

# Essay on bangladesh case study analysis

[Business](#), [Company](#)



Many international companies choose to produce their goods for sale in underdeveloped and developing countries mainly because of the cheap cost of production and ease of entry into these countries (Deresky). However, with recent events, many issues have come up concerning the massive production by the companies and the accompanying safety and welfare of the workers in these countries. From an analysis of the Bangladesh case, many issues have been raised and need to be addressed in order to solve this growing problem. From the article, it can be seen that the problem became known after a series of factory accidents that reveal the flaws in the production places used by big companies (Greenhouse). A building containing garment factories collapsed recently in Bangladesh killing more than 400 workers in the plant, and it can be deduced that more than one international company operated in the building (Greenhouse). From other accidents in other factories, some of the companies in the region are now considering moving their production to other countries to avoid the problems in Bangladeshi production. This paper will discuss some of the issues that arise from the article and provide tentative solutions to this problem faced by both the companies and individuals.

- The poor working conditions faced by factory workers in Bangladesh and other low-cost production countries; the working conditions affect the reputations of the companies since it emerges that the workers are treated like slaves (Greenhouse).

- The low cost of production in Bangladesh attracts big firms to produce their products in the country, which, coupled with the ease of entry into the location, increases the number of workers in the region (Greenhouse).

- Following the accidents, it emerges that the approval of buildings by monitoring firms used for factories was flawed since the soundness of buildings is not emphasized and the government inspectors are ineffective in this regard (Greenhouse).
- Following the accidents, the players are all trying to assign blame to other parties, be it the companies or licensees and vendors, government, industry groups or suppliers. The real issue here is the improvement of labor protection and stopping the suppression of trade unions (Greenhouse).
- Finally, the decision is whether the companies should stay and fix the problems or take their production elsewhere, while the companies insist that they would try to minimize the impact on workers and businesses if they left the production country (Greenhouse).

## **Discussion**

One of the major issues noted is the poor working conditions faced by the workers in the Bangladeshi factories, the wages that they receive and the safety procedures made to take care of them. From the article, it is evident that the workers experience very poor working conditions and work with wages that can be equated to slave labor. Greenhouse (2013), indicates that the workers are paid up to \$40 per month, which is less than the minimum wage policy in the United States. This issue calls into doubt the reputation and ethics of the big companies that run these factories, since their policies do not allow them to treat workers badly (Deresky). Pressure has been increasing for these companies to improve working conditions for their workers, which would in turn cut their profits since they make a lot of money from the low cost ventures. With the introduction of basic material like fire

awareness training and fire fighting material, the accidents would be drastically reduced. This issue is important since the company needs to have a good reputation as parts of its ethical and moral responsibility to the society (Deresky). It is obvious that these companies take advantage of the lax laws in Bangladesh concerning the placement of their factories.

The issue mentioned above can be extended to incorporate the low cost of production in the Bangladeshi region (Todaro and Smith 203). Research indicates that the cost of labor is very cheap in the region, and with the relative ease of entry into the market, the big companies are reaping profits off the market (Deresky). Since these companies provide better wages than what the locals usually get, they provide employment en-masse, at the expense of safety procedures and regulations that they ignore. From the article, it is evident that pressure has been increasing on these companies to provide better wages in their factories, but with the high number of employees, this would mean a fall in their major profits (Greenhouse). This fact also ties in with the ethical side, where the company prefers low labor and product costs as a strategy to the provision of morally and ethically correct forms of employment (Deresky). The companies take advantage of the living conditions in the developing countries and provide sub-standard employment, a practice that should be curbed to reduce the number of incidents faced by the employees.

The international manager should also understand the issue of the buildings that are used as factory sites if the company is to become completely ethical. From the article, it is evident that the monitoring firms assessed the location of the factories but did not take into consideration the safety and

soundness of the buildings, an omission that directly resulted in the accidents (Greenhouse). It is also evident that the Bangladeshi government inspectors are ineffective in analyzing the soundness of the buildings, so the company should take more responsibility for this. With the rampant corruption in the developing countries, it can be inferred that some regulations were ignored in building the factories, which means that the companies themselves should be held responsible. One of the main business risks in the business includes not following regulations and causing legal and reputational damage through flawed procedures, so the company should take more responsibility and ensure that their factories are safe for production and the welfare of their workers (Deresky). In the meetings held to decide how to improve the conditions of the factory workers and avoidance of future accidents, the companies should take into consideration basic safety procedures that can be achieved by simply following regulation and ensuring the safety and soundness of the factory buildings.

Finally, one major issue that should be considered is whether the companies should stop production in these countries and take their factories elsewhere. The article indicates that the international companies are already considering other low-production countries to produce their goods (Greenhouse). However, without addressing the fundamental issues raised, there is no guarantee that the same mistakes would not happen in the new production countries. Therefore, it is prudent for these companies to deal with the issues in Bangladesh first before considering other places. This can be supported by the low-cost of production faced in Bangladesh; solving the prevailing problems would not affect the profits since production would be

made better. The companies already employ a big part of the population and moving the production elsewhere would negatively affect the economy. Despite the fact that the companies insist that they would try to mitigate these effects, the economy and workers would still be negatively affected. The reputational and possible legal risk faced out of operating in Bangladesh would not be reduced by taking production elsewhere; instead, it would worsen the state of the economy. Therefore, the companies should meet collectively and decide on a course of action that would benefit them and the workers in Bangladesh.

## **Conclusion and Recommendation**

With an improvement of the safety and welfare measures, the accidents would be reduced and profits would increase. This can be achieved using credible monitoring firms in the assessment of factory locations. Since it has been ascertained that current inspections are not stringent enough, the companies should use credible companies. Additionally, the working conditions of the workers themselves should be improved. This can be done through increased agitation by the labor unions, which would force the international companies to pay their factory workers better and provide better working conditions for them. The two main issues; safety of workers and their working conditions would then be effectively addressed and all parties would benefit.

## **Works Cited**

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