart, the Dutch company C&A, and the Hong Kong based company Li & Fung. The group was spread through many subsidiaries and owned at least half a dozen apparel factories in Bangladesh, Tazreen Fashion Ltd. was one of its renowned subsidiaries which opened Tazreen Factory (Tazreen) in 2009. Located in the Ashulia district on the outskirts of Dhaka, the factory employed about 1,500 workers, majorly women. As of 2012, Tazreen manufactured polo shirts, fleece jackets, and T-shirts for many global brands, earning huge sales of around \$35 million a year (Bajaj, 2012) (Refer to Table 4 for the global clients of Tazreen).

Walmart, one of the major clients of Tazreen, had been conducting regular inspection to check whether its safety standards were being met. During one such inspection in May 2011, an ethical sourcing official of Walmart had flagged serious fire-safety concerns at the clothing factory, including violations and/or conditions which were deemed to be highly risky (Al-Mahmood, Lahiri, & Mattioli, 2012). Although the nature of the infractions was not specified, the inspection found that the factory lacked some firefighting equipments and several exits and stairwells were blocked. Even the workers were not aware of evacuation routes. Promising to make corrections, the Tuba Group asked for an extension till the end of June 2011.

The violations found in the May 2011 audit led to the factory getting its first Walmart's orange rating, which indicated higher risk, and three months later, in August 2011, the factory got a yellow grade, pointing towards

**Table 4. Global Clients of Tazreen**

| Global buyers of Tazreen | Origin Country                       |
|--------------------------|--------------------------------------|
| Walmart                  | USA                                  |
| C&A                      | Brazil                               |
| Li & Fung                | Hong Kong                            |
| KiK                      | Germany                              |
| Disney                   | USA                                  |
| Sears                    | USA                                  |
| ENYCE                    | Subsidiary of Sean Combs, USA        |
| Edinburgh Woollen Mills  | UK                                   |
| Dickies                  | USA                                  |
| Piazza Italia            | Italy                                |
| Hipercor                 | Subsidiary of El Corte Ingles, Spain |
| Karl Rieker              | Germany                              |
| Delta Apparel            | USA                                  |
| Teddy Smith              | France                               |

Source : Adapted from Clean Clothes Campaign and SOMO. (2013)

medium-risk violations [1]. To add more disgrace, in a subsequent audit in December 2011, Tazreen was again found infringing Walmart standards, getting another orange rating (Wohl, 2012).

### **And Finally, it Happened...**

Despite violations of safety standards, Tazreen was running like any other factory. On November 24, 2012, about 2,000 people were working in this multi-storied factory, when a fire broke on the ground floor, in the warehouse of the factory (“Dhaka Bangladesh clothes factory fire kills more than 100,” 2012). The fire rapidly spread through the building, panicking all the workers. The flames filled two of the three stairwells of the nine-floor building shortly after the fire alarm was raised. The rooms and the corridors, full of yarn and fabric, were ignited and the fire exits were locked. The factory was full of smoke, killing many employees out of suffocation. Due to lack of enough exits, most of the workers died on the first and second floor, the firefighters recovered 69 bodies from the second floor. Many of the bodies were burnt beyond recognition. In the cage like structure of the building, each floor had windows bolted with iron frames, which made it even more difficult for workers to escape.

The factory supervisors reportedly instructed the employees not to evacuate immediately. The workers were told to go back to the sewing machines. Recalling the accident, a survivor, Mohammad Ripu (Ripu), shared his plight and said :

Managers told us, nothing happened. The fire alarm had just gone out of order. Go back to work. But we quickly understood there was a fire. As we again ran for the exit point, we found it locked from outside and it was too late. (“Walmart distances itself from Bangladesh factory fire that killed at least 112,” 2012, para.20)

Ripu, after finding no other rescue, finally jumped from a second-floor window and suffered minor injuries. Moreover, the fire department believed that the rescue operation was very difficult as the factory was packed with fabrics, yarn, and cotton, and firefighters could not enter some floors of the building (Ahmed, 2012). There was not a single emergency exit in the building; even the fire extinguishers in the factory did not work (“Bangladesh fire: Wal-Mart distances itself from factory mishap,” 2012). People were anxiously waiting outside the factory for their trapped relatives in the burning factory. Families were handed over the bodies of their relatives, while the unclaimed bodies were sent to Dhaka Medical College for identification. In this deadliest factory fire, 112 people died and more than 200 were severely injured (“Another victim of Tazreen factory fire dies,” 2014).

### **A Sabotage or Sheer Negligence?**

The exact reason of the fire was not clear, but factory officials suspected that an electrical short circuit might have initiated the fire. However, the gross negligence of the factory managers undoubtedly led to huge damage to life and property. Later on, it was suspected that the fire could be an act of sabotage. Main Uddin Khandaker (Khandaker), the head of the committee investigating the Tazreen fire and an Additional Secretary at the Ministry of Home Affairs believed that it was an act of sabotage. He said :

We have analysed developments of the fire incident chronologically. We have spoken to the witnesses, examined the place and also taken assistance from

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[1] Walmart audits assign different ratings to different factories depending upon the level of violation of its standards. A rating of green was given for minor to no violations; yellow for medium risk, orange for higher risk ; and red for the most serious violations. If a factory is rated orange three times in 2 years, Walmart had a policy of not placing any orders for 1 year with that factory.

experts....There was no possibility of fire originating from an electric short-circuit, as there was no electric wire near the place. It came from outside....The accounts of witnesses and the factory workers who escaped the fire also revealed that it was an act of sabotage. ("Bangladesh Tazreen factory fire was sabotage – inquiry," 2012, para.6)

The country's government blamed arsonists for the fire and CCTV footage was aired on a news channel, in which two employees were seen trying to set fire to stockpiles of cotton in another factory in the Ashulia area (Paul, 2012).

However, the survivors of the fire accused managers for their negligence, which led to the grisly toll. By November 28, 2012, three supervisors of the Tazreen factory were arrested by the Bangladesh police ("Bangladesh arrests three over deadly factory fire," 2012). These mid-level managers, an administrative officer, a store manager, and a security supervisor were accused of stopping workers from leaving the burning factory and padlocking exits, telling them it was just a routine fire drill. The Dhaka District Police Chief assured that the managers would be investigated for suspected negligence.

Mohammad Mahbub, Fire Department Operations Director, said :

The factory had three staircases, and all of them were down through the ground floor. So the workers could not come out when the fire engulfed the building. Had there been at least one emergency exit through outside the factory, the casualties would have been much lower. ("At least 112 die in garment factory fire outside Bangladesh's capital that manufactures products for Wal-Mart and other Western companies," 2012, para.17)

In December 2012, the probe into the Tazreen fire disclosed another important fact, grabbing public eye. It was found that on June 30, 2012, few months before the accident, the fire department refused to renew the factory certification required for its operation, since only three of the factory's eight floors were legal (Alam, 2012). Shockingly, the government officials had the information about this illegality, still, the factory was operating. Additionally, Tazreen Fashions Ltd.'s claim of having received an approval for complying with certain standards from an accreditation organization, Worldwide Responsible Accredited Production (WRAP) [2], was found to be misleading. The company specified such approval on its website; however, Avedis Seferian, the Chief Executive of WRAP declined such claim and said, "This particular factory has never been WRAP-certified. We've never been to that factory" (Manik & Yardley, 2012b, para.12).

Despite many safety lapses at the Tazreen factory, which pointed towards the negligence on the part of factory owners, the Prime Minister of Bangladesh, Ms. Sheikh Hasina, attributed the fire's consequences to an act of sabotage rather than finding the real culprits (Jamieson & Hossain, 2013). She believed that the disaster "was not an accident, (it was) planned. The incident takes place when it is the time for buyers to come and sign contracts" (Chen, 2012, para.5). Even the Bangladesh Garment Manufacturers and Exporters Association echoed the claim. Scott Nova (Nova), member of the anti-sweatshop group Worker Rights Consortium believed that the country's authorities were trying to conceal deeper safety issues and "the Bangladesh government and industry cannot admit that workers are dying because of lax regulation and unsafe working conditions in the industry in Bangladesh, they need some kind of scapegoat" (Chen, 2012, para.7).

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[2] WRAP is enlisted by many Western retailers and manufacturers to certify that their suppliers are meeting certain standards.



## Walmart Ducks Responsibility?

The Tazreen fire drew attention to the efforts taken by Western retailers to improve conditions for workers in emerging market factories. Another much talked about issue in the Tazreen fire was the role played by the world's biggest retail chain Walmart. The company had been claiming of pushing its suppliers to comply with the company's standards and of taking various initiatives for safer infrastructure at garment factories in Bangladesh (Refer to Table 5 for details of initiatives taken by Walmart for safer Bangladesh since 2010). Further, Walmart dropped 94 Bangladeshi factories due to fire safety issues since 2010. It claimed to have supervised 9,737

**Table 5. Initiatives Taken by Walmart for a Safer Infrastructure in Bangladesh**

| Year | Month     | Walmart in Bangladesh: Building a Safer Infrastructure   |
|------|-----------|--|
| 2010 | January   | Walmart joins other leading brands and retailers in encouraging the Bangladesh government to review the minimum wages for workers in the garment industry.   |
| 2011 | February  | Walmart organizes a supply chain meeting in collaboration with other brands and retailers focused on fire safety. Attended by 160 suppliers from the garment industry.   |
|      | June      | Walmart advises Bangladesh suppliers that it will not certify factories in the following categories due to fire safety concerns: <ol style="list-style-type: none"> <li>1. Residential buildings converted into factories,</li> <li>2. Factories in multi-story buildings located in market areas,</li> <li>3. Factories in multi-story buildings shared with other factories,</li> </ol>  |
| 2012 | April     | Walmart announces the launch of Women in Factories training program in partnership with CARE.  |
|      | June      | Walmart begins conducting regular fire drills, adequate number of exit routes, and mandating fire safety training to all levels of factory management.   |
| 2013 | April     | Walmart announces several enhancements to Responsible Sourcing Program in Bangladesh including: <ol style="list-style-type: none"> <li>1. Partnering with Bureau Veritas (BV) to conduct in-depth safety inspections at all factories in Bangladesh that produce goods directly for Walmart suppliers.</li> <li>2. Providing broad-based fire safety training to factory workers.</li> <li>3. Donating \$1.6 million to the newly created Environmental, Health and Safety (EHS) Academy in Bangladesh.</li> </ol> |
|      | July      | A coalition of North American retailers, with Walmart as a founding partner, launches the Alliance for Bangladesh Safety.  |
|      | September | The Alliance for Bangladesh Worker Safety <ol style="list-style-type: none"> <li>1. Engages Bureau Veritas (BV) to develop fire and building safety training.</li> <li>2. Develop a hotline to address worker conditions.</li> <li>3. Adopts common building and safety standards with Accord on Bangladesh Safety.</li> </ol>   |
|      | October   | The Alliance identifies worker participation committees and begins fire and building safety training with those committees.  |
|      | November  | Walmart publishes the results of BV's in-depth factory assessments on corporate.walmart.com  |
| 2014 | March     | Walmart donates \$3 million to BRAC, a leading NGO in Bangladesh, to ensure that progress continues on humanitarian aid and support for workers.   |
|      | July      | The Alliance for Bangladesh Worker Safety <ol style="list-style-type: none"> <li>1. Completes phase 4 audits on 100% of factories in Bangladesh directly working with Walmart suppliers.</li> <li>2. Competes safety training of 100% of workers and management in factories in Bangladesh directly working with Walmart suppliers.</li> </ol>   |

Source : Walmart. (n.d.)



inspections at 8,713 factories of its suppliers in 2011 to check whether the required standards were followed.

After the Tazreen factory fire, big companies like Walmart and Sears, along-with some retailers, said they had no knowledge of Tazreen Fashions making clothing for them (Yardley, 2012). Walmart released very limited details of its relationship with the company. However, the documents uncovered at the garment factory revealed that at least 18 months prior to the fire, six Walmart suppliers were using this factory and just two months before the accident, as large as 55% of the factory's production was for Walmart suppliers.

But soon after the incident, Walmart denied its relation with the factory, and declared that the factory was not authorized to produce merchandise for the company; disgracefully, only a supplier subcontracted work to it and violated its policies (“Walmart distances itself from Bangladesh factory fire that killed at least 112,” 2012). Moreover, a top Walmart executive opined that the industry's safety monitoring system was seriously flawed and said, “Fire and electrical safety aspects are not currently adequately covered in ethical sourcing audits” (Greenhouse & Yardley, 2012, para.4). Walmart critics claimed that the company knew about unsafe conditions at the Tazreen factory and blocked efforts to improve them. In 2011, a meeting was held at Dhaka for discussing factory safety in Bangladesh's garment industry, two officials from the meeting believed that “the Walmart official had played the lead role in blocking an effort to have global retailers pay more for apparel to help Bangladesh factories improve their electrical and fire safety” (Greenhouse, 2012, para.3). Walmart's position in the meeting was explained by Nova as “1) We know these factories are unsafe. 2) We know it will cost substantial sums to make them safe. 3) We are not going to pay for this. 4) We are going to keep using the factories anyway” (Eidelson, 2012, para.8). In the same meeting, few people including Sridevi Kalavakolanu, a Walmart Director of Ethical Sourcing, believed that improvements in electrical and fire safety in around 4,500 factories was not financially feasible and would be a very extensive and costly investment for the company (Dudley & Devnath, 2012).

Blaming Walmart for the Tarzeen disaster, some nonprofit groups opined that the MNC was an important obstacle to the efforts to upgrade fire safety, and the company was least bothered in changing the existing practices of these factories (Greenhouse & Yardley, 2012). Kalpona Akter, Executive Director, Bangladesh Center for Worker Solidarity, said, “The Walmart system of audits and inspections is not improving the factory safety conditions here in Bangladesh. They maintain this system to enable them to keep their hands clean and deny responsibility” (Greenhouse & Yardley, 2012, para.13).

Further, Walmart announced that it was unaware of any of its suppliers working with Tazreen. Analysts criticized such negligence and wondered how a big company like Walmart could have been unaware of the connection of its supplier subcontracting work with Tazreen. Ineke Zeldenrust of the CCC was grieved with the irresponsible nature of Walmart and said :

We once again call upon Walmart and the other major companies sourcing from Tazreen to aid the families of the dead and the injured workers. Their refusal to do so indicates a shocking lack of concern for the rights and well-being of the workers who make their clothes and who, in this case, were injured or killed in the process. (“European brands agree to compensate Tazreen victims, US Corporations refuse,” 2012, para 9)

Moreover, Brad Adams, Asia Director at Human Rights Watch also criticized Walmart by saying :

Companies should not claim that just because they did not know their products were in Tazreen, they have no responsibility to the victims . The UN Guiding Principles clearly state that all firms have a responsibility to conduct due diligence throughout their supply chain, and provide a remedy to anyone affected by human rights violations. (“Bangladesh: After fire, companies evade compensation,” 2014, para 10)

Unfortunately, Walmart could not protect its own reputation from fire and was forced to endure a barrage of negative media questioning. It was not difficult for Walmart to claim deniability, but the fact was that only the buyers had the resources to pay for workers' safety. The Tazreen factory fire was not the first in the country, many a times, similar factory fires had killed and injured the workers, yet MNCs like Walmart had never acknowledged that they could be a significant contributing factor towards hazardous working conditions of these factories.

## **Helping Hands Across the Globe**

After one year of the mishap, CCC and ILRF called for urgent action by all brands associated with Tazreen Fashions to ensure full and fair compensation for all the fire victims and to create a fund for the sufferers ("One year after Tazreen Fire, the fight for justice continues," 2013).

In a meeting held on April 15, 2013 in Geneva, major European retailers including C&A of Netherlands, KiK of Germany, and El Corte Inglés of Spain agreed to pay substantial compensation to the families of the deceased and injured of the Tazreen fire [3]. Similarly, a Hong Kong based international trading group, Li & Fung also promised to contribute with 100,000 taka to BGMEA to be delivered to 42 families of the fire victims. However, the U.S. corporations like Walmart, Sears, and Disney neither attended the meeting nor agreed to compensate the fire victims ("European brands agree to compensate Tazreen victims," 2013). Some big brands like Li & Fung (Hong Kong), Italian brand, Piazza Italia failed to attend the meeting, but agreed to pay the compensation.

By November 2013, from the contribution of some international labor groups, families of 97 of those killed in the fire received 700,000 taka (\$8,900) each (Al-Mahmood, 2013a). Later on, the high court found that the amount was inadequate, and ordered the government for setting a more generous compensation package. In 2014, a charitable group, C&A Foundation, along with a global union, IndustriALL and the CCC entered into an agreement to contribute a significant amount towards full compensation, covering for loss of income and medical costs for the victims and families of the deceased (Butler, 2014).

## **Elusive Justice for the Fire Victims**

Families of the Tazreen factory fire victims were facing double injustice; firstly from the officials, who were continuously denying the existence of their loved ones and then in the struggle of identifying the bodies, which prevented access to compensation ("One year after Tazreen fire, the fight for justice continues," 2013).

After more than a year of the Tazreen Factory fire, in December 2013, the Dhaka court ordered the arrest of six people, including owner and managing director of Tazreen Fashions, Delwar Hossain (Hossain) and his wife, Mahmuda Akther, the chairwoman of the company. Khandaker said that the owner of the factory should be brought to justice as they found that proper safety measures could have lessened the fatalities. Moreover, the criminal investigation department charged 13 people with culpable homicide for lack of proper safety measures in the factory. By June 2013, the lawyers fighting against Hossain were finding it difficult to bring charges against him; they required a copy of the government investigation report, which accused Hossain for negligence but the Home Ministry of the country failed to provide that on time (Yardley, 2013). The absence of justice for the victims sent waves of anger and distrust among the Bangladeshi population. At the time of court hearings, several hundred people gathered and demanded for death penalty of the accused.

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[3] The compensation plan was based on the compensation formula used in other recent fires like the December 2010 fire at That's It Sportswear factory, and the fire of January 2013 at Smart Export Garments. The plan was developed by IndustriALL and its affiliates in Bangladesh and was supported by international labor rights groups.

## Preventing a Future Tazreen

Many analysts opined that the country was heading towards a positive line where in all 13 people were arrested for a factory fire. Such a rare step in Bangladesh was historic because the powerful garment industry bosses had been going unpunished for the last many factory accidents.

In July 2013, Bangladesh approved a legislation to boost worker rights including the freedom to form trade unions (Bose, 2013). In addition, the government was talking with labor groups and factory owners for a new minimum wage plan to revise the current \$37 per month for the garment sector. The Government of Bangladesh in association with International Labor Organization (ILO) has launched a three and a half year program that focuses on providing safety in the RMG factories, workers' rights, and overall working conditions in Bangladesh. The timeline of the program was set from October 22, 2013 to December 31, 2016. The program would be funded by Canada, the Netherlands, and the United Kingdom.

In response to the allegations against Walmart, the retailer promised to implement a zero tolerance policy for its suppliers who subcontracted work to factories without its permission (Fox, 2013). Walmart promised to tighten the safety measures while donating \$1.6 billion to help start a new Bangladesh training academy (Hossain & Alam, 2012). Further, the company set new rules under which all factories in Bangladesh had to undergo an assessment from an independent agency for electrical and building safety. Hence, there were hopes for better safety standards in the country.

On May 15, 2013, a legally binding agreement, Accord on Fire and Building Safety in Bangladesh (the Accord) between global brands, retailers, and trade unions was signed to build a safe and healthy Bangladeshi ready made garment (RMG) industry. By November 2013, the Accord with two other groups, the Alliance [4] for Bangladesh Worker Safety, and the government's own National Tripartite Action Plan agreed on a deal to adopt unified standards and simplify inspections of garment factories (Al-Mahmood, 2013b). The agreement, though pending for the final approval, could be a significant breakthrough for Bangladesh's garment industry to raise safety standards.

Two years after the Tazreen fire, the workplace safety in the garment sector of Bangladesh had improved (Parvez, 2014). It looked like global brands like Walmart and C&A were trying to push their suppliers to improve conditions at factories producing their clothes. Moreover, the Institute for Sustainable Communities (ISC) had developed plans to set up an Environmental, Health and Safety Academy in Bangladesh with Walmart's funding and with an additional \$2 million from Swedish International Development Agency, Sida.

In 2013, Bangladesh set high goals of earning millions of dollars from its garment industry, and the country expected to triple its garment exports in the coming 3 years (Sethi, 2013). However, in not more than six months after the Tazreen fire, Bangladesh witnessed its largest garment factory disaster when the eight-story Rana Plaza came crashing down on April 24, 2013 with a death toll of 1,127. Analysts were skeptic if huge targets of greater exports of the country would come at the cost of more accidents. The Rana Plaza disaster raised doubts over the plans and initiatives of the various global brands, international organizations, and Bangladesh's authorities. Analysts were able to draw parallel lines between the Rana Plaza disaster and Tazreen fire tragedy, raising concerns over authenticity of the safety programs of many Western firms.

## Managerial Implications

The findings of this case have important practical implications for both the business managers of local and global suppliers and the government in any sector. The case highlights the negligence of global buyers like Walmart,

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[4] Alliance is a 5 year undertaking founded by a group of North American apparel companies, retailers, and brands who have joined together to develop and launch the Bangladesh Worker Safety Initiatives.

Disney, Sears, etc. and auditing firms which could have taken precautions to avoid such a fire. The case study also reveals how, due to the absence of responsible behavior on the part of all stakeholders (managers, auditors, companies, and the government), gross violation of human and worker rights takes place.

## Teaching Notes

**(1) Overview :** This case explores the Dhaka based garment Tazreen factory fire which killed and injured a large number of people. Through this accident, the case investigates the poor working conditions in the garment industry of Bangladesh, which frequently puts the life of millions of workers in danger. Further, this case also examines the role of global brands which had been major buyers of Tazreen and could have prevented the mishap.

The key issues involved in the case are:

- (i) Role of Bangladeshi garment factory owners and managers during sudden mishaps in factories.
- (ii) The challenges in improving the working conditions of the garment industry by building better infrastructure.
- (iii) Loopholes in maintaining safety inside the garment industry by global brands, involving transparency in the process of monitoring the factories.
- (iv) Urgent action taken by all brands associated with the Tazreen Fashions Factory fire to ensure full and fair compensation for all the fire victims and their relatives.
- (v) Understanding various alternative measures that could have been taken to avoid accidents like Tazreen and Rana Plaza in the future.

**(2) Potential Audience :** This case has been written for classroom discussion for MBA/MS students as part of the Project Management/Business Ethics and Corporate Governance/Business Strategy course as mentioned here:

| Program | Course                                   | Section of the Course  |
|---------|--|--|
| MBA/MS  | Project Management                       | Project Management Fundamentals, Safety, Health, Environmental and Risk Management, Supply Chain Management  |
|         | Business Ethics and Corporate Governance | Role of Managers - Managing ethics in organizations, understanding labor, Decision making processes of corporates while operating in developing economies. |
|         | Business Strategy                        | Contemporary Challenges, Business Leadership.  |
|         | Human Resource Management                | Working Standards and Compensation for Employees   |

**(3) Research Methods for Case Preparation :** The case study has been prepared through secondary research. A rigorous secondary research was undertaken to understand the garment industry in Bangladesh and its operations; about Tazreen Fashions and its factory; Walmart and its sustainability initiatives from credible sources like Walmart website, various published articles, journal publications, reports published by various reputed universities and organizations, interviews of analysts and industry experts in international newspapers. The time period of the study is from 2000 to 2014.

**(4) Learning Objectives :** This case is designed to enable students to:

- (i) Learn about the garment industry of Bangladesh and the poor working conditions in the sweatshops that have exposed millions of workers to life threatening accidents.

- (ii) Find out the reasons why global apparel brands were attracted towards factories in Bangladesh and analyze their role for the country's economy.
- (iii) Debate over the contradiction between Walmart's actions taken to improve the working conditions of the Bangladeshi garment factory workers and the criticism it gained after the Tazreen fire accident.
- (iv) Explore how the workers of Bangladesh are exploited socially and economically.
- (v) Understand the issues and challenges involved in developing and maintaining better working conditions in the Bangladesh garment sector.
- (vi) Analyze the role played by the government authorities, non-profit organizations, and international garment brands like Walmart and C&A in Tazreen factory fire and other similar accidents.

**(5) Teaching Approach and Strategy :** This case can be used effectively in classroom discussions as well as in distance learning programs. In the classroom mode, the case moderator can distribute the case prior to the discussion for preparation. The case has been designed in a suitable way to explain concepts such as responsibility of business managers, government participation in any sector, and poor working conditions in developing economies.

The case moderator can initiate the discussion by asking the students about the need of safety standards in garment factories that are required for the well - being of the society and workers in particular. After listing out the needs, the discussion can then move to the role of factory owners and managers, including their clients for ensuring protection for the poor workers. Various infrastructural problems, with an emphasis on the Tazreen Factory layout, should be discussed in detail. The students can be asked to analyze the incidents and the probable causes that led to the killing of a large number of workers. Subsequently, the role of global apparel brands buying from the Bangladeshi garment industry and their subcontractors can be examined.

The moderator can move further to discuss the role of Walmart in Bangladesh and the criticism the company faced regarding its social, economic, and environmental contribution to the garment industry. The class can then discuss about the various measures taken by global brands, the country's government, and other organizations to improve the working conditions in garment factories. Next, the effectiveness and quality of these measures can be analyzed given the fact that within six months of the Tazreen fire, another garment building, Rana Plaza, collapsed, killing more than 1100 people. The moderator can take the discussion forward to a closing by asking the students to list out alternative plans to tackle the existing problems of the Bangladeshi garment industry. Finally, the class can be concluded by discussing the impact of the Tazreen Factory fire on the Bangladeshi garment industry and its global clients.

**(6) Discussion Questions :** The following are the main questions to be discussed among the moderator and students:

- (i) Analyze the garment industry of Bangladesh and its contribution to the economy.
- (ii) Analyze the working conditions in the RMG sector of Bangladesh. Discuss about the irresponsible nature of Tazreen factory managers. What precautions could have been taken by the factory supervisors to prevent such a damage?
- (iii) Discuss the negligence of the Tazreen Factory global buyers like Walmart, Disney, Sears etc and auditing firms. What precautions could have been taken by these suppliers to avoid the fire?
- (iv) Analyze the role of the Bangladesh government in providing safe working conditions in garment factories.
- (v) Analyze the reactions of different institutions across the globe towards the Tazreen Factory fire.



The discussion questions can be taken forward as per the following session plan:

| Instructor's Questions   | Approximate Time for Discussion |
|--------------------------|---------------------------------|
| Introduction             | 10 mins                         |
| Discussion on Question 1 | 10 mins                         |
| Discussion on Question 2 | 15 mins                         |
| Discussion on Question 3 | 15 mins                         |
| Discussion on Question 4 | 15 mins                         |
| Discussion on Question 5 | 10 mins                         |
| Total Session Time       | 1 hour 15 mins                  |

**(7) Suggested Assignment Questions :** The students can be assigned some questions to get a better understanding of the case :

- (i) List out the initiatives taken by Walmart post the Tazreen accident for building safer safety standards.
- (ii) Discuss the loopholes of the Tazreen remedial measures that led to another accident, collapse of Rana Plaza building, within the next six months.
- (iii) Do you think formation of unions in the factories is required? Why is the Government of Bangladesh reluctant to the unionization of labor in its factories?
- (iv) Discuss the future of the RMG sector of Bangladesh in the coming years.

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