



Factory Audits and Safety Don't Always Go Hand-in-Hand

By Steve Henn
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DAVID GREENE, HOST: This is MORNING EDITION, from NPR News. Good morning. I'm David Greene.

RENEE MONTAGNE, HOST: And I'm Renee Montagne.

The death toll in that building collapse in Bangladesh last week has gone up by the day. It stands, as of this morning, at more than 400 people - mostly garment workers - dead. Hundreds are still missing, which makes this one of the largest manufacturing disasters in history.

As NPR's Steve Henn reports, it's just the latest horrific accident for an industry that says it's trying to improve working conditions in the developing world.

STEVE HENN, BYLINE: Disasters in the garment industry just keep coming. In September 2012, a fire at the Ali Enterprises, a factory in Pakistan, killed nearly 300 workers. In November, just over six weeks later, a fire at the Tazreen factory in Bangladesh killed 112. And then last week, there was the Rana Plaza collapsed.

(SOUNDBITE OF CROWD CHATTER)

HENN: These factories made clothes for major Western retailers, including Benetton, Wal-Mart and J.C. Penney. And all of them had been inspected by what are known as social auditors. This social auditing industry once promised to root out the most dangerous and unsafe working conditions in the developing world. In the last 20 years, it's become a big business, inspecting factories, working conditions and safety.

AURET VAN HEERDEN: It is dominated by for-profit companies.

HENN: Auret van Heerden is executive director of the Fair Labor Association.

VAN HEERDEN: Some of them have grown spectacularly in the last couple of years and are now publically listed companies. And there's been a lot of consolidation in the industry.

HENN: The social auditing industry traces its beginnings to child sweatshop scandals of the 1990s. Scott Nova, at the Workers Rights Consortium, says we have Kathy Lee Gifford and Nike to thank for this multimillion-dollar business.

SCOTT NOVA: We began to see the emergence of various dedicated auditing firms, like Bureau Veritas.

HENN: Intertek and SGS. All three of these companies have seen their stock price shoot up more than 30 percent this year alone. Will Kirkness is an analyst at Jefferies, an investment bank in London, who tracks the space.

WILL KIRKNESS: Companies are paying them to essentially protect their brand and protect their image.

HENN: UL, another big player, is a non-profit. But it's also seen its revenue rise. These firms don't just do workplace audits, but that's a big part of their business, and it's booming. In 2011, Wal-Mart alone hired auditing firms to conduct more than 9,800 separate factory inspections. UL - which, remember, is a non-profit - pays the executive who runs its social auditing business more than a million dollars a year.

But Kolpona Akter, a labor activist in Bangladesh, views this industry with a jaundiced eye.

KOLPONA AKTER: They're making money out of doing nothing.

HENN: Akter has worked in these factories, and she says most these audits are announced ahead of time.

AKTER: I really don't buy this, because workers have always been coached on what to say before they come into the factory.

HENN: And she says they've been ineffective at preventing disasters. Akter was at the site of the Tazreen factory fire in Bangladesh this past November when it killed 112.

AKTER: I had chance to go inside the factory while there was still fire in the second floor.

HENN: While the building was still burning, she salvaged records from inside the offices, including audit results compiled by a division of UL.

AKTER: They were who was doing audit on the behalf of Wal-Mart.

HENN: Almost a year before the fire, the auditor had documented blocked fire exits, too few fire extinguishers and unlabeled hazardous materials. But the auditors didn't recommend closing the plant, and production at the factory continued. Wal-Mart said later that production was unauthorized.

UL, or Underwriters Laboratories, is dedicated to fire safety. The non-profit has a 120-year history in the United States. Gus Schaefer is its chief safety officer.

GUS SCHAEFER: Actually, people come across us every day, whether they realize it or not. And we're all around peoples' homes. We...

HENN: Inspect electrical plugs and fire extinguishers. Now UL has a for-profit division that inspects the factories in the developing world, including two: one in Pakistan and one in Bangladesh which burned last year, killing close to 400 people.

Do you think your organization bears any responsibility for what happened in either of those events?

SCHAEFER: No. No, not really. At the end of the day, you know, the responsibility lies with the folks that operated the business, employed the people, maintained the buildings, and so on.

HENN: The Clean Clothes Campaign, a workers rights group, visited the Ali Enterprises factory in Pakistan after the fire there. This was a factory that UL had audited. The campaign called the building a death trap. It had barred windows, no external fire exits and hazardous materials. More than 270 people died in the fire there. The group wrote, quote, "that it's unclear how any auditor could have visited this factory and signed it off as meeting required safety standards."

Steve Henn, NPR News.

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