

Business in Development Symposium

Considering stakeholder perspectives in scoping and assessing impacts

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30th June 2014

Stakeholder Collaboration

- Business Impact
- The Millennium Development Goals
- A Virtuous Circle?



Importance of MDGs for Stakeholders: the case of Bangladesh

- Consistent GDP and industrial growth of $>6\%$.
- Garment production = 78% of exports, 6% of GDP.



- Sustained economic growth is a major factor in good progress on Millennium Development Goals.
- Garment industry employs 4m (mainly) women

But characterised by:

- Low wages and long working hours.
- Factory fires and collapses which have killed at least 1,800 workers since 2005 (WTO) .



- *“Rana Plaza was not about an accident in one building. It was about an issue that had severe implications for Europe and the US, and was about global governance, rules and regulations.” ILO*

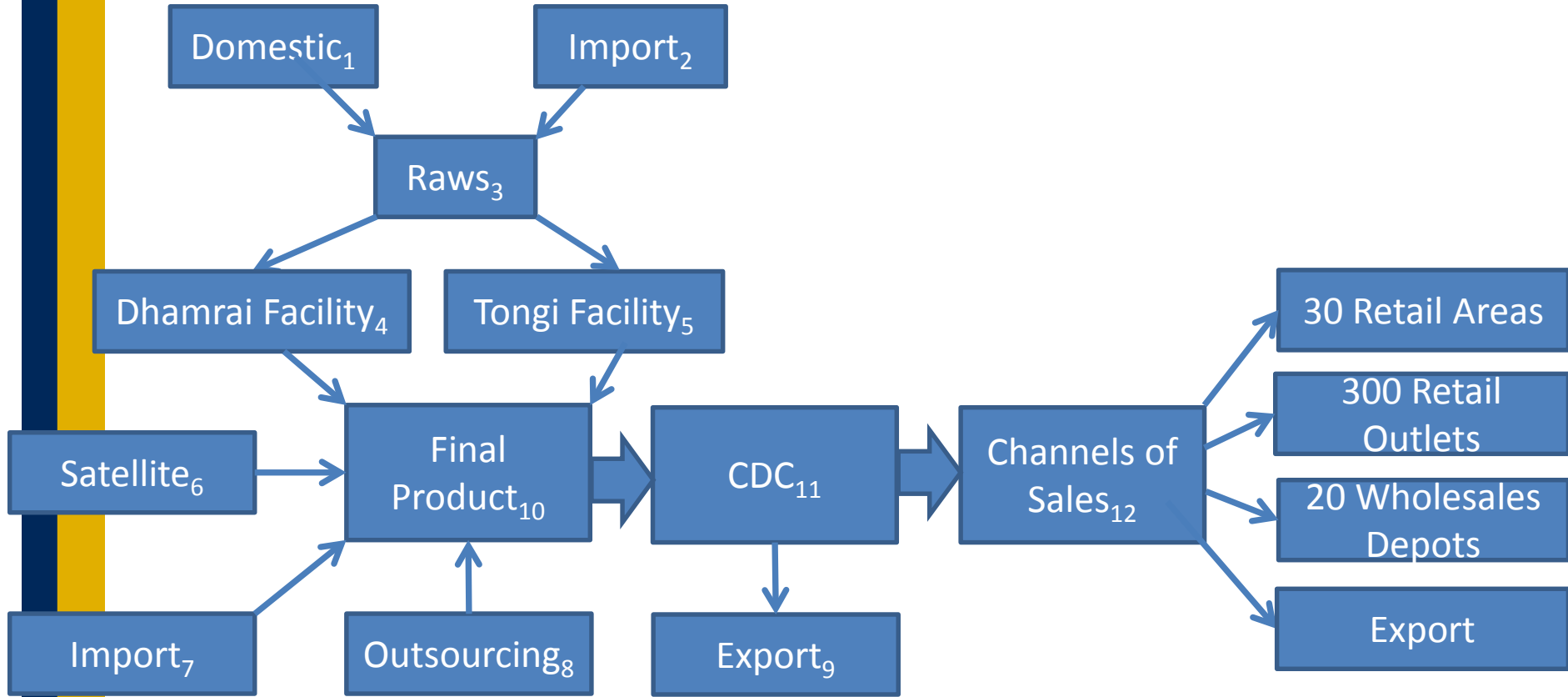
Also:

- Health and safety crisis among tannery workers, including skin and respiratory disease (BCAS).



- Residents are also seriously affected.

Problem of 'Soft States': Compliance throughout the value chain?



Can stakeholder collaboration bring value to business and stakeholders?

- ***Internal Company values:*** institutional culture
- ***Political/Legal measures:*** national and international health and safety and environmental regulations (including ILO and UNEP).
- ***Civil Society:*** trade unions and non-government organisations in Bangladesh and consuming countries.
- ***Trade/market access issues:*** WTO preference, EU and Canada GSP schemes, US Tariff Relief Assistance APTA etc.



Problems to be overcome; business impacts on development are often elusive:

Political/Legal:

- International regulation has to be ***locally*** enforced.
- 'Lack of governance turns Dhaka unliveable', IGS.
- Bangladesh 144/174 in corruption perception (TI).
- Triumph of image over reality: all the laws can be managed (except the law of gravity).

Civil Society:

- Local trade unions weak and subject to 'mastaans'.
- Local NGOs subject to GoB pressure.
- International NGO and media attention fickle.

The Challenge for Business and Society:

- **Can high standards be set and adhered to, and will they lead to an industry-wide improvement?**
- Or will Gresham's Law (bad money drives out good) lead to a race to the bottom, driven by price?
- Will the 'soft state' (Myrdal) fail to deliver?
- Poor governance may have risks but, in the short run, no regulation has lower costs for producers and therefore lower prices to purchasers...

Success factors for meaningful stakeholder engagement

- Trust and Integrity
- Long-term Relationships
- Involvement of all key stake-holders, including communities and government
- Clear agreed feasible goals – like the MDGs!

We need a coherent joint effort to add value throughout the system

Otherwise, it may cost....



...the Earth.