



SDG 16: Peace, Justice and Strong Institutions - Human Rights & Labour in the Supply Chain

| Topic Overview | Learning Objectives |
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| <p>There is a long history of human rights issues and unethical labour practices in the global supply chain, due to complexity, lack of transparency, and poor governance in supply chains. Despite an increase in consumer awareness and devastating events, the international labour standards are slow to change.</p> | <ul style="list-style-type: none"> • Describe the effects of outsourcing and global supply chains on fair labour and human rights. • Analyze the effects of consumer goods (i.e. fast fashion) on factory workers in developing countries. • Apply an ethical framework to decisions managers face in a global supply chain. |
| Resource Summary | |
| <p>Crisis, V. (2019, April 7) Corporate Social Responsibility, Human Rights and Clothing Workers in Bangladesh and Malaysia. <i>Asian Studies Review</i>, 43(2), pp.295-312. https://doi-org.ezproxy.library.uvic.ca/10.1080/10357823.2019.1588850</p> <p><u>Summary:</u> This article covers the human rights abuse and exploitation in the brand-name fashion industry in developing countries. The presence and effectiveness of CSR, supplier codes of conducts, and trade unions are discussed as well. Manufacturing of textiles in Malaysia and Bangladesh are used as case studies to analyze the relationship between trade unions, suppliers, buyers, and workers (domestic and immigrant).</p> | |
| <p>Mahmudur Rahim, M. (2020). Chapter 7: Humanising the global supply chain: building a decent work environment in the readymade garments supply industry in Bangladesh. In S. Deva & D. Birchall (Eds.), <i>Research Handbook on Human Rights and Business</i> (pp. 130-150). Edward Elgar. https://doi-org.ezproxy.library.uvic.ca/10.4337/9781786436405</p> <p><u>Summary:</u> The chapter discusses the aspects of decent work (a fair wage, safe work environment, and freedom of association), and how those rights are often interfered with suppliers, buyers, and governments. The chapter uses readymade garments (RMG) workers in Bangladesh as a case study.</p> | |
| <p>Patel, K. (2019, July 10). <i>End Slavery with Transparent Supply Chains</i> [Video]. TEDx Talks. YouTube. https://youtu.be/reCGfjg83g8</p> <p><u>Summary:</u> This TED Talk discusses the lowest tier of supply chains that uses modern day slavery for our consumer products (such as children mining cobalt for smartphones), and we don't even know it. They discuss how supply chain transparency can improve consumer education and change consumer demand, as few consumers would willingly purchase a product that was a result of slavery.</p> | |
| <p>Andre, C., DeCosse, D., Hanson, K. O., McLean, M. R., Meyer, M. J., Moberg, D., Shanks, T., & Velasquez, M. (2009, May). <i>A Framework for Ethical Decision Making</i>. Markkula Centre for Applied Ethics. https://www.scu.edu/ethics/ethics-resources/ethical-decision-making/a-framework-for-ethical-decision-making/</p> | |



Summary: This resource provides a basic introduction to ethics, the sources of ethical standards, and a framework for ethical decision making. Use this resource to support the discussion for activity 3.

Discussion and Exam Questions

1. Why is the global supply chain buyer-driven (meaning that the buyers hold the power)? Do you see this changing in the future?
 - Buyers have significant purchasing power
 - Buyers are often located in western countries, but purchasing from developing nations. The value of the buyers' currency, as well as the amount they are purchasing makes them valuable to the supplier.
 - Buyers often represent wholesalers or retailers that have stringent demands
2. What can be done to improve the rights of workers to a fair wage, safe work environment, and freedom of association?
 - Adherence to human rights legislation and UN Human Rights frameworks
 - Build a culture (demand) for slow fashion where styles change less often and quality is valued
 - Put penalties in place for producers who break human rights laws
 - Retailers enforce strict labour standards that their suppliers have to adhere to
3. Discuss the relationship between consumer demands and profit maximization of organizations, and how it affects the workers at the lower levels of the supply chain.
 - List stakeholders in a typical producer-supplier relationship
 - Consider country level values (hard work, personal wealth etc.) as well as corporate cultures

Additional Resources

[Clean Clothes Campaign](#)

[ILO Report: Ending child labour, forced labour and human trafficking in global supply chains](#)

[ILO Terminology](#)

[Responsible Sourcing Tool: Case Studies](#)

[Responsible Sourcing Tool: External Resources](#)

[UN Global Compact](#)

Related Business Topics

- Human Rights
- Ethics
- International Labour Standards
- Global Supply Chain Management
- Vendor / Supplier Selection

Related Sustainable Development Goal Targets

[SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels](#)

16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children

16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all



16.5 Substantially reduce corruption and bribery in all their forms

16.6 Develop effective, accountable and transparent institutions at all levels

16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance

16.B Promote and enforce non-discriminatory laws and policies for sustainable development

Suggested In-Class Activities

Activity 1: Fashion Checker

Have students suggest their favourite apparel or footwear brands to look up on [Fashion Checker](#). Before revealing the results, have the students guess if the workers making that brand are paid enough. Afterwards, ask the students if the results changed their opinion of the brand.

Activity 2: A Case for Transparency – The Rana Plaza Collapse

Rana Plaza, a garment factory, collapsed in Bangladesh in 2013, killing 1,134 workers. Large cracks appeared on the building the day before the disaster, but workers were still forced to return to work the day of the disaster ([Clean Clothes Campaign](#)). The building collapsed on thousands of workers, resulting in mass injury and death. Show the [Bangladesh Factory Collapse](#) video to the class and have a mini-discussion around the responsibility of the western retailers.

4. Are the brands that ordered from the Rana Plaza factories complicit in the death and injury of thousands of people? Who should be held accountable?
5. What responsibility do retailers have when choosing to outsource to developing countries?
6. What could have been done differently by Loblaws, and other large retailers, to prevent disasters like this in the future?
7. Do consumers have a right to know if they are purchasing a good that was made in this kind of environment?
8. Do you care if the items you purchase are produced in this kind of environment?

Activity 3: Ethics in a Global Supply Chain Case

In early 2020 manufacturers in China were severely impacted due to COVID-19. Border closures, strict health and safety regulations, and delayed freight impacted retailers across the globe who relied on manufacturers in China.

PF Manufacturing is a medium sized manufacturer in Shenzhen, China, who produces textiles for retailers internationally, with a large portion of their goods exported to the United States. Every aspect of PF's business was impacted when COVID-19 broke out in Wuhan, which is only 1000km away from Shenzhen.

In March, PF Manufacturing was required to invest in PPE (personal protection equipment) for workers and install hand-washing stations throughout the factory. PF was unable to increase their prices to reflect the added costs of safety precautions as it is a highly competitive and price-sensitive environment, and they feared the buyers would go elsewhere. Additionally, the new social distancing mandates allowed fewer workers in the factory, resulting in a second shift working through night to fulfill orders. The second shift workers were paid overtime for working through the night, and the factory overhead increased because of running machinery and electricity for twice the time to produce the same quantity of goods.



Despite the additional expenses and already razor thin margins, PF did not increase their prices, hoping that COVID-19 would be over soon. Unfortunately, the virus continued to spread and supply chains were under immense stress; freight and logistics were delayed and unreliable, and the retailer did not receive the supplies on time. As a result, the retailer ended the contract with PF in China, and moved their production to India, where COVID-19 hadn't impacted production yet.

The contract between PF and the retailer was on account, meaning that the supplier produced the goods on credit, with the promise of payment once the goods have been received. PF was not paid for any of the goods that had been manufactured, but not yet shipped, leaving them without revenue for the past two weeks worked. Without the contract of the retailer, PF went bankrupt and closed its doors, leaving hundreds of workers with unpaid wages. Many families working in factories were living pay cheque to pay cheque; they now had to find new jobs, and try to scrape by without receiving their last paycheque or severance pay. While the American retailer was also impacted by COVID-19, they still managed to maintain a profit by moving production to India.

Discussion:

1. Does the retailer have an ethical obligation to pay the worker's wages for the last two weeks? See *A Framework for Ethical Decision Making* reading to apply an ethical framework.
2. What level of due diligence is expected of MNE's to ensure ethical labour standards and fair treatment of workers in their supply chain?
3. What can MNE's do to protect the rights of workers, especially in when outsourcing in developing countries?