

The 10th Anniversary of the Bangladesh Accord: Facing the Impact of Governance Gap on Employment Relations

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Abstract: The Bangladesh Agreement was signed in 2013. This article revisits the Bangladesh Accord on its tenth anniversary and explores how lessons from the Bangladesh Accord reveal the profound impact of governance gaps on contemporary employment relations. Today, with the globalization of economic activities and the further intensification of governance gaps, it is very meaningful to explore the impact of governance gaps on employment relations. This article explores how governance gaps impact employment relations by examining the implementation and outcomes of the Bangladesh Accord. and further considers the limitations of the impact of private governance on transnational employment relationships. Ultimately, this article believes that the impact of governance gaps on employment relations is powerful and inevitable, and even effective private governance appears to be so vulnerable in the face of governance gaps.

Keywords: employment relationship, Bangladesh accord, governance gap, private management

1. Introduction

As the internationalization of economic activities continues to escalate, the governance gap is further exacerbated. Today's employment relationship faces further changes and challenges. This article examines the ways in which lessons from the Bangladesh Accord reveal the profound impact of governance gaps on contemporary employment relations. First, key concepts are organized in the report, including the Bangladesh Agreement, governance gaps, and today's employment relations. It then explores how governance gaps affect employment relationships, using the implementation and outcomes of the Bangladesh Accord as an example. Analyzes the impact on the employment relationship. And further thought about the limitations of Private Governance's impact on transnational employment relations. Local governments can use coercion to prevent effective private management. It can be deduced from this that the impact of governance gaps on today's employment relations is huge and unavoidable.

2. Bangladesh Accords and Governance Gap and Employment Relations

2.1. Bangladesh Accord

The full name of the "Bangladesh Accord" is "Accord on Fire and Building Safety in Bangladesh", which is an experiment in transnational labor regulation (Kang, 2021). This agreement replaces voluntary compliance with legally binding requirements and holds brands accountable. The agreement requires that factories that are not Accord and Alliance certified will not receive orders from more than 250 signatories. This agreement is somewhat mandatory. The only way for producers to survive is to comply. However, the legality of the agreement was questioned by the employers' association, and the High Court ultimately ruled that the agreement must cease implementation in 2018. It was replaced by the Ready-Made Garments (RMG) Sustainability Council (RSC). RMG and RSC are less mandatory than agreements and require the active participation of local employer organizations (Kang, 2021)

2.2. Governance Gap

The governance gap refers to the fact that as the internationalization of economic activities continues to escalate, national institutions and regulations cannot adequately respond to the rapidly growing cross-border flows of capital, labor, goods and services. Therefore, national institutions in different countries or regions differ in political, legal, economic and social governance (Marginson, 2016). Next, I describe some phenomena and corresponding consequences caused by the existence of governance gaps. 1. Capital mobility has increased significantly. Multinational corporations will completely avoid institutional and regulatory arrangements that they find unattractive. They are efficiency-oriented and choose where to locate direct investments based on labor laws, collective bargaining arrangements, labor organization, and a range of non-labor factors (Marginson, 2016). The result is tremendous downward pressure on existing labor standards. 2. Increased cross-border labor mobility. This phenomenon is concentrated in low-wage industries where immigrants are highly concentrated, and employers take advantage of immigrant workers' willingness to accept conditions that are lower than prevailing standards (Marginson, 2016). The effect is to weaken the government's enforcement of labor law regulations, including statutory minimum wages, working time regulations, health and safety laws, etc. (Marginson, 2016). 3. Lack of national legal rights. The effect of this is that employers provide labor conditions that do not comply with national and local regulations in some countries. The governance capacity of local state institutions is eroded (Marginson, 2016). 4. The freedom to establish service businesses across borders. Employers' freedom to provide services beyond the standards set by the national labor laws and collective bargaining of the destination country. The effect is an erosion of local state regulations.

2.3. Employment Relations Today

With the advancement of an emerging industrial production model (sometimes called "Industry 4.0") (Valenduc & Vendramin, 2016), work locations and working hours have become freer and more flexible, and the power of authority has also changed (De Gryse, 2016). Affected by the new production model, today's employment relationships have also changed. 1. Transform from a standard employment relationship to a non-standard employment relationship. 2. The production-oriented employment relationship shifts to a consumption-oriented employment relationship (Donaghey et al., 2014). And the coronavirus pandemic is also having an impact on today's employment relationships. Impacts include 1. intensifying the ongoing trends in automation and work robotization, and 2. increasing WFH trends that make distance less important while

intensifying the deglobalization of capital, which may trigger a trend toward labor globalization. 3. Capital will dominate labor (Brakman et al., 2021).

2.4. Analysis and Argument

I think the lessons from the Bangladesh Accord are useful in shedding light on the impact of governance gaps on employment relationships today. First, with the continuous upgrading of the internationalization of economic activities, the governance gap is being further widened. Increasing cross-border economic activity creates a variety of regulatory challenges. In order to maintain labor fairness for workers in different regions in today's employment relations, the exploration of transnational supervision is very necessary. The Bangladesh Accord is an experiment in transnational labor regulation (Kang, 2021). It serves as an example of where governance gaps have an impact on the employment relationship. The result of the Bangladesh Agreement was that the agreement was terminated. Local governments have opted for other, less mandatory protocols. This result is not an example of complementarity between private and public governance, nor an effective substitute, but rather represents the undermining of effective private regulation in a state opposed to labor reform.

First, I must recognize that transnational governance challenges have multiple dimensions. Including 1. Legal liability for labor conditions is decoupled from practices at workplaces located in different countries (Marginson, 2016). 2. "Forum shifting" or multiple regulatory spaces in transnational governance arrangements enable actors to pursue the "space" that best suits their interests through a patchwork of various forms of regulatory and power relations (Marginson, 2016). 3. Selectivity – Selectivity occurs when national frameworks or local solutions are not feasible, such as when local unions work with local management (Donella, Seminar Week 6 Final EMPL5405, 2023). As a result, results vary and cross-border linkages cannot be handled, which only national or supranational (global) institutions can do. 4. Regulatory landscape – the shift from hard to soft forms of regulation, such as social clauses (as opposed to penalties for lack of enforcement) or codes of conduct (Donella, Seminar Week 6 Final EMPL5405, 2023).

After gaining a certain understanding of the challenges of transnational governance. We can take the Bangladesh Accord as an example to find that governance gaps impact the employment relationship in multiple ways. Including wage and benefit gaps, workplace safety, labor rights, supply chain responsibility, workforce migration, and more. Governance gaps in Bangladesh result in significant differences in wage and benefit levels for workers in the country compared with developed countries. Low governance and weak regulations result in low wages and limited benefits for Bangladeshi workers. And safety standards in factories and workplaces are low, leaving workers vulnerable to injury. This has a direct impact on the life safety and health of workers. The Rana Plaza collapse disaster in Bangladesh is an obvious example. Governance gaps directly impact labor rights. Bangladeshi workers face the risk of disenfranchisement and unfair treatment. The impact of governance gaps on international supply chains is evident in the Bangladesh Agreement. Some international companies will locate production bases in areas with weaker regulations to reduce costs. This has resulted in different working conditions and accountability standards in supply chains, affecting the transparency and sustainability of global supply chains. The impact of governance gaps on employment relations is also expressed as labor migration. Workers may cross international borders in search of better employment opportunities and living conditions.

The implementation of the Bangladesh Agreement has certain positive significance. It was a private attempt to regulate transnational economic activity. The agreement has achieved great results in improving workplace safety. And better protect the rights and interests of Bangladeshi workers. But the final result of the agreement was that it was annulled. This annulled outcome illustrates inversely how governance gaps affect employment relationships. From the government's

perspective, the Bangladesh government has failed to live up to its own commitments made in the agreement to reform labor laws and protect workers' rights. And the country's government has resisted the Agreement's efforts to empower workers out of concern that improved labor standards would threaten regulatory control of one of the world's largest garment industries with the lowest labor costs (Bair et al., 2020). Of course, I also realize that private governance has certain limitations, and it is affected by the governance gap. Private governance is self-governed and self-regulated. The standards of private governance are difficult to unify. And global agencies lack the enforcement authority and resources to regulate implementation and compliance. Transnational private governance can be easily canceled under the interference of local governments, even private governance with positive effects. Therefore, the impact of governance gaps on today's employment relations is still huge and cannot be ignored. It can even be said to be the most influential part of transnational employment relationship management. Lessons from the Bangladesh Accord reveal that the impact of governance gaps on today's employment relationships is serious and multifaceted. I believe that the governance of transnational employment relations is a complex issue and it is difficult to avoid the impact of governance gaps. Perhaps global institutions with a certain degree of enforcement power can reduce the impact.

3. Conclusion

By reflecting on the lessons learned from the Bangladesh Agreement, this essay further recognizes the enormous impact that governance gaps have on today's employment relationships. The impact of governance gaps on the employment relationship is manifold. Including wage and benefit gaps, workplace safety, labor rights, supply chain responsibility, workforce migration, and more. The Bangladesh Agreement has certain positive significance. It is an effective attempt to privately regulate transnational economic activities (Kang, 2021). The outcome of the Bangladesh Agreement reflects the undermining of effective private regulation by countries opposed to labor reforms (Bair et al, 2020). So, I think the impact of governance gaps on today's employment relationships is inevitable. I hope to continue to focus on this topic in the future and explore how transnational employment relationships can enhance fairness.

Acknowledgements

Thanks to everyone who helped me, my mom and my friends, and friendly strangers. Thanks for all the beautiful skies. Thanks to my kitty Bai Li.

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