Accountability in Global Fashion Industry Supply Chains: An Investigation of Post Rana Plaza Regulatory Initiatives in Bangladesh

A thesis submitted to the University of Manchester for the degree of Doctor of Philosophy (PhD) in Accounting and Finance in the Faculty of Humanities

2018

Sharmin Shabnam Rahman

Alliance Manchester Business School
# Table of Contents

LIST OF TABLES AND FIGURES .................................................................................................................. 5
LIST OF ABBREVIATIONS ......................................................................................................................... 6
ABSTRACT .................................................................................................................................................. 8
DECLARATION .......................................................................................................................................... 9
COPYRIGHT STATEMENT ........................................................................................................................... 9
ACKNOWLEDGEMENTS ............................................................................................................................ 10

**CHAPTER ONE: INTRODUCTION** ......................................................................................................... 11

1.0 Overview ........................................................................................................................................... 11
1.1 Motivations of the study ..................................................................................................................... 17
1.2 Theoretical approach to this study .................................................................................................... 21
1.3 Outline of the Thesis .......................................................................................................................... 22

**CHAPTER TWO: RESEARCH BACKGROUND** ..................................................................................... 26

2.1 The Development of RMG in Bangladesh and its contribution to the economy ......................... 26
2.2 The State of Working Conditions pre-Rana Plaza .......................................................................... 29
2.3 Post Rana Plaza Initiatives ................................................................................................................ 36
2.4 Summary ........................................................................................................................................... 41

**CHAPTER THREE: LITERATURE REVIEW** .......................................................................................... 44

3.0 Overview ........................................................................................................................................... 44
3.1 Accounting for Human Rights ......................................................................................................... 46
3.2 Outsourcing and Globalization ........................................................................................................ 50
3.3 Social Audit in the Supply Chain ..................................................................................................... 53
3.4 Assurance Reporting and Related Inconsistencies ......................................................................... 58
3.5 Research in developing countries including Bangladesh ............................................................... 63
3.6 Summary ........................................................................................................................................... 66

**CHAPTER FOUR: THEORETICAL FRAMEWORK- LEGITIMACY AND ACCOUNTABILITY** ............ 69

4.0 Overview ........................................................................................................................................... 69
4.1 Legitimacy Theory ............................................................................................................................ 70
4.2 Relationship between Accountability and Legitimacy .................................................................... 74
4.3 Accountability and Legitimacy to Whom? ....................................................................................... 77
4.4 Constructing and Evaluating Legitimacy and Accountability ....................................................... 79
4.5 Summary ........................................................................................................................................... 87
CHAPTER FIVE: RESEARCH METHODOLOGY ................................................................. 90
  5.0 Overview ........................................................................................................... 90
  5.1 Methodological Approach .............................................................................. 91
  5.2 Designing and Developing Interview Protocol .............................................. 94
  5.3 Reasons for using Semi-structured Interviews ............................................. 95
  5.4 Finding and Selecting Interviewees ............................................................. 96
  5.5 Conducting the Interview ........................................................................... 99
  5.6 Analysis of Semi-structured Interviews ......................................................103
  5.7 Reliability and Validity ...............................................................................107
  5.8 Summary of Research Methodology .........................................................108

CHAPTER SIX: RANA PLAZA AND THE BANGLADESH RMG INDUSTRY: AN
EMPIRICAL ANALYSIS OF THE REGULATORY ENVIRONMENT .......................... 110
  6.0 Overview .......................................................................................................110
  6.1 Regulatory initiatives in Supply Chains .......................................................113
    6.1.1 Hard versus Soft Regulations ..............................................................114
    6.1.2 Corporate Code of Conduct ................................................................118
    6.1.3 Multi-Stakeholder Regulations ...........................................................122
    6.1.4 Certifications .......................................................................................125
  6.2 Bangladesh Context ......................................................................................135
    6.2.1 Pre Rana Plaza Labour Governance ...............................................135
    6.2.2 Post Rana Plaza Labour Governance ..............................................139
  6.3 Summary ......................................................................................................147

CHAPTER SEVEN: PROVIDING SOCIAL AUDIT IN A COMPLEX POST RANA PLAZA
REGULATORY ENVIRONMENT .........................................................................151
  7.0 Overview .......................................................................................................151
  7.1 Multiplicity of Regulations: An Attempt to Regain Legitimacy and Accountability ............ 155
  7.2 Politics-Business Nexus: Loss/Threat of Legitimacy and Accountability ..................... 164
  7.3 Work pressure and subsequent sub-contracting: Avoiding Legitimacy and Accountability ... 169
    7.4 Choice of Assurance Providers and their Ritualistic Behaviour: A Symbolic Response to
d legitimacy and Accountability ......................................................................174
  7.5 ‘Blame Game’ and Contributory Negligence: Challenging Legitimacy and Accountability ... 183
  7.6 Summary ......................................................................................................196

CHAPTER EIGHT: CONCLUSIONS .........................................................................202
  8.0 Overview .......................................................................................................202
  8.1 Contributions and implications of the findings ........................................203
8.2 Limitations of the study ........................................................................................................216
8.3 Future avenues of research ...............................................................................................217

APPENDICES ................................................................................................................................220
Appendix 1 : 5 Year Timeline of Post Rana Plaza Initiatives, April 2013 to April 2018........220
Appendix 2 : Interview Guide .................................................................................................228

References ...................................................................................................................................229

Word Count: 80,029
LIST OF TABLES AND FIGURES

Table 1: Yearly figure of the garments industry of Bangladesh in terms of number of garments factories, numbers of employees and the percentage of exports to total exports since the trade quota facility.................................................................27

Table 2: Summary of Key events over 5 year period (April 2013 - April 2018).............41

Table 3: Managing organizational legitimacy over time.................................................83

Table 4: Interviewee profile.........................................................................................98

Table 5: Four key regulatory initiatives to improve working conditions in the RMG sector in Bangladesh.....................................................................................................................145

Figure 1: Snapshot of Social Audit arrangements in the RMG sector in Bangladesh.......152
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAAJ</td>
<td>Accounting, Auditing and Accountability Journal</td>
</tr>
<tr>
<td>AAFA</td>
<td>American Apparel and Footwear Association</td>
</tr>
<tr>
<td>ACCA</td>
<td>Association of Chartered Certified Accountants</td>
</tr>
<tr>
<td>AFEE</td>
<td>Accounting and Finance in Emerging Economics</td>
</tr>
<tr>
<td>AFL-CIO</td>
<td>American Federation of Labour-Congress of Industrial Organizations</td>
</tr>
<tr>
<td>AHRC</td>
<td>Asian Human Rights Commission</td>
</tr>
<tr>
<td>AIP</td>
<td>Apparel Industry Partnership</td>
</tr>
<tr>
<td>AL</td>
<td>Awami League</td>
</tr>
<tr>
<td>BAFA</td>
<td>British Accounting &amp; Finance Association</td>
</tr>
<tr>
<td>BBS</td>
<td>Bangladesh Bureau of Statistics</td>
</tr>
<tr>
<td>BD</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>BDT</td>
<td>Bangladeshi Taka</td>
</tr>
<tr>
<td>BGMEA</td>
<td>Bangladesh Garments Manufacturers and Exporters Association</td>
</tr>
<tr>
<td>BKMEA</td>
<td>Bangladesh Knitwear Manufacturers and Exporters Association</td>
</tr>
<tr>
<td>BLA</td>
<td>Bangladesh Labour Act</td>
</tr>
<tr>
<td>BNBC</td>
<td>Bangladesh National Building Code</td>
</tr>
<tr>
<td>BNP</td>
<td>Bangladesh Nationalist Party</td>
</tr>
<tr>
<td>BRICS</td>
<td>Brazil, Russia, India, China and South Africa</td>
</tr>
<tr>
<td>BUET</td>
<td>Bangladesh University of Engineering and Technology</td>
</tr>
<tr>
<td>BW</td>
<td>Better Work</td>
</tr>
<tr>
<td>CCC</td>
<td>Clean Clothes Campaign</td>
</tr>
<tr>
<td>CPA</td>
<td>Critical Perspectives on Accounting</td>
</tr>
<tr>
<td>CPD</td>
<td>Centre for Policy Dialogue</td>
</tr>
<tr>
<td>CPO</td>
<td>Chief Purchasing Officer</td>
</tr>
<tr>
<td>CSEAR</td>
<td>Centre for Social &amp; Environmental Accounting Research</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>DoL</td>
<td>Department of Labour</td>
</tr>
<tr>
<td>EPZ</td>
<td>Export Processing Zone</td>
</tr>
<tr>
<td>ETI</td>
<td>Ethical Trading Initiative</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FLA</td>
<td>Fair labour Association</td>
</tr>
<tr>
<td>FWF</td>
<td>Fair Wear Foundation</td>
</tr>
<tr>
<td>GoB</td>
<td>Government of Bangladesh</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>GSP</td>
<td>Generalized System of Preferences</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>Hennes &amp; Mauritz</td>
</tr>
<tr>
<td>HRW</td>
<td>Human Rights Watch</td>
</tr>
<tr>
<td>IAASB</td>
<td>International Audit Assurance Standards Board</td>
</tr>
<tr>
<td>IFAC</td>
<td>International Federation of Accountants</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>ISAE</td>
<td>International Standard of Assurance Engagements</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization of Standardization</td>
</tr>
<tr>
<td>ITS</td>
<td>Intertek Testing Services</td>
</tr>
<tr>
<td>MNC</td>
<td>Multi National Corporation</td>
</tr>
<tr>
<td>MoLE</td>
<td>Ministry of Labour and Employment</td>
</tr>
</tbody>
</table>
NAP  National Action Plan
NGO  Non-Governmental Organization
NTPA National Tripartite Plan of Action
OSH  Occupational Health and Safety
PSI  Pounds per square inch
RAEE Research in Accounting & Emerging Economics
RMG  Ready Made Garments
SAARC South Asian Association for Regional Cooperation
SAAS Social Accountability Accreditation Services
SAI  Social Accountability Standard
SAN  Social Audit Network
SEE  Supervision, Evaluation and Enhancement
TIB  Transparency International Bangladesh
TNC  Transnational Corporation
TOR  Term of Reference
UDHR Universal Declaration of Human Rights
UK  United Kingdom
UN  United Nations
UNGP United Nations Guiding Principles
UNITE Union of Needle trades, Industrial and Textile Employees
US  United States
USAS United States Against Sweatshops
WPC  Worker Participation Committees
WRAP Worldwide Responsible Apparel Production
WRC  Worker Rights Consortium
ABSTRACT

Accountability in Global Fashion Industry Supply Chains: An Investigation of Post Rana Plaza Regulatory Initiatives in Bangladesh

Sharmin Shabnam Rahman
The University of Manchester, Doctor of Philosophy

Bangladesh has gained negative world media publicity over the employment of child labour, poor working conditions, health/safety concerns, and human rights issues for years, particularly in the ready-made garments (RMG) sector. Western clothing brands (for example, Gap, JC Penny, Tommy Hilfiger, Calvin Klein, Philips-Van Heusen, Primark, H&M, Wal-Mart, M&S, Next, Target etc.), who supply many of their products from developing countries like Bangladesh, have primarily highlighted worries about safety and working conditions of the garments factories in Bangladesh. After the high profile Rana Plaza building collapse in 2013, killing at least 1,100 people, the buyers of Bangladeshi RMG products, at the present demand some degree of assurance regarding human rights issues in RMG factories in Bangladesh. This demand has elevated grave concerns regarding Bangladesh's capability to maintain as a sustainable supply chain. Simultaneously, much interest has been paid to the role and responsibility of retailing companies, factories, social auditing companies, apex bodies and the state.

This study utilizes a qualitative research approach, by means of semi-structured interviews to explore the regulatory developments made post Rana Plaza, investigate the workplace safety issues in the readymade garments sector performed through third-party quality assurance/auditing providers, and try to assess whether the provision of social audit of human rights issues is really bringing in the looked-for purpose by taking into consideration the socio-political arrangement and local culture of Bangladesh. Firstly, a documentary study was employed to identify significant issues in the social audit from the comments, reports, write-ups and videos provided by a broad group of interested parties. The issues identified from the documentary study are then used in developing interview questions so that relevant themes are covered in the second stage of the study, which involves semi-structured interviews with retailer brands, third-party assurance providers, factories, Big 4 firms, workers, and regulators. Moreover, this research uses Legitimacy Theory and a notion of Accountability as a theoretical lens to analyze the findings.

The most significant contribution of the finding is that organisations seem to present symbolic disclosures as a direct response to legitimacy threats, but if the stakeholders' pressures are continued, then the organisations will make substantive changes to their social audit practices, and then disclose this information. These changes are reflected in the internal reporting process because these organizations are privately owned companies who do not require to publish their annual reports publicly. This research also provides a critical analysis of compliance and governance regimes that have materialized in order to deal with global production networks. The politicization of multinational corporations is mirrored by their power and capability to build up an ‘inclusive', but private regimes of governance linking market, state and civil society actors, and this work highlights the restrictions of these regimes in addressing oppressive labour conditions.

This study offers empirical contribution by providing evidence of the post-Rana Plaza initiatives through interviews from different actors in the RMG sector in Bangladesh. Bangladesh is selected for many reasons. First, because Bangladesh, particularly regarding poor working conditions and related treatment of the labours in the clothing industry, has been a focus to comprehensive international inspection. Secondly, there is a lack of research that explains the reporting behaviour related to human rights risks of the firms, especially in the ready-made garments industry. Lastly, at the policy level, Bangladesh can provide an opportunity to consider how perceptions and international pressures control the disclosure of operating and social reporting strategies associated with human rights in a developing country context.
DECLARATION

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

COPYRIGHT STATEMENT

i. The author of this thesis (including any appendices and/or schedules to this thesis) owns certain copyright or related rights in it (the “Copyright”) and he has given The University of Manchester certain rights to use such Copyright, including for administrative purposes.

ii. Copies of this thesis, either in full or in extracts and whether in hard or electronic copy, may be made only in accordance with the Copyright, Designs and Patents Act 1988 (as amended) and regulations issued under it or, where appropriate, in accordance with licensing agreements which the University has from time to time. This page must form part of any such copies made.

iii. The ownership of certain Copyright, patents, designs, trademarks and other intellectual property (the “Intellectual Property”) and any reproductions of copyright works in the thesis, for example graphs and tables (“Reproductions”), which may be described in this thesis, may not be owned by the author and may be owned by third parties. Such Intellectual Property and Reproductions cannot and must not be made available for use without the prior written permission of the owner(s) of the relevant Intellectual Property and/or Reproductions.

iv. Further information on the conditions under which disclosure, publication and commercialisation of this thesis, the Copyright and any Intellectual Property and/or Reproductions described in it may take place is available in the University IP Policy (see http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=487), in any relevant Thesis restriction declarations deposited in the University Library, The University Library’s regulations (see http://www.manchester.ac.uk/library/aboutus/regulations) and in The University’s policy on Presentation of Theses.
ACKNOWLEDGEMENTS

First, I am grateful to Allah, the highest, for providing me with this blessing of pursuing fully funded PhD at Alliance Manchester Business School, The University of Manchester. Without His will, this thesis would not have been possible.

Second, this thesis would have never become a reality without the help and suggestions of so many supporting and encouraging people. I want to thank from the bottom of my heart, my both supervisors Professor Kenneth McPhail and Dr Javed Siddiqui for helping me cross the finishing line, who from the beginning to the final stage enabled me to develop the understanding of the topic area. It has been a privilege to be your PhD student. I appreciate all your time, contribution, patience, constructive criticisms, and advice on making my PhD experience educative, fruitful and inspiring.

I would also like to take this opportunity of thanking the Accounting and Finance PhD committee, especially, Professor Chris Humphrey, Professor Pamela Stapleton, Professor Stuart Turley, Prof Brendan O'Dwyer, Dr Anne Stafford, Dr Anna Samsanova for their comments and suggestions during the reviews. Furthermore, I would like to show gratitude to the audience who were present in the reviews, seminars and conferences and provided me with useful comments on how to improve my thesis. Additionally, the members of the Doctoral Program Office deserve a vote of thanks, particularly Mark Falzon and Madonna Fyne Maguire for handling all the administrative aspects on time.

Moreover, I would also like to express gratefulness to all the participants who, despite their busy schedule took time off to be interviewed, who were very responsive despite the sensitivity of the topic and contributed to this research. Similarly, I would also like to show appreciation to all my office colleagues for being available to offer help and as well as my friends, especially, Melita Mehjabeen, Atiar Rahman, Eftekhar Uddin Ahmed, Javed Bin Ali, Moheb Alam, Muhammad Mazedul Hoque, Sajia Ferdous, Manzuma Ahsan, Sabreena Zareen Hossain, and her husband Ahmad Ahsan for their constant support, patience, time, guidance and helping me in arranging interviews and allowing me to use their facilities while conducting this research.

Additionally, despite the very long distance across the world, I always felt complete mental support from my relatives and close friends in Bangladesh. I would also like to express gratitude to BRAC University, Bangladesh for granting me four years of study leave for pursuing my PhD.

Lastly, in this particular occasion, I express my utmost gratitude to my Mom and Dad for their care, support, love and encouragement at every step of my PhD, who always believed in me and were my inspiration to overcome any obstacle no matter how hard they were. Therefore, this thesis is very much a testimony of your achievement as it is mine.

Thank you.
CHAPTER ONE: INTRODUCTION

1.0 Overview

In 2013, on April 24, an eight-storey building collapsed entirely in Savar, a sub-district of Dhaka, the capital of Bangladesh. The building, named Rana Plaza, hosted several garment factories where around 5,000 workers worked on a daily basis, producing garment products for renowned global manufacturers. The collapse occurred during the morning working hour with all the factories running virtually at full capacity. No less than 1,080 workers died in the accident, and around 2,500 workers received minor to severe injuries, severely restricting their capacity to work in the future. Whereas the Rana Plaza incident may have been the most-publicised event relating to human rights issues in the RMG sector in Bangladesh, it is indeed not the only one. Instead, the RMG sector has been prone to many incidents of workplace safety and labour unrest. In November 24, 2012, a deadly fire broke out in Tazreen fashions, an RMG unit producing apparels for leading manufacturers such as Walmart. 112 people were confirmed dead in the fire, and at least 200 were injured, making it the worst factory fire in the nation's history. Subsequently, the name 'Rana Plaza' has become synonymous with the struggles of labour rights in global supply chains, but also with the failure of social auditing implemented by the brands as part of their corporate social responsibility obligations (Donaghey and Reinecke, 2018). In reply to the catastrophe, the BSCI (Business Social Compliance Initiative) managing director put out a disclaimer: "It is very important not to expect too much from the social audit" (Al-Mahmood and Wright, 2013). Also, Siddiqui and Uddin (2016) demonstrate that the presence of a strong state-business nexus may result in a gross violation of human rights in global supply chains, resulting in large-scale industrial accidents. They also mention that, the economic interests pursued by the politician-businessmen in charge of the state may significantly handicap its ability to play a catalytic role in transnational governance. This presents the context for this study.

The presence of multiple actors characterises global supply chains. These include production oriented actors, such as supply chain managers (Burt, 2004), factory managers (Zhu and Morgan, 2018), labour-supply brokers (Barrientos et al., 2011), sourcing agents (Soundararajan et al., 2018); national governments (Henderson et al., 2002);

---

1 https://www.dhakatribune.com/uncategorized/2013/05/11/rana-plaza-death-toll-hits-1080
intergovernmental agencies such as the ILO (Thomas and Turnbull, 2018), the United Nations Global Compact (Rasche, 2012), the Global Reporting Initiative (Levy et al., 2010); as well as private actors, such as multi-stakeholder organizations (Reinecke and Ansari, 2015), and even individuals (Kaine and Josserand, 2018). Due to the failure of states to govern this transnational space, non-governmental systems of regulation have rapidly emerged across specific industries, such as apparels (Hoque et al., 2016), coffee (Reincke and Ansari, 2016), and even tourism (Cashore, 2002; Gereffi, Garcia-Johnson, & Sasser, 2001; Herrnstadt, 2001; Utting, 2002). This is mainly due to the weakening of national regulatory systems, the strengthening of multinational corporations, the increasing importance of brands, and growing demands from civil society actors for new mechanisms of corporate accountability. Various authors (for example, Arthurs, 2001; Lipschutz, 2000; Reinicke, 1998) observe that non-governmental systems of labour monitoring and regulation are both more varied and messier than traditional government stipulated fixed rules and standards, monitoring and enforcement, and judicial review.

Additionally, one of the central features of globalisation has been the emergence of influential global supply chains, mainly coordinated and controlled by lead firms in developed economies. Also, these chains have formed both opportunities and challenges (Touboulic and Walker, 2016) for the supplier of developing countries. Because of this, all of these suppliers face firm inspection in maintaining and improving working conditions, mostly because of numerous concerns in developing countries that may stop them from meeting required standards (Soundararajan et al., 2018). These problems required the attention of a variety of actors within the global supply chains, including local government, sourcing agents, lead firms, civil society and nongovernmental organisations (NGOs) (Donaghey et al., 2014; Levy, 2008). Lead firms, multinational corporations (MNCs) or buyers, across industries, have reacted to these issues by requiring suppliers to pay closer concentration to labour-related standards and to adopt standards and certifications that support the workers' social welfare at work (Locke, 2013; Reinecke et al., 2012). But scholars have enquired the contributions of such tradition and have criticized them for making supply chains socially flawed, to a certain extent the opposite (Pagell and Shevchenko, 2014; Soundararajan and Brown, 2016; Soundararajan et al., 2016), indicating the fact that such programmes did not stop unpleasant incident such as the one at the Rana Plaza in Bangladesh.
Internationally, supply chains have opened up new positions of bargaining, contestation and struggles across countries (Barrientos, 2013; Coe et al., 2004; Levy, 2008). Moreover, changing consumer consciousness in the North created room both for transnational civil society networks to fight for labour rights in the global South, as well as for workers to organize allies overseas to sustain their grassroots social struggles (Merk, 2009). This has created fresh employment opportunities for millions of workers in developing countries, altered the nature of work, but also deteriorated exploitative circumstances through downward pressure (Donaghey and Reinecke, 2018). Additionally, although female employment has enhanced women's economic participation, offered regular income and had thus allowed greater autonomy for women workers, the feminization of the workforce also mirrors the misuse of women's greater willingness to tolerate low wages and long working hours and hazardous conditions at work (Evans, 2017). Another crucial point is when governance actors lack recourse to the regulatory authority of the sovereign state, it becomes more and more important to scrutinize linkages between the economic power of lead firms versus the labour power of workers and purchasing power of consumers and how these are leveraged to launch systems of private labour governance (Donaghey et al., 2014; Hassel, 2008). In this scenario, a key feature of supply chains is the spatial detachment it creates between the producers of goods and their ultimate consumers (Coe et al., 2004). Rainnie et al. (2007: 116) highlights the question of location, and argue that ‘the production of commodities at a significant distance from their final consumers means that few, if any, such consumers will be able to inspect the conditions under which the commodities they consume were produced’. One of the central reasons, in addition to legitimacy-related ones, for lead firms not being able to address these issues entirely is that they face the inbuilt liability of foreignness (Husted and Allen, 2006; Hymer, 1976; Zaheer, 1995; Zaheer and Mosakowski, 1997) in the geographical positioning of the suppliers in the developing countries. Liability of foreignness is much more significant in the cross-border operations and transfer of programmes and practices having to do with getting better working conditions at self-governing supplier factories, because of the higher management costs ensuing from operational, cultural and institutional limits (Berry et al., 2010; Hymer, 1976; Shenkar, 2001).

Bangladesh, the focus of this research, is a developing country that specialises in labour-intensive industries such as ready-made garments (RMG). This industry is economically
significant and contributes around 80% of national export earnings with direct employment of four million people, of which about 70% are women\(^3\). Its apex body regulates the industry, the BGMEA (Bangladesh Garments Manufacturers and Exporters Association), established in 1983. Since its inception, the BGMEA has enjoyed tremendous power had emerged as the most significant actor regulating the RMG industry. BGMEA draws its legitimacy from the state-business nexus that exists in Bangladesh. A report prepared by the US Senate observes that nearly every member of parliament in Bangladesh is either direct owners of RMG factories or have close ties with them. Consequently, many of Bangladesh's RMG factory owners are members of the elite, controlling significant media interests and exerting political influence. As an apex body dominated by factory owners, the BGMEA has historically opposed any reforms in the regulatory regime that would give workers more rights. BGMEA leaders have openly opposed workers' rights to bargain collectively and form unions.

In recent years, the RMG sector in Bangladesh has attracted significant criticism for its failure to ensure proper working conditions in this sector. A series of high profile incidents relating to working conditions have given rise to serious questions regarding BGMEA and the government's ability to ensure the human rights of the workers in this sector. However, both the government and the BGMEA have consistently applied rhetoric of denial to vilify internal critics on issues of human rights (Siddiqui and Uddin, 2016). Aiming to supporting the low-labour price advantages of the country's RMG sector, the government frequently ignored and denied the views of development partners as well as international agencies, such as the Human Rights Watch, Amnesty International and Transparency International (Siddiqui and Uddin, 2016).

As a result, the accountability and/or transparency of organisations’ governance practices questionably warrants research consideration, as these matters are of concern to western consumers and consequently to western clothing brands that supply products from Bangladesh. A variety of local and international NGOs and the media also have associated concerns. Moreover, people in developed countries frequently purchase products produced in Bangladesh; hence the findings concerning the accountability of the clothing sector here is pertinent to stakeholders outside Bangladesh.

\(^3\) http://www.bgmea.com.bd/home/pages/tradeinformation
Within the accounting literature, there is a mounting body of research investigating audit and attestation activities as well as social compliance audits, sustainability assurance and certification practices (Humphrey et al., 2000; Gray, 2000; Deegan et al. 2006a, b; O’Dwyer & Owen, 2005; Owen, 2008; Simnett et al., 2009; Edgley et al., 2010; O’Dwyer et al., 2011). Such research of social compliance audit or assurance practices has embraced accountability standpoint with the related normative emphasis (Gray, 2000; Owen et al., 2000; Edgley et al., 2010) as well as legitimacy or reputation-building aspects (O’Dwyer et al., 2011; Simnett et al, 2009; Darnall, et al., 2009). Besides, past research reveals that this sector has been the focus of much adverse publicity owing to their employment of child labour, human rights mistreatment, and insufficient health and safety measures resulting in regular accidents and deaths (Islam & Deegan, 2008). Previous research has tended to focus on CSR disclosures usually rather than focusing on disclosures pertaining to the CSR-related governance practices in place (see for example Belal & Roberts, 2010; Islam & Deegan, 2008; Belal & Owen, 2008; de Villiers & van Staden, 2006; Haniffa & Cooke, 2005; Imam, 2000; Belal, 2001; Jaggi & Zhao, 1996; Teoh & Thong, 1984; and Singh & Ahuja, 1983, among others). Nonetheless, there is a lack of research regarding this sector's regulatory developments and the effects on multiple stakeholders who form the whole supply chain. This study seeks to fill this research gap and, through a series of in-depth semi-structured interviews with various stakeholders in the readymade garments sector from Bangladesh. The principal objective of these interviews was to obtain detailed insights into the regulatory developments in the ready-made garments sector post-Rana Plaza and the need to go for such reforms in the regulatory environment and finally whether these changes are providing the desired outcome.

The collapse of Rana Plaza in Bangladesh in 2013, leading to the deaths of 1133 garment factory workers, is one of the most terrible industrial disasters in current times. The accident brought wide-reaching attention to the troubles of workforce in the readymade garment (RMG) sector in Bangladesh who are an element of the global supply chain in a global production system where big-name retailers and brands in the global north utilize cheap labour from emerging countries in the global south to make garments. These global production networks emerge to be a win-win condition for all the actors: consumers in Europe and North America can purchase inexpensive clothes, the retailers and apparel corporations boost their revenues and profits while people living in poverty in developing
countries, especially women, are presented with new opportunities to make a living by working in the factories that supply the garments. The reality, as evidenced by the Rana Plaza tragedy, is somewhat diverse. Meagre wages due to cut-rate pricing policies of buyers, dangerous working conditions, overtime working hours frequently with no payment and a non-existent collective workers' rights are the tradition in this sector (Anwary, 2017). The Rana Plaza tragedy also questioned corporate social responsibility (CSR) customs and ethical buying promises of global retail brands in the garment sector. After the accident, two multi-stakeholder initiatives were put into operation with the aim of recuperating worker safety in the sector: The Accord for Fire and Building Safety (hereafter Accord) and the Alliance for Bangladesh Worker Safety (hereafter Alliance). The Accord and Alliance are competing for private governance mechanisms of the global supply chain: both declare to be 'legally binding' to a different extent. The Accord claims to have extra worker representation, while the Alliance is more a CSR-based approach, generally preferred by US corporations (Donaghey and Reinecke, 2018; van der Heijden and Zandvliet, 2015).

Given the rising extent to which corporations rely upon such accreditations to legitimate their distant sourcing of products (Azim et al., 2009) and the growing degree to which their western customers seem to necessitate to legitimate their continuous purchase and consumption in a structure which has the appearance of moral acceptability, it then comes as somewhat of a surprise to appreciate how little is known about the empirical substance of the efforts by corporations, NGOs, accrediting bodies and others to guarantee accountability and the integrity of the supply chain and the strength of its claims to be in conformance with a choice of seemingly remarkable and essential standards. Thus, to develop our understanding, by investigating the regulatory developments that happened post Rana Plaza and whether it is bringing in the desired purpose related to accountability relationships, this study contributes to the knowledge of accountability (Messner, 2009; Cooper and Owen, 2007; Lehman, 2001, 1999 Fiedler and Lehman, 1995; Gray et al., 2014; Medawar, 1976).

For this research, key stakeholders are identified based on prior literature in the context of the textile and garments industry of Bangladesh. A total of 36 interviews was conducted with various stakeholders, including multinational buying companies, buying houses, third-party assurance providers, accounting audit firms, the government, and with senior officials from Bangladesh Garments Manufacturer Exporters' Association (BGMEA). Generally, the
interviews focused on the post-Rana plaza regulatory environment in the RMG sector operating in Bangladesh and the potential impact of the certification process on factory owners, workers, third-party assurance providers and apex bodies. The research methods taken on for this research is similar to those used in specific previous research, such as Islam and Deegan (2008), Belal and Owen (2007), Deegan and Blomquist (2006), and O’Dwyer (2002) amid others.

1.1 Motivations of the study

One of the main reasons for escalating attention in researching emerging economics is the increase of accounting scholars from emerging economies (Hooper et al., 2008). However, accountability research in emerging economies is still in its infancy. Additionally, accountability is much more than a neutral mechanism that can be put to work without regard to setting, in which it is positioned. Moreover, because of a range of issues such as political instability and intervention, corruption, lack of ability to develop regulations, poor governance, economic ambiguity and the notion of private gain, accountability problems in the emerging economies are even more complicated (Therkildsen, 2001; Kim, 2009; Shiraz-Abdul Rahaman et al., 1997, Shiraz Rahaman and Lawrence, 2001; Rahaman, 2010; Uddin and Tsamenyi, 2005). This also illustrates the need for researching emerging economies.

Therefore, the primary motivation for this thesis is firstly to fill the gap in the social and environmental accounting literature regarding the issue of regulatory developments and the effects in the ready-made garments sector in developing countries where there is the existence of multiple actors. There has been limited research by social accounting researchers in the context of a developing country, and even less research that investigates regulatory initiatives. Secondly, as the Bangladeshi garments sector is hugely dependent on foreign buyers, especially western customers, local producers require to satisfy global societal expectations about their social performance initiatives. As a result, western clothing brands have to tackle concerns about the poor safety records as well as factory building protection of the garments industry (Birchall & Kazmin, 2010). Such incidents also create serious difficulty in the effectiveness and transparency of linked accountability practices. Thus, this study attempts to shed some light on the real scenario of grass root level, after implementing new private governance regimes through analyzing the empirical evidence.
Furthermore, a crucial question is who is/should be accountable for human rights infringement, such as in the 2013 collapse of the Rana Plaza textile factory in Bangladesh, killing over 1,100 workers. Is it the local factory operators violating the national laws, local governments failing to implement these laws, multinational retailers pressing suppliers, western consumers wanting low-priced goods, or the international community failing to intervene? The question of accountability attribution has been posted for many multifaceted social issues, such as extreme poverty, fatal diseases and climate change, described as ‘wicked problems’ (Conklin, 2006; Rittel and Webber, 1973). The sheer extent and transnational span in a globalizing world have prompted calls for a multi-pronged governance approach, with a particular concentration of companies and other private actors (Scherer and Palazzo, 2011). In the political side of CSR literature, businesses are seen to presume the governance task to solve major societal problems amid the regulatory voids left by the retreating state (Scherer and Palazzo, 2011). Corporations also take advantage of regulatory voids (e.g., Banerjee, 2008) as confirmed by the persistence of modern day slavery (Crane et al., 2013) and large-scale corporate tax evasion. More attention is thus necessary to understand how and why some regulatory voids become spaces for corporate involvement, while others are ignored or even exploited by companies.

Given this reality, it is essential to investigate accountability measures in order to avoid misplaced legitimization of abusive supply chains. Careless and unreliable audit reports should be mitigated or prohibited by escalating the accountability of social auditors through the bodies supposedly in charge of monitoring them. This will ensure that following tragedy like the collapse of Rana Plaza; retailers should not be able to direct audit reports that failed to spot those risks.

Additionally, important research networks such as Research in Accounting in Emerging Economies (RAEE), Accounting and Finance in Emerging Economies (AFEE), British Accounting & Finance Association (BAFA) and Centre for Social & Environmental Accounting Research (CSEAR) also endorse the need to conduct more studies in the emerging economies, so that these countries will not be seen as a matter of copying what is done in the developed and industrialized economies. Special issues published on 'Accounting for Human Rights' by Critical Perspectives on Accounting (CPA) as well as 'Social Accounting for Human Rights' by Accounting, Auditing and Accountability Journal (AAAJ)
show the need and importance of research in the social accountability and human rights in the emerging economies. This is consistent with the recent efforts within the accounting literature to raise non-accounting information, such as social and environmental reporting, as well as accounting for human rights (for example, McPhail and Ferguson, 2016; Humphrey, O’Dwyer and Unerman, 2017). Moreover, Guthrie and Parker (2014) expose that there is a call for researchers to contribute to policy restructuring debates. These authors state that only by this, readers will benefit from the study of how accountability is perceived and how directions for future can be presented.

Finally, the motivation for this research also commenced from the regular demands for more accountable global supply chains. After Rana Plaza accident, Bangladesh came under international examination and has attracted strict criticism from the western community, including multinational buying companies, NGOs and media, particularly with respect to the use of child labour, poor working conditions within supply factories, and violation of human rights/labour rights (Islam & Deegan, 2008). However, it is emphasized in this thesis that multinational buying companies are not essentially taking on any moral/ethical perspective, but are being reflexive regarding defending their market share; this is consistent with the findings of Islam and Deegan (2008). Furthermore, in Bangladesh, every year a lot of garments workers die due to poor working conditions and fires in the garments factories. Such loss of life strictly highlights the depressing state of preparedness these factories have against fire-related accidents where flammable materials are kept, and western clothing brands have to tackle concerns about the poor safety records of the garments industry (Birchall & Kazmin, 2010). Such incidents also pose grave concerns about the usefulness and transparency of related governance practices and failure to present information about such governance practices will have potentially harmful implications for preserving essential supply contracts.

Moreover, these problems are intricate social problems for which there may be no ‘directly traceable causes' (Gioia, 1992, p. 381). Also, numerous social ills involve ‘structural social injustice', where no readily identifiable villain ‘automatically comes to the fore' for assigning responsibility (Bartley and Child, 2014, p. 3). The widespread ‘liability CSR model' for establishing fault or responsibility for societal damage may thus fall short as a guide for passing on responsibility (Schrempf, 2014; Young, 2006). Since stakeholders may be
different on the reasons for the problem, they are also likely to conflict with regards to what constitutes a good enough solution. Such problems cannot be convincingly "solved" as there are no formulas or objective criterion to judge a solution as to right or wrong. Solutions are measured in a social situation in which ‘many parties are equally equipped, interested, and/or entitled to judge [them]’ (Rittel and Webber, 1973, p. 163).

Moreover, the researcher also enjoyed reading newspaper articles, commentaries, video clips on different news channels on Rana Plaza incident and the parties involved in the supply chains and how they claim to be compliant in contrast to the accusations of violating human rights. This is an interesting topic to investigate, particularly in light of the significance of the clothing sector of Bangladesh and the expectations of western consumers. Finally, this thesis aims to contribute to the existing social accounting discipline, as there is limited research in the context of a developing country and garments sector. While looking into the emerging economies context, especially from the regulatory aspect. Thus, by investigating how Bangladeshi textile and garments companies are facing and coping up with the new regulatory initiatives and with what effect, the researcher hopes that this thesis bridge this gap in the literature.

Efficiency in global supply chains often come at the cost of worker safety and working conditions. Moreover, the failure of nation-states to address supranational challenges has led to the development of a growing range of voluntary private labour governance mechanisms aimed at tackling problems in global supply chains (Bernstein and Cashore, 2007; O'Rourke, 2006; Vogel, 2008). Such private sector-led standards are implemented by the strict inspection regime monitored directly by the MNCs. Thus, in global supply chains, activities relating to corporate social responsibility typically take the form of voluntary, private sector-led initiatives aimed at ensuring adherence to various codes of conduct and industry-specific self-regulation (Fransen and Burgoon, 2015). However, several recent papers have questioned the efficacy of such private inspection arrangements (Reinecke and Donaghey, 2015). This brings in the first research question.

**Research Question 1:** Why did the Rana Plaza collapse trigger a stricter private regulatory regime? What specific regulatory changes were introduced?
Despite the presence of a considerable body of literature concerning social audit, social and environmental accounting researchers have paid limited attention to issues relating to social compliance audit, although the specialist literature, for example, in medicine, engineering, public policy, has provided substantial coverage of this issue (Islam, Deegan and Gray, 2018). Also, accounting researchers have made a relatively little contribution in the increasingly important literature concerning compliance issues in supply chains. There have been limited attempts in the social and environmental accounting literature to address the issue of certification. This could be due to several reasons, including, a lack of knowledge among accounting researchers about the assumed importance and nature of these schemes, their existence and/or their scale. In recent times, however, several accounting academics (for example, Kouakou, Boiraland Gendron, 2013; Islam, Deegan and Gray, 2018; Hoque et al., 2016; Siddiqui and Uddin, 2016) have demonstrated their interest in engaging with issues relating to certification, especially in the context of the global apparel industry. Most of these studies have been critical of the ability of the certification arrangements to tackle issues relating to the problems of global supply chains. This leads to the second research question.

**Research Question 2:** In the context of the complex social-political environment in Bangladesh RMG industry, can social audit play a critical role in allaying concerns about labour governance?

By trying to answer these two research questions, this thesis aims to contribute to the existing social accounting and accountability body of knowledge, as there is limited research in the context of a developing country and garments sector, in particular, investigating internal governance mechanisms from a regulatory development perspective. No known study considers the issues which this thesis investigates in a way that includes interviews with a broad group of stakeholders such as brands, factories, buying houses, NGOs, accounting and non-accounting audit firms, government officials and apex bodies.

**1.2 Theoretical approach to this study**

This thesis will take an interpretive accounting approach in order to investigate the accountability and legitimacy issues regarding the regulatory initiatives and accountability of the ready-made garments sector taking Bangladesh as an exemplar.
There have been calls for using a theoretical combination instead of relying on the content of a single theory as it does not efficiently explain the complexities of the issues surfaced (Humphrey and Scapens, 1996; Jacobs, 2012). Within this approach, this study adopts a distinctive theoretical framework which offers rich and mixed views for the study.

Parker (2005) noted that the most persistent theory used in the social and environmental accounting literature is legitimacy theory, which relies on the writings of such authors as Shocker and Sethi (1974), Dowling and Pfeffer (1975), Hogner (1982), Lindblom (1993), Patten (1992), Deegan and Rankin (1996), Deegan and Gordon (1996), Gray et al. (1995), Deegan et al. (2000), and O'Donovan (1999, 2002). Legitimacy theory is thus used in this thesis as it is understood that an organisation upholds its ‘license to operate' in society by acting following the community's expectations. An organisation is considered to be ‘legitimate' to the degree that there is "congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are a part" (Dowling & Pfeffer, 1975, p. 122). Moreover, "When disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy" (Lindblom, 1993, p. 2). In addition to using legitimacy theory, this thesis takes into consideration the notion of accountability and its relationship with legitimacy to analyze the research findings. Prior accountability research is primarily driven by concerns about the ethics of organisational actions and a conviction that organisations should be accountable to broader stakeholder groups (see Owen, 2008). More specifically, the bulk of the prior research has seen accountability as an exercise which ideally mirror responsibilities to broader stakeholder groups and which is encouraged by democratic concerns about the rights to information and the means by which organisational behaviour might be controlled by society (Cooper and Owen, 2007; Lehman, 2001, 1999; Gray et al., 1996; Medawar, 1976). As the notions of accountability are predominantly normative, they do not necessarily help us build up active practices of accountability in those ubiquitous situations where the power of the parties is remarkably unequal (Gray et al., 2014). As a result, accountability needs to be tied with legitimacy to have a significant outcome. So this thesis adopts legitimacy theory with a notion of accountability to analyze the findings.

1.3 Outline of the Thesis

This thesis is organized into eight chapters, including this chapter.
Chapter Two: Research Background
The next chapter (Chapter Two) discusses the context of the thesis, which is the textile and garments industry of Bangladesh. This chapter mainly focuses on relevant issues such as human rights, child labour and poor working conditions pre and post-Rana Plaza in the supply factories that western brands source their products from. This chapter also discusses the motivation behind choosing the Bangladeshi textile and garments sector as the context of this thesis.

Chapter Three: Literature Review
Chapter three brings in the relevant literature in the social and environmental accounting discipline. It also focuses on relevant literature on corporate governance areas, such as outsourcing and globalization, accounting for human rights, providing assurance and related inconsistencies, the social audit in the supply chains. It then sheds light on prior literature and leads to the identification and discussion of research gaps in a limited number of studies in the developing country context.

Chapter Four: Theoretical Framework: Legitimacy and Accountability
Chapter four subsequently describes the theoretical dimensions of the study. It chooses the relevant theoretical paradigm and focuses on legitimacy theory with a notion of accountability. This chapter illustrates notions and approaches and explains how these combine with the research phenomenon. The theoretical discussions are relevant as the researcher applied these theories to explain the findings of this thesis.

Chapter Five: Research Methodology
This chapter identifies that there are three paradigms in accounting research such as interpretive, functionalist and critical accounting research perspectives. This chapter also explains the choice of the interpretive accounting perspective as the most appropriate perspective for studying issues related to accountability in the global supply chains in an emerging economy such as Bangladesh in the ready-made garments sector. It then examines the qualitative methodology approach in this study and details the fieldwork carried out, which includes interviews as well as documentary evidence from primary and secondary sources. Secondary sources incorporated newspaper reports, government reports, NGO commissioned reports, reports by human rights activists, industry reports, World Bank and European Commission reports, company reports, and reports prepared by the research-based advocacy organizations in Bangladesh, and research reports from the Centre for Business
and Human Rights at New York University. Primary data collection consisted of a series of in-depth semi-structured interviews conducted in two phases: the pilot study of 9 interviews conducted in December 2015 - January 2016 and the primary data collection of 27 more interviews during May - September 2016. In total, 36 interviews were conducted, which constituted the theoretical sample for the study.

**Chapter Six: Rana Plaza and The Bangladesh Garments Industry: An empirical analysis of the regulatory environment**

This chapter attempts to answer the first research question that whether Rana Plaza collapse triggered a stricter private regulatory regime and what were the new changes introduced. As a result, the next section of the chapter discusses the regulatory initiatives in the supply chain which brings in the description of prevailing hard/soft laws, the corporate code of conducts, worldwide accepted certifications and multi-stakeholder initiatives. Later, this chapter discusses the Bangladesh context in detail for both pre-Rana Plaza and post Rana plaza in respect of regulatory developments by keeping the theoretical framework in mind. And the last section concludes the chapter by summarizing the findings.

**Chapter Seven: Providing social audit in a complex post Rana Plaza Regulatory Environment**

This chapter attempts to answer the second research question whether in the context of the complex socio-political environment in Bangladesh ready-made garments sector, can social audit play a critical role in allaying concerns about labour governance. Five themes, namely: Multiplicity of Regulations, Politics - Business Nexus, Work pressure and subsequent sub-contracting, Choice of Auditors and their Ritualistic Behaviour and Blame game and Contributory Negligence were used in an attempt to answer the research question. These five aspects were highlighted by all the interviewees multiple times when discussed the working conditions and the after effect of Rana Plaza.

**Chapter Eight: Conclusions.**

This chapter reviews the research questions by discussing how it has been addressed in this study. It briefly revisits the research findings and further discusses the analysis of empirical evidence. The ready-made garments industry is up-and-coming for the economic growth and prosperity of Bangladesh, regarding employment and foreign exchange earnings; as well as, it provides an opportunity for the global fashion and sports multinationals to source their
products from Bangladeshi companies, which provides them with the lowest production costs possible. While this sector financially advantages both the buyers and the local economy, the social and environmental issues associated with this industry should not be understated. And this chapter finally concludes the thesis by focusing on the research contributions, potential limitations, research implications and identifies some further potential avenues of research.
CHAPTER TWO: RESEARCH BACKGROUND

2.1 The Development of RMG in Bangladesh and its contribution to the economy

This chapter sets the context of the study. Bangladesh, achieving independence in 1971 after nine-month long liberation war, is a South Asian country with a population of 163 million (World Bank, 2016). Consequently, during the late 1970s, the government shifted to a private sector-led export-oriented economy under the prescription of the World Bank and IMF (International Monetary Fund). As an aftermath, there was a fast growth in the private sector, and the textile and garments industry benefited most from such privatisation policy. Moreover, the journey into this market started with a shipment of 10,000 pieces of men’s shirts worth 13 million Francs to a French company by Reaz Garments Ltd in the same year (Mirdha, 2013).

In the early 1980s, Bangladesh witnessed prompt trade liberalizations and turned from being an agricultural economy to a market-led economy. This open market-led economy endorsed the accelerated development of the textile and garments sector of Bangladesh. Moreover, Mirdha (2013) reported that easy access to cheap labour, trade quota facility, and cash incentives for export and entrepreneurial skills had assisted the garments sector of Bangladesh in building up since the country’s first entrance into the global market. Bangladesh has achieved the trade quota facility since 1985, and as it has an ample amount of human resources, it has fully utilized its trade quota facility different to that of its neighbours: India, Pakistan, Sri Lanka and Nepal (Mirdha, 2013). As the global apparel market became further aggressive, this ‘quota system’ was at last eradicated on 31 December 2004, making textile and garments trade quota-free worldwide. However, the industry in Bangladesh continued to be competitive even after the removal of export quotas in 2005. Table 1 exhibits this competitiveness.

Table 1: Yearly figures of the garments industry of Bangladesh in terms of numbers of garments factories, numbers of employees and the percentage of exports to total exports since the trade quota facility.4

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Garment Factories</th>
<th>Employment (in millions)</th>
<th>Percentage of garments exports to total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>384</td>
<td>0.12</td>
<td>12.44</td>
</tr>
<tr>
<td>1985-86</td>
<td>594</td>
<td>0.20</td>
<td>16.05</td>
</tr>
<tr>
<td>1986-87</td>
<td>629</td>
<td>0.28</td>
<td>27.74</td>
</tr>
<tr>
<td>1987-88</td>
<td>685</td>
<td>0.31</td>
<td>35.24</td>
</tr>
<tr>
<td>1988-89</td>
<td>725</td>
<td>0.32</td>
<td>36.47</td>
</tr>
<tr>
<td>1989-90</td>
<td>759</td>
<td>0.34</td>
<td>32.45</td>
</tr>
<tr>
<td>1990-91</td>
<td>834</td>
<td>0.40</td>
<td>50.47</td>
</tr>
<tr>
<td>1991-92</td>
<td>1163</td>
<td>0.58</td>
<td>59.31</td>
</tr>
<tr>
<td>1992-93</td>
<td>1537</td>
<td>0.80</td>
<td>60.64</td>
</tr>
<tr>
<td>1993-94</td>
<td>1839</td>
<td>0.83</td>
<td>61.40</td>
</tr>
<tr>
<td>1994-95</td>
<td>2182</td>
<td>1.20</td>
<td>64.17</td>
</tr>
<tr>
<td>1995-96</td>
<td>2353</td>
<td>1.29</td>
<td>65.61</td>
</tr>
<tr>
<td>1996-97</td>
<td>2503</td>
<td>1.30</td>
<td>67.93</td>
</tr>
<tr>
<td>1997-98</td>
<td>2726</td>
<td>1.50</td>
<td>73.28</td>
</tr>
<tr>
<td>1998-99</td>
<td>2963</td>
<td>1.50</td>
<td>75.67</td>
</tr>
<tr>
<td>1999-00</td>
<td>3200</td>
<td>1.60</td>
<td>75.61</td>
</tr>
<tr>
<td>2000-01</td>
<td>3480</td>
<td>1.80</td>
<td>75.14</td>
</tr>
<tr>
<td>2001-02</td>
<td>3618</td>
<td>1.80</td>
<td>76.57</td>
</tr>
<tr>
<td>2002-03</td>
<td>3760</td>
<td>2.00</td>
<td>75.01</td>
</tr>
<tr>
<td>2003-04</td>
<td>3957</td>
<td>2.00</td>
<td>74.79</td>
</tr>
<tr>
<td>2004-05</td>
<td>4107</td>
<td>2.00</td>
<td>74.15</td>
</tr>
<tr>
<td>2005-06</td>
<td>4220</td>
<td>2.20</td>
<td>75.06</td>
</tr>
<tr>
<td>2006-07</td>
<td>4490</td>
<td>2.40</td>
<td>75.64</td>
</tr>
<tr>
<td>2007-08</td>
<td>4743</td>
<td>2.80</td>
<td>75.83</td>
</tr>
<tr>
<td>2008-09</td>
<td>4925</td>
<td>3.50</td>
<td>79.33</td>
</tr>
<tr>
<td>2009-10</td>
<td>5063</td>
<td>3.60</td>
<td>77.12</td>
</tr>
<tr>
<td>2010-11</td>
<td>5150</td>
<td>3.60</td>
<td>78.15</td>
</tr>
<tr>
<td>2011-12</td>
<td>5400</td>
<td>4.00</td>
<td>78.55</td>
</tr>
<tr>
<td>2012-13</td>
<td>5876</td>
<td>4.00</td>
<td>79.61</td>
</tr>
<tr>
<td>2013-14</td>
<td>4222</td>
<td>4.00</td>
<td>81.13</td>
</tr>
<tr>
<td>2014-15</td>
<td>4296</td>
<td>4.00</td>
<td>81.68</td>
</tr>
<tr>
<td>2015-16</td>
<td>4328</td>
<td>4.00</td>
<td>82.01</td>
</tr>
<tr>
<td>2016-17</td>
<td>4482</td>
<td>4.00</td>
<td>81.23</td>
</tr>
<tr>
<td>2017-18</td>
<td>4560</td>
<td>4.00</td>
<td>83.49</td>
</tr>
</tbody>
</table>

In 2011-12, Bangladesh became the world's second-biggest exporter of apparel, recording $19.1 billion of RMG exports, approximately 75% of export revenue, a 13% share of GDP, and close a third of total exports of the country (McKinsey & Company, 2011). The high volume of production and persistent wage competitiveness have made Bangladesh the third most productive importer to the European Union as well as the fourth most high-volume importer to the United States (McKinsey & Company, 2011). In 2012, McKinsey & Company, a large consulting firm estimated a yearly export-value growth of 7-9% over the subsequent ten years, forecasting that the market will closely triple by 2020 (McKinsey &
Goldman Sachs has included Bangladesh in the "next 11" of emerging countries after BRICS (Brazil, Russia, India, China and South Africa). JP Morgan has acknowledged Bangladesh amongst its "frontier five" developing economies in which it is worth financing. Additionally, between 2000 and 2009 employment in this sector rose by 94% (Pickles, 2012). During the last two decades this industry has experienced rapid growth, and currently, the number of garments factories is over 4,000, and it offers more than 80% of the total national export earnings of Bangladesh (Table 1). The industry also provides the facility of employment to about four million people of which about 70% are women (BGMEA, 2017). The most noteworthy contribution of this industry is that it has uplifted the neglected section of the population, most of whom are uneducated and/or rural women. Employing these vulnerable groups in society, the garments industry thus drastically changed the socio-economic condition of the country. Over the years, Bangladesh has become one of the preferred sourcing ends for the fashion-based multinationals.

Since the beginning of garments export industry in the late 1970s, Bangladesh has seen its export levels rise gradually and has become one of the top global exporters. The magnetism for buyers lies in Bangladesh’s long-term familiarity, and performance about the sourcing countries’ selection criterion of price and capacity, in addition to the product portfolio presented (McKinsey and Company, 2011). For global brands, which are ceaselessly following the cheapest labour costs from country to country, Bangladesh has been an attractive target, especially after wages have increased in China (Yardley, 2012). The potency of the country’s apparel sector is well understood through its ability to supply items to renowned international brands such as Hugo Boss, Adidas, Puma, Tommy Hilfiger, G-Star, Diesel, Ralph Lauren, Calvin Klein, DKNY, Nike, Wal-Mart, K-Mart, Reebok, Gap, PVH, Perry Ellis, Tesco, Primark, Carrefour, Kids Headquarters, Inditex (Zara), Li & Fung, H&M, JC Penny, Marks & Spencer and many others. Some of these brands have been sourcing garments from Bangladesh for numerous years, and others have only lately paid attention in Bangladeshi garments owing to the increased costs in China. Bangladesh is recognized for its low labour costs compared to other manufacturers of garments, and this appears to be the principal rationale for the shifting of garments manufacturing to Bangladesh (Doshi, 2006).
From the time of early 1990s, corporate social responsibility has turned out to be a matter of increasing significance in regards to outsourcing choice to developing countries (Linfei & Qingliang, 2009). McKinsey (2011) observed that Bangladesh presents two main ‘hard advantages’ – price and capacity – which helps it to maintain its attractiveness as a supply destination. All Chief Purchasing Officers (CPO) joining in the research conducted by McKinsey (2011) named price attractiveness as the first and leading basis for purchasing in Bangladesh. Other markets such as India and Pakistan have the potential to be high-volume supply markets, but high risk or structural labour force factors stop a high utilisation of their ability (McKinsey and Company, 2011). As the labour costs in China and other key sourcing markets have increased considerably, however, Western buyers looked for the ‘next China’ and Bangladesh was undoubtedly the favoured subsequent stop for the sourcing caravan (McKinsey, 2011). War on Want (2012)⁶ also recognized that the cause behind numerous multinational companies source clothing and sportswear from Bangladesh is that it has the lowest minimum wage in Asia, assuring some of the lowest manufacturing costs in the world. Accordingly, price, capacity, capability and trade regulations provide a solid ground for the active development of the garments industry of Bangladesh (McKinsey and Company, 2011).

As Rana Plaza was the starting point of this research, the next two sections 3.2 and 3.3 sets the background of the study by describing the state of working conditions pre and post Rana Plaza respectively.

2.2 The State of Working Conditions pre-Rana Plaza
The overall impact of the readymade garments exports is undoubtedly one of the most significant social and economic developments in contemporary Bangladesh (Habib-Mintz, 2009). As the economy of Bangladesh largely depends on the garments sector, this sector is considered as the ‘lifeline’ of Bangladesh’s economy which plays an indispensable role in the social stability of the country (Habib-Mintz 2009). In a society where women’s mobility is extremely restricted, and where women’s access to resources and economic opportunities, and their participation in decision making both within and outside households is constrained, the fact that large numbers of women are working outside the home through the garments industry is noteworthy and has resulted in some significant social changes (World Bank,

---

⁶ https://www.thedrum.com/news/2012/03/07/adidas-responds-war-want-claims-it-supports-slavery
Families are willing to allow these women to migrate to cities, and stay alone if
needed, in order to obtain paid work and provide an income; they often become the principal
 earners for the family (World Bank, 2011).

Globally, the apparel industry has come increasingly under the spotlight (Kozlowski,
Bardecki & Searcy, 2012) because of its significant adverse environmental and social
impacts, particularly on those at the bottom of the supply chain (Allwood, Laursen, de
Rodriguez & Bocken, 2006). The global expansion of the apparel industry supply chains has
harmed people’s health and increased pollution through the release of toxic chemicals and
solid waste (Dickson, Waters & Lopez-Gydosh, 2012). It has caused water shortages,
increased fossil fuel consumption, depleted raw materials and negatively contributed to
climate change (Dickson, Loker & Eckman, 2009). Outsourcings of apparel production in
developing countries has become the most common choice because of low-cost labour and
less stringent standards and regulations surrounding social and environmental issues
(Allwood et al., 2006); this resulted in significant social impacts such as violation of
workers’ rights, poor working conditions, long hours, low wages, child labour, health and
safety issues in developing nations such as Bangladesh (Madsen, Hartlin, Perumalpillai,
Selby & Aumônier, 2007). Due to the migration of millions of low-paid workers (mostly
female) from all over Bangladesh to the industrial belt of garment factories, many shanty
houses and slums with limited service facilities sprang up which is unique in scale and
speed. The prices of economic achievement are starkly exposed in the form of a poor
working environment in the factory floors and low standard of the living condition in the
slums and shanty houses. While the growth of the RMG industry has provided millions with
an opportunity for paid work, the work itself is sometimes hazardous due to improper
working conditions, and the compensations are customarily low. Increases in employment
have been matched by a decline in real wages (Pickles, 2012) and according to research
carried out by Impactt Ltd (2012) the workers can take home up to 62% less than the income
needed for their living. Moreover, in the 1990s, the apparel industry experienced a public
backlash against the lack of social responsibility and accountability of factories located in
developing nations and the use of so-called ‘sweatshops’ (Kozlowski et al., 2012). These
issues warrant research attention.
Additionally, corruption, dominance and discrimination in society, as well as poor authority in the private and public sectors in the pre and post-independence periods, are some of the various socio-political problems Bangladesh has suffered historically (Belal and Cooper, 2011). The extent of enforcement of laws and regulations can be considered as the primary point of disparity amid the legal structures in advanced countries and those in developing countries. Bangladesh is a country marked with limited enforcement of property rights and contracts, weak legal and regulatory systems and with inconsistent accounting and auditing standards. While following state laws are just a matter of formality, many corporations in Bangladesh are run by politically connected influential members of the sponsor’s family who make all major decisions (Uddin and Choudhury, 2008). In developed countries, professional bodies, stock exchanges and other institutions are self-regulated and comparatively free from state intervention (Greenspan, 1998) whereas, in developing countries like Bangladesh, these bodies are under direct government power where administrators are selected based on their commitment towards the ruling party. Due to sensitivity, these issues stay mostly neglected and under-researched especially in the context of Bangladesh, though they have been researched in western countries (Uddin and Hopper, 2001).

As noted above, the global textile and garments industry was subject to much negative publicity in the late 1990s in the form of consumer protests about ‘sweatshops’ and ‘child labour’ in developing countries. As a result, many multinational buying companies are now interested in implementing different CSR-related policies, programs and ‘codes of conduct’ which cover their suppliers and subcontractors (Johnstone et al., 2008). For example, they are conducting independent social audits to ensure compliance on a wide range of social and environmental issues. Some garments owners in developing countries, however, are reluctant to embrace this due to increased costs, but they effectively have to, since large US and EU buyers are increasingly refusing to place orders without such systems in place; without these, supply companies will lose supply contracts. The pressure applied by multinational buying companies has also directed the industry to implement, in a rather identical fashion, various codes of conduct consistent with the codes in place within developed countries. Embracing multinational buying company's social codes of conduct or adopting commonly established practices (including social reporting practices) is now a prerequisite of making the trade. There is increasing public concern about the proper implementation of CSR-related
governance practices, use of codes of conduct, monitoring based on International Labour Organisation (ILO), voluntary standards and other standards developed by stakeholder initiatives. These include the Apparel Industry Partnership (AIP), Fair Labour Association (FLA), Social Accountability 8000 (SA 8000), World Responsible Apparel Production (WRAP) and others (Tsoi, 2010).

This implies that the textile and garments industry globally is being accused of poor CSR practices, particularly for the use of child labour, human rights violations including violation of labour rights, and poor working conditions. Structural alteration programmes forced by the World Bank on developing countries compelled states to create investment and business-friendly climates. Besides, ‘flexible’ labour markets and feeble environmental regulation made it attractive for corporations from the global north to resource their products from developing countries provided the high wages and rising costs of environmental compliance in their home countries. Global production networks are ‘integrated economic, political, and discursive systems in which market and political power are intertwined’ and are determined by the reason of global capital (Levy, 2008: 943). These networks are categorized by power dynamics and contestations among the a range of actors in the supply chain. At one level, global supply chains are seen as powerful forces of ‘development’ and poverty lessening in developing countries as they provide employment for local workers and add to economic growth. However, there are huge disparities in working environment in this international distribution of labour: tremendously low wages, risky working conditions, frail labour and environmental laws, and discrimination; weak states and labour exploitations are widespread in the global south, which is the primary supplier of cheap labour (Alamgir and Banerjee, 2018). Though the textile and garments industry of Bangladesh provides economic benefits in terms of substantial foreign currency earnings and employment, its economic growth has resulted in many adverse social, environmental and ethical impacts; this has increased the demand for stakeholder engagement (Islam & Deegan, 2008) and greater transparency and accountability in companies (Byron, 2005; Rahman, 2003).

Since the 1990s the use of child labour in the garments factories of Bangladesh has been a controversial issue for western customers (Islam & Deegan, 2008); Western media and NGOs made this issue global, and Bangladesh was identified as one of the developing countries using child labour or sweatshops in the manufacturing sector. Both the BGMEA
and the government of Bangladesh often discourage child labour in the garments factories, but the socio-economic condition of Bangladesh is such that the use of child labour cannot be eliminated. For example, Belal and Roberts (2010) note that the termination of using child workers can often lead to various anti-social activities which might have devastating impacts on their families; they argue that the socio-economic context of Bangladesh is different from the western idea of good labour practices.

Although Bangladesh responded positively to international pressure in the past regarding the curtailing of child labour and improving health and safety conditions, international pressure is also now on the rights of workers to organise and collectively negotiate their wages (Yardley, 2012). The most important issue within labour rights includes the payment of minimum wages to workers and the implementation of a living wage rather than a minimum wage. Bangladesh has the lowest wages in the world, and the minimum wage of a garments worker in 2010 was BDT. 3000, equivalent to approximately US$35 per month. Although this minimum wage was fixed in 2010, it has not been increased even though Bangladesh faced inflation of about 7.7% (BBS, 2013). While low wages secure enormous profits for the global brands, the more than four million workers in the Bangladeshi clothing industry are left with an income that is often less than the living wage. There are instances where some factory managers are not even paying these minimum wages to workers. For example, War on Want (2012), a non-profit group, found that the workers in five factories in Bangladesh were making products for Nike, Puma and Adidas were paid less than the minimum wage.

Bangladeshi labour laws set a standard of a 48-hour working week, working eight hours a day, six days a week, and a strict maximum of 60 hours a week when overtime is included (Bangladesh Labour Act, 2006). Workers are also entitled to one full day off each week. However, it was found that two thirds of the workers within the garments factories worked more than 60 hours per week (War on Want, 2012), which is a clear breach of the Bangladeshi Labour Act; this also means that brands sourcing their products from these factories are breaching their own CSR programs pertaining to working hours and labour rights. Local labour act violations also include forced overtime to meet the buyer’s target, discriminating against women, such as not providing maternity leave, the absence of day-

care facilities, and sexual harassment among others (War on Want, 2012). However, the violation of human rights and labour rights seem to be much higher in sub-contract factories, which are called C-category factories (Ali, 2011). NYU Stern Center for Business and Human Rights in a report published in December 2015, identified three types of suppliers operating in Bangladesh: direct suppliers, indirect suppliers and informal sub-contracting. Direct suppliers assume all responsibility for every aspect of production from procuring materials to cutting, sewing, finishing, packaging, and transport. Indirect suppliers do not register with the government, the trade associations, or foreign brands and rely on subcontracts with other, more massive factories to fill their production lines. Informal subcontracting is a subset of indirect suppliers. Informal subcontractors tend to focus on a single production process, such as sewing, washing, dyeing, or printing. Sub-contract factories do not meet the same safety standards in place at the factory that initially received the order (Lahiri, 2013).

To ensure that companies respect workers’ rights they must be held accountable for the impact of their actions, and one of the most effective ways to hold corporations accountable is to ensure that those affected by violations of their human rights have access to justice through the courts (War on Want, 2012). However, the reality is that within Bangladesh it is challenging for a worker to go to the court to make a complaint against the management or owner, and there is no reliable method to report a violation (Ali, 2011). Because the garment owners are some of the most powerful political people in the country, and since they have money and political power, workers and their leaders are scared to go against them because of the excessive costs of any legal action and the fear of ‘political musclemen’ (Mastans) being used by the owner. For example, Yardley (2012) notes that the factory owners of Bangladesh are major political donors and some of them own news media such as newspapers and television, which provide relatively positive news ignoring labour-related matters such as labour rights. He also noted that in the parliament of Bangladesh, around two-thirds of the members belong to the country’s three most prominent business associations and/or their family members hold about 10% of the seats in parliament (Yardley, 2012).

In addition to the above scenario, there is a lack of enforcement by government safety agencies and lack of implementation of local labour laws. For example, within Bangladesh,
there are a number of rules and regulations (such as Factories Act, 1965; Industrial Relations
Ordinance, 1969; Employment of Labour (Standing Orders) Act, 1965; Payment of Wages
Act, 1936; Environmental Protection Act, 1995 and Workmen Compensation Act, 1923),
and most of these were inherited from the British colonial regime (Belal & Roberts, 2010).
These rules and regulations are supposed to control the behaviour of the companies
operating in Bangladesh. However, they are routinely ignored due to the lack of enforcement
by the relevant agencies, which appear to be corrupt, weak and ineffective (Belal & Roberts,
2010).

War on Want (2012) found that the exploitation and abuse of workers that underpin the
profits of global brands are based on their outsourcing of production to suppliers in poorer
countries, which allows them to pass on risks to their suppliers and, more fundamentally, it
often allows them to escape legal accountability for their action. However, sometimes brands
are unable to escape their responsibility due to increased public criticism and media
backlash; this was evident in the case of Wal-Mart, a sourcing company of Tazreen Fashions
Ltd. For example, a letter signed by five US Senators and one Congressman, led by Senator
Tom Harkin, urged then US President, Mr. Barack Obama, not to pursue or continue
contracts or licensing agreements with prime contractors, sub-contractors, or licensees that
fail to guarantee basic and fundamental rights for their workers, highlighting the recent fire
accident of Bangladesh (in Tazreen Fashions Ltd) that claimed the lives of 11 workers. This
initiative showcases how important it is for organisations to maintain labour rights and
human rights within the supply factories of Bangladesh.

The health and safety conditions of the garments factories of Bangladesh are predominantly
characterised by frequent fire accidents and the collapse of factory buildings due to
unplanned, poorly structured buildings and a lack of proper maintenance. The causes of
these repeated factory fires include large quantities of poorly kept flammable materials,
damaged and overloaded electrical systems, absent or utterly inadequate fire extinguishing
equipment, non-existent or unimplemented emergency evacuation plans, and last but not
least, the workers’ unawareness of how to exit the building (without proper awareness many
people could and have been crushed to death in staircases (Brown, 2011). Brown (2011)
states that the international brands are also at least partially responsible for such fire

---

8 https://www.thedailystar.net/news-detail-259138
accidents, as their ‘iron triangle’ of lowest possible prices, highest possible quality and fastest possible delivery might be a cause. However, whatever the reason, fire accidents are a common phenomenon in the garments industry of Bangladesh, and international brands are starting to take this issue seriously. For example, after the most devastating fire accident in the history of Bangladesh’s garments industry in November 2012, in Tazreen Fashions Ltd, a sourcing factory of Wal-Mart, Wal-Mart took the initiative to advance fire safety training and education in Bangladesh (Wal-Mart, 2012). Even though these small initiatives were taken, the Rana Plaza collapse in 2013 showed the world the real reality behind all the initiatives taken by the brands in the global supply chain. Rana Plaza was a catastrophe waiting to happen.

2.3 Post Rana Plaza Initiatives

The RMG industry of Bangladesh has been a driving force of economic accomplishment story since the 1990s with the potential to play a prominent role to develop Bangladesh as a middle-income country by 2021. However, its future has been thrown into some uncertainty as a consequence of the hefty human, financial and reputational costs Bangladesh has to pay as exposed by the catastrophe of Rana Plaza. Earlier research exposed that the textile and clothing industry of Bangladesh is subject to force exerted by multinational buying companies, NGOs and media regarding their social performance (Islam & Deegan, 2008). More recently, after the eight-storied Rana Plaza housing six clothing factories of prominent multinational companies near Dhaka collapsed on 24th April 2013, killing at least 1,100 people, the big western clothing companies that have their garments run-up in Bangladesh came under stress to arbitrate more vehemently to get better safety and working conditions in the organizations they buy from. The attention is therefore on the multinational companies whose orders from local factory owners have led to the rapid recent development of the garment industry in Bangladesh, the world’s second-largest exporter of clothing after China. Familiar brands (Primark, Gap, H & M, Target, Zara, Marks & Spencer, Tommy Hilfiger, Wal-Mart, Asda-George, Calvin Klein), now stand charged of exploiting poorly paid workers with callous indifference to their safety. Rana Plaza was not the first time where people had died in a garment factory in Bangladesh. In late 2012, for example, more than 100 workers died in the fire in a building known as Tazreen. In both cases, the RMG owners, along with Bangladesh government were accused with ‘criminal negligence’, due to the inability to ensure basic workers' rights (Gomes, 2013; Webb, 2012). The repeated safety
issues in the garments factories of Bangladesh has also raised serious questions on the global supply chains related to human rights issues.

The close connection between government and the garment industry is the most critical cause of weak enforcement of the labour law, particularly in the perspective of persistent corruption. Transparency International’s Corruption Perception Index 2013 positioned Bangladesh 136th out of the 175 countries it scrutinized. A 2013 report by Transparency International Bangladesh (TIB) concluded that corruption has penetrated at all levels of the garment industry and that the grouping of government and private corruption generates obstruction to ensuring workers’ rights. The report depicts awareness to the fact that business models of buyers challenge law enforcement since both buyers and suppliers profit by avoiding conformity with legal regulations.

Garment manufacturers enjoy massive authority in parliament; most estimation put the number of parliamentarians with investments in the garment sector at 10%. TIB’s 2013 report provides an in-depth examination of the authority of the garment sector in the legislative process, including introduction of favourable tax and financial legislative, blocking legislation that would enforce added regulations and supervision on the sector, exercise of political power for the private gain of parliamentarians, and strong associations between BGMEA (Bangladesh Knitwear Manufacturers and Exporters Association) management and the ruling party.

Bangladesh also has a weak human rights evidence. The Human Rights Watch (HRW), in its country report for Bangladesh for 2013, stated that the human rights condition in Bangladesh had deteriorated further, as the government lessened political and civil society gap, protected abusive safekeeping forces from accountability, and overlooked calls to restructuring laws and actions in flawed war crimes and mutiny trials (HRW, 2013). However, the government was persistent in denying allegations of human rights in its part. The government’s inclination to apply a discourse of defiance on human rights issues was emphasized in the country report of the Asian Human Rights Commission (AHRC)

*Denial of human dignity has become part of the fabric of daily life in Bangladesh, and outright denial of this reality is the default setting of the Bangladesh government. For instance, in a 2006 correspondence and petition for entry to the UN Human Rights Council,*
Bangladesh claimed that it “has been at the forefront of promotion and protection of all human rights at national, regional, and international levels”. This has been reflected in Bangladesh’s adherence to all primary human rights instruments. (AHRC, 2013)

After the Rana Plaza event, the Bangladesh government was under stress from international agencies such as the ILO, the Human Rights Watch, and significant nations such as the United States and the European Union. However, to date, neither the families of the workers who had lost their lives in the dreadful happening nor the workers who suffered extensive injuries have not received much compensation. Also, the global manufacturers who, in reply to harsh media analysis, had agreed on an evaluation of their choice to use Bangladesh as a supply chain, have sustained their function in the country. This is mainly due to Bangladesh’s capability to offer the cheapest possible quote for a RMG product. There is no dependable number for the number of Bangladeshi factories manufacturing for the export market. However, a study presented in April 2014 by the New York University (NYU) Stern Center for Business and Human Rights anticipated that the total number is nearer to 5,000 - 6,000 factories and facilities of which only 40 are publicly listed companies.

Preceding to Rana Plaza, foreign governments, companies, unions, and civil society groups have put stress on the government to revise its labour laws and bring them in line with international standards. They were mainly focused on the legislative framework for the independence of association and shared bargaining, labour rights in export processing zones, and wages. Even before the Rana Plaza collapse, the RMG sector in Bangladesh suffered from several economic and non-economic challenges. In 2010, a report issued by the European Union (EU, 2010) identified political instability and labour governance as the two vital non-economic factors threatening the future of the RMG industry in Bangladesh. The Bangladesh apparels industry has always been regarded as the cheapest in the world. In the event of Rana Plaza, Bangladesh's parliament lastly enacted changes to the Bangladesh Labour Act (BLA) on July 15, 2013. The law now comprises several provisions to develop workplace safety, together with strengthening the labour inspectorate, authorizing the formation of safety committees and workplace health centres, and building some development in the compensation system. Siddiqui and Uddin (2016) observed that in response to the labour unrests in the RMG sector, the GoB and the BGMEA had consistently

---


adopted a policy of denial. For example, in response workers’ protests demanding a pay rise in 2010, the Prime Minister claimed that this was an outcome of ‘possible conspiracies to create unrest in the nation's top-earning sector’ (The Daily Star, 2010)\textsuperscript{11}. The Government’s reluctance to raise the minimum wage was partly due to its efforts to keep Bangladesh the cheapest outsourcing location for this industry. In an interview with the CNN, the Prime Minister reminded the interviewer that foreign buyers only came to Bangladesh for its ‘cheap labour’ (CNN interview with the Bangladesh Prime Minister, May 3, 2013)\textsuperscript{12}. This is consistent with BGMEA’s claims that such wage increases would make Bangladesh less competitive in international RMG markets (Ethirajan, 2012).

The government of Bangladesh commenced a “National Tripartite Plan of Action on Fire Safety in the RMG Sector” in 2013. This National Action Plan (NAP) recognized many of the issues that are related to transforming the garment sector, as well as setting up a transparent and answerable system for subcontracting. Regardless of the government's dull performance in implementation, the NAP is a significant part of efforts to improve the garment sector. Foreign governments, the ILO (International Labour Organization), civil society, and industry have extended pressures on the government to increase its oversight of the sector. The NAP symbolizes a step ahead regarding a clear sketch of the government's obligations.

In the near non-existent atmosphere of sufficient public oversight, private actors have walked in, together with international brands and retailers and performed. The most significant recent instance of private governance in the garment sector is the formation of the Accord and the Alliance in the summer of 2013. The arrangement of the Accord and the Alliance characterize an unmatched partnership among global brands to jointly address structural flaws in the garment sector through conformity with code regulated safety standards. For the first time, many of the reputed global garment brands and retailers in the world are functioning to identify and put into practice a universal human rights standard on factory safety, check compliance with that standard, and suggest training and resources for factory upgrading over five years. This is an important step ahead for a standards-based, combined approach to work out an urgent problem of business and human rights. The Accord and the Alliance serve very related activities in Bangladesh: they created a short-

\textsuperscript{11}https://www.thedailystar.net/news-detail-165987
\textsuperscript{12}https://edition.cnn.com/2013/05/02/world/asia/bangladesh-building-collapse/index.html
term examination system among the top echelons of factories, perform training for management and workers on fire and building safety, and offer some level of resources to their prime suppliers for remediation efforts. After Rana Plaza incident on 24 April 2013, under the National Tripartite Action Plan for Building and Fire Safety initiative, BUET (Bangladesh University of Engineering and Technology) was appointed for conducting building assessment (structural integrity, fire and electrical safety) with the aim of covering 1500 factories. In addition to the national initiative - Accord on Fire and Building Safety (Accord) and Alliance for Bangladesh Workers Safety (Alliance) – two alliances of international buyers – have also assumed the responsibility of building assessment (structural integrity, fire and electrical safety). Factory owners are obligated to follow the terms and conditions in order to preserve contract with Accord and Alliance members, but if they cannot manage the funds for the remediation initiatives decided as necessary, either by Accord or Alliance no one is compelled to support them financially. However, the world of factories manufacturing for these brands includes a complex of indirect subcontractors that are not sheltered by either the Accord or the Alliance. These are also the factories that, as a group, contain the absolute risk.

One possible way out to this apparent difficulty may be to persuade various donor agencies working in Bangladesh to take part in a more proactive part in influencing the Bangladesh government to employ the UN guiding principles sincerely. The UN collectively approved the United Nations Guiding Principles on Business and Human Rights (UNGPs) in June 2011. Drafted by John Ruggie, the Special Representative to the Secretary-General of the UN, have become the reference position to which all companies should attempt to comply. On 24 February 2015, Mazars and Shift initiated The UN Guiding Principles Reporting Framework - the first complete guidance for companies to account on how they convene their responsibility to value human rights corresponding to the United Nations Guiding Principles on Business and Human Rights. The Reporting Framework, structured in a series of ‘smart’ questions, allow companies to start reporting on their human rights act, regardless of the extent or how far they have advanced input into operation their accountability to respect human rights. It is also intended to incentivize them to develop over time.

Formerly, donor agencies such as the World Bank have also played a key position in pressurizing the government to implement international accounting and auditing standards as
well as the code of corporate governance (Siddiqui, 2010). However, due to the socio-political background in Bangladesh, such comprehensive implementation has from time to time reported to be mostly ritualistic (Siddiqui, 2010). In such a condition, the efficacy of the UN guiding principle on human rights for business, therefore, remains mostly disputed. Table 2 provides a summary of the key events for 5 year time period (2013 April - 2018 April) and Appendix 1 provides a more detailed version of the events happened.

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Events</th>
</tr>
</thead>
</table>
| 2013 April onwards | Rana Plaza collapse killing more than 1100 people  
|             | - Two major remedial plan Accord and Alliance launched  
|             | - US suspended GSP facilities to Bangladesh  
|             | - EU, Bangladesh Government and ILO issue the Global Sustainability Compact  
|             | - Amendments made in Bangladesh Labour Act  
|             | - ILO launched Better Work programme  
|             | - Changes in minimum wage to US$65 (BDT 5300) per month. |
| 2014        | - New Department for Factories  
|             | - Alliance and Accord inspections get underway  
|             | - Production suspended in 12 factories  
|             | - UK apparel Matalan contributed GBP 3m to Rana Plaza Compensation Trust  
|             | - Rana Plaza trust fund distributes US$1.4m to 700 cases |
| 2015        | - Additional 110 labour inspectors recruited in Bangladesh  
|             | - A government backed telephone helpline has been set to resolve grievances.  
|             | - 77% of the factories have been inspected and 32 closed  
|             | - Benetton Group promised to double the amount of compensation  
|             | - Police in Bangladesh charged the owner of Rana Plaza with murder  
|             | - Rana Plaza Donors Trust Fund reaches its target of US$30 million.  
|             | - Almost 150,000 workers joined the Better Work Programme |
| 2016        | - BGMEA says that the industry has made visible progress  
|             | - Accord cut ties with 10 suppliers  
|             | - Bangladesh is being denied re-entry in GSP for a third year.  
|             | - Bangladesh court formally charged 38 people including Rana Plaza owner  
|             | - Accord having discussions whether to extend their stay after 2018. |
| 2017        | - Accord launches a financial support programme for suppliers to ensure safety measures  
|             | - Talks are underway over a possible continuation of the agreement of Accord  
|             | - Bangladesh exporters experience the slowest growth in 15 years.  
|             | - All Bangladeshi Apparel factories are to be digitally mapped as a new initiative  
|             | - Sohel Rana, the owner of Rana Plaza has been jailed for three years  
|             | - Alliance says it is confident about achieving its goals and will not extend its tenure  
|             | - Alliance and Accord to handover the responsibility to new government led initiative |
| 2018 up to April | - Bangladesh government has formed a new wage board to recommend on minimum wage  
|             | - The World Bank has approved funding for two projects amounting US$560  
|             | - Better Buying and Ethical Trading Initiative to collaborate on a 18 month programme in Bangladesh to support and promote responsible buying practices. |

Table 2: Summary of key events (April 2013 - April 2018)

2.4 Summary
Numerous drivers fuel the industry’s lenient business environment: in Bangladesh, the RMG industry is extraordinarily politicized and constructed on a footing of weak governance and still weaker industrial associations. Issues commonly raised relate to the employment of child labour, human rights abuses, poor work setting, and insufficient factory health and
safety measures causing regular accidents and deaths. In the buyer focused supply chain, margins are skinny, and the panic of undercutting is robust. As such the buying practices of brands can incentivize abuses of health and safety through unrevealed subcontracting, too much working hours, and unauthorized factory extensions. This does not mean that the response to improving situations for workers is for brands to pull out of Bangladesh. In observing the problem through the "Protect, Respect and Remedy" constitution of the UN Guiding Principles on Business and Human Rights, countries bear a responsibility to guard against human rights exploitations by third parties, whilst corporate enterprises should perform with due diligence to evade infringing on the rights and address the confrontational effects their activities may create.

The RMG sector has been at the centre of attention in recent times, due to the poor working conditions. Bangladesh is the second largest producer of RMG in the world, and many renowned global companies use Bangladesh as their primary supply chain. After the high profile building collapse in 2013, killing at least 1,100 people, the buyers of Bangladeshi RMG products would demand some degree of assurance regarding human rights issues in RMG factories in Bangladesh. This demand has raised serious concerns regarding Bangladesh’s ability to continue as a sustainable supply chain. Due to the sensitivity of human rights aspects, these issues stay mostly neglected and under-researched especially in the context of Bangladesh, though they have been researched in western countries. Almost all of the factories in Bangladesh that supply readymade garments to the foreign buyers are not publicly listed companies and as a result, they are not required to audit their activities by the state law. There is a need for voluntary audit even though the concept of the voluntary audit is still not there in Bangladesh. However, to assure the western buyers, a voluntary quality audit by the third party assurance providers can verify conformance to standards through a review of the objective evidence.

Bangladesh is selected for some reasons. First, because Bangladesh, particularly regarding poor working conditions and associated treatment of the labour in the clothing industry, has been subject to widespread international inspection. Secondly, there is a lack of research that describes the regulatory initiatives related to working condition risks of the firms, especially in the ready-made garments industry. It will be an empirical study on this area related to developing countries as most previous studies mainly focused on developed countries.
Moreover, research in accounting for human rights is still in its infancy. Lastly, in the policy level, Bangladesh can provide an opportunity to consider how perceptions and international pressures influence the regulatory initiatives and the effects in a developing country context. The next chapter brings in the related literature and identifies the gap to be addressed by this research.
CHAPTER THREE: LITERATURE REVIEW

3.0 Overview

Until recent times, the majority of logistics and supply chain management research has scrutinized issues like the environment, safety, and human rights in a standalone approach (Carter and Jennings, 2002), without deliberation of the potential interrelationships among these with regards to sustainability and other aspects of corporate social responsibility. As researchers in the operations field persist in applying more significant emphasis on quality issues, they soon started to realize that moving from the quality ground to the safety arena is not a huge leap. Workplace safety and sustainability started to represent a mounting issue of anxiety for operations managers, predominantly in the manufacturing sector. Studies focusing on corporate social and environmental performance and linked accountability matters usually, and contained by corporate supply chains mainly, appears to have amplified during the last decade (see for example, King, Lennox, & Terlaak, 2005; Schaltegger, Windolph, & Herzig, 2012; Seuring & Müller, 2008; Winstalney, Clark, & Leeson, 2002). However, there appears to be a comparatively small amount of research that investigates how the efforts of meticulous stakeholder groups prejudice the social performance and associated accountability of organisations within corporate supply chains predominantly those in developing countries (although, see, for example, Islam & Deegan, 2010; Islam & McPhail, 2011). Current research on accountability mainly focuses on how the condition of different forms of information could input into accountability relations and structure of accountability (see Milne et al., 2008; Ball, 2007; Owen, 2008; Dey, 2003, 2007; Cooper, 2005; Owen et al., 2000; Gray et al., 1997).

As Deegan (2014) remarks, inside the social and environmental accounting research literature, corporate reactions have originated to be inclined by a range of factors including: an urge to set up, preserve or reclaim organisational legitimacy; an apparent need to satisfy the expectations of influential stakeholders; an attempt to obey the rules with industry standards of operations and linked reporting; or a management principle that it is significant from an ethical viewpoint to display transparency in relation to social and environmental performance.

The call for making corporations answerable for human rights opens up a rich potential for research and interventions (Cooper et al., 2005; Gray et al., 2006; Jochnick, 1999; Sikka et
al., 1995; Spence et al., 2009). Scholarly research can play a crucial role in initiating good
discussion, giving visibility to the difficulty of the marginalized people and showing the
social price of corporate profits. It can generate possibilities of necessary changes by
investigating corporate power through the lens of social justice, democracy, power,
accountability and human brotherhood so that the entire human race of the world can lead
gratifying lives with dignity and respect. The narrow approach of conventional accounting
thinking and practice needs to be uncovered to produce a potential of another form of
computation and treatment (Bebbington and Gray, 2001). There are prospects for academics
to constitute grouping with civil society organizations and other relevant stakeholders and
utilize their knowledge to formulate better-off social accounts to initiate potential of
significant transformation. Such union open up the possibilities of going ahead of the shiny
CSR reports and self-congratulatory statements to inspect the impact of corporate practices
on the lives of the public. There are certain possibilities of organizational behaviour study to
reflect on probable obstacles that organizations might bump into in shifting organizational
cultures and everyday routines to embrace human rights, and the mixture of organizational
progression that has been worked out, or could be devised, meet human rights
responsibilities. The attention should also fall on the job of accountants, lawyers, bankers
and other financial intermediaries, in developing investment agreements which stop people
from benefitting from human rights. The role of the home states in holding back the host
state’s capability to meet human right obligations should be explored to emphasize stress
within contemporary forms of economic globalization. The micropolitics of globalization
and the role of international agencies, such as the World Bank, would have to be scrutinized.
Thus a focus on accountability can thus strengthen accounting, corporate governance and
CSR research and can assist to reinforce democracy, public answerability and present an
improved world.

For this research, literature review included different related aspects including accountability
of human rights, globalization and outsourcing, the social audit in supply chains,
inconsistencies in assurance reporting and finally, researches done in the developing country
context including Bangladesh. All these aspects constitute this chapter.
3.1 Accounting for Human Rights

Accounting research on corporate social accounting and accountability has considered the human rights of employees in numerous ways. A straightforward distinction can be drawn between the ‘rights’ of workers to obtain information and a more comprehensive approach to the ‘rights’ of others to receive information about workers. More conventional approaches to both reporting to and reporting on employees utilize financial and management reporting structure in a hierarchical, practical form to grasp owners and managers within the corporation socially accountable to stakeholders (see for example O’Dwyer and Unerman, 2007; Spence and Gray, 2007). The historical standpoint on accounting for human rights at work varies. Gray et al.’s (1995) comprehensive analysis of reporting to and on employees in its many ways identifies the practice of what they refer to as employee-related reporting was rooted in the 1940s. In the 1970s, possibly reflecting the mindset of the era, the Accounting Standards Steering Committee’s production of the “Corporate Report” (ASSC, 1975) added political authenticity to the recognition of employees as ‘special’ stakeholders with a right to financial information in the form of specific intention employee reports including a Value Added Statement which attempted to set out the amount of profit disseminated to shareholders, employees and government. Subsequently, differing views have been expressed on the degree to which reporting to workers elevate their consciousness of essential work issues and offers a useful educative role versus the level to which reporting is used as a device to regulate workers.

The requirement to hold corporations to account began from advances in international law (Jochnick, 1999; Ratner, 2001), responsibility taking place out of the 1948 Universal Declaration of Human Rights (UDHR) and linked treaties and articles publicized by the United Nations (UN). The UDHR obligate all UN affiliate states to respect, protect and enforce the human rights of all human being to a minimum standard of living for sufficient health and wellbeing, including the right to food, water, clothing, medical care, housing and social services. It assures that everyone has the right to freedom of thought, conscience and religion. No one is to be subjected to random arrest, imprisonment or exile and everybody has the right to an useful remedy by the proficient national tribunals for acts breaching the fundamental rights established to them by law. The UDHR prelude states that it is “a

---

common standard of achievement for all peoples and all nations” and necessitates that “every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of Member States themselves and among the peoples of territories under their jurisdiction”. Thus compulsion to respect and protect human rights and offer a remedy for offended parties rests not only on the government but also on businesses (United Nations Human Rights Council, 2008)\(^{14}\), as it is considered to be an vital “organ of society”.

Rather than adding to the democratic power of corporations and supporting corporate behaviour with the fundamental human rights and freedoms, as protected in the Universal Declaration of Human Rights (UDHR), the tendency has been to increase the extent of annual accounting reports issued by companies even though they are often a poor means of corporate accountability (Jones, 2011). This has been complemented by a selection of corporate social responsibility (CSR) reports (for example, see Banerjee, 2007; Demirag, 2005; Frederick, 2016). Some may mention the polished CSR reports as proof of corporate awareness to public demands, but much of this responsiveness is mainly connected to the capability to build profits (Unerman and O’Dwyer, 2007). There is a doubt that a hefty volume of the CSR reports is self-serving (Sikka, 2010) and corporate disclosures are often selective, and part of the ideological clash to both contain and oppose change (Spence et al., 2009). Most studies only consider core CSR activities of the firm, not refer to any human rights issues. Similarly, the terminologies related to human rights have been avoided in the firms CSR codes and practices. (Crampbell, 2006 & Cragg, 2005).

United Nations Human Rights Council seek out to attach CSR with human rights and advise that together with their evaluation of financial and business risks, corporations should take out a procedure of due diligence for their projects. The UN framework proposes that member states should promote a corporate culture considerate of human rights at home and abroad. The pressure between the toughened business practices devised to increase profits for shareholders, and the gratification of human rights by the people (Amnesty International,

2006\textsuperscript{15}; Christian-Aid, 2008\textsuperscript{16}) have convinced some to dispute that corporate power cannot merely be reconciled with democracy and value for human rights. Such calls are filled with decent and ethical positions that highlight the brotherhood of man and common humanity (Donnelly, 2013). They also presume that people will have adequate information to allow them to make decisions about corporate performance and affect sanctions, where the standards of accountability are believed to be lacking.

Even though accounting for human rights is a new development, the question of workers’ rights has been included in accounting research relating to CSR and accountability in diverse ‘guises’ (Cooper et al., 2011). Deegan and Islam (2014) broaden inspection of the extra-organisational characteristic of multinational supply chain reporting. The background is the garment and textile industry in Bangladesh which drew much global attention, in particular after the huge loss of life in the Tazreen factory fire and collapse of Rana Plaza. Their concern was the impact of non-government organisations on media in protecting human rights in supply chain activities, linked corporate reporting and the significance of the legitimacy of operations in the supply chain surroundings. Nevertheless, after the acceptance of the UN guiding principles, the subject of human rights began to be openly correlated to the conceptualisation of CSR actions. This was documented by McPhail and McKernan (2011) in their editorial for the special issue of the Critical Perspectives on Accounting on human rights accounting, stated the lack of awareness and negligence of human rights by businesses as a ‘significant development in the global discourse on corporate accountability’ (McPhail and McKernan, 2011, p. 734). After the special issue, there has been attention amongst accounting researchers to investigate corporate disclosures that might be considered as human rights issues. As uncovered by the Rana Plaza collapse, the socio-political environment prevalent in a developing country, together with inadequate regulatory supervision, makes workers even more exposed to human rights abuse. Also, many administration in developing countries has questionable track records on issues relating to human rights. Gallhofer et al. (2011), looking at the prospects of human rights accounting, propose that accounting and disclosures regarding human rights may help lessen some concerns of human rights abuse by non-state actors. Thomas and Turnbull (2018) study how the traditional global regulator for labour rights, the ILO, struggles to engage with the

implications of the reorganization of production into global supply chains. The ILO had previously fulfilled this regulator role by brokering between its tripartite constituents, employers’ associations, nation states and trade unions (Baccaro and Mele, 2011). However, new constellations of actors, particularly the role of MNCs, challenge this model of labour governance, which proves to be increasingly ill-suited to ensuring decent work for marginalized workers. Employers and the governments of many developing member states are reserved to address decent work in global supply chains. Nonetheless, the efficacy of such a system will depend largely on the state’s capability and enthusiasm to scrutinize the functioning of internationally accepted standards of human rights. Siddiqui and Uddin (2016) note that the economic conditions prevailing in the RMG industry in Bangladesh, coupled with the accountability and legitimacy relationships between state and non-state actors, allowed the RMG owners to carry on violating the safety and security of the workplace and continue with appalling working conditions. Moreover, Sinkovics et al. (2016) for example report that the pressure for compliance in the RMG industry in Bangladesh has led the case companies to prioritise the implementation of measurable standards over the socially grounded needs and priorities of workers.

One more feature of reporting allied to accounting for sustainability in production and supply chains is the mounting concentration in Global Reporting and Integrated Reporting initiatives. The Global Reporting Initiative is the most prominent regarding sustainability reporting, established a working group in acknowledgement that “sustainability reports overall provide an incomplete picture of supply chain performance despite the importance of the issue” (GRI, 2014)\(^1\). Specific supply chain disclosures are expected such as G 4-12 ‘Describe the organization's supply chain’ and G 4-13 ‘Report any significant changes…regarding the organization's…supply chain, including changes in the location of suppliers, the structure of the supply chain, or in the relationships with suppliers, including selection and termination.’ These and more accurate indicators have been included in the latest Global Reporting Initiative G4 guidelines. Varsei et al. (2014) present a framework for running and assessing supply chain sustainability founding on Global Reporting Initiative measures. The Indicators have been applied in some industries, e.g. fast fashion sustainability reporting by nine companies where globalisation and branding are vital concerns (Turker & Altuntas, 2014) and in the food industry (Maloni & Brown, 2006). One

\(^{1}\) https://www.globalreporting.org/Pages/FR-CLP-2015.aspx
continuing topic is that the Global Reporting Initiative provides judgment as to how company managers deal with the meaning of entity boundaries, the development/requirement of incorporated indicators and declaration of content leaving sustainability as an idea under the power of management (Moneva, Archel, & Correa, 2006). Till date, such issues are little scrutinized in the supply chain perspective using Global Reporting Initiative disclosures (Foran et al., 2005) as well as from regulatory perspective. The accountability of human rights was a concern when the global north started outsourcing the manufacturing part from the global south, especially from developing countries with weak and inefficient implementation of national laws. In other words, globalization and outsourcing of business.

3.2 Outsourcing and Globalization

Multi-National Companies (MNCs) headquartered within developed countries usually use supply chains positioned in low-wage developing countries including Bangladesh, Vietnam, Thailand, Indonesia, India, China and Cambodia (Wilkins, 2000; World Bank, 2007; WTO, 2004). At the same time, as the supply chains are situated within developing countries, a number of high-profile MNCs often face increasing criticism from a range of stakeholder groups about the employment of child and obligatory labour, factory fire accidents, and oral and bodily ill-treatment of staff in their suppliers' factories (Bachman, 2000; Spar, 1998). This is the case even though the multinational organisations' supply chains are usually fulfilling (minimal) workplace principles set by the supervisory body within the developing countries standards that are in general well short of what would be anticipated in developed countries (Braithwaite, 2006).

One of the essential drivers of globalization has been the shifting production geography of MNCs, whose activities have resulted in new organizational forms and relationships across the globe (Dicken, 1992; Dunning et al., 1997; Gereffi, 1999; Rugman and D’Cruz, 2000). Moreover, the literature on Global Supply Chain governance has moved from focusing only on ‘geographical patterns of value creation, retention and capture in the global economy’ (Neilson et al., 2014: 1) to appreciating ‘the importance of different institutional and regulatory contexts that shape international production systems’ (Bair, 2008: 355). Consequently, the roles and contributions of the different firm and non-firm actors within Global Supply Chains are being studied increasingly (Bair, 2005; Coe et al., 2008;
Henderson et al., 2002; Hess and Yeung, 2006). Early research in this area has to a great extent enhanced the understanding of issues linked to global supply chain governance, particularly the product, progression and chain improvement possibilities of local firms associated with lead firms across industrial sectors ranging from the automotive industry (Pavlinek and Ženka, 2011) to clothing (Bair and Peters, 2006; Morris and Staritz, 2014); and of how the countries, regions and different actors improve or maintain their spot in the varying global supply chains (Coe et al., 2008; Gereffi and Frederick, 2010; Gereffi et al., 2005). Lately, however, there has been an rising focus, both in research and practice, on working conditions in global supply chains. Partially, this is because of the current media and civil society revelation of unacceptable working conditions in supplier services in developing countries, and partly due to an growing number of fatal accidents, such as the Rana Plaza disaster, caused by poor working conditions. Some studies demonstrate that global supply chain associations and governance arrangement have led to enhancements in working conditions (e.g. Flanagan, 2006), but largely studies have found that they have led to a decline in the already underprivileged working conditions in supplier factories, mostly those of women (Azmeh, 2014; Barrientos, 2013). Scholars and practitioners have been promoting alternative schemes, developed by a teamwork among numerous stakeholders, as an useful way of solving multifaceted governance concerns in global supply chains (Bartley, 2011; Locke, 2013). Multi-stakeholder proposals are ‘private governance mechanisms involving corporations, civil society organizations, and sometimes other actors, such as governments, academia or unions, to cope with social and environmental challenges across industries and on a global scale’ (Mena and Palazzo, 2012: 528). Simultaneously, multi-stakeholder initiatives have been condemned for paying no attention to a lot of pertinent actors and not taking into concern the power inequalities amid them. Most of all, these initiatives have been unsuccessful in creating viable information-sharing ecosystems linked to working conditions, mainly for Global Supply Chains. Scholars dispute that the contribution made by different actors in global supply chain governance should not be ignored (Donaghey et al., 2014; Locke, 2013: Mena and Palazzo, 2012).

Globalization is altering the situation for business, thereby demanding management to progress beyond usual legalistic arrangements and step into supply chains and the dealings between parties concerned. Accounting has to concentrate on the complexities of a supply chain as a unit, which comprises the central organisation, suppliers upstream and purchasers
downstream. Accounting, as an effect, needs to transform. Moreover, it needs to accomplish ahead of the corporate legal extent if it wishes to preserve its significance. As supply chain relationships are cautious about the uncertainties and complexities (Beckmann, Hielscher, & Pies, 2014), accounting has to offer decision support for managers in hesitant, globalised, logistics orientated new communication settings essential for successful and accountable supply chain management.

Consistent with Gray, Owen, and Adams (1996: 38) ‘accountability’ symbolize ‘the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible’. If stakeholders are not alert of particular actions being taken, or the scale or the nature and proposition of those actions, then those stakeholders might not be serious on getting an ‘account’ about linked features of corporate performance. Without precise concern from stakeholders such as consumers, the level of answerability that organisations will exhibit actions undertaken within developing countries will be nominal (Gugler & Shi, 2009). That is, while from an ethical perspective, corporate managers might have an obligation to offer particular accounts (perhaps, for example, about workplace practices), inadequate responses and concern exhibited by the stakeholders shall lead to the perception that stakeholders are not adamant on receiving such ‘accounts’.

However, if particular stakeholders are watchful to a particular matter (for example, too dangerous or unreasonable work practices within developing countries), then they might be firm on getting information about how particular organisations are tackling their anxiety before such stakeholders will carry out further with the organisation. It has been disputed (for example, by Braithwaite, 2006) that in case of MNCs supply products from suppliers in developing countries, the stress exerted by local stakeholders, and through local directives, is in general insufficient to prompt the organisations to be answerable to the broader international community.

Overall, the process of globalization and transnationalization has increasingly deterritorialized firms, work and production systems, and hybridized designation of origin from ‘made in’ to ‘designed in’ or ‘assembled in’. Global supply chains cross the territorial borders of states, political boundaries of citizenship and legal regimes, and cultural boundaries of national business systems and communities. Many supply chains’ management practices, such as the creation of codes of conduct, standards and certification
systems, translate legal, cultural and moral norms and expectations from one world (consumers in the global North) into another world (producers in the South) (Reinecke and Ansari, 2015). The crossing does not remove boundaries between legal regimes, cultures or institutions (Donaghey et al., 2018). As a result of concern for the accountability of human rights and the existence of globalization and outsourcing, social audits were introduced to curb the concerns in the global supply chain. The next section brings in the discussion of social audit in global supply chains.

3.3 Social Audit in the Supply Chain

The history of social audit goes back as far as the 1950s. Initially, the social audit was conceived as a means to make business more accountable to the community. The social audit also refers to a very different kind of evaluation process in which an organization assesses and thereby improves its social performance. The term ‘social audit’ was said to have been coined and used for the first time by George Goyder in the 1950s, (an American, who felt that financial auditing without social auditing provides an incomplete, one-sided story of events in corporate activities) as noted on the website of the Social Audit Network (SAN). According to the SAN which notes that “the need of social audit in the 1950s was to make business more accountable to the community and to ensure that the impacts of business—both beneficial and adverse are understood by society”. This suggests that the expectations from social audits around the world today had not changed drastically from that of the 1950s when the term was first coined. Goyder’s idea was to enable society to exert some control and influence over corporate activities from the local level where most companies often start to flourish before they expand and some of them transform to becoming multinationals and global corporations.

Though still in its infancy (Dando & Swift, 2003), social auditing plays a fundamental role in upholding Corporate Social Responsibility and is providing direct and indirect benefits to both the company and its stakeholders (Miles, Hammond, & Friedman, 2002; Owusu & Frimpong, 2012). This, in turn, leads to a better self-assessment and establishment of the strengths and deficiencies present within a corporate strategy. Such knowledge allows companies to implement improvements leading to a more efficient social performance, which in turn leads to the enhancement of a company’s image (van der Wiele et al., 2001). In fact, where a company has an excellent social performance, a social audit has the potential
to safeguard its image in the case of a particular event leading to negative publicity, or simply, enhance a company’s reputation, image and relationship with stakeholders by demonstrating its social performance and its commitment to social objectives (Owusu & Frimpong, 2012). Furthermore, regular yearly social audits allow companies to compare their social performance over time as well as against external norms and standards and competing companies (The Seep Network, 2008).

Besides agreeing to companies to enhance their image and performance by providing valuable data, social audits also play an essential role in increasing an organisation’s transparency and accountability to its stakeholders (US Aid, 2008), much like a financial audit does. They inform the community, the public, as well as other organisations, about the allocation of companies’ resources invested in the organisation itself: such as the sustainability of the company, the treatment of its employees and the impact on the environment. This, in turn, stimulates healthy competition between companies to increase their social performance as stakeholders and investors rely on the social responsibility reports to establish whether a corporation is achieving the goals it has set itself and how it is performing against other companies. This leads companies to a race of maintaining the best reputation and thus maintaining or gaining an increased market share.

Moreover, by allowing companies to analyse and determine the practicality and efficiency of their corporate social and environmental strategy and providing stakeholders with accurate non-financial data, social audits also play an essential role in helping governments monitor companies and hold them accountable when breaching certain social, ethical and environmental standards. This is a growing trend, which relies heavily on the assurance that social accounts are audited by qualified and objective social auditors which are independent of management and with no vested interests in the outcome of the audit (The Seep Network, 2008)18.

The social audit, a tool used to check the performance of organizations against their commitments, can be an option to bring relevant stakeholders in a single platform where communication of multiple parties will bring more transparency. The concept of social audits has been around for a long time, however, in relatively recent times been put into practice. Some companies in Europe have their social audit systems in which they check

18 https://seeppnetwork.org/files/galleries/836_Learning_the_ABCs_of_OVCs.pdf
their suppliers regarding pro-society business practice (Björkman & Wong, 2013). Various researchers have concluded that social audits are useful for monitoring if well designed (Boyd, Spekman, Kamauff, & Werhane, 2007), and can be used to create transparency in the system. Social audits can be helpful in the management of organizations too (Owen, Swift, Humphrey, & Bowerman, 2000). The audit process involves relevant stakeholders and is usually well accepted by them (Locke, Qin, & Brause, 2007). It should be noted that social audits usually recommend change by pointing to non-compliance, however it does not automatically bring change (Pruett, Merk, Zeldenrust, & de Haan, 2005); instead, it redirects the attention of organizations toward social welfare from mere wealth maximization.

Another argument is that firms become socially responsible as they realize the fact that without benefiting society they cannot benefit themselves (Hiller, 2013). Many organizations employ child labour, do not offer appropriate working conditions, do not train the employees for the job, do not pay salaries regularly. Therefore, these kinds of organizations neither care for their internal stakeholders nor the external ones. This invites pressure from consumer groups or associations, regulators, competitors in the market for these firms to behave in a socially responsible way. Corporations, therefore, either willingly or unwillingly, become involved in social programs in various ways.

There are three types of social audits: (a) first party audit in which an organization conducts a self-evaluation using its internal auditors, (b) second party audit where also, organization audits its suppliers to its codes of conduct or an external standard, and (c) third party audit which happens when an independent external organization audits an organization. There can be two ways to conduct a social audit; one is government-led and the other citizen-led. In government-led social audits, the government leads the process, and it is easy to get access to the documents or information. On the contrary, in citizen-led audits, a community committee leads the process, and there are usually some difficulties in gathering information or relevant documents. However citizen-led social audit teams usually have more information on community activities and in most cases are more acceptable than the government-led social audit teams. On the other hand, government-led audit teams face less resistance from firms’ employees compared to citizen-led audit teams. In Kenya, it has been found that the collection of information is a complicated issue; social audit teams have been known to wait for more than six months following their request to gain access to information. Sometimes there is no response from concerned authorities, let alone access.
Afridi and Iversen (2014) state that although social audits decreased administration-related complaints, it did not reduce corruption-related complaints. Because of people’s lack of confidence in the politicians of the country, the influence of politicians on organizational especially government organizational activities, and high level of corruption, the government-led social audit would not produce anything trustworthy to the stakeholders. Therefore, it would be a misuse of resources. Instead, citizen-led social audit having prominent and well-accepted persons in the team would be a good option. One good example of this is Parivartan’s social audit in Delhi during the period of 2000–2002, which produced positive outcomes (Kejriwal, 2003). In that audit, they found gross corruption in the system in implementing various policies and projects and after the disclosure of this information to stakeholders, public sector jobholders became more careful and honest; they feared that their dishonesty would be revealed, which eventually reduced the corruption. However, it is also true that in the culture of Bangladesh, it would be tough to gain momentum on something that is not backed by the government.

Social audits can be complementary to financial audits; in fact, it minimizes some of the limitations that financial auditing has. In general, financial auditors’ scope of work is limited to cash and other financial transactions; they cannot go beyond that. Also, the self-interest of financial auditors (Locke, Qin, & Brause, 2007) motivates them not to report irregularities. Again the self-interest of auditors leads them to serve the interests of the managers (Antle, 1984); this is a grey area in the auditing process and usually produces negative results for the stakeholders concerning transparency. Even more grey area is present in the law, for example, the Company Act of Bangladesh does not determine the social responsibility of directors and the accountability of auditors (Rahim & Alam, 2014). Therefore, a social audit would be meaningful here, as it would go beyond the scope of traditional audit functions. It can check if a company complies with the codes and standards that are beneficial for society and stakeholders. After a social audit, a financial audit should be completed. As pointed out by Pruett et al. (2005), the visit should be unannounced rather than pre-planned. With a pre-planned visit, the organizations would get a chance to prepare, which might bring bias into the audit.

Moreover, the supply chains sector has been overwhelmed by a series of unpleasant events and scandals since corporate social responsibility has become a ‘near mainstreamed’ event on the corporate scene around the world. Many irresponsible practices have been unveiled
by the media and research studies in the supply chains sector of the global economy; (see for example Amaeshi, Osuji, and Nnodim, 2008). Most of these problems have been identified in developing countries around the world, for example in Indonesia, Bangladesh, India, Pakistan, Cambodia, and China, to name a few. See for example Locke and Romis (2012) who note that in the 1990s, Nike was criticised for sourcing its products in factories and countries where low wages, poor working conditions and human rights problems were rampant. These problems were evident in their factories in Indonesia, Cambodia, Pakistan, China and Vietnam. A similar version of these social problems are also evident in the farming and mining sectors in Africa—in the farming of cocoa, coffee, tea, banana and other farm produce sold by favorite retailers in Europe and North America and in the mining of many high value natural resources in a lot of countries in Eastern, Western and Southern Africa. In order to improve the current social and environmental auditing system, there would be a need for the present principles of the practice to be revised and re-thought (Boiral & Gendron, 2010; Kemp, Owen, & van de Graaff, 2012). The social audit would need to be carried out by an independent entity to the company being audited. The ‘external social audit’ process would need to be thorough and overreaching, and include investigations, unannounced visits, interviews and monitoring of aspects of organisational activity (Gray, 2000; Pruett, 2005; Mamic, 2005; Locke et al., 2007; Barrientos & Smith, 2007).

Independent third-party audits provide an essential tool for the regulation of the disclosure of accounting information (Barton & Waymire, 2004; Lennox & Pittman, 2011). Lack of regulation tends to allow companies to focus on their costs and profit maximisation while neglecting the accuracy and quality of their social responsibility reports. This has been attributed to the fact that compared to the firm-level benefits society-level benefits are merely smaller (Lennox & Pittman, 2011). However, an increase in government monitoring and regulation does have some drawbacks. It is costly, time-consuming and difficult to enforce effectively. In all countries, there are gaps in regulatory enforcement due to lack of government capacity (Graham & Woods, 2006). A solution would be to establish a set of standards for social and environmental monitoring mimicking those in financial auditing, and by doing so, removing discretion from auditors and allowing stakeholders to have easy access to the final data (Dando & Swift, 2003).

While industries have been very wary of governments using too many impositions and controls, it has become evident that, concerning social audits, companies are reluctant and
unlikely to release adequate and comprehensive data “unless their reporting is mandated by the government” (Graham & Woods, 2006). In a voluntary system, if one company publishes detailed information regarding its social and environmental programs, while others either don’t, or use CSR reports to disclose information to their advantage, then the most honest company would likely to suffer the most (Graham & Woods, 2006) and gain no commercial advantage from their truthful disclosure. A company should not disregard its pursuit for profit maximisation as well as the protection of its interests. However, it does owe a duty to stakeholders by accurately demonstrating how well it is performing socially and environmentally, while it is pursuing its financial goals. As such, it is essential that a company must continuously take into account and respond to public expectations, while still maintaining a level of freedom to determine what is socially relevant and how to achieve its social goals (Fetyko, 1975).

3.4 Assurance Reporting and Related Inconsistencies

Within the sustainability accounting literature, there has been a growing body of research exploring issues such as social compliance audit, assurance, and certifications (Owen et al. 2000, O’Dwyer and Owen 2005, Deegan et al. 2006, Owen 2008, Simnett et al. 2009, Rhianon Edgley et al. 2010, O’Dwyer et al. 2011; Siddiqui and Uddin, 2016; Hoque et al, 2016; Islam et al, 2018). An increasing number of companies disclose information about their social and environmental performance in sustainability reports to demonstrate a commitment to corporate responsibility. Recent evidence documents the rise of external assurance services that independently verify this type of non-financial reports (Beets and Souther, 1999). According to a worldwide survey, between 1997 and 2007 the average annual growth rate in assurance statements has been 20%, with a current proportion of specific reports settled at 25% (Register, 2008). From the 2005 KPMG survey of corporate responsibility reporting, it appears that one-third of the fortune global 250 companies adopt an assurance statement of their sustainability report (KPMG/ UVA, 2005)\(^\text{19}\). The voluntary demand for independent verification by reporting companies can be explained by their willingness to enhance a report’s credibility. These claims are consistent with prior research in auditing indicating that third-party assurance provides greater user confidence in the reliability of the information disclosed.

Previous studies of assurance practice have focused on environmental reports and raised serious questions over the credibility of early assurance exercises (see, Ball et al., 2000 and Kamp-Roelands, 2002). Since these studies, companies have started producing stand-alone social reports as well as social and environmental reports. More recently, reports combining economic, social/ethical and environmental performance have emerged and are often termed, as in the KPMG survey, ‘sustainability’ reports (or in many instances ‘triple bottom line’ reports) although the use of the term ‘sustainability’ to describe these reports is highly questionable. This broadening of focus in reporting potentially expands the scope of assurance engagements as well as broadening the constituencies placing reliance on assurance statements. Recognition of this fact seems apparent from the issuing of assurance practice guidance statements in recent years by influential bodies such as AccountAbility, the Fédération des Experts Comptables Européens and the Global Reporting Initiative. However, suspicions remain that assurance practice lacks credibility and is limited by a significant managerial influence on the process which diminishes accountability and transparency to stakeholder groups (see, Adams and Evans, 2004, and Owen et al., 2000).

The recent increase in social, environmental and sustainability reporting has not been universally acclaimed. Many academic researchers have been critical of key features of emerging practice, given its tendencies towards managerialism at the expense of accountability and transparency to stakeholder groups (Belal, 2002, Gray and Milne, 2002 and Owen et al., 2000). For example, Owen et al. (2000) argue that current practitioner rhetoric promoting recent practice tends to infer that “accountability and transparency are of reduced importance when compared to management advantage” (p. 85). They express concern that reporting processes have become prone to ‘managerial capture’ in that corporate management have taken control of the entire process of production of the reports, with the result that information is collected and disseminated only if it is deemed appropriate to advance the corporate image, rather than seeking true transparency and accountability to stakeholders (Owen et al., 2000). Accusations of a lack of completeness and credibility in reporting have been most prominent (Adams and Evans, 2004, Adams, 2004, Dando and Swift, 2003, Doane and Potts, 2000; Swift and Dando, 2002).

A number of academic studies have subjected assurance practice to critical scrutiny, primarily via analysing the content of assurance statements in order to illuminate broad
characteristics of assurance practice (Cooper and Owen, 2007, Darnall et al., 2009, O’Dwyer and Owen, 2005, O’Dwyer and Owen, 2007 and Simnett et al., 2009). While such analysis of the content of assurance statements enables researchers to make broad inferences about aspects of the underlying assurance practices, it offers little to facilitate a deeper understanding of the complexities underpinning actual practice. So far, there has been very little academic research seeking to venture beyond documentary analysis. As a result, there has been a lack of in-depth research examining the processes by which assurance statements are generated (Free, Salterio, & Shearer, 2009; but see Boele and Kemp, 2005, Rhianon Edgley et al., 2010, Unerman et al., 2010 and Wallage, 2000). Moreover, the research lack not only in the process of how assurance statements are generated but also in how the socio-political context plays a significant role in deciding what role assurance plays in labour governance. This study is an effort to fill in that gap.

The lack of this type of in-depth research in assurance partially reflects a broader trend in academic auditing research in which direct engagements with practitioners (assurors) seeking out their perspectives on their work and its evolution remain relatively rare (Gendron and Spira, 2009) especially with regard to new and/or emerging private sector assurance forms. The assurance context is distinct, however, in that this form of assurance is a voluntary undertaking for auditees and remains mostly unregulated. Hence, its development and expansion are mainly subject to market forces. Consequently, compared to public sector audit/assurance areas, practitioners seeking to construct and expand this practice rely more on enrolling the support of auditee audiences as they must also create demand for their services. Moreover, practitioners are not the only parties central to constructing and expanding this practice; the role of standard setters like the UK not-for-profit organization AccountAbility and the International Federation of Accountants (IFAC) is also essential in establishing both the nature of practice and its acceptance among critical audiences.

Two prior studies critically examined the first wave of assurance practice on environmental reports up to 1997–1998. Both found evidence leading them to express fundamental concerns about various features of this practice (Ball et al., 2000 and Kamp-Roelands, 2002). Kamp-Roelands (2002) highlighted significant inconsistencies regarding the subject matter addressed, assurance scope, objectives and criteria employed, level of assurance provided,
assurance procedures employed and wording of assurance opinions offered. In a more
critical vein, Ball et al. (2000) raised question marks over assuror’s independence and the
degree of rigour applied to their work, evidence of management control over the whole
process together with an overriding emphasis on management systems as opposed to
performance-based issues. These were indicative of managerialism, rather than the exercise
representing any corporate commitment to external transparency and accountability (Gray
and Bebbington, 2000, 2001).

Adams and Evans (2004) have critiqued what they see as an apparent managerial influence
in more recent practice. They regretted the general absence of key features they believe are
crucial to assurance processes in order to enable stakeholders to hold organisations to
account. For example, they lament the lack of stakeholder involvement in assurance
processes, management restrictions on the scope of assurance processes, assurors’ lack of
consideration of completeness of reporting, the appointment process for assurors, and
assurors’ competence to provide opinions. It is nothing different in the case of the
readymade garments sector in Bangladesh.

The two most well-known frameworks for assurance services used by assurers globally are
the AA1000 Assurance Standard (AA1000AS) launched in March 2003 by AccountAbility
(Accountability 2011), and the International Audit Assurance Standards Board (IAASB)’s
International Standard on Assurance Engagements (ISAE 3000). It is also said that assurance
based on the combined use of AA1000AS and ISAE 3000 is expected to deliver improved
results (KPMG Global Sustainability Services and AccountAbility 2005)20.

Both frameworks have been used by two groups of assurers: accounting professionals and
non-accounting professionals. Non-accounting firms are likely to rely on the AA1000AS
framework, and accounting firms tend to rely on ISAE3000 (Deegan et al.2006; Frost and
Martinov-Bennie 2010; Mock et al.2007; Perego 2009). The difference between accountants
and non-accountants is not just related to the framework used to perform the assurance
service. Hodge et al. (2009) argued that in comparison to accountants, non-accountants
emerge to centre more on completeness, fairness, and in general balance in the opinion
statements. Perego (2009) concluded that accounting firms supply a higher quality of
assurance for features related to reporting arrangement and procedures used and non-

accounting firms offer a higher quality of assurance for aspects associated with recommendations and opinions. Frost and Martinov-Bennie (2010) analysed differences among assurance statements issued by assurance providers. They identified differences in the description of the assurance standards used during the assurance process in the wording of the conclusions, in the title of the assurance statements, in the objectives of the assurance processes and the assurance procedures employed. Additionally, Gendron et al. (2006) argue that the image of a stringent inspection and certification process is expected to enhance the trust of stakeholders with regards to activities that must conform to specific standards. Thus, certification audits provide an image of rigour and rationality. Boiral (2012), on the other hand, observes that the certification arrangement may present a reassuring façade that hides organisational uncertainties in internal organisational practices and capabilities. Boiral and Gendron (2011) point out that the dissemination of certification manifests a global phenomenon that exploits the ritualistic nature of audits, and its capacity to create a ‘rational myth’, as defined by the disconnect between the audit and actual organisational performance.

Due to its voluntary nature and dominant corporate influence, commentators have long been warning of the potential for social and ethical accounting to fall prey to managerial capture (Owen et al., 2000; Ball et al., 2000). Independence is a critical element of credible assurance. Furthermore, a lack of consistency in assurance statements and their variable quality and content make reports impossible to compare and the organisations and their performance challenging to evaluate by, for example, the investment community and customers. Although existing assurance approaches may be criticised for being irrelevant to changing expectations of corporate behaviour and accountability, a central concern has been the absence of independent assurance of SEE (Supervision, Evaluation and Enhancement) reporting.

As the number of organisations using external assurance to enhance the credibility of their disclosure grows, it is clear that the practice of assurance will itself need to be robust and credible. To address this growing disquiet about the quality (or lack thereof) of the assurance provided for social accounts and reports, the Institute of Social and Ethical Accountability set out to develop a generally accepted standard for the assurance of social, ethical and sustainability reporting. This has been part of the revision to the AA1000 Framework for social and ethical accounting, auditing and reporting launched in 1999.
AA1000 adopted a strategic-systems approach to social auditing. The new AA1000 Series seeks to address the traditionally inherent tensions in assurance provision, namely the gap concerning the responsibilities of auditors, their commitment to the public interest, the nature of the opinion, and the degree of independence that assurance providers can maintain from corporate management.

The ideology of accountability, being made up of compliance, transparency, responsiveness and innovation, must underpin the goals of SEE audit in order for it to be meaningful for those with a duty to account, and for those to whom the account is owed. After decades of evolution, current financial auditing practice remains unable to guarantee the robustness and reliability of financial accounting and reporting and to impart public confidence. The assurance of social, ethical and environmental accounting and reporting is in its infancy and the progressing climate of governance, risk appetite and responsibility is continually posing new challenges. How to impart confidence to the public and ensure meaningful accountability needs further investigation.

For this study, the review of the above literature reveals that the consideration of social audit and assurance in the supply chain within the broader perspective of corporate social responsibility has increasingly gained academic attention and impetus. Nevertheless, the review also reveals a general lack of research exploring the regulatory developments/initiatives within the context of a developing country. Thus, the following section provides an overview of studies carried out in the context of developing countries including Bangladesh.

3.5 Research in developing countries including Bangladesh

Since the 1980s there has been a lot of research in social accounting/reporting in the developed country context. However, research in social and environmental reporting in developing countries emerged in the late 1990s and early 2000s (with a few exceptions). As the context of this thesis is a developing country, namely Bangladesh, a brief review of the available literature from a developing country perspective is relevant.

Among the developing countries, Bangladesh attracts a substantial amount of research in social and environmental accounting (see for example Belal, 2001; Imam, 2000; Belal, 1997; Belal & Owen, 2007; Islam & Deegan, 2008; Rashid & Lodh, 2008; Belal & Roberts, 2010;

The review of the above literature indicates that generally, researchers in the developing country context focus on a particular country or particular industry to investigate social and environmental reporting and provide a general description of the reporting practices. The general understanding of the disclosure practices of social and environmental information in the developing country context is that companies’/industries’ CSR disclosures are mostly self-laudatory, and they provide CSR information on a limited scale. Most of the studies used annual report content analysis, and there were relatively few engagement-based studies.

Some early examples of empirical research found within the context of Bangladesh were that conducted by Imam (2000) and Belal (2001). Both studies generated consistent findings. For example, Imam (2000) found that most of the listed companies in Bangladesh do not provide any information regarding the environment, human resources, community and consumers. He concluded that social information provided by the Bangladeshi companies is qualitative and that the disclosure level is inferior (Imam, 2000). Belal (2001) investigated the social and environmental disclosure practices of a small number of publicly traded companies operating in Bangladesh and found that the quantity of social information disclosed by Bangladeshi companies is deficient (0.5% of the average total number of lines contained in the annual reports of a sample of 30 companies), and it was mainly descriptive. He argued that due to the absence of independent verification, the credibility of the information
disclosed was questionable. He further explained that the reason for poor social disclosures might be a short of statutory requirements, the existence of very few planned social groups and not as much of social awareness, an under-developed corporate customs, and a comparatively new stock market (Belal, 2001).

Islam and Deegan’s (2008) study is one of the relevant studies for this thesis as the researchers used annual report content analysis of BGMEA and conducted in-depth interviews with managers. However, one similarity between Belal and Owen (2007) and Islam and Deegan (2008) is that they found that external pressures motivate improved social disclosure practices in Bangladeshi companies.

Multinational companies (MNCs) headquartered within developed countries now typically outsource production of their products to suppliers located in various developing countries (World Bank, 2007; WTO, 2004); this outsourcing is a result of companies’ perpetual quest for the least expensive production input possible (Kabeer & Mahmud, 2004) resulting in many retail companies moving production to low-wage countries such as Bangladesh, Vietnam, Thailand, Indonesia, India, China and Cambodia, among others (World Bank, 2007; WTO, 2004). Global stakeholder pressures often emerge when MNCs transfer production to developing countries, where there are lower domestic social standards and where the framework to protect workers is either missing or not implemented, and therefore responsibility falls back to the MNCs. For example, some high-profile multinational clothing companies faced mounting criticisms from stakeholder groups, including NGOs and national and international media, about the use of child and forced labour, factory fire accidents and verbal and physical abuse of workers in their supply factories in developing countries (Bachman, 2000).

Companies are increasingly outlining their commitments to human rights issues, and disclose their human rights credentials within their reporting media which include corporate annual reports, CSR reports and corporate websites (Islam & Jain, 2013; Islam & McPhail, 2011). Early work in this area mostly concentrates on how MNCs are pursued by different pressure groups to act in a socially responsible manner (den Hond and de Bakker, 2007; King and Pearce, 2010; Tilly, 2008). However, a more recent strand of political CSR

---

explains how firms co-create new regimes of private governance (Scherer and Pallazzo, 2011). However, scant attention has been paid to the social process for through which private actors accept responsibility, rather than engage only in symbolic compliance for the sake of attaining or retaining legitimacy.

While issues linked with social audits are not fresh, research on social audits is inadequate relative to the quantity of research being taken on in relation to social disclosure within the background of developed nations (see review within Deegan, 2014) and developing nations (Islam, 2010; Islam & Deegan, 2008; Belal & Owen, 2007; Belal & Roberts, 2010). Also, preceding social and environmental accounting research focusing on developing nations (see, Momin & Parker, 2013; Belal & Cooper, 2011; Belal & Roberts, 2010; Islam & Deegan, 2010; Islam & Deegan, 2008; Belal & Owen, 2007) has shockingly ignored to look into corporate social audit practices. This is even though many corporations - chiefly MNCs functioning in developing nations (Islam & McPhail, 2011) - have embraced social audits as a part of their social responsibility efforts.

3.6 Summary

Public concern about respect and protection of human rights are stimulated by the escalation of globalization and the associated increase in the power of corporations. Transnational corporations are now an essential starting place of cross-border investment, and their pursuit for private profits regularly brings them in disagreement with workers and local communities. Developing countries may greet foreign investment to create jobs and economic growth, but it can also have an unpleasant outcome on the enjoyment of human rights, together with labour rights, security, independence of the state and even the right to life. Corporations have been charged with inadequate health and safety standards for their workers indulge in certain acts that might lead to injuries and even death to innocent people. By evading taxes, corporations deprives governments of substantial resources which could be used to build up social infrastructure and advance the standard of living of people by providing education, healthcare, security and pensions. In their pursuit for profits, some corporations have intentionally conspired with dubious and dishonest management and have been dynamically aided by accounting technologies (Funnell and Cooper, 1998).

The rise of corporate power has subjugated the independence of the state and controlled its capability to follow what could be viewed as national priorities or citizens’ rights. These
developments have not been accompanied by adjustment in corporate accounting and accountability practices. Traditional accounting principles, such as going concern, accruals, consistency, prudence, entity, historical cost and other reporting methods are questionably incompetent of reply to social costs and concerns for human welfare (Maunders and Burritt, 1991). Major changes to accounting law-making and philosophies are doubtful as financial reporting is more and more geared to meeting the implicit requirements of capital markets. Organizations in charge for drafting accounting standards, such as the International Accounting Standards Board (IASB), are occupied with company interests (Camfferman and Zeff, 2007), and human rights do not get any thought in accounting and auditing standards and discussions on corporate governance codes. Other forms of annual financial statements, such as Value Added Statements (Riahi-Belkaoui, 1999), can show how the corporate wealth is distributed amongst suppliers of finance (e.g. shareholders), human capital (e.g. employees) and society (e.g. taxation), but the fundamental theories remain associated with the interests of capital and overlook other social constituencies.

After reviewing the broad social and environmental reporting in global supply chains in general and a developing country context in particular, it is argued that there is still a scarcity of research regarding the exploration of social audit and assurance from a regulatory perspective. Prior research tended to focus on CSR disclosures generally rather than investigating the governance aspects pertaining to the implementation of CSR practices. Understanding CSR-related governance structures/processes within an organisations’ corporate governance practices are important since stakeholders, including international NGOs, media and multinational buying companies are increasingly interested in the governance practices pertaining to CSR. In the longer term, organisations need to change their corporate governance practices in order to incorporate CSR-related issues within the governance mechanism. While most of the prior research focused on social and environmental accounting and reporting practices in general, this study focuses on regulatory initiatives post Rana Plaza related to working conditions and the effects it has on the readymade garments sector.

While reviewing the existing social accounting body of knowledge, the researcher found that other researchers use various theories to explain their findings. This thesis also uses a
particular theoretical paradigm to explain the findings. Thus, the next chapter (Chapter Four) provides the theoretical framework for this research.
CHAPTER FOUR: THEORETICAL FRAMEWORK- LEGITIMACY AND ACCOUNTABILITY

4.0 Overview

Legitimacy and accountability, mainly at the transnational level, have been persistently criticized, and the chase is on to find ways in which they can be enhanced (Black, 2008). As a result, all through the last two decades, a number of theories such as Legitimacy theory, Stakeholder theory and Institutional theory have been applied by researchers with the purpose of explaining and studying corporate social actions (Gray et al., 1996; O’Donovan, 2002) rather than purely describing social and environmental accounting and reporting practices (Owen, 2008). This thesis utilises one of these theories namely The Legitimacy Theory (Suchman, 1995) and the concept of Accountability (Black, 2008) to explicate the findings of the study.

Since the very start, legitimacy and accountability in the governance system have been a topic of concern in the international business not only because of institutional performance and accomplishments but also with the accountability and legitimacy of decision-making. In addition, the search for added accountable and legitimate governance have been a concern since globalization, increasing the need for global and regional rule-making organizations. Furthermore, the difficulties of globalization have also given rise to a stronger political position for actors in advance of the nation-state, from multinational corporations and transnational advocacy groups to diverse lobby networks and global coalitions of municipalities. Thus recognizing bases and systems that can add to enhanced accountability and legitimacy of governance mechanisms becomes all imperative.

Accordingly, the current chapter discusses Legitimacy Theory, its relationship with Accountability and how organizations construct, govern and evaluate their actions to prove them legitimate and accountable in society. Legitimacy and Accountability are applied in this research because this thesis seeks to consider the dynamics of legitimacy and accountability relationships as they occur in an attempt to construct a more logical foundation in respect to regulatory development in the ready-made garments sector in Bangladesh post-Rana Plaza. The following sections in this chapter describe the above aspects.
4.1 Legitimacy Theory

Legitimacy theory has turned out to be one of the most discussed theories in the social and environmental accounting discipline. Since the degree of researchers adopting legitimacy theory as the theoretical lens for their social and environmental accounting research has developed, so too, has the difficulty and understanding of its relevance been polished. Many studies (e.g. Deegan and Rankin, 1996; Patten, 1992) have optimistically linked corporate social disclosures to legitimizing purposes. Therefore, this theory plays a noteworthy role in explaining the behaviour of organizations in executing and initiating voluntary social and environmental disclosure of information to attain their social contract that aids the acknowledgment of their objectives and the continued survival in a tensed and unstable environment. Similarly, corporate scandals, can confront legitimacy (Gabbioneta, Greenwood, Mazzola, & Minoja, 2013), and may at times direct to organizational demise (e.g., Enron and Arthur Andersen) but usually leading to constant concerns about an organization (e.g., BP, Exxon, Union Carbide). In the long run, changing social norms and regulations, often supported by social movements, adjust the criterion by which legitimacy is assessed, demanding those organizations that are slow to get used to with the restructured norms and policies of the environment (King & Soule, 2007).

Legitimacy theory hypothesizes that organizations are constantly looking for to make sure that they function within the limits and standards of their individual societies (Deegan, 2002). In 1983, Meyer and Scott talk about legitimacy in larger depth and offered this definition:

".........organizational legitimacy refers to the degree of cultural support for an organization – the extent to which the array of established cultural accounts provide explanations for its existence, functioning, and jurisdiction, and lack or deny alternatives ........A completely legitimate organization would be one about which no question could be raised." (p. 201)

These three factors shaped his cognitive, normative, and regulative bases of legitimacy. Also, in 1995, Suchman published his comprehensive “Managing Legitimacy: Strategic and Institutional Approaches” in the Academy of Management Review. Suchman (1995: 574) provided the following broad-based definition:
Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.

Mainstream research in the last two decades has, one way or another, pursued Suchman’s (1995: 574) definition of legitimacy, apparent by the frequent citations not only in management journals but journals from other disciplines and languages. Many papers merely repeated the definition precisely (e.g., Demuijnck & Fasterling, 2016: 678; Fisher, Kotha, & Lahiri, 2016: 383 & 386), while others used elements of this definition to build their related definitions.

The nature of legitimacy is footed on social opinions which can and do transform over time. The place of any organization as being legitimate or illegitimate is not permanent. This place can change when views and perceptions alter and perceptions of an organization can vary when the organization is noticeably associated to sensitive social issues. This fickleness is not only temporal but also spatial or across stakeholder and cultural groups. Consequently, depending on an organization's vision of its state or level of legitimacy, an organization may employ ‘legitimation’ strategies (Lindblom, 1993). Organizational legitimacy can be shaped or improved by using symbols or symbolic action matching a “public image” (Dowling and Pfeffer, 1975). This representation is linked with the organization's major goals, methods of action or output.

Lindblom (1993) and Dowling & Pfeffer (1975) offer four broad legitimating strategies that organizations may apply when faced with a danger to their legitimacy or a apparent legitimacy ‘gap’. A legitimacy gap occurs when corporate actions does not go with the expectations of ‘relevant publics’ or stakeholders. For restoring, maintaining or enhancing organizational legitimacy an organization may:

1. change its output, methods or goals to conform to the expectations of its relevant public, and then inform this relevant public of the change;

2. not change its output, methods or goals, but demonstrate the appropriateness of its output, methods or goals through education and information;

3. try to modify the perceptions of the relevant public by associating itself with symbols that have a high legitimate status; and
4. try to modify societal expectations by aligning them with the organization's output, goals or methods.

In reality, organizations attempt to establish a correspondence amid “the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are part” (Dowling and Pfeffer, 1975, p. 122). Consistent with this study, Richardson (1987, p. 352) state that accounting is a legitimating institution and provides a “means by which social values are linked to economic actions”. Companies struggle to manage their legitimacy since it “helps to ensure the continued inflow of capital, labour and customers necessary for viability... It also forestalls regulatory activities by the state that might occur in the absence of legitimacy... and pre-empts product boycotts or other disruptive actions by external parties... By mitigating these potential problems, organizational legitimacy provides managers with a degree of autonomy to decide how and where business will be conducted” (Neu et al., 1998, p. 265).

Legitimacy rests on the suitability and integrity of the organization to those it look for to govern. Organizations may declare legitimacy and may perform actions and enter into relationships to gain it. However, legitimacy is fixed in the acceptance of that organization by others, and mainly in the reasons for that acceptance. These reasons lie in the similarity of the regime to a person’s beliefs or expectations (Habermas, 1973), or interests (Zucker, 1987; Suchman, 1995). Mostly, institutional analyses of organizational legitimacy dispute that there are three reasons for social acceptance. Legitimacy may be pragmatically based: the person or social group perceives that the organization will follow their interests directly or indirectly. It can be morally based: the person or social group perceives the goals and/or procedures of the organization to be ethically suitable. Finally, legitimacy can be cognitively based: the organization is established as necessary or inevitable (Zucker, 1987; Suchman, 1995). Research on what inspires compliance with legal and voluntary norms repeat this (Winter & May 2001; Gunningham et al. 2004).

Legitimacy is thus not essentially an issue of legal validity. This is not to argue against the positivist point that law is accepted as legitimate because it is legally applicable (e.g. Schmitt, 2005). It is just to say that in identifying the “legitimacy” of governance regimes or organizations in them, trying to do so by identifying legal validity will often be immaterial, or at least unproductive. Where regulatory regimes are mainly non-legal and where, as in transnational regimes, infusing them with the law is challenging, using only a legal concept
of legitimacy will direct us to a dead end: such regimes will unavoidably lack legitimacy and any probable for legitimacy, in legal terms. They may, however, still be observed as legitimate by others. Legitimacy thus lies as much in the values, interests, expectations, and cognitive frames of those who are perceiving or accepting the regime as they do in the regime itself. So, legitimacy can fluctuate considerably across time and space, and among actors, systems, and contexts.

Deephouse, Bundy, Tost & Suchman, (2017) in their chapter in The SAGE Handbook of Organizational Institutionalism suggest a advanced outlook recognizing that there are four primary outcomes of legitimacy, hence four fundamental states of organizational legitimacy: accepted, proper, debated, and illegitimate. Accepted should be used by scholars for more reactive evaluations that mirror taken-for-grantedness, while proper should be used for judgments reached in a more deliberative way, as in evaluations of propriety (cf., Bitektine & Haack, 2015; Meyer & Rowan, 1977; Suchman, 1995; Tost, 2011). This distinction echoes that “accepted” organizations are those that are not, or have not recently been, vigorously assessed, whereas organization deemed “proper” have been. The majority of organizations in a social system will be established by the majority stakeholders and viewed as proper by many others. Frequently, this acceptance will take place because propriety has been authenticated by another powerful stakeholder, such as a state agency, in the current past (Bitektine & Haack, 2015; Tost 2011). Debated reflects the existence of ongoing discrepancies within the social system, frequently among different stakeholders or amid rebellious stakeholders and the organization; Debate habitually includes questions or defiances by stakeholders about the organization’s actions or its basic values (Hirsch & Andrews, 1984; Meyer & Scott, 1983). Finally, illegitimate reflects the evaluation by the social system that the organization is unsuitable and that it should be thoroughly reformed or stop to exist.

Distinguishing these four states of legitimacy informs the dimension of organizational legitimacy at the level of a social system. They suggest that legitimacy is essentially bounded. At one boundary, an organization is legitimate as it has established its suitability and goes uncontested concerning societal rules, norms, values, or meaning systems (Hirsch & Andrews, 1984; Meyer & Scott, 1983; Suchman, 1995; Tost, 2011). Stakeholders inside the social system may differ on their assessments as to whether the organization is proper or accepted, but at the combined level of the social system, the organization is suitable. At the
other boundary, illegitimate issues are those that are so questioned that they are largely viewed as missing a right to exist. In between these bounds are subjects whose legitimacy is being questioned or challenged to shifting degrees.

Legitimacy matters as it has costs for organizations. Primary among these costs, is that legitimacy has an obvious outcome on the social and economic exchange: most stakeholders will only connect with legitimate organizations. In other words, no matter what illegitimate organizations might present, a large number of stakeholders will not carry out business with entities that are regarded as illegitimate. Accordingly, “An organization which can convince relevant publics that its competitors are not legitimate can eliminate some competition” (Brown, 1998; Deephouse & Carter, 2005; Pfeffer & Salancik, 1978: 194). Moreover, since Meyer and Rowan (1977: 353), institutionalists have argued that legitimacy increases organizational continued existence.

4.2 Relationship between Accountability and Legitimacy

Definitions of accountability thrive, and there are approximately as many definitions as there are articles on the theme. At its core, accountability is a particular kind of relationship linking diverse actors in which one gives account, and another has the control or authority to compel consequences as an effect (Mulgan 2000; Bovens 2007; Mashaw 2007). As Mulgan(2000) has remarked, it is a word which ‘now crops up everywhere, performing all sorts of analytical and rhetorical tasks, and carrying most of the burden of democratic governance’. Alternatively, as Bovens (2007) places it: ‘As an icon, the concept has become less useful for analytical purposes, and today resembles a garbage can filled with good intentions, loosely defined concepts, and vague images of good governance.’

In laypersons' terms, accountability refers to the eagerness to acknowledge liability or to account for one's actions. Accountability can be sketched by the subsequent interrelated questions - who, to whom, how, for what, by what standards, and with what effects (Mashaw, 2007). In core, accountability has four aspects: (1) a normative side, a standard of conduct defined with adequate precision; (2) a relational side, linking those who are believed accountable to those who have the right to hold to account; (3) a decision side, a view of those actors who may hold other actors accountable about whether the expected standard of behaviour has been met; and finally (4) a behavioural side, that allow the governing actor to
approve unpredicted behaviour of those held accountable. All aspects need to be there in adequate extent to make any accountability relationship vital and important.

Accountability is typically in turn related to another word: legitimacy. Like accountability, legitimacy is a ‘mother and apple pie’ model which no one can dispute against. Legitimacy may be an objective reality but it is socially constructed (Scott, 2001). It rests on the suitability and reliability of the organisation to those it seeks to rule. Organisations may maintain legitimacy and may carry out actions and enter into relationships to gain it. Nonetheless, legitimacy is embedded in the acceptance of that organisation by others (Scott, 2001). Accountability is usually seen as a central element of legitimacy in the sense that to be legitimate, an actor has to be accountable. However, this is too broad a characterisation of their association to be acceptable. As discussed, legitimacy is a perceived right to govern: how and why that perception is a imitation is another, highly multifaceted issue addressed in part below, but the reasons are grounded in social approval. Accountability, for its part, is a picky type of relationship amid different actors: in which one gives an account, and another has the power to force consequences as a result. In other words, that the response of the person to whom an account is made will construct a ‘practical difference’ to the manner of the one who gives account, either in retrospect, prospectively or both. A more exact explanation of the relationship of the two concepts is that insight of the right to govern may depend on whether the player is established as having an suitable accountability relationships with others, often including the person whose awareness is in question.

As noted above, legitimacy can be rooted not just in good approval but pragmatically, in the correspondence of the organization to a person’s interests or expectations, and cognitively, is taken for granted assumptions. As organizational institutionalists view, only pragmatic and moral legitimacy involve some shape of ongoing assessment of an organization; cognitive legitimacy relates to far more innate assumptions that are seldom articulated, let alone vigorously assessed (Suchman, 1995). Accountability is thus a way through which pragmatic and moral/normative legitimacy claims are authenticated. This is different from saying that accountability relationships are based on diverse values (Harlow, 2006). Instead, it is saying that all legitimacy claim, and thus accountability relationship, will have its reason: a set of material practices, symbolic claims, and cognitive and normative construction. Those who argue the legitimacy claims of others will challenge the associated accountability relationships.
Although accountability relationships can be significant for legitimacy, legitimacy is not inevitably constantly dependent on accountability relationships. Accountability and legitimacy are typically conflated in disputes on regulation or governance, but systematically they are different. Organizations, institutions or regimes may have accepted legitimacy for a entire choice of reasons – self-interest, charisma, ideology, religion – however they do not try to be accountable and certainly may even undermine efforts to make them accountable. Cultural norms in contemporary society may have accountability arrangements behind them but still award legitimacy to those who exercise them.

In the business world, demands for improved legitimacy and accountability can guide to coalescence of norms which have diverse geographic and sectoral applicability. Multi-nationals, are the topic of a number of codes describing corporate social responsibility and human rights, for example the UN Global Compact, the draft United Nations Norms on the Responsibilities of Transnational Corporations and other Business Enterprises, the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles regarding Multinational Enterprises and Social Policy. Firms are not on your own. There have been rising calls to develop their legitimacy and accountability. Partly in answer to such calls, they have developed their codes of practice. Some of these are practical statements of best practice, but they comprise of provisions, often in very general terms, which communicate accountability and transparency.

Among the actors, non-state regulators occupy a probing position. They may be demonstrating, and occupy a twin role as lobbyist and regulator, or they may focus chiefly on a broad ‘regulatory’ purpose, at least in the sense that they place written norms for others to pursue. They may have a obvious organisational arrangement, such as Transparency International, the Forest Stewardship Council, the standard setting bodies such as the International Standards Organisation (ISO) or the transnational financial regulatory organisation. Nonetheless, it may be that there is no vital organisational arrangement, rather there is a body of printed norms which firms themselves have determined to apply, but there is no central locus of power to which they can turn to converse the proper explanation or relevance of the principles. Non-state regulatory regimes, have the organisational shape of co-ordinated structures of corporate social responsibility, rather than taking the form of a sole agency regulator which parallels a governmental body. Although the ‘crisis’ of accountability of non-state regulators leans to tar all with the same broad brush, diverse
types of non-state regulatory regimes can instead cause different tests; in particular, the lack of any single locus of power within a regulatory regime improves the challenges of functionality and accountability and legitimacy.

Accountability and legitimacy worries are of course not restricted to regulators or quasi-regulators but expand to those who in much broader terms are seen as using important amounts of control over those both inside and outside organizations. As a result, organizations are being turned “inside out” (Power, 2005). The particulars of their in-house decision-making arrangements and processes, together with their incentive structures, audit, and risk management processes, are seen as considerably pertinent to those outside them. The organization has to authenticate its continuance through legitimate monetary and social dealings that are not seen to be endangering the survival of the society in which it function. The fresh economic, social, and environmental challenges given to organizations and governments point to that they have to value the regulations, ethics, and conducts of the society and to happily release social and environmental information in order to show their compliance.

What function does accountability play in this dynamic? Accountability relationships, are a important constituent in the building and contestation of legitimacy claims by both regulators and legitimacy area, as they are the means by which legitimacy communities try to guarantee that their legitimacy claims are met and that their assessments of the legitimacy of regulators are suitable. In seeking “accountability,” legitimacy communities are looking to form or authenticate the congruence between the regulators’ roles and performances and their legitimacy claims and, to bring regulators nearer to meeting those claims.

4.3 Accountability and Legitimacy to Whom?

Legitimacy and accountability are bestowed by sources via routines. Sources are those internal and external stakeholders who view organizations and make assessments, by evaluating organizations to fixed criteria or standards. To be measured a source of legitimacy and accountability, the stakeholder must not only consider the legitimacy and accountability of the topic, but also that evaluation must simplify into a broader view of the overall suitability of the organization in its social system.
Early research focused on the significance of the state. Dowling and Pfeffer (1975) measured how the American Institute for Foreign Studies required legitimacy from government officials. Others have documented that most organizations are regularly evaluated by some organization of the state, such as banks by regulators and non-profits by taxation authorities (Deephouse, 1996). Another long-studied foundation is public view as a indication of social values. Public opinion can be calculated by surveys and by studying public forms of statements (Dowling & Pfeffer, 1975). The importance of public opinion and statements was re-iterated in the particular topic forum on communication, cognition, and institutions of the Academy of Management Review (Bitektine & Haack, 2015; Cornelissen, Durand, Fiss, Lammers, & Vaara, 2015; Gray, Purdy, & Ansari, 2015).

The media have become a often studied source because of the connection between media news and public view (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Lamertz & Baum, 1998; Lamin & Zaheer, 2012; Pollock & Rindova, 2003). Early work believed that media reports reproduce public opinion in the more widespread social system (Dowling & Pfeffer, 1975); however, later research documented that media also manipulate public opinion (Deephouse, 1996; McCombs & Shaw, 1972). Indeed, one Facebook post or one tweet on Twitter can direct to legitimacy and accountability confrontations for even the most well-established organization. Media stories do not emerge out of a void but instead are shaped by people in organizations, as Hirsch (1977) reminded us forty years ago and has been detailed by communication scholars (Shoemaker & Reese, 1991, 2014). Considering the different blend of field-level standards, organization-level routines and individual-level cognitions in different contexts, the multi-level relationship of standards, routines and cognitions may be uniformly prominent among non - media legitimacy bases as well.

Social movements and interest groups are also significant pressure on public belief and government policy. They enthusiastically support for the legitimating of individual subjects and the de-legitimating of others (Rao, Morrill, & Zald, 2000; Strang & Soule, 1998), often by focusing concentration on particular criterion (Creed, Scully, & Austin, 2002; Elsbach & Sutton, 1992) and the natural environment (MacKay & Munro, 2012). Their arguments commonly emerge in media and are often adjudicated by regulators, courts, or legislators (Bitektine & Haack, 2015; Edelman & Suchman, 1997; Suddaby & Greenwood, 2005).
Even though early work by Zucker (1977) and Elsbach (1994) scrutinized how individuals measured legitimacy, most research has focused on the legitimacy decided by essential sources at a combined level of analysis. Recently, two papers in the Academy of Management Review have rekindled attention in how legitimacy is assessed at the entity level of analysis. Bitektine (2011) observed that research typically regarded evaluators as interested audiences; in contrast, he measured them as dynamic information processors. Tost (2011) observed that evaluators are either individuals or include individuals when they are making decisions in organizations. She drew on the work of Dornbush and Scott (1975) to emphasize a valuable division between propriety, i.e., legitimacy measured by individuals, and that assessed by collectivities. Most frequently, the judgments made by individuals are fast and effortless, characterized by reactive acceptance of the legitimacy cues accessible in the institutional environment. When legitimacy is challenged, individuals appoint more active evaluative method of judging the topic along the different dimensions of legitimacy. Once a decision is formed, it is used unresponsively until an event, or exogenous blow triggers a re-examination of the institution. The judgment re-assessment stage is theorized by Tost (2011) to always continue in the “evaluative” mode. The character of the evaluative form was elaborated in the process model developed by Bitektine and Haack (2015) that also made an necessary input in between individual-level and collective-level legitimacy dynamics.

After all, several sources of legitimacy are organizations in their own right (Hirsch, 1977; Scott, 1987), and their behaviour need to be understood in organizational terms. A long-standing belief of organizational theory from an open systems standpoint is that each legitimacy-granting organization is linked to others, both within its sector and across sectors. For instance, media watch and report decisions by regulators (Deephouse, 1996). Likewise, Gabbioneta et al. (2013) demonstrated that the different stakeholders pressure each other – often inadvertently. Therefore, the conferring of legitimacy by diverse sources is as agreeable to organizational analysis as is the search of legitimacy by a central organization.

4.4 Constructing and Evaluating Legitimacy and Accountability

Organizations are subject to accountability and legitimacy claims. How does it react to these claims? Deephouse et al. (2017) utilize four criteria for evaluating organizational legitimacy: Regulatory, Pragmatic, Moral and Cultural - Cognitive. Furthermore, they admit that these
four types have been indicated as 'bases' or 'dimensions (Suchman, 1995) of legitimacy criterion budding from intervention and argument among organizations and stakeholders. Besides, criteria differ depending on the precise source and particular organization under concern. All criteria engage a generalized insight or assumption that managerial activities are desirable, proper or appropriate in some socially constructed systems of norms, values, beliefs and definitions (Suchman, 1995). However, every criterion depends on a rather different behavioural dynamic. Regulatory Legitimacy view organizational transformation as essentially a creation of market forces and regulative organizational elements such as new policies focused through coercive means. From the regulative perspective, the legal compulsion may be the necessary driver of amendment, with compulsion and fright acting as key factors perpetuating that change. Here, organizational members transform because they have to and not essentially because they want to. Regulative elements of change are possible to be linked with fast, episodic alteration. Regulatory legitimacy is consistency to regulatory standards, rules and laws (Zimmerman and Zeitz 2002), which by meaning have official nature. Thus, the legal rules and regulations are official institutions that stand for a basis of regulatory legitimacy, and the government bodies that allow it are state organizations on diverse levels – regional, local, national and international (Ruef and Scott 1998; Baum and Oliver 1991). Earlier studies reveal that regulatory legitimacy is the first kind that organizations attempt to obtain in order to gain legitimacy. Delmar and Shane (2004) established that new ventures establishing a legal entity have a higher probability of survival. Pragmatic Legitimacy is the self-regarding calculations of an organization's most direct audiences. Often it involves straight exchanges connecting the organization and the audience. However, it can also engage broader political, economic, social interdependence in which organizational action obviously affects the welfare of the audiences. Accordingly, audiences are expected to become constituencies, examining organizational behaviours to decide the realistic consequences. Moral Legitimacy echos a optimistic normative assessment of organizations and its actions. It rests not on the finding about whether a specified action benefits the assessor, but somewhat on judgments about the action whether the activity is "the right thing to do". These judgments typically mirror beliefs about whether the activity efficiently endorses social welfare as defined by the audiences socially constructed value system. At its core, moral legitimacy mirrors a pro-social judgment that differs primarily from slender self-interest. Usually, moral legitimacy captures one of the subsequent four forms: evaluations of outputs and consequences, evaluations of techniques
and procedures, evaluations of categories and construction and finally evaluations of leaders and representations. Cultural-cognitive legitimacy is compliance to widely-held cultural beliefs and taken-for-granted traditions (Scott 2001; Westphal, Gulati and Shortell 1997). As of Ruef and Scott (1998), “cognitive elements are rules that specify what types of actors allow to exist, what structural features they exhibit, what procedures they can follow, and what meanings are associated with these actions.” The foundation of cultural-cognitive legitimacy are the taken-for-granted supposition fundamental to the social system (Scott 2001: 52; Ruef and Scott 1998), which have casual character. According to Suchman (1995), the cultural-cognitive aspect of legitimacy is “the most subtle and the most powerful” as well as the most tricky to get and manoeuvre.

Managing legitimacy is very important at all times, but diverse times call for different types of legitimate actions. Deephouse et al (2017) projected five Scenarios: Gaining, Maintaining, Challenged by, Responding and Institutionally innovating; because it better reflects growing situations that can be viewed equally from the organization’s and from the stakeholders’ viewpoint; also, scenarios are frequently used by planners as optional future states (Hodgkinson & Healey, 2008; Schoemaker, 1993). Gaining since before new organizations can widen legitimacy, they need to gain it in the first or risk falling victim to the liabilities of originality (Singh 1986). Besides, existing organizations can gain legitimacy for new actions in a range of ways, not only by expanding the umbrella of the organization’s prior legitimacy to cover a new doings. Thus, gaining is more of a inclusive term. Gaining legitimacy occurs in a steady institutional environment so that the organization must show its decency and fit in pre-existing regulatory and pragmatic standards, moral values, and cultural-cognitive meaning systems. Maintaining engages custom consideration to reinforcing stakeholders’ sense that the organization carry on to stick to standards of suitability and as reflected in various types of criterion. There is very little research on how organizations vigorously preserve legitimacy because constancy does not generate theoretical much drama or necessitate much vigorous managerial intervention (Locke & Golden-Biddle, 1997). Challenged By scenario brings to the centre the continuation and point of view of multiple stakeholders who may question legitimacy on numerous grounds. Challenges by different stakeholders also take exclusive forms. Researchers studying reputation and other social assessment have also documented these distinctions concerning multiple stakeholders making numerous evaluations using multiple criterion (e.g., Bundy & Pfarrer, 2015;
Mishina, Block, & Mannor, 2012). In Responding it is supposed that challenges to legitimacy are a form of institutional pressure to which an organization can react, and possible answers differ on the reactive/proactive dimension (Oliver, 1991). In contrast, Suchman (1995: 597) assured that repairing “generally represents a reactive response to an unforeseen crisis”. Effective responses may depend less on compliant to any single set of prospect than on shaping which sources care about which criterion and building a feasible package of reassurances that please enough sources on adequate criteria enough of the time. Performance challenges may necessitate reassurances of organizational efficiency in order to maintain regulatory and pragmatic legitimacy, while value challenges necessitate reassurances of good character and social responsibility to maintain moral legitimacy.

Institutionally Innovating situation focuses on the strategic formation of new institutions, regularly by institutional entrepreneurs (DiMaggio, 1988). We detach this from gaining legitimacy since the actions required to theorize and produce new institutional rules, norms, and meaning systems in the institutional environment are qualitatively different from the actions necessary to reveal the appropriateness of a new case of an already familiar form within a steady institutional regime (Aldrich & Fiol, 1994; Garud, Jain, & Kumaraswamy, 2002; Lounsbury & Glynn, 2001; Strang & Meyer, 1993). Table 2 summarizes this discussion.

Organizations can handle their legitimacy by attempting to conform to legitimacy claims that are made on them; they can look to manipulate them; or they can selectively be conventional to claims from amid their environments, or legitimacy communities, conforming to claims of those that will sustain them (Black, 2008). The form that the scheme takes will differ with the kind of legitimacy that is in question: pragmatic legitimacy; moral or normative legitimacy or cognitive legitimacy, and on whether the organization is seeking to build, maintain or repair legitimacy (Suchman 1995, pp. 585–601; Cashore 2002; Bernstein & Cashore 2007).
TABLE 3: MANAGING ORGANIZATIONAL LEGITIMACY OVER TIME

<table>
<thead>
<tr>
<th>Concept\Scenario</th>
<th>Gaining</th>
<th>Maintaining</th>
<th>Challenged by</th>
<th>Responding</th>
<th>Institutionally Innovating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy</td>
<td>Demonstrate propriety</td>
<td>Remain acceptable or taken-for-granted</td>
<td>Challenges of appropriateness</td>
<td>Demonstrate appropriateness</td>
<td>Create new definitions of propriety</td>
</tr>
<tr>
<td>Regulatory</td>
<td>Apply and meet standards</td>
<td>Satisfy routine monitoring</td>
<td>Performance challenges</td>
<td>Verify performance vis-à-vis standards</td>
<td>Change regulations</td>
</tr>
<tr>
<td>legitimacy</td>
<td>Demonstrate adequate performance</td>
<td>Avoid poor performance</td>
<td>Performance challenges</td>
<td>Affirm adequate performance</td>
<td>Change performance criteria</td>
</tr>
<tr>
<td>Pragmatic</td>
<td>Show fit with social values</td>
<td>Don’t violate social values</td>
<td>Value challenges</td>
<td>Affirm fit with social values</td>
<td>Change social values</td>
</tr>
<tr>
<td>legitimacy</td>
<td>Conform to meaning systems</td>
<td>Don’t violate meaning systems</td>
<td>Meaning challenges</td>
<td>Affirm fit with meaning systems</td>
<td>Change meaning systems</td>
</tr>
<tr>
<td>Moral</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>legitimacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural-cognitive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


However, the extent for strategic action is surrounded by the institutional context. The narratives that organizations build will have to make sense to themselves (Meyer & Rowan 1977). The organization may vary the narrative, or may seek to decouple the actions of the organization from the maintenance of formal legitimacy arrangement (Meyer & Rowan 1977). However, it is also probable that to the degree that the story was separate, the story alters the organization. The organization change to carry itself closer into accord with the story it tells of itself, and certainly which it may be required to inform (Black, 2008).

Suchman argues that responding to moral and cognitive claims can itself have transformative
effects on an organization (Suchman 1995). Moreover, once gained, maintaining legitimacy may be tricky, not least because legitimacy communities can alter; new actors with different legitimacy claims may become relevant to the organization or legitimacy claims of existing actors in the environment may change (see, e.g. Dent 1991).

There is a important body of research in critical accounting which explores the position of accounting and audit in transforming organizational certainty. This research shows that accounting or auditing norms can be sites of contestation among diverse conceptions of the place of the organization both within and outside it; organizations can build new shared understandings of organizational purposes; they can give a widespread conversation and framework of meanings in which the organization can make sense of itself and others can make sense of it. They can also present organizational members with a scheme of groups in which they can make sense of what has happened, expect the future and plan and measure action (Burchell et al. 1980; Hopwood 1987; Power 1995).

The insights as to the transformative effects of accountability relationships that this body of work provides have important implications for the understanding of how and whether organizations can build multiple narratives in the background of numerous accountability relationships in an effort to assemble the different legitimacy claims of multiple legitimacy communities (Black, 2008). To give account requires the building of a narrative; it also involves engaging in a particular dialogue of accountability. Auditing, is not just an accountability instrument which can be used to give an account of monetary expenditure, or certainly increasing routine in achieving a broad range of social objectives: sustainable development or moral labour practices and so on, as the rising practices of social auditing illustrate (Courville 2003). Recognizing this outgoing dimension of accountability is major as it contradicts the image of accountability as an conceptual, technical process, and the “tools” or “techniques” by which it is achieved as unbiased, scientific instruments that can be deployed at will (Black, 2008). As such it runs oppose to the “invisible hand” model of accountability, in which accountability devices can be tweaked or distorted and discriminating inhibitors applied through processes of tactical intervention to guarantee that suitable norm structures are accepted and outcomes achieved (cf. Scott 2000).

Additionally, organizations can face multiple legitimacy claims from within and outside the environment, some of which may clash. They can also be practical in overseeing their
legitimacy. So how can and will they react to multiple legitimacy claims? Faced with contradictory legitimacy claims, organizations face a legitimacy problem; what they need to do to be established by one part of their environment, is opposing to how they need to react to another part. Forming one set of accountability relationships can prevent forming others; it just is not probable for organizations to have total legitimacy from all aspects of the environment (Black, 2008). Even if the clash between legitimacy communities does not direct to a dilemma, it can have a harmful effect on the organization as it seeks to react to the manifold legitimacy and accountability stresses being made on it; the organization may bear “multiple accountability disorder” (Koppell 2005). In other words, its attempts to react to the manifold demands may reduce its chances of continued existence (Power 1995).

In contrast, even though it is faced with manifold and perhaps mismatched legitimacy claims, the organization may not perceive there to be a dilemma at all. Instead, it directly does not respond to a particular claim. In other words, the organization does not require to meet the legitimacy claims of a particular legitimacy community in order to follow its goals or to survive. It perceives that it can disregard the claims of consumers, less developed countries, human rights organizations and so on because it has greater need for gratitude by other legitimacy communities (Black, 2008). However, organizations cannot disregard all legitimacy claims and survive, even if they can ignore some or perceive that they can. This suggests that there can be noteworthy implications for an organization, therefore, in acquiescing in exact legitimacy claims and developing certain accountability relationships rather than others. The query arises as to the claims that they are probable to respond to and those from which they will abstain, and moreover the degree to which their institutional environment bounds their range for strategic action. Research on how organizations react to the accountability and performance devices show that contradictory pressures on the organization guide to inner conflicts amid different parts of the organization and the implementation of a range of responses, from conversion and acquiescence to defiance and manipulation (Brignall & Modell 2000). The diversity of organizational responses to regulatory requirements has also been noted in the compliance literature (Braithwaite & Reinhart 2007).

As to why responses differ, the research on organizational responses to regulatory needs tends to split as to the stress placed on incentive and capacity to react, and with respect to
inspiration, on the degree to which it assumes, implicitly or explicitly, a strategic rational actor or a more complex model of behaviour (e.g. Kagan & Scholz 1984; Chayes & Chayes 1995; Downs et al. 1996; Winter & May 2001; Downs & Jones 2002; Braithwaite & Reinhart 2007). In an effort to create the strategic and more bounded models of reply, and assuming a prearranged model of behaviour, Oliver identifies five kinds of response by organizations to institutional processes: acquiescence, compromise, manipulation, avoidance, and defiance (Oliver 1991). Of most relevance here, she forecasts that organizations will constantly acquiesce when legitimacy gains are elevated (Oliver 1991). However, organizations may not constantly acquiesce in every legitimacy claim, even where that would effect in more legitimacy from that particular legitimacy community (Black, 2008). In contrast, others have recommended that the degree to which organizations react deliberately to a legitimacy claim depends on whether that claim is pragmatic, moral or cognitive, with strategic responses being least to cognitive claims (Suchman 1995; Cashore 2002; Bernstein & Cashore 2007).

Managing legitimacy also depends on the type of organization in subject. There are marked differences amid organizations in diverse societal sectors concerning the sources who assess legitimacy, the criteria used, and the outcomes that result. Within a societal sector, the precise organizational population is also necessary. Following Hannan and Freeman (1977: 935-936), an organizational population consists of all organizations within a border sharing an organizational form; organizational shape is “a blueprint for organizational action,” including official structure, patterns of act, and the normative command recognized by organizational members and the relevant societal sector. Accountability and legitimacy, both are relational concepts which are socially and indirectly constituted. There are dissimilar legitimacy communities, comprised of actors within and outside the regulatory government who have diverse perceptions as to the significance and validity of different legitimacy claims for different regulatory actors.

Although organisations can frequently contribute in a number of different legitimacy discourses concurrently, and thus please a range of diverse legitimacy communities, this can not only have a harmful effect on the organisation the differences between communities may be such that organisations can face a legitimacy problem: that actions that they need to take
to render them legitimate for one legitimacy community are in direct disagreement from those they need to acclimatize to satisfy another.

4.5 Summary

Legitimacy is vital to an organisation’s continued existence and expansion. Legitimacy means social reliability and suitability, and it is a perceived right to rule. The idea of accountability is not an conceptual, technical procedure. This origin of accountability runs oppose to the ‘invisible hand’ and is rather relational, and dialogic. It is imperative to highlight its uniqueness from control or other institutions or events which influence behaviour. Firms may react to end user requirement by developing ethical products, but changes in their manufacturing processes or sourcing policies to react to consumer demand does not essentially mean they are ‘accountable’ to customers; rather they are inclined by them. Being ‘accountable’ would signify that firms generate structures in the course which they can correspond with consumers, or more sensibly groups of consumers or those purporting to proceed on their behalf, and during which consumers can react in such a method that will have consequences for the firm’s actions. Accountability is a technical matter; that what is needed is to advance the design, develop the mechanisms, arrange the springs, in such a method that accountability will essentially pursue. However, accountability is not a technical exercise; it is a relational one. Diverse accountability instruments have diverse accountability relationships. Those relationships are not essentially substitutable one for the other such that if one fails a new can take its place. Substitutability assumes homogeneity in legitimacy claims within the organization's surroundings. However, those claims are mixed, and furthermore that incompatibilities can be more noteworthy within the full forms of legitimacy claims than among them.

Chapter Two provides a description about the context of this thesis: the textile and garments industry of a developing country, Bangladesh. The significance of this industry and the motivation behind choosing this industry for this thesis are also described in Chapter Two. While investigating the regulatory initiatives and its effects, this thesis utilises legitimacy theory and the notion of accountability. The justifications for using this theoretical perspective is provided in this section.

The textile and garments companies of Bangladesh function in an environment where moral considerations are necessary to the global community. These companies are vital from a
CSR viewpoint, as their operations are related with the subject of human rights/labour rights infringement, use of child labour, feeble and unhealthy working conditions, wage discriminations, deprived health and safety issues, unfortunate structural problems in factory buildings and so forth. Predominantly in the late 1990s and early 2000s, supply companies were the target of widespread criticism from international media, NGOs and labour rights groups for applying poor CSR practices.

Since the textile and garments companies of Bangladesh are chiefly export-oriented companies and they provide textile and garments to a lot of of the world’s famous brands, it is argued that these supply companies require to assure global societal expectations in their business operations. These companies observably have ‘social contracts’ with the broader society/community, and society allows them a ‘license to operate’. Thus, it is expected that these supply companies can maintain their business operations if they fulfil with broader societal expectations. Failure to fulfil would cause a risk of endurance for these companies, and thereby generate a possible legitimacy and accountability threat. Thus, according to the legitimacy theory standpoint, it is argued that when these supply companies view a potential legitimacy risk, they assume strategies to repair or maintain their legitimacy. In this thesis, it is forecasted that initially supply companies might make ‘symbolic disclosures’ about their social performance, but as public expectations change and social pressures are continued, then eventually actual changes in corporate governance practices would be expected, and related disclosure would follow. Steady with the argument in this chapter, it is measured that the ‘legitimacy’ and 'accountability' of these supply companies are the ‘resources’ on which the local supply companies are reliant on, and hence supply companies make efforts to preserve legitimacy and accountability.

It is argued that over time societal expectations have transformed owing to the pressure of media and NGOs. NGOs and media work jointly, and they both influence Western consumers’ expectations about CSR. Western consumers provide monetary capital to the multinational buying companies, and multinational buying companies provide financial resources to the local supply companies. Western consumers recognize these multinational buying companies instead of the local supply companies. People only become conscious of these local supply companies when something takes place such as the Rana Plaza collapse or Tazreen Fire accident. Since no one knows about the local supply companies, which are
more than 4,000 in number, such legitimacy and accountability intimidation are more noticeable to the legitimacy of the multinational buying companies rather than the local supply companies. Such pressure occurs if multinational buying companies fall short to meet the expectations of their western consumers.

When the legitimacy of multinational buying companies is endangered, consumer financial flow is condensed. For this reason, multinational buying companies consider such probable threats. The more western consumers query multinational buying companies’ legitimacy, the less they buy. When multinational buying companies’ legitimacy and accountability are in danger, they then put stress on the Bangladesh Garments Manufacturer Exporters' Association (BGMEA) and the individual supply companies. The BGMEA also exercises power and institutionalised demands on the local supply companies, as local factories require to get sanction from the BGMEA for the export/import of garments/fabrics. Multinational buying companies do not wish to be coupled with the social and environmental catastrophe; hence they require to know how the supply companies are performing to lessen the likelihood that they will generate problems for these multinational buying companies. Their legitimacy and accountability are at jeopardy when media provides harmful reports on their association with a supply factory that has unfortunate CSR performance or when NGOs campaign to prohibit their products, alleging their attachment with a factory offering low wages and/or infringing human rights in the workplaces.

Thus, this thesis applies the legitimacy theory and the notion of accountability to analyse the Post Rana Plaza regulatory initiatives. By adding the notion of accountability, this thesis tries to extend the sphere of legitimacy theory and to provide a comprehensive understating of the effects of new regulatory initiatives in a developing country context. The next chapter demonstrates how this theoretical approach is reflected in the methodology that has been used in this study.
CHAPTER FIVE: RESEARCH METHODOLOGY

5.0 Overview

The research used both primary and secondary sources of information to answer the two interrelated research questions. Primary data is gathered by using semi-structured interviews and secondary data comes from document analysis of both suppliers and buyers as well as reports provided by different agencies (Alliance, Accord, Shift, Mazars, Human Rights Watch (HRW) and UN Human Rights Council), news articles published on different news media and videos related to the topic. Although this study is an interview-based piece of research, in order to adequately address the research questions other textual data from various publicly - available sources are also used for data analysis to supplement the interview evidence. The qualitative content analysis of textual data in the research influences the development of the interview guide. Patton (2002, p. 343) proposed that the utilizing interview guide has the benefit of allowing the interviewer to make a decision on how best to utilize the available time and it progresses the uniformity of coverage of appropriate topics, while leaving the interviewer open to explore and investigate exciting comments and issues that take place in the way of the interview. Open-ended questions promote interviewees to offer a full account of their experiences. This format assists the development of good flow to the conversation, and a good rapport between the interviewer and the interviewee.

Research design offers a framework for the gathering and analysis of data (Bryman and Bell, 2007). For the purpose of this thesis, the study of official publications and reports and semi-structured interviews are used to answer the research questions. In the first stage, the documentary study is employed to identify relevant issues in the social audit from the comments, reports, write-ups and videos provided by a broad group of interested parties. The issues identified are used in developing the interview questions so that relevant themes are included in the second stage of the study, involving semi-structured interviews with retailer brands, third-party assurance providers, factories, NGOs, government officials, Big 4 firms, workers and regulators. In this way, the interview is planned around the materials for which there was already some confirmation of their significance to the understanding of the social audit related to human rights. Instead of producing definitive versions of participants' action or beliefs, interview data are used to reveal regular interpretative practices through which participants construct versions of actions, cognitive processes and other phenomena. This
method does not take the individual as the principal unit of analysis but strives to recognize cultural regularities in participants’ accounts in order to examine the phenomena studied at a macro-sociological level.

This study employs a qualitative approach by using the semi-structured interview as the primary data collection method. In doing so, the study avoids a positivist view of the world and adopts a constructivist approach, consistent with the aim of the research, which is to focus on the interpretations and perceptions of the research participants rather than the outcomes of and relationships between variables. The interview questions, comprising a schedule of open-ended questions, is used to ensure that relevant themes are covered consistently with all interviewees and to ensure appropriate questions to tackle the complex issues in depth.

This chapter is organised into eight sections. Section 5.1 brings in three main research perspectives in accounting research. It specifies in detail an interpretive and social constructionist perspective that determines the methodological approach used in this study. Section 5.2, 5.3, 5.4, 5.5 briefly explains the designing and developing the interview protocol, describes reasons for using semi-structured interviews, finding/selecting interviews and conducting the interviews respectively. The next section 5.6 describes the process used for analyzing the data collected through interviews. Section 5.7 includes the reliability and validity aspect of the study, and finally, section 5.8 provides a summary of the chapter.

5.1 Methodological Approach

Chua (1986) identified three methodological assumptions of accounting research that delineate a researcher’s way of viewing and researching the world.

First, the positivist/functionalist (mainstream) research approach, which believes that society or reality is objective and external to the subject, the theory is separated from observations and human beings are passive and rational in pursuing their goal. This approach favours the use of quantitative methods of data analysis (hypothetical-deductive accounts) and collection of data by experiments, surveys and archival methods to understand social reality or objects that allow for the generalisation of findings.
The second research approach mentioned by Chua is the critical approach that views human beings as having inner potentialities that are alienated through a restrictive mechanism. The critical approach believes theories are temporal and context bound. As such, historical, ethnographic and case studies are commonly used to understand social reality (for details of both approaches, refer to Chua, 1986).

The third research approach and the one applied in this study is called interpretive research. This approach assumes the nature of social reality to be fluid and subjective; it does not exist in a concrete sense. In contrast to the positivist approach, the interpretive focus on individual meaning and people's perceptions of reality rather than an independent reality that might exist external to them (Hopper and Powell, 1985). The interpretive approach focuses on understanding the subjective nature of the social world from the frame of reference of the subject being studied. In other words, social phenomena that happen in society are understood from the participant or actor rather than the observer (Morgan, 1980). Also, the interpretive approach views social reality as socially constructed where reality is emergent, subjectively created and objectified through human interactions that are given an objective form through performances, rituals, symbols and artefacts (Berger and Luckmann, 1967; Chua, 1986; Richardson, 1987, p. 346). The interpretive approach also considers that actors definition and understanding of social reality is influenced by the interaction between the actor and their environment, such as the social, economic and institutional arrangements in which they operate.

This study used an interpretive approach that required the use of qualitative methods to provide insight into the topic under study. This approach provided the researcher with an opportunity to investigate the said issues within its social, organisational and institutional context openly and flexibly. Qualitative methods were thought to be most appropriate, as the issue needed to be explored in detail from the participants' perceptions and beliefs. Also, the concepts and variables of the study were tricky to measure, and an understanding of the topic might not be reached by using more structured research. Patton (2002) pointed out that qualitative methods permit examination of a social issue explicitly and systematically without some prearranged categories. It also allows the researcher to collect rich information and adds to the understanding of social trend with a small number of people or cases. Patton (2002, p.4) stated that qualitative methods are documented from three types of data.
compilation: (1) in-depth, open-ended interviews; (2) direct observation; and (3) analysis of written documents. Similar to this view, the data for this study were collected from written documents and semi-structured interviews.

Berger and Luckman (1967, p. 78-80) proposed that social reality is constructed during three dialectical moments. First, externalization-conceptions of social reality are given objective form through performances, rituals, symbols and artefacts. Second, objectification-conceptions of social reality are accepted as part of social reality then achieve objective reality in life. Third, internalization-objectivity of social reality is internalized through socialisation processes (e.g. education and training) that reflect meaning. In order to understand the social world, the interpretive perspective suggests that the focus of study must be on the meanings and perceptions of those who inhabit in it. It is aimed at understanding the shared realities of individuals. (Hopper and Powell, 1985). This perspective assumes that the actors around it give any action meaning and thus must be studied within its broader social framework (Ansari and Bell, 1991; Hopper and Powell, 1985). It includes how it interacts with other organizational processes (Hopper and Powell, 1985) and how it can be used to rationalise the adoption of a particular course of action (Carl, 1988, 1997). Chua (1986, p. 165) argues that it increases 'the possibility of mutual communication and influence'.

This study, therefore, adopts the interpretative approach, which offers the view and interpretation of perceived social meanings by humans who influence the construction of social reality (Chua, 1986). The interpretive approach allows researchers to establish more pertinent questions about the practical setting in which accounting practice is operationalised because there are no predetermined assumptions to be tested (Hopper and Powell, 1985). In addition to interview data, collecting relevant texts and documents was undertaken to supplement the primary data sources obtained from the interviews.

To investigate different aspects of accountability and legitimacy of working conditions, this part of the study used constructionist ontological and the interpretive epistemological position (Bryman & Bell, 2007). An epistemological position is described as interpretive, meaning that, in contrast to the adoption of a natural scientific model in quantitative research, the stress is on the understanding of the social world in the course of an assessment of the analysis of that world by its participants. An ontological position is described as
constructionist, which implies that social properties are outcomes of the interactions between individuals, rather than phenomena ‘out there’ and separate from those involved in its construction (Bryman & Bell, 2007). The adopted ontological viewpoint is that there are various ways that people can perceive the world. In other words, different forms of reality constructed by people do exist. For example, constructivists do not see the texts from interviews as a means to gain insights into the real experiences of the interviewees. However, they see the interview data as an interpretation constructed by the interviewees in a particular context, which is a subset of an indefinite number of interpretations (Cassell and Symon, 2004, p.13). Thus, no interpretation is superior to another.

Moreover, definitions of qualitative research vary, but the main aim of qualitative research is to provide an in-depth understanding of the social process and relations (Moll et al., 2006).

5.2 Designing and Developing Interview Protocol

Textual data sources were a good starting point for this thesis because these sources provided a general understanding. The data from these resources were used to formulate interview questions and also to support the data collected from the interviews. The results of textual data analysis were then used to guide interview questions in the following phase. Textual data was collected from publicly available sources, including corporate reports, web pages, advertisements, publications, and other sources that mention ready-made garments, assurance and human/labour rights. The data collected is analysed using a qualitative content analysis method to make sense of the collected data. One of the distinct features of qualitative content analysis is the use of categorisations based generally on the theoretical framework.

Before the two sets of interviews, by reviewing the related literature, the initial questions were constructed based on the research questions. Semi-structured interview instrument was developed that specified specific themes to discuss while being flexible enough to explore emerging paths during the interview. After the first couple of interviews, the questionnaire was reassessed since some of them were repetitive and some encompassed more than one issue. Hence some questions were redefined and split into more than one question, and the repetitive ones were erased. Also during the first interviews, some additional issues came to light that where the researcher had no previous knowledge about, so questions involving these new areas are then redesigned.
The questions were asked in the researcher's own words, and sometimes the sequence differed to probe follow up questions when necessary.

5.3 Reasons for using Semi-Structured Interviews

Interviews often constitute an efficient means of collecting data when the qualitative researcher seeks to better understand organizational and group processes (Patton, 1990). Three sources of data may be used in qualitative research, namely observation, documentation and interviews. Concerning this study, direct observation is rejected since it is almost impossible to secure permission to observe working conditions of the RMG factories. Moreover, exclusive reliance on official and published documents/reports would provide an incomplete picture since processes officially described in writing are typically much different than processes in action (Mintzberg, 1979). Consequently, to carry on the investigation, this study relied mainly on interviews conducted by the researcher herself.

Semi- interviews were chosen in order to allow the interviewees a degree of freedom to explain their thoughts and to highlight areas of particular interest and expertise that they felt they had (See, for example, Cottle (1977:27) and as well as to enable specific responses to be questioned in greater depth, and in particular to bring out and resolve apparent contradictions. This form of interviewing also revealed specific issues that had not been previously identified and which had been followed up in further questioning as well as in later interviews.

Once again, interviews of this kind may be criticized because interviewees will give, either openly or subtly disguised (or even unconsciously), the views that they wish the interviewer to have and report rather than their true beliefs and opinions. There is very little that can be done honestly to eliminate this possibility. However, the context within which the interviews were conducted, in particular, the assurances about confidentiality provided the most informal situation possible within which people could be encouraged to be open to their opinions. Also, in general, the sincerity with which interviewees expressed what they often described to be their own personal rather than the official views. Finally, the validity of responses is to some extent confirmed by their consistency among different interviews, which enable a reasonable, coherent overall picture to be developed.
"Without allowing people to speak freely we will never know what their real intentions are, and what the true meaning of their words might be." (Cottle 1977:27)

The primary objective of these interviews was to obtain detailed insights into the perceptions and/or expectations of the stakeholders about the compliance issues and the role of social audit in assuring human rights of employees in the supply chain. Stakeholders were identified based on prior literature in the context of the textile and garments industry of Bangladesh. The research questions match the data collection method, which uses semi-structured interviews to provide an understanding of new practice by focusing on those elements that are involved with the practice (Hartley, 2004).

5.4 Finding and Selecting Interviewees

Accounting academics or would be academics who consider conducting qualitative research devote considerable time and energy to find participating organizations. As a result, negotiation of access for qualitative accounting fieldwork is an essential obstacle for research. In the case of this research, family, friends and acquaintances were of great help with access. It was a useful starting point to avoid cold calling (Buchanan, 1998). Unfortunately, not all the people contacted were available, or willing, to agree to a meeting. Sometimes there were difficulties in obtaining cooperation, and sometimes it was difficult to find a relevant officer who would agree to be interviewed. The researcher having the same social, cultural and ethnic background as the interviewees provided with more access to the insights. However, it is understandable that conducting interviews is difficult, as all of these people are very busy and it is hard to convince them to participate in an interview and then find a time to conduct the interview.

Finally, 36 interviewees agreed to participate in this study. In reality, individuals tend to agree to participate more easily in research projects than organizations. The gate keeping forces are considerably more active at the level of organizations than that of the individual. It is easier to contact potential interviewees directly and to bypass organizational approach and screening procedures.

Another 'line drawing' problem arose about how many interviews to conduct. The 'number game' is difficult to judge, and the researcher's approach was, not to chose a number and then seek to arrange that many interviews, but to seek to cover as many as stakeholders possible
to answer the research questions and see how many interviews that would take. Patton (2002, p. 244) when explaining about sample size suggests:

“There are no rules for sample size in qualitative inquiry. Sample size depends on what you want to know, the purpose of the inquiry, what’s at stake, what will be useful, what will have credibility, and what can be done with available time and resources”.

Data collection through interviews ended when incremental learning was minimal and the interviewees were giving more or less similar data already collected before. Regarding interviewing, ‘theory' demands that one ask the same set of questions to all interviewees in order to enhance construct validity (Yin, 1983). Even though all the interviewees had similar questions, but they were not sequenced in the same way.

Some of the interviewees also have suggested certain people to talk who would be of interest. In some cases, because the interviewee knew that the suggested held more detailed views to theirs and in some instances, the interviewees were asked to suggest names of those whom they would recommend as able to speak with authority with the issues.

After finishing the pilot study, interviewing nine people, it was a great surprise to see the difference between the assumptions made and the reality of the people and the phenomenon. However, in the course of meeting new people through the fieldwork, the researcher came to see how difficult it is to acquire a deep understanding of events and people, which enhanced the sense of necessity to listen and to learn different ways of thinking before judging whether a particular statement is acceptable or not.

This study intended to get an in-depth understanding or information richness rather than generalisation of the issues. It is also worth mentioning that time and resources also played a significant factor in determining the sample size. Finally, 36 interviews were collected which constituted 27 organizations. Table 4 provides the interviewee profile.
Table 4: Interviewee Profile

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Actor</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buying House</td>
<td>Assistant HR Manager, Bangladesh Operations</td>
</tr>
<tr>
<td>2</td>
<td>Buying House</td>
<td>Compliance Manager, South Asia</td>
</tr>
<tr>
<td>3</td>
<td>Factory</td>
<td>General Manager, Compliance &amp; Personnel Admin</td>
</tr>
<tr>
<td>4</td>
<td>Factory</td>
<td>Manager, Personnel &amp; Administration</td>
</tr>
<tr>
<td>5</td>
<td>Factory</td>
<td>Senior Executive, Compliance &amp; Training</td>
</tr>
<tr>
<td>6</td>
<td>Brand</td>
<td>Manager, Procurement, Supply Chain</td>
</tr>
<tr>
<td>7</td>
<td>Brand</td>
<td>Senior Manager, HR &amp; Administration</td>
</tr>
<tr>
<td>8</td>
<td>Brand</td>
<td>Manager, Environment, Health &amp; Safety Facilities</td>
</tr>
<tr>
<td>9</td>
<td>Accounting Audit Firm</td>
<td>Partner, Bangladesh</td>
</tr>
<tr>
<td>10</td>
<td>Accounting Audit Firm</td>
<td>Senior Manager, Audit and Advisory Services</td>
</tr>
<tr>
<td>11</td>
<td>Apex Body</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>12</td>
<td>Brand</td>
<td>Head of Finance, Bangladesh Liaison Office</td>
</tr>
<tr>
<td>13</td>
<td>Non- Accounting Audit firm</td>
<td>Social Audit Advisor</td>
</tr>
<tr>
<td>14</td>
<td>Non- Accounting Audit firm</td>
<td>Deputy Manager, Supply Chain Assessment Solutions</td>
</tr>
<tr>
<td>15</td>
<td>Non- Accounting Audit firm</td>
<td>Manager, Supplier Management</td>
</tr>
<tr>
<td>16</td>
<td>Non- Accounting Audit firm</td>
<td>Assistant Manager, Business Development</td>
</tr>
<tr>
<td>17</td>
<td>Non- Accounting Audit firm</td>
<td>National Head</td>
</tr>
<tr>
<td>18</td>
<td>Buying House</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>19</td>
<td>Factory</td>
<td>Proprietor</td>
</tr>
<tr>
<td>20</td>
<td>Factory</td>
<td>Senior Manager, HR and Compliance</td>
</tr>
<tr>
<td>21</td>
<td>Brand</td>
<td>Code of Practice Assistant Manager</td>
</tr>
<tr>
<td>22</td>
<td>NGO</td>
<td>Program Coordinator - Workers' Rights</td>
</tr>
<tr>
<td>23</td>
<td>Brand</td>
<td>Senior Compliance Manager</td>
</tr>
<tr>
<td>24</td>
<td>Accounting Audit Firm</td>
<td>Senior Manager, Advisory Services</td>
</tr>
<tr>
<td>25</td>
<td>Government</td>
<td>Former Advisor to the Care Taker Government</td>
</tr>
<tr>
<td>26</td>
<td>Accounting Audit Firm</td>
<td>Associate Manager</td>
</tr>
<tr>
<td>27</td>
<td>Accounting Audit Firm</td>
<td>Senior Manager</td>
</tr>
<tr>
<td>28</td>
<td>NGO</td>
<td>Manager, Partnership Operations Monitoring</td>
</tr>
<tr>
<td>29</td>
<td>Factory</td>
<td>Managing Director</td>
</tr>
<tr>
<td>30</td>
<td>Factory</td>
<td>Manager, Human Resources</td>
</tr>
<tr>
<td>31</td>
<td>Factory</td>
<td>Senior Manager, Compliance</td>
</tr>
<tr>
<td>32</td>
<td>Brand</td>
<td>Merchandiser</td>
</tr>
<tr>
<td>33</td>
<td>Brand</td>
<td>Senior Merchandiser</td>
</tr>
<tr>
<td>34</td>
<td>Apex</td>
<td>Assistant Secretary, Fire Safety</td>
</tr>
<tr>
<td>35</td>
<td>Accord</td>
<td>Undisclosed</td>
</tr>
<tr>
<td>36</td>
<td>Brand</td>
<td>Manager, Marketing &amp; Sales Department</td>
</tr>
</tbody>
</table>
5.5 Conducting the Interview

Before conducting interviews, ethics approval was sought from Alliance Manchester Business School and was granted accordingly. The first phase of the interview data, the pilot study was done after studying various newspaper articles, published reports provided by different agencies (Alliance, Accord, Shift, Mazars, Human Rights Watch (HRW) and UN Human Rights Council), and related videos through a pilot study of 9 interviews. The second phase of the research utilised in-depth 27 personal semi-structured interviews conducted with various stakeholders, including multinational buying companies, NGOs, factories, workers, third-party assurance providers, Big 4 firms and with senior officials from BGMEA. The issues identified in the pilot study were used in developing interview questions so that relevant themes are covered in the second stage of the study. The interviews ranged from 20 minutes to 3 hours 15 minutes. Most of the interviews were conducted in Bengali as participants felt uncomfortable and chose to speak their local language, ‘Bengali'; the researcher then translated the interviews into English. Quite a few steps were taken to progress the dependability of the data collected through interviews. Same/similar interview questions were used to provide a consistent framework and coverage of topics in each interview, but sometimes additional questions were asked to make it possible to delve deeper into the interviewee's views. A few researchers (for example, Buhr, 1998; O'Donovan, 1999; O'Dwyer, 2002) have used methods to gather qualitative data by the direct questioning of managers for testing legitimacy theory. O'Donovan (2002) argues that gathering data, directly from management, about their perceptions and from ex-ante perspectives is more useful in evaluating reasons for specific environmental disclosure and, more importantly, why decisions not to include environmental information were made.

In the first few minutes of the interview, an attempt was made to reduce the risk of response bias and make the interviewee more willing to freely answer to questions - which is critical in the context of this research due to the sensitive nature of some of the themes under study. A realization was that the critical point of gaining the trust of the interviewees and to make them comfortable about talking about the experience to a stranger was not to explain the researcher's position but to open up to them. Subsequently, after explaining the researcher's background and the reasons for being interested in this research. It was made clear at the
outset of each interview that all the material would be treated in confidence and persons will not be identified in the subsequent report of the research. Pseudonyms would be used to protect their anonymity. This process seemed to re-assure each interviewee and let to a rapport that negated any concerns that could have arisen regarding taping of material. The interviews were conducted on the basis that opinions would not be attributed to specific individuals or organizations without their permission, or except in so far as the views had been stated in published material, and that the interviews could go 'off the record' at any stage.

It is important to be trustworthy in the eyes of the interviewees since the validity of the data depends on it. Accordingly, at the beginning of each interview, there was an effort to establish a good relationship with the interviewee by discussing a matter unrelated to the research, for example, educational background and career progression till date. It was made sure that the first questions asked were not related to potentially sensitive issues - again in order to make the interviewee more comfortable at providing information. Then, after thanking the interviewee for participating in the study, the researcher described the broad objective of the research, asked for permission to tape the interview, to specify the interviewee's right to refuse to answer any question and described the procedures to ensure anonymity. Discussions during the interviews revolved around current working conditions in factories pre and post Rana Plaza, whether there were any improvements following the Accord and Alliance, the extent of compliance, participants' experiences of working in the garment sector, their views on the implementation of the Accord and Alliance, worker struggles demanding an increase in the minimum wage, state repression of dissent, challenges of implementing the Accord, and consequences arising from the shutting down of garment factories. Using the semi-structured instrument, the researcher then has gone through the central part of the interview.

Additionally, it is demanding to listen to the interviewee's answer simultaneously, be attentive to the interviewee's non-verbal cues, encourage him/her to provide information by nodding time to time, think about the next question to ask and take field notes. The notes consisted of what was perceived as significant information provided by the interviewee as well as reminders of follow up questions to ask later during the interview. It was also emphasized that the participant would have the opportunity to verify the accuracy of the
interview transcript and subsequently changes s/he might need to make him/her comfortable with what s/he said during the interview. However, no interviewee asked for it later.

One of the demanding issues was thinking of appropriate follow-up questions on the spot to the responses given by interviewees. The notion of semi-structured interview implies the use of further questions to explore issues in more depth. This contains topics, themes, or areas to be covered during the interview, rather than a sequenced script of standardised questions (Lewis-Beck, Bryman & Liao, 2004). The aim is usually to ensure flexibility in how, and in what sequence, questions were asked, and in whether there was a need to follow up particular areas with the interviewees (Lewis-Beck et al., 2004). However, the researcher needed to be conscious not to put things into the interviewees' minds directly (Patton, 1990, p. 278) and open-ended questions were used in order to invite the interviewees to participate in the conversation (O'Dwyer, 2002). The problem was to keep in mind the concepts to be covered while responding to interviewee's response. The reason is, ex post transcription cannot retrieve a lost opportunity to ask meaningful and pertinent follow-up queries at the time of the interview. Interviews lasted longer when the interviewees are probed for illustrations or explanations or were enthusiastic about sharing their stories. One issue during the interviews was, more precisely, how to get interviewees to stop talking. Once a rapport is established, sometimes it was difficult to draw the interview to a close. In other situations, it was quite challenging to get an elaborate answer to the questions.

It was also systematically made sure to end the recorded part of the interview with a broad question, asking whether we omitted/missed to discuss anything significant about the topics covered in the interview. This question allowed several interviewees to summarise their previous answers, and to disclose a few additional pieces of information. There was also a need to remain fully concentrated when the tape recorder is turned off because often the interviewee continued to provide information - which was rapidly taken into note once the researcher was outside the premises. Finally, before leaving the interview location, it was mentioned that there might be a need to contact him/her later to clarify some answers and thanked him/her for information provided. Also, after each interview, the semi-structured instrument was modified following the perception of the 'effectiveness' of the questions and noted any idea that emerged, and that might later be useful in making sense of the data.
To ensure accuracy, interviews were taped whenever circumstances allowed but in some cases, interviewees did not wish to be taped, or the meeting place (for example, over lunch or existence of other people, construction work going on) did not allow efficient use of tape recorder. All the tapes were transcribed (although sometimes the noise of the office air conditioning and people working in the background made this task difficult).

11 interviewees out of 36 wished not to be recorded during the interview. Manual recording involved the need to listen, think, assess, edit and then write down the comments, practically all at the same time. When the interviews were recorded manually, an annotated version of the interview was written down, based on the judgement of what is essential. This has to happen as, unlike taping which captures everything that has been said, every word of the interview cannot be recorded manually. An assurance of the confidentiality and anonymity was given, as suggested by Taylor & Bogdan (1984), regarding information disclosed in the course of each interview as it was felt that it would put the interviewee at ease. At this stage also it was checked whether it was all right to make some notes as the interview progressed. When the interviewees were at ease, the researcher then has proceeded with the central part of the interview. Once the need to record data was clarified, note taking during the interview itself did not pose any problems. It was found that each interviewee, as he/she saw the researcher writing, seemed to understand that it needed brief pauses to jot down points as they arose and made this time available, without explicitly having to ask for it. Maintaining eye contact as much as possible right through the interview kept the momentum going. Also, it was found that it was useful to make brief comments such as: ‘That is interesting/I see what you mean/Can you give me an example please’ etc. in order to avoid any long silence as the writing was going on, which might break the flow of the conversation. The overall process involved a delicate balancing act between asking questions and note-taking, with the eye contact to keep it to run smoothly. The fact that there was an interview guide that identified the topics that needed to be covered provided a reasonable structure for each interview while also allowing ample scope for comment and elaboration on individual issues. It was instrumental in preventing the interview from going off track. Appendix 2 provides the interview guide.

At the end of each interview, the data was there. However, as it was manually recorded, the record was not as comprehensive as if it was taped. Therefore, it was imperative to make the
most of what had been collected by going back over the record immediately afterwards. Accordingly, in order to ensure accuracy, and comprehension of the interview data, on return to the car after the interview, the researcher read over the relevant interview notes, fleshing out the inevitable abbreviations and make sense of the scribbles. This enabled the researcher to unscramble unclear writing while the interview encounter was still fresh in the researcher's mind. The interview process ended when it reached theoretical saturation (Glaser and Strauss, 2009) and answers became repetitive. An interview guide was used that covered a range of topics, including background information, the significance of improved working conditions, barriers to compliance with legal and private standards, the nature of past and present buyers and suppliers, challenges and opportunities in managing different expectations of proper work conditions, capabilities and qualities required to manage different expectations, and supporting institutions and actors. In addition to the interviews to improve internal validity, more in-depth understanding of the topic was gained through informal conversations with relevant actors in the field, including workers and intermediaries. Additional data were obtained through field observation during both pilot and primary studies. The conversations and observations were recorded as handwritten notes and stored for later analysis.

5.6 Analysis of Semi-structured Interviews

Before the analysis, all of the interviews were transcribed by the researcher, and the transcripts were then rechecked against the audio files. All the audio clips were listened several times to form a deep understanding of the issues covered in the interview and to take note of, particularly relevant aspects. In this study, the examination of data involved pointing and classifying frequent themes and patterns jointly with consistencies and meanings in the information. In general, the research questions served as a basic checklist to ensure all relevant themes are covered during the interview. This guide was developed from professional and academic literature on social audit as well as from an analysis of the topics mentioned in the comments and reports provided by different stakeholders. By this way, the interviews were planned around the themes for which there was already some proof of their significance in the understanding of social audit held in the professional and practitioner community. The early themes were found based on the issues covered by the research questions but are afterwards polished as the analysis of data progressed, and patterns surfaced. Following three main activities were carried out for the analysis of qualitative
interviews data: data reduction, data display, and conclusion drawing/verification (Miles and Huberman, 1994):

1) Data reduction covering the process of selecting, focusing, simplifying, abstracting and transforming the data contained in the transcriptions.

2) Data display involving organization, compression and assembly of the information to support the analysis, verification and conclusion drawing.

3) Finally, identifying regularities, patterns, explanations, possible configurations and causal flows are some of the activities that are involved in arriving at conclusions from the data.

The analysis of qualitative data can be done in either inductive or deductive fashion. In an inductive approach, also called the grounded theory attempts to build up a theory using case materials through careful analysis of text to identify processes, actions, assumptions and consequences. On the other hand, the deductive approach which was used in this thesis involves drawing on existing of pre-ordained theories to provide the frame of reference for analyzing the materials collected. In the first stage of deductive analysis, categories were developed to sort the data. Moreover, these categories were developed keeping the theoretical framework in mind and content analysis of the data collected. Content analysis of the interview transcripts and document analysis involved searching the text for recurring themes and patterns which helped in reducing the amount of data and identifying consistencies and meanings.

The first task, therefore, was to identify a series of critical events leading up to the collapse of the Rana Plaza, as well as events following the accident. This is consistent with the event history database used in similar studies (Van de Ven and Poole, 2005). Appendix 1 details the key events. Data analysis involved close iterative readings of interview transcripts, field notes, documents and research reports. The researcher initially identified keywords, phrases and topics that were frequently mentioned, including workers’ rights, health and safety, subcontracting, fast lead times, pricing and contribution margins, crisis, social audit, multiple compliance codes, and state policies. Afterwards, grouped these codes into thematic categories by looking for relationships between them, and derived a storyline associated with each theme. Thematic analysis is identifying meaningful categories or themes from the body of data (Fulcher 2010:5). Howitt and Cramer (2010:211), state that in the thematic analysis
the duty of the researcher is to spot a limited number of themes which sufficiently mirror their textual data. Thematic analysis is a method for identifying, analysing and reporting patterns of (themes) within data (Braun & Clarke 2006:79). A theme is a cluster of linked categories conveying similar meanings and usually emerges through the analytic process. By looking at a text, the researcher asks whether some recurring themes can be abstracted about what is being said, for example, consistency or blame. Data familiarisation is very important to thematic analysis. For this study, themes are identified by listening to the interview transcripts several times as well as the documents analyzed by keeping the theoretical framework in mind. When using interviewee quotes, this thesis referred to the interviewees via a coded number such as interviewee 1, interviewee 2 (Arabic Numerals) and provided a particular category such as Brands, Buying house, Accounting Audit Firms, Non-Accounting Audit Firms, NGO, Apex Body, Government and Factory. The interview order does represent the same order in which they appear in Table 4 shows the specific category that particular quote belongs to. The anonymity of the interviewees was maintained to as high a degree as possible by not including the name of the organization, while still allowing sufficient information to be provided about the respondents. Next, the coding was done.

Coding is a fundamental analytical process that plays a vital role in analysing, organising and making sense of textual data (Tan, 2010). Saldana (2009, p. 3) states:

"A code in qualitative inquiry is most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attributes for a portion of language-based or visual data. The data can consist of interview transcripts, particular observation field notes, journals, documents, literature, artefacts, photographs, video, websites, e-mail correspondence, and so on."

While coding data for this thesis, the researcher used manual coding systems (Saldana, 2009). This particular coding method required the researcher first transcribe all the data, print it out as a hard copy, then manipulate the qualitative data on paper and write codes in pencil. This way the researcher had more control regarding the ownership of the work (Saldana, 2009). This coding process took much time and required a large work area with multiple pages or strips of paper spread out at one time to look for a particular issue; this is not possible on a computer monitor (Saldana, 2009). The researcher also used red pens and highlighters to highlight the codes.
While developing the codes, the researcher kept in mind the research questions. For example, to address the research questions the codes were ‘social compliance’, ‘Alliance/Accord’, ‘human rights’, ‘labour rights’, ‘child labour’, ‘factory working conditions’, ‘health and safety’, ‘social audit reports’ ‘labour law/rules’, ‘multiplicity of regulations’, ‘legitimacy’, ‘accountability’ ‘apex body’, ‘work pressure’, ‘sub-contracting’, ‘auditors’, and ‘fire accidents’. Only a few codes needed to be altered as the researcher proceeded through the process. In this case, the researcher went back and recoded some of the earlier interviews.

Since all the coding processes were performed by the researcher herself, who was closely supervised by an expert with vast experience in qualitative data manipulation in social and environmental accounting, efforts were undertaken to ensure consistency while coding the data. The process of coding facilitated the cutback of the transcript facts and also offered a way of interacting with and judgment about the evidence, thereby encouraging the process of reflection (O’Dwyer, 2002).

After coding, the researcher categorised these codes as per the research questions; as Saldana (2009) states, "to codify is to arrange things in a systematic order, to make something part of a system or classification, to categorise". Categorisation related to the two research questions addressed in this research. These are ‘multiplicity of regulations', ‘politics-business nexus', ‘work pressure and subsequent sub-contracting', ‘choice of assurance providers and their ritualistic behaviour' and ‘blame game and contributory negligence'. The codes are being generated from the in-depth interview transcripts as well as literature review and research context. An example of coding and categorisation is provided below:

Category: Multiplicity of Regulations

Code: Bangladesh Labour Law/ Rules
Code: Buyers code of conduct
Code: Alliance/Accord
Code: International Standards of Social Compliance Audit

Since these categorisations were directly tied with the research questions, the findings of these research questions were then analysed using the underlying theories discussed in the theory section. In addition to this, the researcher conducted an ongoing analysis throughout data collection. For example, while conducting interviews; ongoing analysis was aided by
taking extensive notes during and immediately after interviews, frequently listening to the interview tapes while travelling, and maintaining a diary to reflect the abstracts of the interviews. This, in effect, provided a provisional running record of analysis and interpretation. The detailed field notes, tape-recorded reflections, interview summaries and personal diary were also reviewed and analysed to draft the interview findings using the interview guide questions as a loose framework. Quotations deemed to represent a particular code/theme were then selected from the transcript in order to enrich the findings.

5.7 Reliability and Validity

The reliability shows to what extent a measure of a concept is stable (Bryman, 2012). Babbie (2007) discusses that reliability is a matter of whether a particular technique, applied repeatedly to the same object, yields the same result each time. Given (2008) explains that the reliability is widely described as the steadiness, stability or repeatability of research's data collection, analysis or investigation. Furthermore, the reliability depends on how the collection of data has been made and in what way this collected data is connected to the existing data. He also explains that the reliability of the study depends on that the study should be based on actual circumstances and not the researcher subjective view on empirical findings. A qualitative study is mostly based on researchers own view, and therefore this lowers the reliability of this aspect.

The reliability of the coding was addressed by applying a ‘test-retest’ method of reliability (Marks & Yardley, 2004). In this context, the researcher applied the same code to the same piece of text on two occasions a week apart. Thus the researcher re-coded earlier work to ensure that the results were consistent. Although similar subjective processes might have influenced the coding on both occasions, consistent coding by the researcher at least indicates that the distinctions made between codes were clear in the researcher's mind (Marks & Yardley, 2004).

On the other hand, according to Babbie (2007) validity is the degree of how an empirical measure sufficiently reflects the real meaning of the concept under consideration. Moreover, Eisenmann et al., (2002) say that validity refers to the study's truthfulness and relevance. Moreover, if the validity is high, the result from the empirical data is relevant to the research questions.
Bryman (2012) highlights three types of validity, which are internal validity, external validity and ecological validity. Internal validity seems to be an asset in qualitative research since the ongoing involvement in the social life of a specific group over a long period gives the researcher the possibility to ensure the conformity between the concepts and study. Eisenmann et al., (2002) states when a qualitative research internal validity is high, it is because of the researcher's quest for interviews which provides the research with the respondents' interpretation about a phenomenon. In this study, 36 interviews were conducted with various stakeholders and the data collection stopped when the answers were getting repetitive, which increases the study's internal validity. The researcher in a qualitative study forms the role as a measuring instrument and interpreter. In this research, the researcher studied the pre and post-Rana plaza regulatory initiatives, and as the researcher was the one who analyzed the findings and interpreted the situation, this could affect the internal validity of this study. Bryman (2012) explains that the external validity shows to what extent the observations can be generalized towards social settings. In a qualitative research external validity is described as a problem since the qualitative approach uses case studies and small samples. However, this study included 36 interviews from the essential stakeholders to ensure a complete picture of the reality; therefore it has high external validity. Bryman (2012) describes that the ecological validity deals with the question whether the social scientific findings are valid to our daily life, opinions, values, attitudes and knowledge as we study it in its natural environment. Most of the interviews were conducted in the office of the respondents or in a neutral setting, where the core of the subject is achieved and worked on and affected the ecological validity positively.

5.8 Summary of Research Methodology

Philosophical Assumption: Interpretative - Constructivism
Strategy & Approach: Qualitative & Deductive
Research Design & Data Collection Method: Interview data, published reports, newspaper articles and public videos.
Method of Analysis: Thematic Analysis

This chapter provides a discussion regarding the research methodology of the thesis. This study uses a qualitative research approach. Although the primary data collection method in the thesis is the interview, textual data is also used and analysed to develop the interview
guide and to support the interview evidence. It has attempted to explain how and why the research was carried out in a particular way. Interviews include both accounting and non-accounting audit providers as well as brands, factories, buying houses, apex bodies and government officials.

The following two chapters mainly provide analysis of the interview transcripts regarding the two research questions addressed in this thesis to ensure that issues relevant to the study were covered in the interviews.
CHAPTER SIX: RANA PLAZA AND THE BANGLADESH RMG INDUSTRY: AN EMPIRICAL ANALYSIS OF THE REGULATORY ENVIRONMENT

6.0 Overview

At approximately 9:00 AM local time on Wednesday, April 24, 2013, Rana Plaza, an eight-story commercial building in Savar, Bangladesh, collapsed. The building housed several garment factories employing approximately 5,000 workers. Due to the nature of the disaster site and the caution required not further to injure survivors, recovery efforts took several days; the final survivor was not rescued until May 10, 16 days after the building collapse. Despite immediate local and international rescue response, 1,133 fatalities and 2,438 injuries were suffered (CPD 2013). Although garment factories in Bangladesh and other developing countries had previously experienced industrial accidents, the Rana Plaza tragedy is one of the most horrible industrial accidents in history (Hobson 2013). The scale of this unspeakable tragedy increased awareness of the risks and costs of sourcing from low-cost countries, as well as the need to improve supply chain governance mechanisms for working conditions and safety in the global garment industry. Legitimacy theory posits that the higher the likelihood of adverse shifts in the social perceptions of how an organisation is acting, the higher the desirability on the part of the organisation to attempt to manage these shifts in social perceptions. In order to remain legitimate, organisations may conform with or, in many different ways, attempt to alter social perceptions, expectations, or values as part of a legitimating process (Dowling and Pfeffer, 1975; Lindblom, 1994).

The supporters of capitalism and free trade view globalization as a positive advancing force creating employment and eventually rising living standards throughout the world. Critics see it as a means of seizing the resources of the developing countries by drawing them into debt, inviting the use of sweated labour, and hastening job losses and environmental degradation (Rashid, 2003). They also opine that globalization increases inequality within and between nations. Thus, they heighten the crisis rather than resolve them (Daniels et al., 2004) and as a result the study of legitimacy and accountability of the actors in the global supply chain are relevant because it constitutes a critical factor that contributes to an organization’s success, or conversely, to its failure (Diez-Martin et al., 2010).
This thesis takes legitimacy theory and the notion of accountability as a theoretical lens to answer the research questions. The standpoint embraced by legitimacy theory is that society, politics and economics are indivisible and economic issues cannot be meaningfully explored in the deficiency of considerations about the political, social and institutional framework in which the economic activity situates (Deegan, 2002). It also represents a critical factor in understanding organizational growth and survival (Meyer and Rowan, 1977; Zucker, 1987). As Brown (1998, p. 35) clearly states: “legitimate status is a sine qua non for easy access to resources, unrestricted access to markets, and long-term survival.” Also, improvements to working conditions require engagement and collaboration among stakeholders including national governments, factory owners, buyers, and non-governmental organizations. After the Rana Plaza disaster, retailers took the brunt of the criticisms for the safety conditions in the Bangladeshi garment industry (e.g., Blair 2013, Silcoff 2013). Labour unions pointed fingers at retailers for ignoring safety violations in factories, and — together with NGOs — argued that retailers should take responsibility for working conditions in Bangladeshi factories. The failure of retailers to take action was claimed by labour unions to amount to criminal negligence (CCC 2013). Others countered that retailers were being made the scapegoats, and that blame should instead belong to the indifferent factory owners who neglected safety, and the national and local governments that failed to enforce industrial and labour laws (Bhagwati and Narlikar 2013).

The regulations in Bangladesh are weak, and the implementation is uneven and inconsistent (Labowitz and Baumann-Pauly 2014). In November 2007, Bangladesh separated the judiciary from the executive function of the government; however, the lower courts are considered to be part of the executive function and suffer from serious corruption (Index of Economic Freedom, 2011). Moreover, the political connections of factory owners, widespread corruption, and a justice system that moves slowly allow factory owners to avoid responsibility for workplace accidents. In her book that chronicles the evolution of the garment industry, Rivoli (2009) notes that in each of the successive low-cost regions to which the garment industry has relocated (e.g., England, US, Latin America, Asia), large-scale tragedies and worker exploitation have been unfortunate consequences. In each

25 https://cleanclothes.org/resources/publications/still-waiting/view
instance, market forces alone were insufficient to protect workers, and it was not until governments established and enforced regulatory standards, and factory owners complied with them, that such problems were substantially reduced. Despite the arguments of Rivoli (2009), it is evident that the popular press and many stakeholders placed much of the blame for the Rana Plaza disaster on retailers rather than regulators, suggesting that market forces can rectify the problem. From a legitimacy and accountability perspective, an accident of the magnitude of the Rana Plaza is an instance of a disaster that justified repairing legitimacy. It is argued that, in this circumstances, legitimating tactics appropriate to gain or maintain legitimacy would be likely to be less helpful, as they would already emerge to be discredited to a immense degree (O'Donovan, 2002). The majority of empirical research into managing legitimacy has been alarmed with answers to issues or events that were extensively publicised and brought the industry or corporation in subject into the public limelight. These studies have been worried with organisational responses consistent with the point of repairing or defending legitimacy (for example, see Elsbach, 1994; Sutton and Callahan, 1987). Furthermore, much of the research with a legitimacy framework has also been related to “negative” events or crises (Patten, 1992; Deegan and Rankin, 1996), conducted ex-post and steady with attempts to repair legitimacy.

The effects of a lack of legitimacy and accountability – the perception that an organization is not acting according to social norms and values – on organizational failure have also been noted (e.g. Bianchi and Ostale, 2006). It is often the case that when a company loses its legitimacy, social support for it disappears (Vanhonacker, 2000). Numerous organizations have failed not for lack of resources or because of faulty products, but due to a complete loss or deterioration of their legitimacy (Ahlstrom and Bruton, 2001). The multinational accounting firm Arthur Andersen is an excellent example of this phenomenon. After being found guilty in the US of criminal charges in 2002, the ensuing loss of legitimacy led it to dissolve its worldwide operations progressively.

Suchman (1995) contended that the choice of legitimating tactics and public disclosures an organisation makes would fluctuate depending on whether it is demanding to gain, maintain or repair legitimacy. An area of growing focus has been on the shift in the regulation of labour from the national level to the global level (Meardi and Marginson, 2014) where production is spread across global supply chains (Gereffi et al., 2005). Global supply chains
cause a particular challenge to conventional structures of regulating labour in that they are often used openly to evade regulation. As a disjointed and polycentric patchwork of regulatory mechanisms and mixed forms of governance emerge, it has stayed uncertain what roles diverse actors play, how they can stress power in supply chain players and how they can importantly assist (Reinecke and Donaghey, 2015). It is acknowledged that outsiders confer legitimacy to the corporation, but may be controlled by the corporation itself (Ashforth and Gibbs, 1990; Buhr, 1998; Dowling and Pfeffer, 1975; Elsbach, 1994; Elsbach and Sutton, 1992; Pfeffer and Salancik, 1978; Woodward et al., 1996). This points out that transformations in social norms and values are one motivation for organisational change and also one source of pressure for organisational legitimating. To comprehend how global supply chain parties can be influenced to advance labour conditions, it is worth investigating the governance of these chains which had become a noteworthy theme of debate.

This chapter attempts to answer the first research question that whether Rana Plaza collapse triggered a stricter own regulatory regime and what were the new changes introduced. As a result, the next section of the chapter discusses the regulatory initiatives in the supply chain which brings in the description of prevailing hard/soft laws, the corporate code of conducts, worldwide accepted certifications and multi-stakeholder initiatives. Later, this chapter discusses the Bangladesh context in detail for both pre-Rana Plaza and post Rana plaza in respect of regulatory developments. And the last section concludes the chapter by summarizing the findings.

6.1 Regulatory initiatives in Supply Chains

With the lowest minimum wage in the sector set at US$43 per month, the Ready Made Garments (RMG) sector provides cheap produce primarily from Bangladeshi-owned factories, thus removing Western brands from legal liability over labour abuses (Reinecke and Donaghey, 2015). From the mid-2000s onwards and following a series of deadly factory fires and building collapses, including the Rana Plaza factory collapse in 2013, increased attention focused on labour issues within the Bangladeshi garment sector. Building and fire safety were often lacking, with buildings having locked exits and extensions upwards being built on top of existing buildings (Feldman, 2013) A series of compliance measures emerged from the anti-sweatshop movement such as codes of conduct, multi-stakeholder initiatives
(MSIs), CSR programmes, and social and environmental auditing. Given the lack of a uniform global code and the diversity of national regulations and labour laws, these codes of conduct and voluntary standards were seen as ethical compliance measures that could govern the supply chain more responsibly (Alamgir and Banerjee, 2018).

6.1.1 Hard versus Soft Regulations

The best example of hard regulation or hard law is an existing piece of legislation in any country. The legislation is characterized by a clear definition, specifies some standards, and articulates penalties for failure to comply with the legislation. Thus, hard regulation is always ‘compulsory’ and binding on the populations covered by it. Soft regulation, on the other hand, is more diverse. Often soft regulation deals with a set of minimum standards or provisions. Much of soft regulation is permissive, and not compulsory. These regulations take the form of recommendations, opinions or statements and often provides for multiple interpretations of processes, whereas hard regulation tends to assume that the process is finished (Kuruvilla & Verma, 2006). Sisson and Marginson (2001) suggest that an important distinction between them is that hard regulation might be described as ‘parfait’ or complete while soft regulation is generally imparfait or incomplete. It is a problem-simplifying practice reducing processes to that which is auditable and thereby gaining legitimacy and an aura of objectivity (O’Dwyer et al., 2011). Bangladesh ready-made garments is not an exception to this. After Rana Plaza, there were changes also in the country labour laws and rules.

"Before Rana Plaza, The Department of Factories and Establishment had only 78 employees for entire BD. Only 78 people were there to look after the issues of implementation of labour law, employee security, building safety, worker health in all the factories. Can you imagine? If only 78 people are there for the whole country and if they go on inspection in one factory, the time they will take to come back to the same factory will be more than a year. This was the overall picture. Rana Plaza was the wake-up call. So before Rana Plaza, there were 78 inspectors, and after the incident, the Government of Bangladesh decided to employ more inspectors and employed 400 new inspectors in two batches (200 in each batch). Moreover, right now they have more than 950 employees working there. It was 78 and now its more than 950."[Interviewee 22, an NGO dealing with workers' rights]

A key distinction between soft and hard regulation is concerning enforcement. In hard regulation, enforcement is only via sanctions or other forms of ‘punishment’. In soft regulation, there is a huge variation of enforcement approaches. For example, moral suasion, monitoring and feedback, transparency, peer group audits, benchmarking, joint studies, joint
papers etc. are all varieties of methods relied on by soft regulation. (Kuruvilla & Verma, 2006). Another point is that soft regulation tends to appear more commonly in areas that have cross-border implications. The increased use of soft regulation in governing transnational relations may be due to the increasing strength and maturity of the international system – not all relations need to be governed by law, but some can be left to ‘etiquette, social discourse and informal commitments’ (Jacobsson, 2004: 356). From an international perspective, there are many practical issues which soft regulation helps to overcome. Keller (2000) suggests that soft regulation is just easier to achieve because conflicts of interests may be easier settled in a flexible format that allows the parties considerable flexibility. This explanation has relevance in the highly contested terrain of international labour standards. Graham and Woods (2006) explore that self-regulation by the MNC’s of their social and environmental impacts can be solutions to the regulatory capacity problems emerging in developing nations. They argue that growing market pressure globally can provide strong incentives for companies to implement codes and standards for self-regulation. They point out that voluntary schemes can encourage reliable and standardized reporting of information. The degree of ‘softness’ varies dramatically in these approaches. The existing international approaches also vary to the extent that soft regulation can be turned into hard regulation. For example, codes of conduct are classic examples of soft regulation. However, more and more companies are using independent monitoring and eliminating those contractors who fail to meet the standards laid down in the code of conduct (Kuruvilla & Verma, 2006). This is one example of how soft regulation often becomes harder over time as sanctions are increasingly tied to them. A potential problem arises if one is to test which tactics are used to maintain legitimacy. A distinction needs to be made between corporations with different levels of legitimacy to maintain. The challenge for management in maintaining legitimacy is to identify that conferring publics’ needs and wants change over time. Legitimacy represents a relationship with stakeholders that the organisation must keep current. Organisations need to observe, or even anticipate, change and protect past accomplishments if they are to maintain their legitimacy (Suchman, 1995). If a corporation is accepted as a good corporate citizen, acts responsibly or even in a proactive manner concerning social issues, the public will have certain expectations about the organisation’s social and environmental activities. The less “legitimacy” an existing organisation has to begin with, the less it needs to maintain. Oliver (1991) points this out about institutional pressures on corporations. She asserts that when an
organisation’s performance and survival are only moderately dependent upon the good opinion of the public, avoiding the issue may be the extent of an organisation’s response to institutional rules and expectations. In the reverse situation, if an organisation that promotes itself as extremely socially and environmentally responsible were to maintain its legitimacy, it would need to “keep one step ahead” of what its conferring publics would expect of it (O’Donovan, 2002).

Sisson and Marginson (2001) state that soft regulation must be converted to hard regulation at some point so that it remains more than a statement of intent. They cite Wedderburn (1997:11) who argues that fundamental labour rights have to be built on the ‘hard rock’ of constitutional principle or legislative provision. One thing to keep in mind is, it is the failure of hard regulation, i.e. labour law in developing countries, that gave rise to the international pressure for labour standards. (Kuruvilla & Verma, 2006). Greß & Hessel (2008) pointed out that there are new patterns of norm-setting and international guidelines, which not only lead to higher expectations regarding the responsibility of companies, it can activate a form of indirect regulation. That is why, he argues that international guidelines, besides being legally unenforceable, can still serve as a norm-setting standard that defines an acceptable behavioural norm, below which companies are advised not to fall. Concerning legitimacy, such a strategy may include targeted disclosures or perhaps controlling or collaborating with other parties who in themselves are considered to be legitimate (Oliver, 1990). People's decisions are influenced by the belief that other legitimated organization's or person's decisions are correct or appropriate and must be followed (Zelditch, 2001). Legitimacy can also induce voluntary compliance from external agents by creating feelings of obligation (Tyler, 2006). In this sense, legitimacy facilitates the continuity of an organization's activities since its stakeholders are more likely to support organizations that they consider to be desirable, proper, or appropriate (Parsons, 1960). Accordingly, in an attempt to gain legitimacy, management would tend to be proactive (O'Donovan, 2002). They have advanced knowledge of the change which could threaten the organisation’s legitimacy. As a result, they should, in most instances, be able to control the dissemination of information, which will eventually prove them legitimate. Because of this, legitimacy increases the chances of acquiring necessary resources for survival and growth such as capital, technology, management teams, employees, clients, and networks (Aldrich and Fiol, 1994; Meyer and Rowan, 1977).
In general, the task of maintaining legitimacy is thought to be far more accessible than either gaining or repairing it. According to Ashforth and Gibbs (1990, p. 183): "… once conferred, legitimacy tends to be largely taken for granted … Reassessments of legitimacy become increasingly perfunctory if not mindless." Repairing legitimacy has been related to different levels of crisis management (Davidson, 1991; Elsbach and Sutton, 1992). DiMaggio and Powell (1983, p.54) argue that "in cases where alternative sources are either not readily available or require effort to locate, the stronger party to the transaction can coerce the weaker party to adopt practices in order to accommodate the stronger party's needs."

Legitimacy Theory would suggest that whenever managers consider that the supply of the particular resource is vital to organizational survival, then they will pursue strategies to ensure continued supply of resources (Suchman, 1995).

Over the past decade, the discussion has flourished among practitioners and academics regarding workers’ rights in developing countries. As many have noted, national legislative frameworks in countries such as China and Vietnam are well developed (e.g., Cooney et al., 2002; Ding and Warner, 1999). However, there are large gaps between labour law and corporate practice in most developing countries, especially in countries, such as China, with recently amended labour laws (e.g., Cooke, 2004; Cooney et al., 2002; Frenkel and Kim, 2004; Lau, 2001; Liew, 2001; Zhu and Fahey, 1999). Bangladesh, the focus of this research, has also amended its Labour Act of 2006 with a total of 87 sections of amendments. The amendments were passed by Parliament on 15 July 2013 and notified in the Bangladesh Gazette on 22 July 2013. In practice, this means that when transnational corporations (TNCs) offshore their operations, mainly to Asian countries, they involve themselves in national industrial relations systems characterised by only limited enforcement of workers’ rights. Labour and employment law was created to compensate for the economic imbalance between the worker and the employer by a set of norms either defined by public authorities or negotiated by the social partners (Supiot 2001). However, these norms become completely ineffective in the context because the only person liable for respecting them is the subcontractor and not the multinational company that defines the economic strategy for the whole supply chain (Sobczak 2006). Consequently, labour and employment laws no longer have a monopoly on regulating labour relations and are facing a crisis as its effectiveness is questioned. This lack of enforcement of national labour laws and limited
protection of workers’ rights has led to the establishment of transnational industrial relations systems to complement existing national systems (Anner et al., 2006; Esbenshade, 2001; Kuruvilla and Verma, 2006; Riisgaard, 2005). The study emphasizes the role of the government in bringing effective regulation in the corporate. It is also argued that building an effective regulatory in a developing country is not merely about the technical design of the most appropriate regulatory instruments, it is also concerned with the quality of supporting regulatory institutions and capacity (Jalilian, Kirkpatrick & Parker, 2007). This can be further strengthened by setting social goals and upholding the freedom of civil society agents to organize and mobilize so that corporations cannot move against the broader interest of the society. Finally, the authors believe that international organizations and existing legal instruments would be of immense help in assisting developing nations for realizing these goals. Adoption of international standards by the social audit mechanism of the companies entails rigorous monitoring by the corporations. Whether all the arrangements that have adopted the international standards have verified the applicability of the standards, is yet to be determined. According to Ruef and Scott (1998, p. 880), “whether an organization is legitimate, or more or less so, is determined by those observers of the organization who assess its conformity to a specific standard or model.” With more precision, Deephouse and Suchman (2008) state that the “sources of legitimacy are the internal and external audiences who observe organizations and make legitimacy assessments.”

The current international pressure to improve labour standards stems from the fundamental failure of national governments to enforce their labour laws. Most labour laws in developing countries are quite comprehensive and cover the core labour standards (freedom of association and collective bargaining, freedom from discrimination, the abolition of child labour and abolition of forced labour). National governments in developing countries have exhibited remarkable failures in enforcement, leading to the generation of international pressures to improve labour standards.

### 6.1.2 Corporate Code of Conduct

The focus on CSR concerning developing countries intensified in the late 1980s and early 1990s when activist campaigning uncovered the working conditions in Transnational Corporations and their suppliers’ operations (e.g., Bartley, 2007; Frenkel and Kim, 2004; van Tulder and Kolk, 2001). Issues such as child labour and sweatshops were readily
debated in the mass media, putting great pressure on such corporations to justify their operations. It is acknowledged that in situations where issues/events require more immediate and widespread responses to legitimacy threats, other means of communication including media releases and advocacy advertising may be used instead of, or in conjunction with, the annual report (Zeghal and Ahmed, 1990). In the early 1990s, Transnational Corporations such as Levi’s, GAP, Nike, and Reebok responded to this criticism and embraced an extended responsibility for workers’ rights (e.g., Braun and Gearhart, 2004). This extended responsibility was mainly operationalised through the corporate adoption of codes of conduct (e.g., Schlegelmilch and Houston, 1989; van Tulder and Kolk, 2001).

There is extensive research into why corporations adopt codes of conduct. The most common explanation of why corporations adopt codes of conduct is that such codes represent a way to restore and/or improve corporate legitimacy/trust/reputation/image/brand (e.g., Bartley, 2007; Diller, 1999; Graafland, et al., 2004; O’Rourke, 2003; Sethi and Sama, 1998; van Tulder and Kolk, 2001; Wright and Rwabizambuga, 2006). For example, van Tulder and Kolk (2001, p. 268) claim that in ‘‘the 1990s, a wave of voluntary company codes appeared, triggered by attention for developments which posed great legitimacy problems to firms’’. Hence, the adoption of a code of conduct is envisioned as leading to greater legitimacy and accountability as well as acceptance of the corporation in the society in which it operates, in turn yielding financial benefits for the corporation (cf. DiMaggio and Powell, 1983; Long and Driscoll, 2008; Meyer and Rowan, 1977). Here, legitimacy is considered to be a resource on which an organization is dependent on survival (Dowling and Pfeffer, 1975). The legitimacy threat pushing companies to adopt codes is mainly exerted by NGO consumer campaigns (Graafland, 2004; Riisgaard, 2005; van Tulder and Kolk, 2001), though such pressure also comes from other stakeholders, such as financial investors (e.g., Guay et al., 2004; Schueth, 2003; Sparkes and Cowton, 2004; Sobczak, 2007).

Besides protecting, restoring, and/or improving legitimacy, corporate adoption of codes of conduct has also been presented as a way to avoid governmental interference. For example, Esbenshade (2001) argues that adopting codes of conduct provides a way for corporations both to prevent the enforcement of existing labour laws and forestall future legal reforms.

"When the code of conduct audits are done for the buyers, the factory owners provide training beforehand to the workers to say untruths to these audits, but by doing these, the
workers do not even realise what damage they are doing to themselves. Compliance needs to address this issue." [Interviewee 22, an NGO dealing with workers' rights]

Similar claims are readily found in previous research (e.g., Arya and Salk, 2006; Bondy et al., 2004; Diller, 1999; Royle, 2005), and, as Bartley (2005, p. 212) points out, a common argument is that “one unfortunate effect of the rise of private regulation will be to displace or ‘crowd out’ public regulation and legal accountability”. Some authors also point to the potential corporate competitive advantages arising from adopting codes of conduct (e.g., Waddock et al., 2002). Bondy et al. (2004) identify the following potential advantages: (i) product differentiations in the marketplace, (ii) quality signals, (iii) reduced insurance premiums and (iv) maintenance of standards along the supply chain. Authors also argue that corporations adopt codes of conduct for ethical reasons. Weaver (1993, p. 48) argues that at “least some managers advocate code implementation for the sake of ethical action as an end in itself” (italics in original) (cf. Bondy et al., 2004).

Corporate code of conduct is an instrument that is mostly used by the companies committed to corporate social responsibility (Sobczak 2002). It is a written document containing the commitment of the management of the supply chain's head company to respect certain fundamental social rights. Corporate codes of conduct are usually considered as ethical commitments without any legal effect. At best, they form part of the category of soft law and constitute norms without legally binding effect (Hepple, 2002). From a purely theoretical point of view, even if the choice to adopt a code of conduct is still left to the free decision of the company's management, implementation is not voluntary but compulsory for the company (Sejal et al., 2003). Moreover, monitoring of labour norms is a much broader problem that concerns not only codes but also collective agreements and legislative acts, in so far as there is a gap between the formal legal enforceability of a norm and its practical implementation (Fung, O'Rourke and Sabel, 2001). From this perspective, it seems rather difficult to accept corporate codes of conduct within the category of soft law where they are usually placed (Hepple, 2002). Additionally, codes of conduct apply only to those companies that have chosen to either promulgate or make themselves subject to a code (Sobczak, 2006). For many large corporations, codes of conduct are a matter of managing their public image and arise out of a pre-emptive strategy. Bansal and Clelland (2004) show that organizations with more critical legitimacy show less unsystematic risk. In consequence, the people that surround them prefer to invest in them. In other cases, they are often
introduced after critical incidents, and to satisfy their employees that the company is doing something about labour conditions in contractor factories.

In respect of repairing legitimacy, all interviewees indicated the event Rana Plaza Accident was hugely significant. The importance of the significance of the event for this purpose was more important to the choice of legitimating tactics and annual report disclosures than it was to gain and maintaining legitimacy. This is understandable because if the event were not considered to be significant, then, in normal circumstances, there would be no lost legitimacy to regain. However, it is also true that in the garments and athletic shoe sectors, many corporations have taken the implementation of their codes seriously. NGOs in the ‘North’, see codes of conduct as an element in the regulation of international business (see, for example, Oxfam, Save the Children, Amnesty, Greenpeace etc.).

One of the main challenges within the supply chain is in surpassing the legal borders of the different countries (Sobczak, 2006). The economic control by the parent company must coincide with the company's responsibility for the social consequences of the activity of the whole supply chain (Del Cont, 1997). Southern exporters see codes that serve to increase their costs of production mostly, and imposed on them by their Northern customers upon whom they depend for orders. Implementation of the corporate code of conducts is just a way to gain and maintain legitimacy and accountability. The literature on managing legitimacy both explicitly and implicitly states that controlling and communicating tactical responses is one means of managing legitimacy (Dowling and Pfieffer, 1975; Lindblom, 1994; Sethi, 1978; Suchman, 1995). The process of building legitimacy can be defined as a set of actions dedicated to acquiring and maintaining legitimacy. By building their legitimacy, organizations have easier access to the strategic resources that are critical for their growth and survival (Zimmerman and Zeitz, 2002).

Workers in the ‘South’ often support codes, but it is also fair to say that on some occasions their concerns are different from what the codes focus on. For example, young women workers may be more interested in a code provision that guarantees them maternity benefit rather than a code provision that limits their ability to earn overtime wages. Southern governments do not oppose codes of conduct, largely because they are voluntary efforts by corporations. Reacting to reports in the media concerning the working and living conditions of children in developing countries producing clothes for children in Europe or The United
States, many companies prohibited child labour within their entire supply chain. This interest for the children's rights is confirmed in all sectors, even though there are substantial differences between codes concerning the definition of the minimum age and the rights conferred on children (Kolk and Van Tulder, 2002). Although in many cases the accurate picture of MNC activities in the least Developed Countries and their impact on society in these countries is difficult to fathom, lacking transparency and accountability, public awareness of such activities often arises as the result of the strategy. Rana Plaza generated widespread debate on the ethics of the ready-made garment supply chain (As-Saber, 2013). On this occasion, major multinational clothing brands, including Addidas, H&M, Tesco and many more, even after having a corporate code of conduct, were prompted to bring about change and greater transparency through signing up to a new global accord. Again, some reactions to the tragedy of the collapse were to call for the closure of the Bangladesh RMG sector. Questions remain as to whether boycotting would resolve the problem, or are actions needed to be based on a broad critical analysis in order to understand and improve the situation on the ground (As-Saber et al., 2014). Only through such thinking, we can uncover any possible unintended but negative consequences for those whose interests we may proclaim to be protecting (Cairns & As-Saber, 2017).

6.1.3 Multi-Stakeholder Regulations

Different actors at multiple levels connect the diverse range of actors that make up global supply chains. These include supply chain managers (Burt, 2004), factory managers (Zhu and Morgan, 2018), national governments (Henderson et al., 2002), labour-supply brokers (Barrientos et al., 2011), sourcing agents (Soundararajan et al., 2018), intergovernmental agencies such as the ILO (Thomas and Turnbull, 2018), the United Nations Global Compact (Brunsson et al., 2012), the Global Reporting Initiative (Levy et al., 2010), multi-stakeholder organizations (Reinecke and Ansari, 2015) or meta-organizations such as Alliance (Loconto and Fouilleux, 2014), and even individuals (Kaine and Josserand, 2018). The most dynamic experiments in global governance is a new class of governance institutions that involve private and non-governmental stakeholders in negotiating labour, health and safety, and environmental standards, monitoring compliance with these standards, and establishing mechanisms of certification and labelling that provide incentives for firms to meet these standards (O’Rourke, 2006). These non-governmental systems of regulation are expanding exceptionally rapidly across industries and regulatory arenas—from garments, to shoes, toys,
forest products, oil and gas, diamonds, chemicals, coffee, electronics, and even tourism (Cashore, 2002; Gereffi, Garcia-Johnson, & Sasser, 2001; Utting, 2002)—in response to recent trends in the weakening of national regulatory systems, the strengthening of multinational corporations, increasing importance of brands, and growing demands from civil society actors for new mechanisms of corporate accountability. Non-governmental systems of labour monitoring and regulation are both more diverse and messier than traditional government stipulated fixed rules and standards, monitoring and enforcement, and judicial review (Lipschutz, 2000; Reinicke et al., 1998). Perhaps the most damning critique of nongovernmental governance systems is that they represent a new form of privatized, elite regulation and that these systems are mainly designed to protect multi-national brands, rather than actually to solve labour or environmental problems. From this perspective, much that falls under the heading of global governance is suspect, unaccountable, and likely to benefit multi-nationals more than workers, communities, or the environment. Even labour governance regimes driven by NGOs from the north can be viewed as top-down, consumer-oriented, ‘‘elite’’ forms of regulation (Rodriguez-Garavito, 2005).

There are many weaknesses and challenges in making these different regulatory systems useful. Non-governmental governance faces many of the same mundane challenges as traditional government monitoring and enforcement, including coverage, training and capacity of inspectors, incentives of monitors, corruption, and so forth. The long and mobile nature of apparel supply chains and the difficulty of sometimes even locating garment factories is a critical challenge for non-governmental monitoring systems. Some critics have raised concerns that non-governmental monitoring involves visits to factories that are too infrequent to evaluate normal day-to-day operations. ‘‘Parachuting’’ monitors can identify the most obvious problems, but may miss many of the largest issues, and are not around long enough to solve problems (O’Rourke, 2002). Critics infer quite reasonably, that NGOs will not be able to duplicate national labour inspectorates, as they cannot track the moving targets of factories that make up global supply chains (Justice, 2001), and they cannot access critical information on these factories without brands and retailers ‘‘voluntarily’’ providing this information. Thus the first challenge of non-governmental regulation is simply accessing information on factory locations, workplace conditions, audit findings, remediation efforts, and worker concerns. There are also clear power asymmetries between multi-national
corporations, non-governmental inspectors, advocacy groups, and workers (Rodriguez-Garavito, 2005). Some critics have also noted that codes and monitoring activities can hurt workers (Esbenshade, 2001; Liubicic, 1998). Monitoring reports can lead firms to cut contracts with poor performing factories, leading to job losses. Firms may reduce overtime at a factory working beyond a code of conduct’s limit, despite workers needing these wages to survive. Workers may also be punished after complaining to auditors as these systems often have limited protections for workers who complain. Even when monitoring is effective, some of the most hazardous jobs may be shifted further down the supply chain or into the informal sector to avoid the selective gaze of non-governmental regulation (O’Rourke, 2006). Finally, critics also point to some problematic versions of non-governmental regulation. For example, Global Social Compliance (formerly a division of PricewaterhouseCoopers), a monitor for many large multi-nationals, depends largely on data provided by management, conducts very cursory inspections of factories, and holds worker interviews inside the factories (O’Rourke, 2002). Factory managers often know who is being interviewed, for how long, and on what issues. This kind of monitoring can divert attention from the real issues in a factory, provide a false impression of performance, certify that a company is ‘‘sweat-free’’ based on minimal evidence, and dis-empower the workers it is meant to help. While there is no single perfect way to monitor a factory, there are monitoring practices that are not transparent, accountable, or beneficial to workers. (O’Rourke, 2006).

In response to critical studies and commentaries on these dark transnational business activities, there have been moves to both support and record MNC’s engagement in ethical conduct across their global activities. The best known of these is probably the UN Global Compact, under which UN Secretary General Ban Ki Moon calls for 'companies to embrace universal principles and to partner with the United Nations', seeing the Compact as a critical platform for the UN to engage effectively with an enlightened global business'.

As outlined above, the clothing sector linked to Bangladesh has brought many MNC's together under a global safety Accord and Alliance. As well as these global initiatives, these are examples of political moves to increase MNC's accountability for their conduct in the international arena. One such framework is UK requirement for human rights reporting by quoted companies under the corporate and social responsibility heading. While this UK initiative might seem as worthy of praise, the effectiveness of more recent requirements for
human rights reporting across the EU has been reduced by the actions of some member states, including the United Kingdom (Business & Human Rights Resources Centre, 2014). Besides, it has recently been reported that the period since 2008 has been an increase in human rights violations across the globe by 70%, with much of the blame targeted at legitimate transnational companies engaged in 'abuses such as slavery, land grabs and trade in conflict materials' (Croser, 2014). The issues of legitimacy and legality and orientation are complex, ambiguous and require detailed investigation and understanding of contextual factors. These must be addressed within all public domains in which the specific activity has an impact and in the international arena where transnational agencies have influence and possible legislative controls (Cairns & As-Saber, 2017). The power of public voice to influence and impact MNC's was shown in the aftermath of the Rana Plaza tragedy. Sadly, it appears that only such events with related loss of life may be sufficient to galvanize actions. Workers die on a daily basis in industrial 'workplace', and yet these remain by large 'out of sight, out of might'(Cairns & As-Saber, 2017).

6.1.4 Certifications

Growing public awareness and further activist pressure has led to a recent profusion of programs in the United States and Europe to establish standardized codes of conduct and systems of monitoring that are conducted by accredited third-party auditors. Seven significant initiatives of this type have emerged: BSCI, WRAP, SAI, the FLA, the ETI, the FWF, and the WRC. These alliances aim to advance social standards and to improve accountability concerning labour conditions in global supply chains (Hughes et al., 2007). Each of these programs has a code of conduct informed mostly by ILO core standards, and six of the seven have a system for external accrediting organizations to monitor compliance with their codes (the WRC does its monitoring). A small army of monitors is emerging to provide these third-party monitoring services including large accounting firms, professional service firms, quality testing firms, and small non-profit organizations (Bartley, 2007). These monitoring and accountability systems differ in critical procedures for auditing (who conducts the monitoring and how), certification (whether a factory or a brand is certified), and reporting (what is publicly disclosed). All of these certifications are a way to prove the companies legitimate and accountable. Black (2008) sees accountability as one form of constructing and presenting a narrative of past events or actions. This narrative may well be false and may only serve its interests. Accountability relationships may thus be strategic
devices used by organisations to manipulate perceptions of their activities and performance in order to enhance the organisation’s legitimacy (Black, 2008, p. 151). Although legitimacy does not depend on an accountability relationship, it is argued that accountability frameworks are contingent on the kinds of legitimacy claims that organisations or states are motivated to make, which in turn are bounded by the institutional environment (Siddiqui and Uddin, 2016). One of the essential characteristics of the accountability model is that organisational disclosure should ideally reflect responsibility rather than, for example, power or legitimacy threats (Parker, 2005).

**6.1.4.1 Business Social Compliance Initiative (BSCI)**

In 2002, two Swedish garment retailers (Lindex and KappAhl), participated in a working group initiating the formation of the BSCI. Following discussions in this group, it was decided that the BSCI should operationalise ‘corporate responsibility’ for suppliers’ operations through formulating a single harmonised code of conduct. The focus on codes was perceived as logical, given that at the time, most international MNCs had already adopted codes of conduct governing their own and their suppliers’ operations (cf. Schlegelmilch and Houston, 1989). In general, codes of conduct seem to be the tool for operationalising and defining corporate responsibility preferred by MNCs and NGOs, while unions tend to prefer global agreements (e.g., Gallin, 2000; Compa, 2004). Hence, BSCI’s chosen focus on codes of conduct rather than global agreements can, regardless of the code’s content, be seen as an attempt by the corporations participating in the BSCI to steer the definition of ‘corporate responsibility’ in their preferred direction. The BSCI code of conduct is based on the ILO Declaration on Fundamental Principles and Rights at Work, the UN Universal Declaration of Human Rights, and the UN conventions on children’s rights and discrimination against women. The code of conduct complies with most of these conventions but do not demand stricter performance than that defined in them. Hence, like most codes of conduct, it defines a minimum performance level that constitutes ‘corporate responsibility’. The content of BSCI’s code of conduct can be understood based on the historical negotiation processes preceding the BSCI project. As the BSCI manager notes, nowadays MNC codes of conduct are all highly similar (cf. Carasco and Singh, 2003; Kaptein, 2004). Hence, what comprises ‘suitable’ content of a code of conduct, itself a sub-question of what comprises a ‘suitable’ definition of ‘corporate responsibility’.
BSCI has also developed a conventional monitoring system for all its members. The core idea is to move from being a buyer- to a supplier-driven monitoring system. Rather than all buyers having to monitor all their suppliers, in practice leading to several buyers monitoring the same supplier, the BSCI system aims to synchronize the monitoring, making only one audit per supplier necessary. The results of the audits will then be entered into a common database, in which the BSCI members can search for information regarding their current and/or future suppliers. By reducing the number of controls on each supplier, the BSCI members envision lowered monitoring costs for each member. BSCI monitoring is to be conducted by external auditors accredited by Social Accountability International (which created the SA8000 standard). Some BSCI members refer to these auditors as ‘independent’, since there is no direct relationship between the retailers purchasing the audits and the auditors. Some even claim that BSCI audits are more ‘independent’ than those performed by unions and NGOs since NGO and union audits are dependent on these organisations. As noted in the previous research into the code of conduct monitoring (cf. O’Rourke, 2003), the question of who should conduct audits and what is to constitute independence are central matters in BSCI negotiations concerning the definition of ‘corporate responsibility’. Hence, the proposed BSCI monitoring system can be regarded as a corporate effort to define ‘corporate responsibility’ in a way that minimises the role of unions and NGOs. However, the unions and NGOs seem reluctant to accept this assigned minimised role and are consequently challenging the proposed BSCI monitoring system. As noted in previous research into codes of conduct (Doig and Wilson, 1998; Frenkel and Scott, 2002; Graafland, 2002; O’Rourke, 2002; Hemphill, 2004), the interviewees were concerned that such monitoring practices were incapable of identifying breaches to a code of conduct, since suppliers can deceive auditors using announced and official interviews.

"It becomes like a marriage house with decorative balloons on the day the buyers and auditors are visiting." [Interviewee 20, Senior Officer, HR and Compliance, Factory]

"I heard stories like, if there are unannounced visits, they play the 'national anthem' which is a signal for the children working on the floors to go out of the factory through the back door." [Interviewee 2, Compliance Manager, Sourcing Agent, Buying House]

Another controversial aspect of the proposed BSCI monitoring system is the audit frequency. The BSCI has proposed that each supplier is to be monitored every three years, provided no adverse remarks were made in the previous audit. The audit frequency was discussed in the initial phases of the BSCI project. While auditing more frequently than
every three years was perceived as likely to ensure higher compliance rates, BSCI members felt this would be too costly.

Legitimacy is a central aspect in the studied processes of defining corporate responsibility. To understand why this is so, we need to understand why corporations in the mid-1990s embraced an extended sense of ‘corporate responsibility’, adopted codes of conduct, and later joined the BSCI. In turn, this is related to the distribution of power along the value chain in low-skill industries (such as the garment, footwear, and toy industries). In these industries, with their low investment thresholds and requiring low skilled employees, almost all power is located at the buyer end of the chain (i.e., the corporations in the BSCI), since suppliers operate under conditions of fierce competition, while there are high entry barriers on the retailer end of the value chain (Gereffi, 1994; Traub-Werner and Cravey, 2002). Hence, suppliers and the workers in their factories have limited opportunities to demand alterations to workers’ rights – at least if such alterations would increase production costs, which they tend to do (Liew, 2001; Cooney et al., 2002; Cooke, 2004). Consequently, the reason for corporations extending their ‘corporate responsibility’ was not –, and still we believe not – to secure access to products or to do the ‘right’ thing (although this certainly could be seen as a positive side effect), but rather to gain and repair their legitimacy in the eyes of consumers. As has been noted in previous research (e.g., van Tulder and Kolk, 2001; Frenkel and Kim, 2004), corporations’ legitimacy was tarnished by union and NGO criticism of their lack of responsibility for workers’ rights at their suppliers’ factories. Moreover, lack of direct government support means that the suggested BSCI definition of corporate responsibility needs to be seen as acceptable to its other influential stakeholder groups, i.e., NGOs and unions, in order to be perceived as legitimate. However, the study’s results provide clear indications of the opposite.

6.1.4.2 Worldwide Responsible Apparel Production (WRAP)

The WRAP certification program is the most corporate-focused, and least publicly participatory, of the external monitoring and certification systems. WRAP was developed in 1998 by the American Apparel Manufacturers Association [now the American Apparel and Footwear Association (AAFA)] and began certifying factories in June 2000. WRAP’s board members include major apparel brands such as Vanity Fair Corporation, Sara Lee, Kellwood, and Gerber Children wear. The WRAP Certification Board consists of individuals
primarily from the private sector, although the majority of its board members are not directly affiliated with the apparel industry.

WRAP began by creating its code of conduct called the “WRAP Principles.” The 12 WRAP Principles include standards for child and forced labour, and workplace and environmental protections. However, the WRAP Principles also contain unique requirements for customs compliance and drug interdiction, which support tight security controls over suppliers and shipments. The WRAP Principles are widely viewed as the weakest standards of any of these systems and the least transparent monitoring and certification program.

WRAP’s program certifies individual manufacturing facilities, not brands. The WRAP Certification Board accredits firms to be external monitors of manufacturing facilities. WRAP has accredited 12 monitors to date, primarily professional service firms such as ITS, Global Social Compliance (formerly a division of PricewaterhouseCoopers), and Cal-Safety Compliance Corporation. These external monitors submit Facility Monitoring Reports to the WRAP Certification Board, which then reviews each report and makes the decision for or against certification. If a facility meets the WRAP standards, it is granted certification valid for one year and may be required to undergo self-assessment and submit to external monitoring. Facilities may or may not be subject to unannounced inspections.

A range of stakeholders has criticized WRAP for its perceived industry bias and low level of public transparency. WRAP does not disclose the names or locations of certified or audited factories and has not disclosed any audit findings (or even what an audit looks like). WRAP currently has no plans for providing information to consumers or other stakeholders. WRAP certification is designed to be used by factories as a selling point in their negotiations with retailers and brands. WRAP also currently lacks NGO and civil society participation in monitoring or verification. Audits are primarily pre-announced and conducted by firms paid directly by the factories being audited.

6.1.4.3. Social Accountability International (SA8000)

Social Accountability 8000 (SA8000), a voluntary workplace standard patterned on the International Organization of Standards system (e.g., ISO 9000 and ISO 14000), was created in 1997 by the Council on Economic Priorities (a US NGO), and now administered by an NGO called SAI, with an advisory board made up of representatives from multi-national
firms, international unions, and NGOs. SAI seeks to motivate factories as well as member brands to implement the SA8000 code of conduct and to be audited by accredited auditors. SAI is responsible for accrediting these auditing firms, conducting training for auditors, factory managers, and workers on the standards, and for publishing a list of factories meeting the SA8000 standard.

The SA8000 code, while based on the ILO core standards, has some unique components regarding the issues of wages, worker representation, and certification. SA8000, for instance, may be interpreted to include the requirement that factories pay workers a “living wage,” or what SAI refers to as a “basic needs” wage. SA8000 also requires firms to “facilitate parallel means of independent and free association and bargaining” in countries where it is not possible to form free trade unions. Both of these provisions remain highly controversial, as it is not clear, for instance, exactly what qualifies as effective parallel means of representation in countries such as China. SA8000 also includes a section on management systems that “requires policies and procedures and documentation systems that demonstrate ongoing compliance with the standard.”

SA8000, similar to WRAP, certifies manufacturing facilities, not brands or retailers. The idea behind this system is that brands and merchandisers will seek out factories that have received SA8000 certification, as they look to ISO 9000 certification to verify quality standards. SAI is also developing a Signatory Member program, which requires members to move their supplier factories toward SA8000 compliance and to report progress in meeting this goal periodically.

SAI disclose lists of certified facilities and their locations but does not publicly disclose which facilities have lost their certification or which were rejected in their applications. Some concerns have been raised about the SAI strategy. Critics have argued that it is impossible to “certify” that any factory complies with the SA8000 standard based on a 1-day audit, once per year. NGOs have also criticized the SA8000 auditing procedures for perceived corporate bias and weak controls on the quality of monitors. No NGOs have been accredited within the SAI system as auditors. As with WRAP, auditing is conducted by professional service firms and quality testing companies. Nine firms have been accredited by SAI to conduct audits under the SA8000 standard.
6.1.4.4. Fair Labour Association (FLA)

The FLA convened initially been by the Clinton administration in 1996 as the Apparel Industry Partnership (AIP), is both the oldest and most controversial of current initiatives to establish monitoring and verification. The FLA initially focused only on the apparel and footwear industries but has recently expanded to cover other industries producing university-logo goods.

The FLA has developed a “Workplace Code of Conduct and Principles for Monitoring,” accredits, monitors, reviews audits, and reports on audit results. The FLA advances a monitoring system which requires companies seeking certification to first inspect all of their contract factories internally by the end of their “implementation period.” Companies are also required to hire external monitors to evaluate at least 30% of their supplier factories during the first 2–3 years of the certification process.

The FLA model has also come under fire from some unions, NGOs, and student activists for being overly controlled by the industry (Benjamin, 1998). Critics pointed out that firms could select and directly pay their monitors, had a say in which factories were audited, and only disclosed summaries of auditing results. Student activists have also criticized the FLA for failing to advance a living wage and for not sufficiently supporting union and women’s rights.

The board of the FLA responded to these criticisms in April 2002 by announcing significant changes in the program’s external monitoring and disclosure procedures (FLA, 2002). The FLA is now taking much more control over external monitoring, with the FLA staff selecting factories for evaluation (from a sample of “high risk” contractors), choosing the monitoring organization, requiring that inspections be unannounced, and receiving all audit reports directly. The FLA then works with the brand and factory in a remediation process and publicly discloses the results of the original audit and remediation efforts. FLA staff conduct their follow-up inspections to verify remediation has occurred. The FLA is expanding its external complaint procedures and internal management systems reviews of brands. The FLA also recently unveiled a transparency initiative that provides “tracking charts” of individual factories (without names or locations), detailing non-compliance findings by FLA-accredited monitors and tracking progress of participating brands in remediating these problems.
6.1.4.5. Ethical Trading Initiative (ETI)

The ETI was initiated in England in 1998. ETI is an alliance of companies, NGOs, trade unions, and the British Government, working to “identify and promote good practice in the implementation of codes of conduct of labour practice, including the monitoring and independent verification of the observance of code provisions.” ETI was established explicitly as an experimental “learning initiative,” designed to help identify and disseminate information on how best to implement labour codes that benefit workers in global supply chains. ETI runs pilot projects and commissions research, in collaboration with partner firms and NGOs, which seek to examine specific challenges of code implementation, monitoring, and remediation of problems in supply chains.

ETI has conducted pilot projects in many countries, evaluating, for instance, code implementation and monitoring in apparel production in Sri Lanka, India, and China, horticulture in Zimbabwe, bananas in Costa Rica, and wine in South Africa. These pilots are critical to the ETI strategy as they generate information on issues such as how to monitor for child labour, how to evaluate the quality of 1-day audits, how different actors can contribute to auditing, how best to establish worker complaint systems, etc. ETI reports the detailed findings of these pilot projects and internal auditing conducted by companies to member organizations (although this information is not made available to the public). ETI also holds public meetings and workshops where more general findings are reported.

The ETI began a 2-year assessment process of its initiatives. The organization has hired outside researchers to evaluate whether, how, and under what conditions participation in ETI programs and implementation of the ETI base code improves working conditions, and what problems and challenges implementers face. The Ethical Trading Initiative (ETI), a multi-stakeholder initiative involving companies, trade unions and NGOs, has been focusing on textile workers’ rights in the Indian state of Tamil Nadu since 2012. Despite working with global brands and local manufacturers for five years (and expenditure of nearly £500,000), the ETI’s efforts to promote workers’ rights do not appear to have resulted in any benefits for workers, and neither did they result in greater transparency in the supply chain, according to a 2016 report. The report found that reputation and image management were primary drivers for companies to join ETI, and any improvements in working conditions in factories were carried out as long as they did not affect profit margins (Connor et al., 2016).
6.1.4.6. Fair Wear Foundation (FWF)

The Dutch Clean Clothes Campaign (2001), in collaboration with trade union representatives and Dutch retailers, established the FWF in 1999 (after five years of discussions and negotiations on code issues) to work with associations of small and medium-sized enterprises in the Netherlands, and to oversee the implementation of a code of conduct through retail supply chains. The FWF has developed a “code of labour practice,” based strictly on the ILO core standards, and requires companies to monitor their supply chains and to establish independent verification and worker complaint procedures. The FWF will certify companies that are implementing the code and have a system in place to gather evidence on factory conditions in their supply chains. FWF is responsible for verifying that the code is being implemented in a percentage of each firm’s factories.

The FWF has conducted pilot studies in garment factories in India, Poland, Romania, and Indonesia to test its monitoring and verification procedures. Within the context of these pilot projects, participating companies have conducted internal inspections of their supply facilities and the FWF has performed external verifications to spot-check these findings. This process has led to the FWF now requiring member companies to use a management system that stipulates the maintenance of a supplier registry, establishment of management and worker training programs, implementation of internal monitoring (in which the Dutch retailer monitors working conditions in its suppliers), and follow-up procedures for evaluating corrective action plans to address code violations.

Participating companies submit audit reports and corrective action plans to the FWF office. The FWF then makes public the names of brands participating in the FWF, their countries of operation, and the number of suppliers in each country. Specific information on business practices and worker interviews are kept confidential.

6.1.4.7. Worker Rights Consortium (WRC)

The WRC was developed by the United Students Against Sweatshops (USAS) in cooperation with the Union of Needletrades, Industrial and Textile Employees (UNITE), the American Federation of Labour-Congress of Industrial Organizations (AFL-CIO), and some human rights, labour, and religious NGOs in 1999.
The WRC employs three broad strategies: (1) inspecting factories from which the WRC has received worker complaints; (2) pro-active inspections in countries with patterns of poor labour practices; and (3) information disclosure requirements. The WRC does not certify company compliance with a code of conduct, conduct systematic monitoring, or accredit monitors. Instead, the WRC encourages (but does not require) participating universities to adopt codes of conduct that closely resemble the WRC’s “model code,” which includes strong provisions for a living wage, women’s rights, and recognition of worker’s rights to freedom of association. The WRC requires member universities to commit to broad public disclosure and to develop mechanisms to verify information reported by companies and their suppliers.

The WRC’s goal is to ensure that factories which produce university-branded apparel comply with the “model code of conduct,” and in particular with rights to freedom of association and collective bargaining. The WRC also seeks to educate workers themselves about university codes, so that workers may report code violations to local NGOs or the WRC. The WRC’s investigative efforts rely on collaboration with local NGOs and activists, personnel from either the WRC, its board, or affiliated university members, and labour and human rights experts.

The WRC is also developing a database of manufacturing facilities, which allows the public to search by factory name, licensee name, location, or university affiliate. The WRC is increasingly focusing on remediation processes, working with universities and buyers (usually the brands), and workers’ organizations to negotiate solutions to problems raised by workers, with the hope that there will be some “ripple effect” to other factories in these regions.

The Worker Rights Consortium’s ‘fact-finding’ directly after Rana Plaza provided vital evidence about the buyers present at the factory. This prevented brands denying that they were sourcing from Rana Plaza—a practice that some brands had attempted. Those brands who were shown to source from the factory complex, such as Primark, were among the most responsive and early signatories to the Accord (Reinecke and Donaghey, 2015).

The WRC is not without its critics. The WRC has been criticized (and publicly opposed) by some firms and university administrators. Opponents have accused the WRC of representing
a “gotcha” model of monitoring, more focused on identifying problems and embarrassing firms, than on resolving problems. Also, the WRC’s in-depth inspection system has been criticized for having a limited scope and coverage. Moreover, frustrated with existing Corporate Social Responsibility activities by brands that had mainly focused on social auditing of suppliers, the Worker Rights Consortium and the Clean Clothes Campaign attempted to establish a ‘Memorandum of Understanding’ for brands to invest in building safety in Bangladesh, yet it failed to gather the necessary support of at least four companies to sign the commitment (Reinecke and Donaghey, 2015).

Several other initiatives, while not explicitly focused on codes and monitoring, are also potentially supportive or complementary to non-governmental labour regulation. These include the Global Reporting Initiative (GRI) and the United Nations Global Compact initiative, created by the UN General Secretary in 2000). It should be noted, however, that neither of these initiatives requires external or independent monitoring or verification of any kind, but instead remain self-reporting and disclosure systems permanently.

6.2 Bangladesh Context

6.2.1 Pre Rana Plaza Labour Governance

From colonial times to the present, the government in what is now Bangladesh has often championed business interests by suppressing labour and resisting attempts to allow labour to organize, bargain collectively, and press for better wages and working conditions. The result is an extremely contentious history of labour relations in the country. Hostile industrial relations came to the fore in the 1960s with the emergence of manufacturing in Bangladesh. British royally ruled in what was then the region of East Bengal had allowed the registration of trade unions, but illegal strikes in public services. Subsequently, suppression of labour organization and collective bargaining increased after Partition, when present-day Bangladesh became East Pakistan (1947-1971), although the area had very little industry (Al Faruque, 2009). The West Pakistan-dominated government passed the Essential Services Maintenance Act in 1952 banning trade unions and “declar[ing] work stoppage or absence from work a punishable offence” (Nuruzzaman, 2006). During the 1960s, West Pakistani entrepreneurs established factories to process jute, sugar, and cotton textiles. In 1969, the government relaxed labour controls under the Industrial Relations Ordinance, which permitted the formation of labour unions at the factory level and allowed workers to bargain
collectively and to strike. Workers responded increasingly militantly, and great strikes, lockouts, and violent clashes followed. These militant (and often Communist-influenced) workers were an essential part of the Awami League (AL) coalition that defeated the West Pakistani regime to win independence in 1971 (Nuruzzaman, 2006).

In 1971, at the time of independence, the socialist AL government nationalized many factories, most notably jute processing, left behind by West Pakistani industrialists and proclaimed their solidarity with working people. However, while maintaining those trade unions were legal, in 1972 the AL banned strikes, lockouts, and collective bargaining in the state sector factories, and established a uniform wage structure in state-owned enterprises (Nuruzzaman, 2006). A bloody coup in 1975 led by General Ziaur Rahman brought to power a new military coalition, eventually fashioned into the Bangladesh Nationalist Party (BNP), that formed a much more business-friendly and market-oriented government. It began a protracted process of privatizing the economy (Rahman, 2015). Along with the privatization came export orientation and further suppression of labour, including restricting trade union rights, a ban on strikes and lockouts under martial law, and the establishment of non-union Export Processing Zones (EPZs) in 1980 (Nuruzzaman, 2006). Throughout the 1980s, workers outside the EPZs resisted the move toward privatization by frequently protesting, sitting in, and striking, sometimes meeting with violence, despite the high cost of doing so (Rahman and Langford, 2012).

Labour governance in the rapidly increasing RMG sector became particularly contentious. RMG manufacturing proliferated, and Bangladesh's economic fate increasingly came to depend on it. Beginning in the late 1980s, the industrial labour force was increasingly made up of rural women migrating to urban areas to work in the garment industry. Simultaneously, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) became one of the most influential economic and political actors in the country after its founding in 1982. Despite opposition from the BGMEA and its political allies, throughout the 1980s the mostly unorganized female labour force repeatedly engaged in strikes and other labour actions in response to management determination to prevent unionization, suppress wages, and ignore occupational safety.

A "people power"-type displacement of the military regime in 1990 and its replacement with a weak and illiberal parliamentary democracy led to some improvements in labour relations,
as trade unions were legalized again in 1991. A major attempt to overhaul labour laws took place during the period 2001–2006, taking on particular urgency after major labour unrest in the garment sector in the spring of 2006. Strikes, lockouts, and the violent suppression of worker protests by private security forces hired by garment factory owners put the entire city of Dhaka in a state of crisis (Rahman and Langford, 2012). In June of 2006, the BGMEA agreed to labour demands "including an increase in wages, an appointment letter for all workers, a weekly day off, female maternity leave, withdrawal of all disciplinary cases against workers, and the right of trade unions to represent garment workers" (Rahman and Langford, 2012). Ultimately, however, the revised Bangladesh Labour Act was suspended by the declaration of a state of Emergency in January 2007. During the two years of the Emergency, political demonstrations and trade union organization and bargaining were banned altogether (Al Faruque, 2009). Following the restoration of civilian rule in 2008, political instability was accompanied by continued limitation on labour organization, although the 2006 Bangladesh Labour Act was formally reinstated. Both of the feuding political parties that took turns forming governments, the AL and the BNP, had close ties to the growing RMG manufacturing sector. Many members of parliament were themselves garment factory owners, creating both incentive and means for the state to repress labour in that sector. At the same time, both the AL and BNP had affiliated labour fronts that engaged in large-scale industrial action against the opposite party when it was in power. Clientelism, frequent strikes, and political gridlock contributed to uneasy relations between labour and management across all sectors of the economy.

Labour unrest in the RMG sector peaked in 2010 with a series of strikes and other labour actions in Dhaka in which workers demanded increases in the minimum wage and housing allowances, prompt payment of wages, an end to forced overtime, and better working conditions, among other issues. Hundreds of strikers were injured in violent interactions with police and private security forces, a police station was burned down, and many factories closed in the disturbances (Hossan et al., 2012). As a result of these protests, the minimum wage was increased in the RMG sector from about US$25 to about US$70 per month, but relations between labour and management were still very antagonistic. Interviewees mention the same.

"Before Rana Plaza, there were many movements but none of them was for factory safety, they were all focused on pays. We had salary restructuring in 2006, then again in
Labour organization was restricted to factory-level unions, which were permitted to form only after at least 30 percent of the workers voted to unionize. As a consequence, up to three unions could represent workers in each factory, resulting in multiple labour union federations that often feuded among themselves. The politicized, weak, and fractured labour movement could do little to protect labour activists who were intimidated, detained, and sometimes tortured or killed, reportedly either by the police or the "muscle men" hired by factory owners. In November of 2012, a fire in the Tazreen Fashions factory in Dhaka killed 113 workers and injured over 200, inspiring a meeting in January 2013 hosted by the Ministry of Labour and Employment and the International Labour Organization. The meeting brought together government, labour, and employers to construct a plan to improve factory fire safety. Despite the loss of human life and the reputation risk exposed by the fire at Tazreen, many factory owners and managers strongly resisted efforts to promote fire safety and other occupational health and safety measures. Factory owners and managers further resisted any measures that seemed to give labour more leverage on the factory floor or in collective negotiations. Owners’ resistance was defended as a cost-saving step necessary for the continued competitiveness of Bangladesh's RMG sector.

"Up to that time, the sphere of compliance was only social compliance. Structural safety, fire safety was not part of the compliance requirements till Rana Plaza and Tazreen Garment Factory incidence."[Interviewee 21, Assistant Manager, Code of Practice, Brand]

It was in this context of longstanding, sharp, and sometimes violent conflict between labour and employers that the Rana Plaza factory collapse took place on 24 April 2013. Up to that time, owners had resisted every effort to improve working conditions and raise wages, giving ground only in the face of massive demonstrations, strikes, and violence, and often failing to implement the few concessions to which they had agreed.

"The audit introduced as a result of Tazreen and Rana Plaza incidence is related to fire safety and building safety. Before that there were regular audits, a new additional wing was added. Previously we thought that a worker is deprived only if his salary is not paid on time, sometimes salary is unreasonably deducted, does not allow him to go on leave, does not get maternity benefit; now we know that even after providing all these benefits, the
worker may still be in danger, may lose his life in an unsafe factory.” [Interviewee 21, Assistant Manager, Code of Practice, Brand]

The BGMEA and factory owners did not hesitate to say that they opposed labour regulations and viewed them as a business obstacle. On a similar note, Black (2008) observes that regulators (whether state or non-state actors) may attempt to create and manipulate the perceptions of wider stakeholders. This attempt at manipulation is a communicative activity of rendering account, which might have transformative effects on the organisation, is critical to its legitimacy and the continuity and scope of rendering accountability to wider stakeholders (Siddiqui and Uddin, 2016). Regardless of years of testing, innovative governance advances such as social auditing have not delivered on their assurances (Reinecke and Donaghey, 2015). Scholars have grieved over the malfunction of the voluntary, private regime of social auditing (Locke, 2013), as also confirmed by the sequence of collapses and fires in factories regardless of social auditing. Rana Plaza collapse became a turning point for the heretofore strongly negative attitudes of RMG factory owners to labour regulation.

6.2.2 Post Rana Plaza Labour Governance

The common response from interviewees was that any issue/event, which attracts strong and instant negative public reaction, requires a fast and very public reaction from the corporation concerned if a loss of legitimacy, accountability and reputation is to be prevented. Rana Plaza was such an event. The association of numerous local and international actors in leading the supply chain – the state, trade unions, NGOs, suppliers, entrepreneurs, global brands and retailers – was an effort to widen the largely buyer-driven dynamics of global supply chains where ‘soft laws’ like compliance standards and codes of conduct could serve as responsible governance mechanisms. While scholars have highlighted the diversity of actors concerned in global governance arenas, it has not been fairly obvious how diverse types of actors add and form fresh opportunities for ‘collaborative governance’ (Rasche, 2010) The Rana Plaza disaster led to a public outcry in Bangladesh as well as internationally and to demands for initiatives to ensure that a similar tragedy would not happen again. Initially, the main focus was on workplace safety, to be achieved through regulations to ensure the safety of factory construction, prevent fires and ensure safe electrical wiring. The closeness and importance of events rooting legitimacy and accountability to be also repaired “demand” that corporations respond (react) promptly. Recognizing accountability and
comforting society that all steps will be engaged to guarantee the event does not reappear (O'Donovan, 2002). However, even after having a disaster like Rana Plaza, some of the factory owners try to look for shortcuts to safety.

"What happened initially, during the first year, some factory owners painted the doors red and started saying I have fire doors. Now, what you can say about that? So for the fault of twenty percent factories, the rest 70% to 80% of factories had to invest double the amount. These 20% -30% represented the entire factories." [Interviewee 21, Assistant Manager, Code of Practice, Brand]

The focus on workplace safety is in line with ILO principles: The ILO Constitution sets forward the principles that workers should be protected from illness, disease, and wound occurring from their employment (ILO, 2016). In 2013, two monitoring regimes establishing fire, electrical and building safety programs emerged in the United States and the EU: the business-dominated Alliance (US-led) and the multi-stakeholder-oriented Accord (EU-led). Union organizers and anti-sweatshop activists persuaded the big European brands such as H&M to sign the Accord to police safety conditions and allow access to trade unionists. Nearly 200 garment corporations have signed the Accord from 20 countries in Europe, North America, Asia and Australia. Other signatories include two global trade unions, IndustriALL and UNI, and numerous Bangladeshi unions. Company signatories make a highest yearly donation of US $500,000 on a sliding level basis comparative to quantity sourced from Bangladesh. Demonstrating a obligation to transparency, every supplier factories and inspection reports, together with corrective action plans, are made openly available on the Accord’s website. The lawfully binding nature of the Accord also stands in harsh contrast to the ‘Alliance’—another corporate social responsibility and safety examination programme with 26 members formed by mainly US-based brands reluctant to sign the Accord. The point about the formation of a legally enforceable agreement is a very noteworthy new departure in global supply chain labour governance. In the course of the Accord, brands have conveyed oversight of their supply chain to a body which has a right to begin legal action against the brands where they do not meet their promises.

U.S. retailers and brands would not sign the Accord due to liability fears. Instead, a group of North American apparel companies, retailers and brands led by the Gap and Wal-Mart founded the Alliance for Bangladesh Worker Safety, an internally binding, five-year undertaking with the intent of improving safety in Bangladeshi apparel factories. The Alliance has a governing board that consists of prominent leaders from major US brands.
This initiative has no union representation and, as a consequence, has been criticized by the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) for its lack of full engagement with the Accord. However, the story is more complicated than merely subsequent to a dreadful human tragedy, a crowd of important brands developed and signed up to the Accord to progress building safety in Bangladesh.

"The birth of Accord and Alliance happened to tackle the situation that arose because of the Rana Plaza incident. Because the brands will not get a cheaper rate in other places. Also, as they cannot have cheaper rates elsewhere, they created Alliance and Accord to keep the industry alive. They are using the name of Alliance and Accord so that they can continue taking products from BD." [Interviewee22, Program Coordinator, Workers' Rights, NGO]

While organizationally different, the Accord and Alliance factories do not differ substantially in their Occupational Safety and Health (OSH) performance (defined as fire safety, electrical safety and building safety). Even though it had created some confusion for the owners regarding different standards given by Alliance/Accord, finally decided to share factories audit reports when they source from the same factories.

"After March 2015, it was decided that either auditor of Accord or Alliance, who will audit the factory first, he will continue the process for that factory and the auditors of the same group will do all subsequent visit. The other group will only receive the updated status or position. In the context of Bangladesh, the difference between before and after Accord-Alliance is that now the factory owner whose factory is being assessed and the Brand can say confidently that my factory is safe according to international standard." [Interviewee 21, Assistant Manager, Code of Practice, Brand]

The EU and the United States have too used trade policy to drive change in labour protections. The EU promotes a policy of trade access through its “Everything but Arms” program for Bangladesh: a duty-free, quota-free access program that includes apparel exports. The EU monitors progress for labour rights in Bangladesh and has made it clear that lack of progress will lead to future blocked trade access. At the time of the Rana Plaza collapse, the EU reaffirmed its engagement strategy with the Sustainability Compact for Bangladesh, signed in Brussels on 8 July 2013 (European Commission, 2017).26

In contrast, the United States has a long tradition of using trade policy to promote social objectives in the exporting country. In 2013, President Obama suspended Bangladesh’s trade benefits under the GSP because of insufficient progress by the government of Bangladesh in

---

granting Bangladeshi workers internationally recognized worker rights. That decision followed an extensive review under the GSP program of worker rights and worker safety in Bangladesh during which the US government encouraged the government of Bangladesh to implement needed reforms. The AFL-CIO had filed a GSP case against Bangladesh in 2007. While US trade policy restrictions may only affect a minor share of Bangladeshi exports to the United States, the significance of the termination of GSP should not be underestimated. Bangladeshi officials were concerned that the EU would follow suit and also limit trade access.

"One of the major excuses for cancelling the GSP facility was the Rana Plaza incident. Other SAARC countries still enjoy the GSP facility." [Interviewee 36, Manager, Marketing and Sales, Buying House]

While the Bangladeshi government opposed GSP suspension, US GSP suspension was seen as the least punitive of all trade policy responses to the Rana Plaza and was viewed as largely symbolic. BGMEA blamed local civil society groups and labour unions for tarnishing the image of the country and threatened legal action against them on charges of agitation. BGMEA took a counter-offensive strategy, blaming others for being “treacherous, unpatriotic, or irresponsible” (Cohen, 2001). Apparel is excluded from the GSP trade agreement. As a result, less than 20 percent of Bangladeshi exports to the United States received preferential treatment in 2013 (Greenhouse, 2013). GSP suspension by the EU would have been far more concerning for Bangladesh. In 2013, the EU purchased 60 percent of Bangladesh’s apparel exports, the trade which did receive preferential treatment under the EU GSP. However, rather than suspend GSP preferences, the EU chose to remain engaged with Bangladesh with the Bangladesh Sustainability Compact, signed in Brussels on 8 July 2013. The structural break in concern with labour regulations, then, coincides with the decision by Bangladesh’s main trade partners to limit trade sanctions to U.S. GSP suspension rather than the more punishing suspension of EU GSP preferences.

Additionally, the National Tripartite Plan of Action (NTPA) was adopted by the Bangladeshi government (the Ministry of Labour and Employment, or MoLE), "worker organizations" and employer representatives. Moreover, ILO has an advisory role and offers technical assistance (ILO 2013). The National Tripartite Committee is in charge of implementing the NTPA (Khan and Wichterich, 2015). The Committee consists of the Secretary of the MoLE; the President of the Bangladeshi Employers’ Federation; the Vice President of the BGMEA
(the Bangladeshi Garment Manufacturers and Exporters Association), the First Vice President of the BKMEA (the Bangladeshi Knitwear Manufacturers & Exporters Association); the Chairman of the National Coordination for Workers’ Education; the Chairman of the Bangladeshi National Council. The ‘Tripartite partners’ first met on 15 January 2013 in a meeting organized by the MoLE and the ILO, where they committed to working together to develop the NTPA by the end of February 2013. The MoLE endorsed the NTPA on 24 March 2013. The NTPA was primarily a product undertaken by the national actors and the ILO and initially focused on fire safety. After the Rana Plaza collapse, following consultation with and pressure from the ILO, the Committee added ‘structural integrity of buildings’ to its plan, which was formally implemented on 25 July 2013. An Amendment to the 2006 Bangladesh Labour Act was adopted in 2013, and implementation procedures were adopted in 2015. The 2013 labour law highlighted the right to organize (freedom of association) and collective bargaining.

"After the independence of BD, the first National Labour Law came in 1972. The second labour law was in 1980. The third one was in 2012, which was drafted in our hand. Interestingly, the law came before the policy. The rule is the policy should come before the law. As the policy came afterwards in 2012, there was a need to make some changes in the related laws. Also, as a result, some changes were made in 2013, and there were almost 78 changes were done in the Law. Now, if there are 78 changes in law, you can imagine how big is that. Huge change. 78 changes came in 2013." [Interviewee 22, Program Coordinator, Worker’s Rights, NGO]

According to the Amendment, employees would no longer need approval from factory owners to form trade unions. Instead, workers would apply to the Labour Directorate for authorization. The 2006 Labour Act also emphasized that worker representation on Worker Participation Committees (WPCs) must be established in all factories with 50 workers or more. Further, the 2013 Labour Act revision requires that worker representatives must be elected by secret ballot (Davidson, 2013). There are over 1,500 "Tier 3" factories, i.e., factories that are non-Accord and non-Alliance factories. The Bangladeshi government is responsible for supervising the adoption of the required changes in these factories. However, the real scenario is not as easy as it seems.

"Non-Brand factories in Bangladesh who are under Bangladesh Fire Service and Civil Defence assessment guidelines, their assessment has almost been completed. Here pressure is less. ILO may say to a factory owner that your factory is not safe, and it needs rectification. The owner may not do the rectification. In that case, ILO can only remind him of his failure. However, the advantage with the Brand is that they can control the business,
there is scope for negotiation. For ILO the scope for negotiation is less." [Interviewee 21, Assistant Manager, Code of Practice, Brand]

Table 5 provides an overview of the critical regulatory initiatives to promote labour standards in the Bangladeshi garment sector and their relationship to the discussed modes of public and private Corporate Social Responsibility (CSR) regulation. Initiatives to promote better labour standards range from top-down hierarchical trade regulations (government regulation of CSR in a firm’s host country) to bottom-up soft regulation in the form of multi-stakeholder initiatives (private regulation of CSR in a firm’s host country) and business collaborations in the form of the Alliance.

The ILO's flagship program, Better Work, runs training sessions for developing supervisory skills. H&M runs a program focusing on women's empowerment that, for example, encourages women to take leadership positions in garment production and help women develop financial literacy. Li & Fung's social dialogue program focuses on establishing grievance mechanisms and creating a process for ensuring feedback from workers to management.

The Rana Plaza disaster perhaps raised questions about the state’s moral legitimacy. Drawing on various pieces of literature on legitimacy, Black (2008) discusses four types of state with moral/normative legitimacy: constitutional, justice, functional and democratic claims. The magnitude of these human disasters haunted the state still further when the media reported that the owner of the building was a ruling party member. Constitutional and justice claims were necessary for the state to maintain moral legitimacy. One action taken by the state was the immediate arrest of the building and factory owners. The state’s reluctance to connect with matters around working conditions, offering plain official denial and not firmly implementing regulations, might be better understood from the viewpoint of legitimacy and accountability relationships. The ruling party saw these workers’ disturbances as threats, not only to moral and pragmatic legitimacy but perhaps even to cognitive legitimacy (Siddiqui and Uddin, 2016).

Bangladeshi employers and the government remain reluctant to adopt foundational labour rights such as freedom of association as well as right to collective bargaining, and although the number of union registrations increased after Rana Plaza, registrations declined during 2016.
Table 5. Four key regulatory initiatives to improve working conditions in the Ready-Made Garment Sector in Bangladesh. (Adopted from Kundsen et al., 2016)

<table>
<thead>
<tr>
<th>Business-only (no government role)</th>
<th>Examples</th>
<th>Scope</th>
<th>Membership</th>
<th>Decision making</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance for Bangladesh Worker Safety</td>
<td>Establish a standard for fire and safety</td>
<td>North American apparel companies, retailers, brands (Gap; Wal-Mart)</td>
<td>Business only initiative</td>
<td>Not legally binding</td>
<td></td>
</tr>
<tr>
<td>Private regulation of international CSR</td>
<td>Accord on Fire and Building Safety in Bangladesh</td>
<td>Establish a fire and building safety program for five years – all suppliers</td>
<td>150+ apparel companies from 20 countries in Europe and North America, two global unions, Bangladeshi unions and ILO</td>
<td>Multi-stakeholder initiative</td>
<td>Legally binding (those who have been violated can take legal action against apparel companies in the company home country)</td>
</tr>
<tr>
<td>Government regulation of international CSR</td>
<td>US trade agreement with Bangladesh</td>
<td>US trade access dependent on labour standards in Bangladesh</td>
<td>US government – Bangladeshi government</td>
<td>Bilateral trade</td>
<td>Legally binding (US imposes tariffs but not apparel)</td>
</tr>
<tr>
<td>Government regulation of international CSR</td>
<td>EU trade agreement with Bangladesh</td>
<td>“Anything but arms”</td>
<td>EU 28 and Bangladeshi government</td>
<td>Bilateral trade</td>
<td>Legally binding (no trade restrictions have been imposed)</td>
</tr>
<tr>
<td>Government regulation of domestic CSR</td>
<td>National Tripartite Plan of Action (NTPA)</td>
<td>Building and fire safety in Bangladeshi RMG factories</td>
<td>Bangladesh Ministry of Labour, Employers and ‘worker representatives’. ILO in an advisory role</td>
<td>Tripartite agreement</td>
<td>Legally binding domestic legislation</td>
</tr>
</tbody>
</table>

Following amendments to the Bangladesh Labour Act in July 2013, there was at first a dramatic increase in new unions registering within the RMG sector. That year, 96 new trade
unions in the RMG sector were listed with the Bangladesh Department of Labour (DoL). On the contrary, simply two trade unions in the RMG sector had registered with DoL during the previous two years. In February 2014, a total of 222 unions in the RMG sector were registered with DoL (ILO 2014). However, a high-level tri-partite ILO mission to Bangladesh in April 2016 expressed concern about the rate of trade union registration. Figures compiled by the Solidarity Centre in Dhaka showed that in 2015 the government rejected 73 percent of applications. In 2016, by mid-April, 13 applications had been submitted, but only three had been approved, while the majority had been rejected. Thus, while social dialogue may be advancing, unions are still weak in Bangladesh. Furthermore, only about 65 factories out of about 1,650 Accord factories have a registered union. Of the 95 Better Work Bangladesh factories in August 2016, only three were unionized (ITUC, 2016)27. To advance worker voice in the absence of a union, Better Work focuses on setting up functioning Workers Participation Committees (WPCs) in all 95 factories. Bangladesh has ratified most of the core ILO standards, together with Convention No. 87 on freedom of association and Convention No. 98 on the right to arrange and negotiate collectively. Though, significant sections of the Labour Act still do not meet those standards. The new amendments deal with only a few tricky provisions of the existing law while leaving others unaffected. For example, at least 30 percent of the workers in an organization, which can include many factories, would still have to connect to a union for the government to register it. Unions will be authorized to select their leaders only from workers at the organization. This will facilitate employers to force out union leaders by sacking them for an supposedly non-union-related reason, a common practice worldwide. Workers in export processing zones, which cover a bulky percentage of Bangladesh’s workforce, would remain legally unable to form trade unions.

"EPZ's are so-called 'one-stop solution' " [Interviewee 12, Head of Finance, Brand]

Similarly, in September 2016 US Secretary of State John Kerry met with leaders of Bangladeshi garment unions in Dhaka, where he emphasized workers’ ability to freely form unions as key to workplace safety (Connell 2016). “Enhancing worker safety has to be paired with strengthening workers’ rights,” he mentioned a group of 60 garment workers and allies. “The fact is garment factories across Bangladesh actually could benefit enormously

27 https://www.ituc-csi.org/bangladesh-government-s-anti-union
from empowering labourers, allowing them to form labour unions, affording them full collective bargaining rights, because no one should ever be compelled to work in hazardous or exploitative conditions. It is that simple” (Connell 2016). However, it is easier said than done.

6.3 Summary

The tragic industrial accident that took place at Rana Plaza in 2013 had the potential to either aggravate longstanding tension between labour and management in the Bangladesh apparel sector or to usher in a new era of labour protections. Bangladeshi apparel managers became increasingly concerned about the potential for the adoption of stricter labour regulations in the immediate aftermath of Rana Plaza. However, the array of regulatory initiatives introduced in the wake of Rana Plaza did not realize their worst fears. Instead, they reflect more limited demands from international retailers and European and US governments for regulation to ensure worker health safety and create mechanisms for social dialogue. While the Bangladeshi government opposed the GSP suspension, it was the least onerous of the potential trade punishments Bangladesh’s main trade partners might have inflicted. Instead, US GSP suspension coincides with a decision by the EU to pursue an engagement strategy, a decision that protected the Bangladeshi apparel sector from the EU’s Most-Favoured-Nation tariff rates. Manufacturers' participation in building inspection and remediation programs was necessary to remain in the global supply chains of reputation-sensitive buyers. By 2016, mechanisms for social dialogue were beginning to provide workers and managers with opportunities to discuss some issues of concern to workers. Worker Participation Committees, required in large factories by Bangladeshi labour law, began to mature as indicated by characteristics such as an election by secret ballot. However, despite advances in occupational safety and health and social dialogue, foundational labour rights such as freedom of association and collective bargaining stay vague.

The division of global supply chains and the outsourcing of production to countries where labour standards are fragile and enforcement even weaker have ruthlessly challenged conventional labour governance instruments of collective negotiation and public regulation (Donaghey and Reinecke, 2018). In the nonexistence of such mechanisms implanted within the national environment where production is carried out, regimes of ‘private labour governance’ (Hassel 2008) and ‘global labour governance’ have emerged (Meardi and
Marginson 2014). However, as O’Rourke (2003, 2006) highlighted, many governance responses are driven by corporations seeking to protect their brand image: Corporations emphasize voluntary, business centred company decision making in the form of CSR. Fundamentally, organizations, sources, and criteria change over time, and organizations must retain legitimacy throughout these changes in order to benefit from it. New organizations gain legitimacy in order to become established (Aldrich & Fiol, 1994). Although legitimacy claims may vary, legitimacy can however be flexible – legitimacy communities may possibly “forgive” individual transgressions (e.g. Gibson & Caldeira, 1995), though the flexibility of legitimacy may be related to its base: pragmatic legitimacy is less elastic than moral or normative legitimacy, which is, in turn, less flexible than cognitive legitimacy (Zucker, 1987; Suchman, 1995). Legitimacy claims are thus made both on and by regulators, and both regulators and legitimacy communities build and challenge the legitimacy of regulators, and certainly of one another.

In global supply chains, CSR activities usually take the structure of voluntary, private social auditing initiatives, such as codes of conduct and other types of industry self-regulation (Fransen and Burgoon 2015). Corporate-driven CSR codes have the benefit that brands can enforce them upon their suppliers by means of contractual relationships. However, corporations, subject to activist movements and media depictions, often make CSR obligations to lessen reputational risk originated from underprivileged labour conditions (Khan et al. 2007; Wells, 2007). Given this active orientation, CSR has often been condemned as a type of ‘greenwashing’ or ‘organized hypocrisy’ (Krasner, 1999) where multinational corporations assume a few, remote social projects doing good to divert from a systematic self-interested, communally damaging approach to profit making. CSR is seen as naturally overstating corporate worry for the common good (Whelan, 2012) and, rather than democratic embeddedness, is determined by the corporate concern to ‘look good’ and guard their brand in the face of ‘naming and shaming’ by activist crowds (Den Hond and De Bakker 2007; O’Rourke 2006).

Known global labour governance initiatives have no alternative to an overarching, democratically ordered authority, legitimacy is a critical and challenged aspect of transnational governance (Donaghey and Reinecke, 2018). As Matten and Moon (2008: 405) view, responsibilities ‘lie at the discretion of the corporation’, rather than on approval that
can be confidently applied. CSR regulation engages a ‘market’ for standards (Reinecke et al. 2012) where corporations can shop around to choose those standards that are top suited to business interests. Locke (2013) highlighted that this directs to lack of enforcement of CSR-driven social auditing in that retailers do not always remove orders when nonconformity arise, thus not providing credible sanctions necessary to commit suppliers to comply with standards. CSR-based self-regulatory initiatives often seek to ‘look like’ more socially controlled initiatives and are thus ‘remarkably similar in their organizational design, processes and rhetoric’ despite lacking pluralist control (Dingwerth and Pattberg 2009: 708).

Bangladeshi factory owners realized that “something had to be done” given the scale of the Rana Plaza disaster. Large retailers from Europe and the United States sent a clear message that in order for them to keep sourcing from Bangladesh, factories had to be made safe. The establishment of the Accord and the Alliance illustrates this fact. However, the Accord and the Alliance focus on technical standards (Barrientos and Smith, 2007) and not on the more politically challenging foundational labour rights. While improving building safety is an expensive undertaking, many factory owners that we interviewed told us that it was necessary in order to remain internationally competitive and attractive to foreign buyers. While the US government pushed for core labour rights and ended GSP trade when the Bangladeshi government did not meet the US demands, the EU instead decided to follow an engagement path. Europe’s decision meant that factories could resist the more extreme labour rights protections that they feared. In short, factory owners agreed to make improvements in building safety driven by supplier pressure, but they resisted core labour rights, secure that the EU had resisted pushing the same agenda as the United States. Recent events do not bode well for core labour rights in Bangladesh. A strike by workers at the Windy Apparels factory in December 2016, objecting to poor working conditions and low wages, set off protests that spread to dozens of factories. Owners responded by suspending or firing some 1,500 workers (New York Times Editorial Board, 2017). Factory owners filed criminal complaints against 25 labour activists and workers, charging some under the country’s 1974 Special Powers Act. Factory buildings are indeed safer after Rana Plaza, but as this incident illustrates, there has been considerably less progress on foundational labour rights. The aftermath of Rana Plaza did create an environment in which companies, unions and workers could set aside differences and operate together through compromise.

28 https://www.nytimes.com/2017/02/01/opinion/bangladeshs-crackdown-on-labor.html
The next chapter attempts to answer the second research question whether in the context of the complex social-political environment in Bangladesh ready-made garments sector, can social audit play a critical role in allying concerns about labour governance.
CHAPTER SEVEN: PROVIDING SOCIAL AUDIT IN A COMPLEX POST RANA PLAZA REGULATORY ENVIRONMENT

7.0 Overview

This previous chapter attempted to answer the first research question that whether Rana Plaza collapse triggered a stricter own regulatory regime and what were the new changes introduced. As a result, the sections of the chapter discussed the regulatory initiatives in the supply chain which brings in the description of prevailing hard/soft laws, the corporate code of conducts, worldwide accepted certifications and multi-stakeholder initiatives. Later, the chapter discussed the Bangladesh context in detail for both pre-Rana Plaza and post-Rana plaza in respect of regulatory developments by keeping the theoretical framework in mind. This chapter attempts to answer the second research question whether in the context of the complex social-political environment in Bangladesh ready-made garments sector, can social audit play a critical role in allying concerns about labour governance.

The study is located in the backdrop of the Rana Plaza collapse in Bangladesh. On April 24, 2013, an eight-storied commercial building named ‘Rana Plaza’ collapsed in the outskirts of Dhaka, the capital of Bangladesh. The Rana Plaza tragedy claimed more than 1,100 human lives, most of them working in the six ready-made garments (RMG) factories located in the building. Concerning magnitude, this is considered to be the worst industrial accident since the Bhopal disaster in India in 1984 (The Economist, May 4, 2013)\(^{29}\). This is, though, not the first time that an industrial accident has occurred in Bangladesh. The Rana Plaza incident happened just five months after a deadly fire killed more than 100 workers in another RMG factory, Tazreen, in Bangladesh. In both cases, the government of Bangladesh, along with the owners of the RMG factories, were accused of ‘criminal negligence’, mainly due to their inability to make these factories accountable or to ensure basic workers’ rights (Lennox et al., 2013). The recurring safety issues in the RMG factories in Bangladesh also raised serious questions regarding broader labour governance issues about important global supply chains. After the Rana Plaza collapse, some private regulatory initiatives were enforced by MNCs using Bangladesh as a supply chain. Such private sector-led standards are implemented by strict inspection regime monitored directly by the MNCs. However, some recent papers have questioned the efficacy of the inspection arrangements (Hoque et al.,

\(^{29}\) https://www.economist.com/leaders/2013/05/04/disaster-at-rana-plaza
2016). Also, the seriousness of the Government of Bangladesh (GoB) has been questioned, raising serious doubts about the impact of such standards on ensuring workers’ rights (Siddiqui and Uddin, 2016). This presents the context for this study. Figure 1 provides a snapshot of social audit arrangements in the RMG sector in Bangladesh.

Figure 1: Snapshot of social audit arrangements in the RMG sector in Bangladesh.
Western brands outsource their manufacturing part in the developing/least developing countries because of lower labour cost and weak national laws. Moreover, a particular social class of these countries to earn livelihood end up doing work in unsafe working conditions. According to United Nations Guiding Principles, multinational companies are accountable for the working conditions at their suppliers. A lot of fashion brands have little control or little idea of how much workers are being paid, how long they are working or how safe the factories are, and inadequate motivation to do anything about it. The Rana Plaza collapse on 24 April 2013 was a turning point in the garment industry and demonstrated that self-regulation and self-auditing by brands of their supplier factories had been a disastrous failure.

Consistent with legitimacy theory, a company functions in the society where it consents to carry out a range of publicly wanted actions in return for support of its objectives, other rewards, and its ultimate continued existence. It, therefore, needs to reveal sufficient social information for society to measure whether it is an outstanding corporate citizen. In legitimizing its behaviour via disclosure, the corporation hopes eventually to validate its continued existence (Guthrie and Parker, 1989). The existence of corporations depends on the willingness of society to continue to allow them to operate (Relch, 1998). Milne and Patten (2002) argue that managers engage in the process of legitimating to extend, maintain or defend an organisation’s legitimacy. Rana Plaza was an example of loss of legitimacy and accountability for all the parties involved. As one of the interviewee mentioned:

"Rana Plaza was like a slap on the face, before which we never realized the level of ignorance involved. The main thing that happened is, before Rana Plaza, the awareness of the entrepreneurs and the same after the Rana Plaza is like the difference between a day and a night. Previously, the small details were overlooked, which is no longer the case. Another issue was, when the buyers used to create pressures on different issues and provided different corrective actions, we tried to make excuses for not doing those things thinking of the cost involved. After Rana Plaza, we have the self-awareness that we must do it."

[Interviewee 19, Proprietor, Factory]

After the Rana Plaza incident, the factories, the brands, the third party assurance providers, the related government bodies, all were under scrutiny especially due to the media attention showing the poor working conditions. All of these organizations were under legitimacy and accountability threat as a reason for their negligence in performing their duties. When an organization comes into existence, it always attempts to attain stability and legitimacy. Moreover, stability is achieved through the exercise of power, control or the negotiation of
interdependencies to reduce environmental uncertainty. This also emphasizes the importance of obtaining legitimacy to demonstrate social worthiness and the potential to control or co-opt (Oliver, 1991) instead confirming to externally imposed criteria of acceptable behaviour. Most of the interviewees echo the same.

"After Rana Plaza, the concept of building code has changed which was revised in 2006: BNBC. So after the Rana Plaza incident, everybody took the guidelines of BNBC very seriously" [Interviewee 8, Manager, Environment, Health and Safety Facilities, Brand]

Donaldson et al. (1995) point out that legitimacy is conceived as congruence between institutional actions and social values, and legitimization as actions that institutions take either to signal value congruency or to change the social value. Legitimacy is achieved by demonstrating that companies’ activities are concordant with social values. Bansal and Roth (2000) present examples of legitimating as complying with legislation, set up an environmental committee or the position of environmental manager to supervise a firm’s ecological impact, developing networks or committees with local community depiction, conducting environmental audits, set up an emergency response scheme, and bring into line the firm with environmental advocates. As a result of Rana Plaza, even though it took some time, the mindset of the people changed towards betterment in order to repair the legitimacy and accountability loss.

"For the management, it has appeared that I have to look after my workers properly; if any occurrence like this happens again, it will be difficult for us to get buyers." [Interviewee 18, Vice Chairman, Buying House]

Companies search for establishing correspondence linking the social values connected with their actions and the norms of satisfactory behaviour in the more widespread social system of which they are a component (Dowling and Pfeffer, 1975). In a dynamic society, the boundaries and norms are not set but modify across time, thus requiring the company to be receptive. If the company does not work within the suitable bounds of society, the public will be disappointed with the performance of the company, and it can apply stress in the company to meet potential, or it can exercise the legal system to necessitate better performance (Preston and Post, 1975; Deegan and Rankin, 1996, 1997).

A number of studies (Gray et al., 1995; Hogner, 1982; Milne and Patten, 2002; Deegan and Gordon, 1996) have adopted legitimacy and accountability perspective to explain companies’ motivations for social and environmental disclosures by focusing on measures
for the amount of these disclosures without using, designing or suggesting measures for companies’ motivations behind the disclosures. As mentioned, the literature indicates that changes in social norms and values, as well as, public pressure are the reasons for the need for organizational legitimating.

Rana Plaza was the event which prompted the need for the actors in the global supply chain to prove them legitimate in their actions. This chapter in the following sections aim to answer the second research question under the following five themes: 7.1 Multiplicity of Regulations, 7.2 Politics- Business Nexus, 7.3 Work pressure and subsequent sub-contracting, 7.4 Choice of Auditors and their Ritualistic Behaviour and 7.5 Blame game and Contributory Negligence. These five aspects were highlighted by all the interviewees multiple times when discussed about the working conditions and the after effect of Rana Plaza. And the last section summarizes the findings.

7.1 Multiplicity of Regulations: An Attempt to Regain Legitimacy and Accountability

Multinationals(MNCs) quest for profitability has resulted in developing countries, with poor working conditions and weak legal protection for workers’ rights, being increasingly used as supply chains for global brands. Subsequently, there are widespread concerns regarding the abuse of workers in these supply chains. Also, poor working conditions in factories have led to frequent human rights disasters in the form of accidents relating to fire and building collapses. The failure of nation-states to address supranational challenges, coupled with increased consumer activism, has resulted in the development of a growing range of voluntary private labour governance mechanisms in global supply chains (Bernstein & Cashore, 2007; O’Rourke, 2006; Vogel, 2008). Thus, labour governance in supply chains has gradually moved from state regulations to a private sector dominated regulatory regime. In such a non-state regulatory regime, different standard setters compete, giving manufacturers a choice to adopt competing guidelines. Black (2008) points out that in a market characterised by the presence of multiple standard setters, different actors justify their existence by making a variety of legitimacy claims.

Existence of multiple standards makes it hard for the actors to distinguish amid norms that are defined as ‘laws’ and customs that are measured to be ‘soft’. In certainty, an organizational options are restricted by a mixture of outside pressures, environments are combined and interrelated, and organizations must be open to exterior demands and
expectations in order to carry on (Oliver, 1991). The majority organizations tackle several and often mismatched demands from a selection of external factors. The pressures and expectations do not only come from the state and professions but also from interest groups and public opinions. It sometimes gets challenging, and factory managers have mentioned the need for a standard code of conduct for all the buyers.

"No matter how many buyers are there; like: 50, 100, 500, 1000; they need to come under one umbrella. Common code of conduct should be established where there will be basic things and other things; they need to form an umbrella, and all works will be done under this umbrella." - [Interviewee 31, Senior Officer, Compliance, Factory]

The diversity of legitimacy dynamics creates substantial room for managers to plot tactically within their cultural environments (Ashforth & Gibbs, 1990; Oliver, 1991). Admittedly, no organization can totally please every audiences, and no manager can entirely move outside of the belief structure that leave the organization credible to himself or herself, and also to others. Conversely, administrative initiatives can make a considerable variation in the degree to which organizational actions are professed as desirable, proper, and suitable within any specified cultural context.

One of the most critical demand was reform of Bangladesh’s labour laws directed at the Government of Bangladesh (GOB) by the International Labour Organisation (ILO), the European Union and the US government, among others. Before the collapse of Rana Plaza, the ILO made the establishment of a Better Work programme – something strongly supported by brands and retailers and desired by the Government of Bangladesh itself – contingent on the government bringing their labour law in line with ILO core conventions. Following the Rana Plaza collapse, and under significant pressure from the industry and the international community, they later changed this position and agreed to start the programme despite the failure of the government to comply with ILO standards fully. Better Work mainly deals with social compliance in garments factories. Louis B Vanegas, programme manager of Better Work (BW), Bangladesh, told a group of journalists at his office in Dhaka mentioned that BW was launched to ensure better social dialogue to resolve any crisis in the garments sector, like wage hikes, ensuring better productivity, cleanliness in the workplace and better work management.

Moreover, in 2013 the European Union’s Trade Commissioner launched a Global Sustainability Compact, described as a “joint initiative for improving conditions for workers in Bangladeshi garment factories”. The Compact is essentially an agreement between the EU and the Bangladesh government, in which the government agreed to make improvements to labour law and practice, including concerning trade union rights. The Compact links progress to the review of trade preferences granted to Bangladesh due to its least-developed country status. Also, as an outcome, an amendment to the 2006 Bangladesh Labour Law was adopted in July 2013, which did include some positive reforms. However, the reforms still fell well short of international standards. A further obstacle to progress was the delay in publishing the implementing rules of the Bangladesh Labour Act. These are the processes by which the laws get enforced, yet the government failed to issue them until September 2015 – over two years after the Labour Act amendment was passed into law.

"It was found that, since the independence of BD, there was no National Rule. Law was there, but how to implement the law, no rule regarding this was there. So then we started working, and again it came to me for drafting the rule and by having more than 370 sections we have handed the Rule to the Government. This is the first Labour Rule came in 2015 after the independence of BD." [Interviewee 22, Program Coordinator, Workers' Rights Division, NGO]

Another significant development after Rana Plaza was the formation of Alliance and Accord. The Alliance offers an first-time opportunity for apparel, retail and branded company members to jointly put forward tangible solutions that will be clear, results-oriented, assessable and certifiable. Together, the Alliance’s members stand for the bulk of North American imports of RMG from Bangladesh. The Alliance holds each member and their factories answerable to function workplaces that are secure and successful in ensuring building and fire safety. The Accord, on the other hand, is a legally-binding agreement, signed between these companies, two global unions –IndustriALL and UNI Global – and 14 Bangladeshi trade union federations. Four international labour rights NGOs signed as international witnesses; Clean Clothes Campaign, Worker Rights Consortium, International Labor Rights Forum and the Maquila Solidarity Network.

On 15th May 2013, just three weeks after the collapse of Rana Plaza, H&M was the first brand to sign the Bangladesh Accord on Fire and Building Safety, following a massive worldwide campaign demanding that they do so. Over the following days, dozens of other retailers also felt obliged to sign on as a result of pressure from consumer and trade union
campaigns. To date over 200 garment brands, retailers and importers have signed up. For the first time, brands and retailers were forced to acknowledge, not just by implication but through contract, that they do have a responsibility for ensuring the safety of workers in their supply chains. The inclusion of unions and NGOs in the agreement, the clauses relating to transparency and the appointment of a Chief Inspector who was not contractually or financially linked to a brand, meant that the programme would be genuinely independent.

The Accord is commonly known as the “European” initiative while the Alliance is depicted as the “North American” initiative. Some of the strong critiques of these initiatives in Bangladesh scrutinize their neoliberal and regal nature without differentiating their diverse origins and modes of execution. Alternatively, North American and European labour rights discourses expend an unbelievable amount of energy in distinguishing the Accord from the Alliance and proving how the former is much better to the latter. Pro-Accord versus pro-Alliance pressure is obvious in Euro-American corporations as well as labour rights organizations. The pro-alliance group, including corporations and their allies, try to avoid their answerability by changing focus on the practice of sub-contracting that operates under the radar, thereby holding Bangladeshi garment factory owners and the government of Bangladesh chiefly accountable for the current condition. On the contrary, proponents of the Accord, who include Euro-American labour rights groups, academicians, and activists, try to hold brands liable. While doing so, they often portray sub-contracting as a small problem and depict garment factory owners and the government of Bangladesh as “innocent victims” of unfair corporate practices. A comprehensive understanding of how global corporations, the local government, and factory owners together participate in different roles in abusing disposable, feminised labour across the apparel supply chain is often missing in both pro-Accord and pro-Alliance discussions\(^31\). Moreover, both Alliance and Accord are supposed to work with the government, but the reality is something else.

"Interestingly, the mandate on which Alliance and Accord came to BD, that is the safety concern, is no longer there. Now they are mobilizing the workers for trade union formation. This is something they are trying to do. There is one more trouble here. Alliance and Accord are independent organizations. We have not sold our sovereignty. BD is an independent country, and all the industries do have independence. Accord Alliance is not a government organ, but they are supposed to work under the government. However, they do not work under the government." [Interviewee 22, Program Coordinator, Workers’ Rights Division, NGO] 

\(^31\) https://www.thedailystar.net/star-weekend/thinking-beyond-accord-and-alliance-1393888
"It is a pain for owners. I do not agree with the way Alliance and Accord are working. They tend to force and make us do things in the way they want." [Interviewee 3, General Manager, Compliance and Personnel Division, Factory]

Additionally, the Accord and Alliance are presently creating lots of confusions and disagreements on the ground. Even though the Accord and Alliance originally agreed to avoid duplications, almost 300 garment factories fell under the control of both the schemes. The overlap puzzled many garment factory owners who favoured consistent standards. The Accord and Alliance afterwards reached an agreement about not inspecting a factory two times once done by either one even though Scott Nova, the Executive Director of Worker Rights Consortium, indicated that Alliance inspections are far less thorough than the Accord. Moreover, the Accord also does not have information about which factories have been inspected by ILO or the National Tripartite Plan of Action on Fire Safety and Structural Integrity.

The Accord suggests more expensive retrofitting options despite the availability of cheaper local sources. The Accord provided a list of companies to source fire safety equipment from even though it emphasised that the list not be essentially an endorsement or consent. Some garment factory owners articulated worry about the likelihood of suggested companies cashing in on the situation by asking a higher price for safety equipment.

"They suggest us to use products from specific companies, otherwise non-compliant." [Interviewee 12, Head of Finance, Liaison Office, Brand]

Besides, the Accord and Alliance often randomly choose safety and security standards from a western viewpoint paying no attention to local specificities. For example, BUET engineers suggested concrete strength to be 2400 PSI for stone structure and 2100 PSI for brick structure while Accord engineers proposed 1750 PSI for brick structure. The Accord's recommended PSI would have stopped half of all RMG factories as stated by an official. ILO afterwards intervened to intercede the disagreement and the Accord ultimately agreed to recommend 2370 PSI for stone and 2050 PSI for brick structures. One interviewee mentioned another example:

"Let's talk about hot water reservoir. Say like: BNBC recommends to keep 50,000 litres of water in reserve whereas Alliance recommends keeping 200,000 litres. You have to follow the national standard, but if you follow the national standard, then you will be non-compliant according to the Alliance." [Interviewee 8, Manager, Environment, Health and Safety Facilities, Brand]
Even though both the Accord and Alliance state to include workers’ representatives, the nature of this illustration and involvement of workers is disputed. In 2014, the Accord suspended 31 garment factories, which resulted in job loss for 14,000 workers. Majority of these workers did not get wages or financial aid even though Accord signatory Western retailers and brands were supposed to provide funds through “negotiated commercial terms”. The Accord as well as the Alliance, therefore, promotes a strictly technical understanding of “workplace safety” which does not address the livelihood security of workers. Although the nature of the Accord is unlike the Alliance, the former faces momentous challenges in bringing long-term changes because of its selective option of Third World activist allies, lack of partnership with workers and grassroots organising initiatives, and reproduction of the saviour complex at various levels.

One of the necessities of the Alliance was to form a toll-free hotline for workforce, who could record their worries about safety issues. These grievances were scrutinized by factory managers and Alliance inspectors. However, this proposal serves to individualize problems rather than permit grievances to be expressed collectively. In addition, it was uncertain how dissimilar concerns elevated by workers would be prioritized by the inspectors (Alamgir and Banerjee, 2018). Furthermore, an vast majority of the users of these hotlines were men, which raised worry about this meticulous regime of demonstration, given the largely female composition of the workforce (Donaghey and Reinecke, 2018).

The term of the Alliance will end in 2018. The Accord was believed to expire in 2018 as well, but some of the members are thinking of lengthening the tenure for an additional three years even though BGMEA representatives have strongly objected the proposal. The fleeting nature of the Accord and Alliance mirrors the narrow reach of transnational governance structures focusing on one country at a time. This is one of the most unexpected issues in this sector. Bangladesh is the only country in the world where there is an existence of Alliance and Accord.

In Bangladesh, the garments sector is faced with national laws, the code of conducts of the buyers/retailers and rules and regulations to be abided by from the Alliance and Accord. Moreover, this created almost like polycentric regime. The legitimacy and accountability of polycentric regulatory system have been subject of debate (Dingwerth, 2005; Skelcher, 2005) in recent times. Black (2008) points out that in a polycentric regulatory regime, the
accountability and legitimacy concerns of state and non-state standard setters are much broader, and these organisations start exercising significant powers over profit-making entities. Consequently, business entities feel pressured to respond to the legitimacy and accountability demand of multiple standard setters, both state and non-state. Black (2008) also observes that such legitimacy is rooted in the reasons why some standard-setters are perceived to be more acceptable to organisations.

An organization may comply with external pressures because it augments its legitimacy, adds to it is firmness or sustains the logic of assurance essential to carry out organizational actions in good faith. Similarly, companies may gain many benefits when they have a good image, for example, Fombrun and Rindova (1996) argues that companies with a good reputation can, among other things, charge premium prices, access capital markets, attract investors more efficiently, and usually obtain lower interest rates. One of the big garments factory personnel mentioned:

"We never go outside Bangladesh Labour Law" [Interviewee 3, General manager, Compliance and personnel Administration, Factory]

Legitimacy shapes not only how people proceed toward organizations, but also how they comprehend them. Consequently, audiences notice the legitimate organization not only as more admirable, but also as more significant, more conventional, and more reliable. Part of the cultural correspondence captured by the term Legitimacy and Accountability involves the continuation of a credible collective account or justification explaining what the organization is doing and why (Jepperson, 1991). As Meyer and Rowan (1991: 50) puts forward, "Organizations that ... lack acceptable legitimated accounts of their activities ... are more vulnerable to claims that they are negligent, irrational or unnecessary." Because of the Rana Plaza incident, all the factories and the retailers had to go through some changes to regain and maintain their legitimacy. One of the interviewee said:

"A system has developed because of their (Alliance/ Accord) arrival. We have BNBC (Bangladesh National Building Code) and the labour law. Now if we can combine them both, we do not need Alliance/Accord. They did not bring something extraordinary as it follows nothing but our law." [Interviewee 20, Senior Officer, HR and Compliance, Factory]

Legitimacy theory hypothesises that a company’s survival depends on obtaining and maintaining social approval. A company should accept accountability for the social and environmental implications of its operations. If it fails to comply with the demands of
society, a company will face threats to its legitimacy and consequently to its survival. Active stakeholders and lobby groups have successfully exerted pressure on companies to improve their behaviour (Rosthorn, 2000). A firm’s ultimate continued existence may well depend on developing and keeping a familiar representation and constructive standing (Gray and Balmer, 1998). Companies broadcast their social and environmental responsibility to society to legitimize their operations, as a means of self-protection. This protection assists a company to highlight survival, to stay away from regulatory activities against it, to construct a positive picture or reputation, and to add competitive advantages. Companies are being asked for information on how they deal with the environment. But having diverse types of needs coming from different retailers can be a big trouble for the factories.

“Every buyer comes with new requirements, and I am being forced to comply with that. Sometimes, other buyers do not need that specific requirement at all. This new buyer may ask for something completely different. This conflict of interest exists and creates problems for people like us, the entrepreneurs. If it can be made universal for everybody, it would be easier for us to invest and at the same time we will know exactly what to do.” [Interviewee 19, Proprietor, Factory]

The multiplicity of legitimacy dynamics creates considerable latitude for managers to manoeuvre strategically within their cultural environments (Ashforth & Gibbs, 1990; Oliver, 1991). In one of the first genuinely organizational treatment, Maurer (1971:361) gave legitimacy a hierarchical, openly evaluative cast, asserting that "legitimation is the process whereby an organization justifies to a peer or superordinate system its right to exist." An organization may seldom depart from public norms yet retain legitimacy since the departures are dismissed as exclusive (cf. Perrow, 1981). An organization may deviate radically from societal norms yet retain legitimacy because the departure goes overlooked.

"We do not work with any buyers who are Alliance/Accord listed. It is easier to do business with others." [Interviewee 19, Proprietor, Factory]

Overall, the post-Rana plaza regulatory landscape in the RMG sector in Bangladesh is characterised by the presence of one state standard setter (GoB), one old (BGMEA) non-state standard setter, as well as two new (ACCORD, ALLIANCE) non-state actors, all of which had to respond to severe threats to their legitimacy caused by the Rana Plaza collapse. The RMG owners and managers, on the other hand, had to respond to the challenging requirements set by each of these regulatory bodies. As pointed out by Mutersbaugh (2005), the presence of multiple standards can result in increased cost for producers who adopt
multiple standards in response to customer demands. It is possible that, in the fiercely
competitive fashion industry, manufacturers would only adopt standards that would earn
them pragmatic legitimacy, rather than adopt standards that are ‘morally appropriate’ (Black,
2008). Also, some manufacturers may attempt to avoid compliance with multiple standards
by lying below the regulatory radar. The availability of such options in a post-Rana plaza
regulatory regime, however, may have undesirable consequences. Moreover, it appears that
the preference to comply with Alliance and Accord standards over the Bangladesh Labour
Law would be driven by the desire of the RMG owners to gain pragmatic legitimacy (Black,
2008) rather than for normative reasons of legitimacy. Although the respondents were of the
opinion that the state regulations were of a higher quality and would be sufficient to avoid
any further disasters in the RMG sector, the presence of widespread corruption appears to
have significantly reduced the legitimacy of the state standard setter. On the other hand, both
Alliance and Accord appeared to have been able to establish their legitimacy through close
and strict inspections that is acceptable to the stakeholders of the MNCs that use Bangladesh
as a supply chain. Both Alliance and Accord have also been able to enhance their legitimacy
by publicizing the efficiency of their inspection mechanisms by making inspection reports
available on their websites.

The diversity of current codes and monitoring systems has led to both confusion and debate
about the benefits and costs of nongovernmental regulatory strategies. Versions of non-
governmental regulation range from individual factories paying to be certified, to multi-
national brands internally monitoring their contractor factories, to multi-stakeholder
initiatives third-party accrediting organizations to inspect factories, to independent NGOs
inspecting factories individually or in coordination with worker campaigns. In these different
forms of non-governmental governance, the substance, scope, implementation, participation,
accountability, and transparency of inspection results can vary considerably. Also, more
importantly, these systems also vary in their underlying models for improving labor
practices in global supply chains. Certification provides a stamp of approval that is designed
to attract customers to self-selecting factories (O’Rourke, 2006). This advances a kind of
‘‘collaborative regulation’’ or ‘‘regulated self-regulation’’ (Ayres & Braithwaite, 1992) that
depends on the top level commitment to the code from a brand or retailer, both internal and
external monitoring of suppliers, and participation of NGOs in providing legitimacy to the
system.
7.2 Politics-Business Nexus: Loss/Threat of Legitimacy and Accountability

The RMG sector is the single most important industrial sector for Bangladesh. From a modest beginning in 1985, the country has now emerged as the second largest global exporters of garment products. This is mostly due to the accessibility of cheap labour in the country. Bangladeshi textile employees are amongst the lowest-paid in the world, making the country a lucrative supply chain for many large, global manufacturers of RMG. Its apex body regulates the industry, the BGMEA, established in 1983. Since its inception, the BGMEA has enjoyed tremendous power as had emerged as the major factor regulating the RMG industry. In some cases, the BGMEA appears to have the power to ignore pressures exerted by the government. BGMEA draws its legitimacy from the state-business nexus that exists in Bangladesh. A report prepared by the US Senate observes that nearly every member of parliament in Bangladesh are either direct owners of RMG factories or have close ties with them. Consequently, many of Bangladesh’s RMG factory owners are members of the elite, controlling significant media interests and exerting political influence. BGMEA’s refusal to evict their head office, a building, declared as ‘illegal’ by the High Court of Bangladesh in 2011 due to their failure to obtain proper planning permission is, indeed a testament of the apex body’s growing influence over the government. As an apex body dominated by factory owners, the BGMEA has historically opposed any reforms in the regulatory regime that would give workers more rights. BGMEA leaders have openly opposed workers’ rights to bargain collectively and form unions.

In recent years, the RMG sector in Bangladesh has attracted significant criticism for its failure to ensure the human rights of the workers in this sector. The government had been accused of criminal negligence, having turned a blind eye to working conditions. However, despite these allegations, the GoB continued to pursue a strategy of denial, referring to the incident as an act of sabotage” (Reuters, 2012). BGMEA followed the lead of the government in blaming unknown “conspirators”. BGMEA had used similar statements in response to prior allegations of human rights violations. For example, when 29 workers died in the Hameem factory fire in 2010, Hameem’s owner, also then president of the Federation of Bangladesh Chamber of Commerce and Industries (FBCCI), a forum for business owners, claimed that the fire was a result of “sabotage” (Gomes, 2013). Siddiqui and Uddin (2016)

---

32 http://bdnews24.com/bangladesh/2011/03/01/bgmea-building-illegal
33 https://uk.reuters.com/article/uk-bangladesh-fire-idUKBRE8AQ19G20121127
note that the denial strategies pursued by the GoB and the BGMEA were perhaps based on its awareness of the fact that Bangladesh could provide the cheapest possible outsourcing location for the global RMG manufacturers, and hence remained attractive to large global brands, despite high profile incidents.

A series of high profile incidents relating to working conditions have given rise to serious questions regarding BGMEA and the government’s ability to ensure the human rights of the workers in this sector. However, both the government and the BGMEA have consistently applied rhetoric of denial to vilify internal critics on issues of human rights (Siddiqui and Uddin, 2016). To promoting the low-labour cost advantages of the country’s RMG sector, the government frequently ignored and denied the views of development partners as well as international agencies, such as the Human Rights Watch, Amnesty International and Transparency International (Siddiqui and Uddin, 2016). In such a regulatory regime, human rights issues relating to workers safety were frequently ignored, eventually resulting in high profile tragedies such as the Rana Plaza incident. Such an intentional ignorance was seen in the interviewees too.

“After the Rana Plaza, similar to Tazreen Fashions incident, some changes were there. During that time, the Fire Safety Rules came into existence. In the year 2003, the Fire Safety Act came. Before the 2012 incident, there was no Fire Safety Rules. However, after this rule came in, within 28 days, it was stopped by the Home Ministry. What was the reason behind that? The reason was, there were certain rules in the act which could save the factories, but the factory owners did not let it happen. .................Now, how the owners of factories were able to stop the Act? Because a big percentage of the parliamentarians are the factory owners of the readymade garments business. Over 200 parliamentarian out of 350 is directly related to this industry. When the policy makers are related to the industry, how will you get good policies? You will not get it..”[Interviewee 22, Program Coordinator, Worker's Rights, NGO]

The politics-business nexus has long been the subject of public question and conversation in Bangladesh. Many politicians of the two major political parties—the ruling Awami League (AL) and the Bangladesh National Party (BNP)—own garment businesses. However, one more example is the case of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), an administration that has been referred to regularly in international media as custodian of the tally of the numbers of dead in the Savar disaster, and one that has demanded penalty for those guilty for it. It is not without paradox that their fashionable high-rise headquarters in the Bangladeshi capital were illicitly built, according to the judgment of the country’s Supreme Court, which disciplined the government to knock down the building

165
within 90 days. Afterwards, the Supreme Court stayed the order, supposedly owing to political leaders of all parties favouring the BGMEA.

Additionally, owners of garment factories also became a leading political ruling class in Bangladesh: at the time of the Rana Plaza mishap, 10% of the country’s members of parliament were also owners of garment factories. The industry–state nexus rules garment manufacturing in Bangladesh: a 2013 report of Transparency International Bangladesh found there were strong association between the management of the peak industry association BGMEA and the ruling party, which facilitate the garment sector to pressure legislative processes of the country by creating complimentory tax regimes and undermining or blocking health and safety rules (Alamgir and Banerjee, 2018).

The Bangladesh Prime Minister has unsympathetically dismissed the catastrophe in Savar by stating on CNN that “accidents happen,” much to the astonishment of her interviewer.34 Prime Minister’s Home Minister, in an interview with BBC Bangla, declared, without a shred of proof, that opposition party followers may have shaken the building after the cracks become visible, which may have lead to the lethal collapse. Moreover, Finance Minister commented, following the death toll had surpassed 530, that the tragedy was not “really serious.” These comments demonstrate well the kleptocracy behind Bangladesh’s democratic façade. Not only did Prime Minister openly denied the owner of Rana Plaza’s association with her political party, the Member of Parliament representing Savar, Murad Jang, freely denied that Rana was ever associated with party politics. Shortly after that, Rana’s affiliation with Murad and his political activities as a member of the ruling party were exposed in the media. Even though owners of the factories are the people who deal with the brands as well take the share of profit and loss, they always look for ways to reduce the investment in the factories. One of the reasons being the meagre price paid by the brands. Although the Rana Plaza collapse was an outcome of the multifaceted problems that existed in the RMG sector in Bangladesh, the world media mostly concentrated on two major issues: building and fire safety, and worker’s voice. Before the Rana Plaza collapse, the brands mostly depended on compliance audits performed by their suppliers. As observed by one of the respondents, such audits were more of a ritual-

34 http://amanpour.blogs.cnn.com/2013/05/02/prime-minister-says-bangladesh-is-reforming-its-garment-industry/
"Before Rana Plaza, we were only required to state that we comply with these standards. However, the buyers were not serious regarding inspections, at that time we could hire local inspectors and get a certificate in exchange for money [Interviewee 20, Senior Officer, HR and Compliance, Factory]

But after the Rana Plaza event, initially the owners were very unhappy with the implementation of the new rules and regulations coming from the brands as well as Alliance and Accord, but gradually they started taking steps to improve the situation and are trying to maintain a good image in front of the brands so that they can continue doing business. When asked about the responsibility of the owners to comply with the national Labour Law, some respondents mentioned that the Labour Law was too comprehensive and would require substantial investments for them. However, they appeared to have prioritized compliance with Alliance and Accord standards over the Labour Law. All the respondents agreed that this was due to the strict inspections conducted by the Alliance and Accord inspectors, as opposed to government-appointed labour inspectors. The owners have accepted the fact that social audit and maintaining good working condition for the workers is a needed step to do business and they proactively do that now. Overall, however, interview evidence suggests that the Rana Plaza have resulted in improved working conditions for most workers. As suggested by a factory employee -

"Things are so much better after (the post-Rana plaza initiatives). You should have seen (the working conditions) 4/5 years back- those were horrible. We are much better off now" [Interviewee 5, Senior Executive, Compliance & Training, Factory]

Here it can be seen that, audiences are becoming constituencies, inspecting organizational performance to decide the practical costs, for them, of any agreed line of activity (Wood, 1991). In a world of hazy causality, the surest sign of ongoing obligation to constituent well-being is the organization's enthusiasm to relinquish some measure of power to the interested addressees (e.g., Selznick, 1949). Displaying such receptiveness is frequently more important than producing instant results (cf. Meyer & Rowan, 1991).

Often, managers looking for legitimacy find it most relaxing just to place their organization within a pre-existing institutional regime. Such conventionality can be achieved by individual organizations acting on its own, manipulating only their organization. Conformist strategies indicate loyalty to the social order and fake few confrontation to established
institutional logics (Meyer & Rowan, 1991). Equally significant, this type of edition does not necessitate managers to break out of existing cognitive frames (Oliver, 1990); Seldom, audiences will want a symbolic response, in order to add to their own cultural or political objectives (cf. Pfeffer, 1981).

"And if you ask the factory owners that why you do not pay the salary when in maternity benefits? Their answer is, the government does not pressure us to pay this. The government inspectors who go for inspection in the factories, they ask for 'envelopes' while they are visiting. So, the inspector will take the list, do the audit manually, which can be easily hidden or altered. Moreover, yes, can also be manipulated in the way you want to. If it were done through an online system, it would be showing everything exactly. It would have been more transparent and properly documented. Once it is on the main server, nobody will have access to alter/manipulate. These things are still non-existent in BD. "[Interviewee 22, Program Coordinator, Worker's Rights, NGO]

Theorists who centre on the function of comprehensibility in legitimating usually depict the social world as a disorganized cognitive environment, in which members must struggle to organize their understanding into coherent, understandable accounts (cf. Mills, 1940; Scott & Lyman, 1968). Legitimacy, according to this view, stems mainly from the availability of cultural models that famish plausible explanations for the organization and its endeavours (Scott, 1991; Wuthnow, Hunter, Bergesen, & Kurzweil, 1984). In the existence of such models, organizational doings will prove expected, significant, and appealing; in their nonexistence, activity will subside— not essentially because of obvious hostility, but more often as of frequent miscues, oversights, and distractions. To offer legitimacy, an account must web both with well-built belief systems and with the practised certainty of the audience's daily existence (DiMaggio & Powell, 1991). An interesting information was given by one of the interviewee as an outcome of the politics-business nexus:

"I will give you interesting information. Since 1855, there is a law in BD, Fatal Accident Law, but in BD the accidents of Tazreen Fashion or Rana Plaza was not declared as Fatal Accident. As it was not declared as a fatal accident, the workers are not entitled to get the benefits of a fatal accident. So, until today since the independence, there was no fatal accident in BD? People will laugh if they get to listen to such stories. "[Interviewee 22, Program Coordinator, Worker's Rights, NGO]

Overall, the pre-Rana plaza environment in the RMG sector in Bangladesh was characterised by the presence of a dominant coalition between the GoB and the BGMEA, that regularly applied various forms of oppression to allow exploitation to continue in this industry. Although the foreign buyers had time to time raised concerns regarding the presence of poor
wage rates and appalling working conditions in Bangladesh, their objections were not severe enough to compel the GoB to tackle the issue of violation of human rights in working places. Instead, the foreign buyers were happy with the ineffective system of inspection and compliance in the pre-Rana plaza era, that allowed them to maximise their profits. The magnitude of the Rana Plaza collapse, and the negative media publicity attached to it, however, seemed to have initiated several changes in the minds of the foreign buyers and the related stakeholders of the RMG products in Bangladesh.

7.3 Work pressure and subsequent sub-contracting: Avoiding Legitimacy and Accountability

A report by the NYU (2015) points out that the RMG industry in Bangladesh is characterized by the presence of three types of manufacturers: direct, indirect, and informal. In global production networks, manufacturing is outsourced through a structure of contracting and subcontracting to low-wage countries with no official employment associations or contracts among the buyers and individual workers. The structure of contracting and subcontracting also incrementally decreases the profit margin at every connection of the chain, creating additional pressures to lower costs of production, ensuing lower wages and unfavourable working conditions, while falling accountability and transparency (Alamgir and Banerjee, 2018). For instance, through networks of subcontractors in the supply chain, polo shirts produced in Bangladesh for $5.67 each are sold in Canada by global retailers for $14, with some workers being waged 12 cents for each shirt they make (Saxena and Labowitz, 2015)\(^{35}\). Besides, monitoring worker mistreatment and breach of worker rights become tricky when unofficial subcontracting is widespread, making it hard to trace and audit every division of the supply chain, as is the case in the Bangladesh garment sector (Siddiqui and Uddin, 2016).

In December 2015, New York University’s Centre for Business and Human Rights published a report on working conditions in the RMG sector in Bangladesh (NYU, 2015). The study found that out of 7,000 RMG factories operating in Bangladesh, about 2,500 were indirect manufacturers, which act as supply chains for the rest 4,500 ‘direct’ manufacturers. These indirect manufacturers do not receive orders from global retailers directly. Rather, the global retailers place their orders to the ‘direct’ manufacturers, which tend to be large

regarding size and capacity. Whereas working conditions in ‘direct’ manufacturing units are monitored directly by the buyers, the direct manufacturers monitor compliance with relevant standards at the indirect factories. In addition to direct and indirect manufacturers, the NYU (2015) study also reported the presence of a significant number of ‘informal’ manufacturers who are not registered with the government or the BGMEA. Thus, these simple manufacturing units are virtually invisible to the regulators, giving rise to widespread concerns of potential abuse of workers’ rights in these factories. The factories located in the Rana Plaza at the time the collapse occurred all fell in this category of ‘indirect’ manufacturers. Interview responses suggest that such indirect manufacturing units are also inspected by the Alliance and Accord inspectors, although the nature and frequency of such visits might differ significantly, depending on customer demands—

“When we receive orders from large brands, they make sure that our subcontractors also have compliance arrangements. However, for other orders, we only recruit inspectors for subcontractors if the buyers specifically require it; these are expensive arrangements, you know.” [Interviewee 31, Senior Manager, Compliance, Factory]

Indirect sourcing via subcontracting through purchasing agents creates regulation of the supply chain tremendously complex. Subcontracting is a critical strategy that enables suppliers to maintain low prices, keep wages low, make workers work more extended hours and stay away from regulatory inspection in factories that have unsafe working conditions. Most indirect suppliers are not registered with the government or the two national trade associations, and quite a few buyers bend the rules to what is an innately illegal practice. It is estimated that there are at least 2000 unregistered subcontractors in Bangladesh operating on razor-thin margins, paying lower than minimum wage, with almost no compliance with codes of conduct or even local and national regulations (Labowitz and Baumann-Pauly, 2014).

Another important aspect is related to working hours. Average work hours in apparel factories at present stand at 66-70 hours per week. Though, in peak production periods, times when buyers boost their purchase orders owing to seasonal demands in their countries, working hours can raise to 80-90 hours weekly36. Furthermore, besides the consequence on the life of the worker and their families, the factory endures too. Working too much hours is also a infringement of the Bangladesh Labour Act's hours work standards, and defy the spirit

36 https://www.thedailystar.net/business/time-put-excessive-apparel-work-hours-bed-1313890
of the International Labour Organisation's hours of work conventions. Solving this difficulty requires teamwork between buyers who are sourcing from the factory and the factory itself and much attempt too. There is no team in any factory on working hours of the employees and the related issues.

"No factory in Bangladesh has any Research and Development department. There cannot be an industry without research and development. This department is giving you continuous support; how to develop the industry, improve efficiency. If you ask the average owner of factories in Bangladesh about R&D, he will laugh at you." [Interviewee 21, Assistant Manager, Code of Practice, Brand]

After the Rana Plaza incident, these manufacturers have been subject to increased regulatory and media focus, and have responded to such pressures of legitimacy by installing additional self-funded safety procedures, as demanded by the Alliance and Accord. These factories are regularly inspected by independent third-party inspectors appointed by foreign buyers. However, as discussed above, even in these factories, management is more concerned with ensuring compliance with the standards set by Alliance and Accord, rather than with the Bangladesh Labour Law, which has a much broader scope. Nevertheless, interviews suggest that despite such narrow focus by the inspectors, working conditions in these manufacturing units have improved considerably during the post-Rana plaza regulatory regime. However, some of these direct manufacturers sometimes struggle to cope with increased orders, especially during peak seasons. In such cases, they sub-contract their orders to indirect manufacturers, which are smaller RMG factories. The factories that were positioned in the Rana Plaza at the time the collapse occurred all fell in this category of ‘indirect’ manufacturers. However, as a result of post-Rana plaza regulatory initiatives, these direct manufactures subcontracting from these indirect manufactures are also required to install some compliance arrangement in the smaller factories. Due to the pressures exerted by the foreign buyers in a post-Rana plaza regulatory regime, some large direct manufactures, who only act as supply chains for large, global brands, have invested a considerable amount of money and purchased some of their indirect suppliers-

"After Rana Plaza, buyers want us to assure that our subcontractors are also complying with fire and other safety requirements. This is sometimes difficult to ensure, as we do not run their factories. Now, we have bought some smaller factories which used to be our subcontractors, making compliance a bit easier although expensive!" [Interviewee 3, General Manager, Compliance and Administration, Factory]
Organizations do not consistently match to the rules, myths or expectations of their institutional surroundings. The rationale underlying conformity or resistance to rules and expectations surrounds both the willingness and ability of organizations to conform to the environment. The conditions under which organizations are willing to conform are bounded by organizational scepticism, political self-interest and organizational control. Organizations, for example, face higher values of responsibility for the direct penalty of core actions than for other, more distant impacts (Wood, 1991; Zenisek, 1979).

It is worth noting that organizations seldom find themselves incapable to function in a single, rational environment, regardless of their best efforts. When this trouble occurs, managers may try to manage conflicts by selectively reconfiguring environmental constraints, either by segregating environments and catering to one at the expenditure of the other or by integrating environments and representing that organizational behaviours would be legitimate under any applicable standard. However, sometimes, the reality can be very different. According to one interviewee:

"Problem occurred in so many matters; like: there were factories which used to work in a shared building. Maximum factories were in a shared building. Even my factory is in a shared building. In a shared building my factory contains two to three floors. That building is eight storied building. There are three more factories. Now, after the Rana Plaza incident, some buyers are going to Alliance and Accord. They are recommending, to make a hydride watering system for fire safety in the whole eight storied building but this system cannot be implied in a rented building; because to do this it is needed to construct a 20000-gallon reservoir which is not possible in a short period. So, as it is not possible, they are suggesting to break the top floor of the building. Now the building owner is not ready to do that. So, in that case, they are not saying 'ok' for the factory as problems are remaining."

[Interviewee 29, Managing Director, Factory]

The leading trade association, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), conducted a study that for the first time recognized the figure of official subcontractors in the midst of its membership. The study informed that figure at just over a quarter of its total (28%). "Though global brands have strict policies against subcontracting, in reality, millions of workers and thousands of smaller factories are producing their goods. Working in these factories is often highly risky," said Sarah Labowitz, co-director of the Stern Centre for Business and Human Rights. The President of BGMEA did
not agree with the findings and said, "Buyers don't place orders in non-compliant factories. Sub-contracting factories don't exist."\textsuperscript{37}

While foreign brands, the International Labour Organization, and the government of Bangladesh are very determined on examining direct exporting factories, there is no plan for scrutinizing and improving the subcontractors. The BGMEA’s survey is a prompt that subcontracting factories symbolize an necessary part of the production scenery. It is also a cue that in spite of the concentration and force determined on Bangladesh in the last two years, little has been done to certify that workers in this part of the sector are sheltered at work. Moreover, one of the most important party is the buying houses or the liaison offices of the brands. Buying houses work as a middle party between the brands and the factories and negotiate. Buying houses have the skill to negotiate the price, quality and the terms and conditions of the orders to be placed. Buying houses keep a percentage as a commission for their effort in the process. These buying houses are doing outstanding business in Bangladesh as the factory owners lack in their knowledge of English which makes them almost incapable of responding to the queries of the brands. Moreover, buying houses comes in as a middleman to do the work on behalf of the factories. The brands who do not have their offices in the country of the factories rely on the buying houses for the quality and the related audits to be performed on the products.

Even though most organizations gain legitimacy primarily through conformity and environment selection, for some, these strategies will not suffice. In particular, innovators who depart substantially from prior practice must often interfere pre-emptively in the cultural environment to build up bases of support specifically tailored to their unique needs (cf. Aldrich & Fiol, 1994; Tushman & Anderson, 1986; Tushman & Rosenkopf, 1994). In this case, managers must go beyond merely selecting amongst active cultural beliefs; they must enthusiastically broadcast novel explanations of social reality (see, e.g., Aldrich & Fiol, 1994; Ashforth & Gibbs, 1990). Such practical cultural manoeuvring is less convenient, less common, and, as a result, far less implicit than either conventionality or environment selection (Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975). As mentioned by one of the interviewees:

\textsuperscript{37} https://qz.com/577024/the-problem-in-bangladeshs-garment-industry-is-three-times-bigger-than-anyone-suspected/
“Sometimes when we have deadlines and more order, we get it done through the outsourcing partner. We do not call them sub-contractors, we call them outsourcing partners. Moreover, these partners must have to be almost equal to our standard; not 100%, but near to our standard.” [Interviewee 8, Manager, Environment, Health and Safety Facilities, Brand]

Overall, the pressure to comply with the post-Rana plaza regulatory requirements has also given rise to an alarming trend. Before the Rana Plaza incident, many indirect RMG factories could operate on their own, and supply products at a lower price, making them an attractive supply chain for direct manufacturers. However, the installation of additional compliance arrangement in such indirect RMG factories has increased their cost of production, making them less attractive in a fiercely competitive market. Consequently, some of these RMG owners have sold their factories to more extensive, direct manufactures, resulting in job cuts. Also, a good number of indirect manufacturers have installed compliance facilities on their premises with direct financing arrangements with direct manufactures. However, a large number of these secondary manufacturing concerns have failed to perform either. Some of these indirect suppliers have closed down, resulting in further job losses. However, a considerable number of these indirect manufactures appear to have ‘demoted’ themselves from indirect suppliers to ‘informal’ suppliers, who work as a supply chain for the indirect suppliers. As the NYU (2015) report observes, unlike the direct and indirect manufacturers, these informal suppliers are not registered either with the government or the BGMEA and are virtually invisible to the regulators. Thus, by devoting themselves to the status of informal manufacturers, these small RMG factories appear to have been able to lie below the regulatory radar and avoid the problem of legitimacy.

7.4 Choice of Assurance Providers and their Ritualistic Behaviour: A Symbolic Response to Legitimacy and Accountability

The globalisation of the world economy has meant that being accountable for business impacts on society cannot now only be about accountability and transparency to the local community but the global community. As local accountability was the case during its beginnings, social auditing must now be considered and addressed by corporations taking a more inclusive and global approach in the twenty-first century. This became more so because of some of the reasons noted by Locke and Romis (2007) when they argue that in many of these developing countries from where some notable brands are sourcing supplies of their merchandise, there are many compelling reasons why these western retailers and
household names must employ the use and practice of social auditing in order to take ‘the bull by the horn’. Locke and Romis (2007) note the limited capacity of many developing country governments to deal with the salient issues affecting the sector, for example, these governments’ inability to enforce and police even their labour and health and safety laws. These outsourcers’ failure to act in this regard would have resulted in even more severe scandals and embarrassments relating to child labour, sweatshops, human rights abuses etc. for these corporations. Being actively involved in the use and practice of social audit became inevitable.

The recent vogue by some companies in the more advanced parts of the world to engage in outsourcing some of their business functions and activities to some developing parts of the globe has heightened the need for social audits to be taken more seriously than ever before in the supply chains and other sectors. Mullins (1996) notes that outsourcing did not formally become identified as a business strategy until 1989, but then, Mullins notes “it was all about cost-cutting, landing the big deal and making a big splash with little or no regard for the subsequent inadequacies which have not been carefully thought through before landing the deal”. Outsourcing became a business strategy for two reasons; first, organisations were and still not self-sufficient in meeting their functional needs; hence the need to outsource some of the functions which they had little or no competence in arose Handfield (2006) and secondly for competitive advantage and cost saving reasons. It became apparent later on that issues surrounding outsourcing was not carefully thought through, because as far back as the 1990s, shortly after it became popular, there had been various scandals and unacceptable practices which had besieged the sector and resulted in untold reputational damage to many of these western outsourcers, retailers and brand owners. It became essential that the use of social audits would permeate and filter through to the supply chains sector since the need to repair damaged reputations arose and the need to guide against future reputational damage became even more critical. It is, therefore, no shock to witness the rapid growth in the field of social auditing.

There exists a necessity of the organization to adapt to environmental uncertainty, cope with problematic interdependence and actively manage or control the resource flows. How the organization respond to environmental factors, depend primarily on the degree of choice,
awareness and self-interest that organizations possess for handling external constraints. Organizations sometimes can exercise to manipulate external dependence or exert influence.

Scholars have found that a lack of competence is a greater danger to the quality of audits than a lack of independence (Jeanjean et al., 2010). It is recognized that while a single auditor need not possess all required skills, the team has to combine the necessary expertise. It is the duty of the person assemble the team to make sure that the required skills are there (ISO 19011 Expert, 2015)\(^{38}\). Interviewees also mentioned the lack of knowledge of the auditors who come to inspect the factories.

"Alliance/Accord employed some young graduates from the University. The problem with employing young University graduates is that they had taken some training on labour Laws but had no training or education on social aspects/issues of the industry like workers housing facilities, workers payments, and safety, health and hygiene, violence in the factories. If you do not understand these issues and as an inspector, tell the factory owners, that these are not happening in your factory, these owners will come up with some logic to refute your arguments, and you will not even understand what happened." - [Interviewee 22, Program Coordinator, Worker's Rights, NGO]

Interestingly, the involvement of the big four audit firms in the area of social audit in Bangladesh is almost nil. These firms specialize in the financial audit but have kept themselves away from this specific area of social audit owing to the fact of not being enough qualified and educated to perform such audits. Moreover, discussions with the interviewees revealed that they already have enough client to deal with for the upcoming years and there is a shortage of employees on their side to do the financial audits.

"We can look after the financial matters and costing but things like safety and health, we still have less expertise in these areas. Where you are not getting enough time to maintain financial audit and internal control or compliance, you cannot give time to focus on those as the number of chartered accountants is low compared to our economy." - [Interviewee 11, Deputy Director, Accounting Audit Firm]

Over time, research emerged criticizing the appropriateness of accounting audit firms engaging in this type of work. It was argued that these firms lacked expertise in the social field and could not be removed enough from their client’s corporate interests to give an independent evaluation of labour standards compliance. Traditional accounting firms like PwC began to feature less in the industry and specialized third-party social auditors, and another for-profit quality-control testing, inspection and verification firms began to dominate

---

\(^{38}\) http://asq.org/quality-progress/2015/02/expert-answers.html
the industry (O’Rourke). Currently, the vast majority of all social audits are conducted by for-profit firms, all competing for market share in the CSR certification and social audit industry. Interviewees mentioned about the situation/status of the national audit firms in Bangladesh.

"At the moment there is no purely Bangladeshi audit firm. Bangladeshi people run some Bangladeshi audit companies, but they have acquired franchise from international audit company with the understanding that we shall audit in your favour, upload the report through you, maintain your standard. Within the limitations of these conditions, some Bangladeshi audit firms have been established. However, due to their inability to maintain the standards, some of the mother companies have already terminated their support to Bangladeshi audit companies." [Interviewee 21, Assistant Manager, Code of Practice, Brand]

It seems highly probable that the gaze of the audit is culturally determined and its meaning and interpretation contested continuously (Sikka et al., 1998). There is also much that is ritualistic in audit and it may well be that this sense of ritual has the capacity to cover up conflicts in order to maintain the social legitimacy of the audit and that which is audited (as Mills and Bettner, 1992) and that, in all probability, the ritual itself, the routinisation, actually lends audit its efficacy and legitimacy (as MacLullich, 2003). It is clear that legitimacy is central to the newer understandings of an audit: the processes that legitimate the audit itself and, somewhat less, legitimating relationships, organisations and activities. In a sense, this is less a question about what sort of legitimacy is being threatened (as O’Dwyer et al., 2011 explore) and more a question about what is being Legitimated, how and why? A social compliance audit is to offer a focus for a series of reflexive legitimating mechanisms that, at its heart, might wish to establish that capitalism may continue the unquestioned consumption of excessive and appropriated wealth from elsewhere on the globe regardless of human and environmental impacts (Halbrendt et al., 2014). More to the point, it seems that an audit is then one crucial part of a process that is seeking to legitimate the rights of a company to outsource; the rights of a consumer to buy; the rights of a company to claim to be responsible or sustainable; and, at least superficially, the rights of the workers (and their surrogates) to hold managers accountable; the credibility of the standard setting bodies; the credibility of the audit and the auditors; the appropriateness of the manufacturers and their processes and the impacts on workers and communities (Islam et al., 2018).

The level of effectiveness of a social audit relies on some factors. Scholars have expressed their concern with regards to the lack of legislation regulating social auditors and its effect
on the level of uniformity in the findings of social audits (Barrientos & Smith, 2007; Björkman & Wong, 2013). Another criticised aspect has been the level of secrecy generally present with audits, as well as the lack of consistent data collection and analysis, limiting the range of discussion which would potentially be able to solve certain inefficiencies (Björkman & Wong, 2013). Furthermore, social audits tend to be too short and lack sufficient detail to be able to be used to identify particular code violations (Björkman & Wong, 2013). Such concerns have fuelled ongoing discussions regarding the best structure for audits to follow, for example about the manner and form, as well as the best individuals to undertake such audits (Björkman & Wong, 2013; Locke et al., 2007). The latter being a particularly delicate and much-focused aspect because of the general lack of guarantee of impartiality on behalf of auditors when assessing the data from a company, especially if this company is the employer of the auditor (Björkman & Wong, 2013; Locke et al., 2007; O’Rourke, 2002). This was witnessed in a report on the examination of labour standards in China and Korea by Price Water House Coopers (PwC). The report found that “significant and seemingly systematic biases” were present in the auditors’ methodologies, which then raises questions as to the possibility of a company being truly unbiased and independent in its auditing process (Graham & Woods, 2006; O’Rouke, 2000). In a further study, Dara O’Rourke found significant problems with PwC’s common auditing methods, one of the most important being the management bias in the audit process. The study found that the vast majority of information was gathered from managers, and only a minority from actual employees (Courville, 2003). These issues would be avoided or reduced if the audit was undertaken by an external independent entity otherwise referred to as third-party auditors. This system would be an improvement if compared to the in-house audit, but it still does not guarantee to solve all the issues of bias raised in the previous method. The objectivity of the audit may still be a matter of concern where external auditors are being paid directly by the audited company or may develop long-standing financial relationships with companies and then favour such companies to safeguard their relationship (O’Rourke, 2002). In these instances, auditors may compromise their impartiality and unbiased independence in order to please their clients and ensure an ongoing business relationship (Graham & Woods, 2006). This, in turn, would severely impact on the total credibility of those social audits. Concerning the concerns regarding internal and external auditors, the only solution would be the use of a genuinely independent auditor (Björkman & Wong, 2013; Locke et al., 2007).
The non-accounting audit firms do all social audits in the factories in Bangladesh. These firms do not do the financial audit; they specialize in health issues safety, structural safety and industrial safety. All the brands now ask the factories to have their audit done by the third party assurance providers. Moreover, sometimes the brands even nominate particular third parties to perform the social audit. When there is a real crisis, the MNCs were more likely to require a third party undertakes the social compliance audits – often an NGO body. To get rid of a real crisis, the use of NGOs as third-party auditors can at best be seen as “co-option” technique as part of corporate manipulation strategies explained by Oliver (1991). It has been argued that the choices of legitimation tactics are to some extent dependent upon the different purposes or aims of any organisational response (Ashforth and Gibbs, 1990; Oliver, 1991; Suchman, 1995). Legitimation techniques/tactics chosen will differ depending on whether the organisation is trying to gain or to extend legitimacy, to maintain its level of popular legitimacy or to repair or to defend its lost or threatened legitimacy. The certificates are taken to show a symbolic response to legitimacy.

"When it comes about the certificate, get it done by Bureau Veritas or from Intertek or SGS. These organizations are all international organizations, none of them is from our country. Moreover, we do not have similar organizations, and we are bound to get it done by them, and it is a win-win situation for them. We have to get these certificates from them only."

[Interviewee 20, Senior Officer, HR and Compliance, Factory]

These firms have their code of conduct, and they always use the checklist given by the brands to do the social audit. The work of these firms is to check against the given standards and to advise the factories to come up with corrective measures to improve their conditions. From the interviews, the researcher got a sense that the auditors went into the field with the intention of completing their onsite investigations within a day. Whether this coincides with what western consumers believe is happening is questionable. Nevertheless, a ‘social compliance audit’ is undertaken and the MNCs can report this to a wide range interested stakeholder groups (albeit that many of them do not disclose the period undertaken on the audit and some of them might not disclose at all if managers find that the audit results are commercially sensitive). In establishing the time constraints for the audit before the audit begins, the auditors are clearly in danger of determining what can and what cannot be done; regardless of what needs to be done to undertake a compelling audit. MNC internal auditors appeared to follow company policies and guidelines which they check for compliance. As mentioned earlier, compliance policies and guidelines are based on international social
standards. External or third party auditors often merge globally acceptable standards with their clients’ guidelines and policies. Interestingly, company codes of conduct and external auditor’s adopted principles appear similar as they all focus on ILOs basic human rights standards.

Interviewees were asked why they believed the social compliance audits were instigated in the first place. Interviewees explained that a central reason is that they are a buyers’ requirement and that audits would not be undertaken in the nonexistence of a demand from MNCs. This is interesting to see how MNCs directly or indirectly imposed globally acceptable social standards imposed upon their suppliers. From the manufacturers’ and suppliers’ perspectives, social compliance audits are effectively mandatory given that social compliance audits typically come with every order placed.

"Here brands use this technique to be able to know the real information. Some Bangladeshi audit companies have taken license to do an audit. (they have managed somehow). Some companies are going for audit and even giving BSCI, WRAP certificates, but if they were supposed to write 4 points, they are writing only 2. Also, the rest two they are managing by bribing. Also, because of this lack of trust, the buyer is nominating 2/3 audit firms." [Interviewee 22, Program Coordinator, Worker's Rights, NGO]

It is not, clearly, though an empty ritual. In an unequal world, the audit is a substantive manifestation of the power that the MNCs exercise over the manufacturer, and it is a manifestation with positive consequences. The researcher very much got the feeling that social compliance audits are about addressing legitimacy threats and protecting brand image rather than being motivated by any underlying ethical reasoning. The literature on managing legitimacy both explicitly and implicitly states that controlling and communicating tactical responses is one means of managing legitimacy (Dowling and Pfeffer, 1975; Lindblom, 1994; Sethi, 1978; Suchman, 1995). The process of building legitimacy can be defined as a set of actions dedicated to acquiring and maintaining legitimacy. By building their legitimacy, organizations have easier access to the strategic resources that are critical for their growth and survival (Zimmerman and Zeitz, 2002). Legitimacy affects not only how people act toward organizations, but also how they understand them. Thus, audiences perceive the legitimate and accountable organization not only as more worthy, but also as more meaningful, more predictable, and more trustworthy.
The higher the media attention or perceptions about the severity of the potential crisis, the higher the perceived likelihood that third parties would be involved in the audit practice. These results are broadly consistent with the large body of literature which generally suggests that the nature of social disclosures and associated practices, is reactive to legitimacy threatening events (Deegan, 2002).

If the factories keep failing to adhere with the given standards, these third-party assurance providers inform the brands, and then the brands decide whether to continue doing business with that factory or give them some extra time to abide by the corrective measures. Such audits are generally conducted by internal auditors (those who are employed by MNCs), they are typified as ‘compliance audits’, and their initial purpose is to conclude the extent to which the manufacturers comply with existing codes. The dominant format of these codes was that from BSCI, but the codes were generally perceived as convergent, complimentary and perhaps even, interchangeable. The significance of employing external auditors is that they are believed to be relatively independent bodies and receiving assurance from these bodies creates a sense of legitimacy. MNCs appoint external auditors in order to respond to legitimacy crises.

"when doing an audit, what SGS looks first is, whether the salary is provided on the 7th of the month or not; but the buyers for whom SGS is doing the audit for is preferring deferred LC of 45 days, 60 days or 120 days. That means, after shipping they will give the money; which means they will pay me after two months. Now if buyers pay me after 60 days, I will have to pay my employees through a bank loan. Now if I ask SGS to give pressure to their buyers for making an early payment, they will say, 'This is not our responsibility'. Now, what will manufacturers do? I have almost 700 workers, and I have to pay them. So I am bound to work with the LC that I get; I have no other way."[Interviewee 29, Managing Director, Factory]

Thus immediately the researcher could see the audit is designed to use the codes/standards both as the principal mechanism of legitimating and as a means to ensure the simplification and manifestation of the complex imponderables of humane working conditions and such subtle and contested notions as human rights. When asked about the nature of inspections, the worker mentioned that they were given early signals by the management regarding the timing of inspections, although exact time was not always mentioned. The worker also said that in some factories, workers were trained to respond to queries made by the inspectors. Such ‘training’ involved concealing some crucial issues. This echoes the findings of the HRW (2015) study that also mentions that workers are prepared in advance of the
inspections, and detail prompts are given on issues such as working conditions and wages. Although legitimacy crises may coalesce around performance issues, most challenges ultimately rest on failures of meaning: Audiences begin to suspect that putatively desirable outputs are hazards, that putatively effective procedures are tricks, or that putatively original structures are facades. Consequently, the initial task in mending a breach of legitimacy usually will be to formulate a normalizing account that separates the threatening revelation from more extensive assessments of the organization as a whole (cf. Arkin, Sheppard, Giacalone & Rosenfeld, 1989; Marcus & Goodman, 1991; Scott & Lyman, 1968) and efforts to legitimate a sector leading organization (particularly a government agency) may inadvertently remake the entire sector in the leader's image (cf. Jepperson, 1991).

Sometimes, this process proves unproblematic or even beneficial, for example, when sector members streamline and coordinate their routine interactions-(Powell, 1991; Suchman, 1993). In most organizational settings, "shared understandings are likely to emerge to rationalize the patterns of behaviour that develop, and in the absence of such rationalization and meaning creation, the structured patterns of behaviour are likely to be less stable and persistent" (Pfeffer, 1981: 14). To avoid questioning, an organization need only "make sense." To mobilize affirmative commitments, however, it must also "have a value"— either substantively, or as a crucial safeguard against impending nonsense. Another important aspect was the inspection reports for Alliance and Accord. Both appear to be very similar—each factory under the Alliance scheme is inspected following four dimensions: fire safety; building structural safety; electrical safety; and corrective action plans. However, some minor differences are present in the way each of these dimensions is assessed. Most of the inspections are concerned with ensuring fire and building safety. This is justifiable, as the RMG industry has been prone to high profile incidents that were mostly caused by unsafe working conditions. However, this does not address some of the more close employment relations issues that have been affecting the RMG industry in Bangladesh. Bangladesh Labour Law has a much broader scope and incorporates essential employment relations issues such as the provision of minimum wages; discrimination; prohibition of child labour; workers’ rights to formulate trade unions, as well as clauses relating to health, fire and occupational safety.

Although the inspectors recruited by Alliance and Accord ask questions regarding all these issues, the formal inspection reports only contain issues relating to building and fire safety.
This is perhaps due to the focus of Alliance and Accord inspections on issues that are measurable and auditable so that an improvement or deterioration could be easily detected. If engagement with the stakeholders is ritualistic and potentially manipulative, then such processes will not necessarily advance the interests of less powerful stakeholders, albeit that the actions might be economically rational from the perspective of the organisation (Wadham, 2009). Again, similar to Islam et al., (2018), the researcher had the feeling that the nature of the social compliance audits were such that they were not being conducted to improve the welfare of workers, but were undertaken in some form of ritualistic manner so as to provide the basis for compliance with the requirements imposed by MNCs. Any improvements in working conditions that are made appear to occur because of threats to the suppliers of losing contracts. That is, only threats or coercive pressures are likely to address accountability to some extent. There was a view that if the social compliance audits ceased then many positive initiatives would cease and accountability would collapse. Greater attention needs to be paid to the monitoring, surveillance and auditing processes that sit at the heart of the supply chain (Locke and Roomis', 2007; Silva-Castenada, 2012). Similar conclusions are reached in the examination of standards as they are developed, negotiated and applied in such areas as agriculture, (Tzilivakis et al, 2012), marine accreditation (Gondor and Morimoto, 2011), child labour (Stigzelius and Mark-Herbert, 2009), children’s rights (Carvalho, 2008) and sustainable development more widely (Bendell et al, 2011).

7.5 'Blame Game' and Contributory Negligence: Challenging Legitimacy and Accountability

In this section, the discussion relates to parties involved in assuring right working conditions and how they blame each other when any mishap occurs. All the interviewees mentioned the duty of other actors involved in the process and how it is affecting the working conditions. The brands/buyers, the factories, the third party audit providers, the government point at each other. The temptation to ignore authority or the force of cultural expectations is exacerbated by deficient organizational comprehension of the rationale behind the institutional pressures and the consequences of noncompliance.

While the RMG sector has produced millions of jobs in a small space of time, this fast growth has not always been coordinated by comparable development in working conditions and labour rights. Incidents such as the Tazreen fire and Rana Plaza collapse exposed the
insecure environment many workers are in. Whilst in the last few years, things have taking place to modify, there is still a little customs of safety and health in Bangladesh. The fast expansion of the manufacturing sector was not harmonized by the parallel development of regulatory bodies, while little technical capability and understanding subsist on how to direct safety and health at the enterprise level.

The strengthening of social dialogue between the government, employers and workers is a significant priority. ILO Director-General, during his trip to Bangladesh in December 2016, picked up on this when he said, “My impression is that there is not the level of confidence and trust between employers and workers that are needed to ensure good working conditions and to ensure factories are productive and successful. Productive industrial relations is one of the keys to successful development” 39. Interviewees mention the negligence too.

"Previously, there were audits like BSCI code of conduct, WRAP code of conduct, especially for the US buyers. Why were all these imposed on us? There are some reasons for this situation. Why was Rana Plaza considered as a wake-up call? The reason is the negligence of the government for a long time in their duties and responsibilities."

[Interviewee 22, Program Coordinator, Worker's Rights, NGO]

"We are becoming the victims of unnecessary harassment, in almost every government office. If you do not stop the harassment, we will stop garments business in Bangladesh." said, president of BGMEA. He also said," Foreigners are taking away billions of dollars from Bangladesh every year in the absence of local experts in the sector. BGMEA University of Fashion and Technology has been producing much skilled human resources to fill in the gap of mid-level technical people”40.

After the Rana Plaza incident, both the Bangladesh government and the BGMEA were under pressure from international agencies such as the ILO, the Human Rights Watch, and essential nations such as the United States and the European Union. Siddiqui and Uddin (2016) analyse the state’s response to such threats of legitimacy. The study mentions that the state’s response to the Rana Plaza collapse and subsequent threats to legitimacy was based on a strategy of denial. Siddiqui and Uddin (2016) note that the government’s strategy was perhaps based on its awareness of the fact that Bangladesh could provide the cheapest possible outsourcing location for the global RMG manufacturers, and hence remained


184
attractive to large global brands, despite high profile incidents. This is consistent with Donaghey et al. (2015), who attribute poor legal support to workers’ rights in developing countries with the government’s pursuit in highlighting the low-labour cost advantages of the country, sometimes at the cost of employment relations. Siddiqui and Uddin (2016) note that the government’s persistent strategy to use a discourse of denial also allowed the BGMEA to adopt a similar strategy. Thus, even after a high profile incident such as the Rana Plaza, both the state and non-state standard setters attempted to retain their legitimacy through the application of a discourse of denial, and maintain the status quo in the governance gap regulatory regime (Donaghey et al., 2015) within which the RMG sector operated. However, the magnitude of the human rights disaster at the Rana Plaza triggered a serious response from the international community. After the Rana Plaza collapse, the US government postponed the generalised system of preference (GSP) facility due to the failure of the Bangladesh government to ensure workers’ rights, especially in the RMG sector. After the US government rejected BGMEA's appeal against the GSP facility ban in 2014, the body blamed local civil society groups and labour unions for tarnishing the image of the country and threatened legal actions against them on charges of sedition. The US government strongly condemned the views of the BGMEA, terming it as ‘outrageous and unacceptable’ (The Dhaka Tribune, June 25, 2014)41. However, the Bangladesh government failed to condemn the statement of the BGMEA. Moreover, one of the interviewees mentions that Alliance and Accord were not doing what they agreed on doing.

"Alliance and Accord are not following the NTPA (National Tripartite Plan of Action). Please read the clause included in the NTPA. It is written in the NTPA, that these organizations should work under the supervision and guidance of ministry of labour and employment. However, they are not following this. Without letting the government know, Accord and Alliance published the results in the websites which in turn is harming the business. Secondly, Accord has taken a bargaining mode. Whenever there is labour unrest, Accord is going there and asking them to resolve the problem. They are calling the factories to their offices and asking them to take care of the problems and threatening to close down the factory if it not resolved. The work of threatening done by Accord is not legal as this is not part of their TOR (Term of Reference). The issues which are not part of the TOR, they should not be concerned about those issues. Right ?"[ Interviewee 22, Program Coordinator, Worker’s Rights, NGO]

President of BGMEA said, "We have already urged the Accord and the Alliance to recommend CAPs for once and not to change it frequently". The engineers of the Accord...
and the Alliance have frequently been changing the CAPS in the same factories. Moreover, as a result, the remediation costs for the factories have been increasing day by day. Accord, 220 retailers platform is planning its stay in Bangladesh by another three years beyond June 2018, much to the displeasure of garments factory owners. "Our experience to date has been that approximately 18% of the items that are reported to us as corrected prove not to be corrected or not to be properly corrected when our engineers do our follow-up verification inspections." said the executive director of Accord." The government will not lengthen the stay of Accord and Alliance beyond the ending of their current term in June 2018. Commerce Minister said, "In 2018, we will take our responsibility. The Accord and the Alliance are not present anywhere else in the world. They will not be here in Bangladesh after 2018 " (The Daily Star, April 19, 2016). The interviewees also mentioned about unrealistic demands made by Alliance/Accord after inspection.

"In 2015 August when we got to know the high intensity of these issues...if we do not tackle it now, lots of buyers will be lost..than we took the initiative. However, after taking the initiatives there are some relevant issues; like: they cannot give me a deadline of one to two months when I need almost a year to install something. What they think; the illogical issues like you continue your work but give me a timeline of two months; they ask to give a timeline of two months, but I know I will not be able to finish it within two months. My point is, why would I give an illogical timeline? Why? [Interviewee 20, Senior Manager, HR and Compliance, Factory]

Rana Plaza was the product of the identical dynamics that grounded every other mass casualty events Bangladesh's garment sector in current years: the miserable malfunction of the government of Bangladesh to execute its regulatory responsibility in the building safety arena. This miserable breakdown of western brands and retailers to step in to fill up the regulatory space the government had missing, even as they constantly relieved their customers they were taking all essential steps to defend the rights and protection of workers. The price and delivery stress those brands and retailers irresponsibly positioned on Bangladeshi factory owners and the eagerness of those owners to pay no attention to workplace safety rules in reply.

Callous price stress, reckless factory management, and negligent regulation are a deadly combination. "Buyers need to be proactive and offer better prices. We are talking about ethical buying, but it is not under the purview of many profit-making brands. Brands and

---

42 https://www.thedailystar.net/business/accord-talks-extended-stay-1317466
43 https://www.thedailystar.net/business/no-more-accord-alliance-after-2018-tofail-1210906
retailers look for South East Asia and Sub-Saharan region for a lower price." said the research director of the Centre for Policy Dialogue (The Daily Star, February 26, 2017).

Manufacturers have been paying millions of dollars on remediation and repositioning of the factories. Additionally, unavailability of workers is a significant challenge in the case of relocation of the factories. A trouble with entrepreneurship in Bangladesh is that a lot of factories might not be capable to maintain the current upgrading due to financial restrictions. Vice-president of BGMEA, mentioned, “We are spending a lot of money on relocation”.

There were more than 6,000 BGMEA member factories a few years ago, but at the present, the number came down to approximately 2,900. Buyers are not paying higher prices for garment products in Bangladesh, even though they propose higher rates in China, India, Vietnam and Pakistan. This is not a level playing field. This study call for contribution of global buyers and retailers to get better working conditions so that workers can make a living, saying that buyers and retailers capture 75-88% margins over the retail price of an apparel item. Bangladesh's minimum wage is less than that in rival countries: $68 a month in opposition to $80 in Cambodia, $71 in India, $79 in Pakistan and $78 in Vietnam. The living wage was taken at Tk.5000, as against the then-existing minimum wage of Tk.1662 in 2006. "What is now needed is to make a regular quadripartite system (manufacturers, workers, government and global buyers) to manage industrial relations in the garment industry in Bangladesh."

What at last required the brands and retailers to second thought their approach was the gigantic global media reporting of the Rana collapse, which caused massive humiliation to brands and retailers sourcing from Bangladesh. High level executives of these corporations may not have been that worried about the danger to workers, but they were able of recognizing the risk to their brand reputations. Additionally, the role of the state in labour governance can vary widely. Notably, in developing countries, the commitment of the state in protecting the rights of the labourers are often questioned (Donaghey et al., 2015; Siddiqui and Uddin, 2016). In some cases, the states’ focus on attaining foreign investments by highlighting low-cost labour advantages can contradict its responsibility to protect the rights of the labourers. Such conditions are not conducive to the development of effective

44 https://www.thedailystar.net/business/analysts-call-decent-working-conditions-garment-sector-1367374
45 https://www.thedailystar.net/business/analysts-suggest-ways-beef-garment-sector-1367752
As MNCs, in pursuit of profits, started using developing countries as second outsourcing location, the role of the state in labour governance started to deflate considerably.

The limited capacity of nation-states to cope with an increasingly globalised world and the lack of a legal framework of global regulations and enforceability has given rise to the development of a range of private, transnational regulatory initiatives across different industries (Hassel, 2008). As Dingewerth and Pattberg (2009) note, transnational governance involves a process where non-state actors can generate behavioural prescriptions that can apply across borders. In many cases, the nation-state does not have any direct influence on such governance process, although it can formulate policies that can support and stimulate transnational governance initiatives. Donaghey et al. (2015) note that transnational governance is primarily a consumption related governance process where the non-state actors use the pressure of public opinions and choices to influence the decision-making process of the MNCs (Scherer and Polazzo, 2011).

According to the labour law of the country, Tk 1 lakh (US$ 1,250) or Tk 1,25,000 (US$ 1,562) is the damage paid to workers who are wounded or died in such incidents. The Fatal Accidents Act, 1855 was brought to the front, where the value of compensation was roughly Tk. 48 lakhs (US$ 60,000). Furthermore, researchers of Harvard University demonstrated through a range of studies that the sum of compensation could be as much as Tk. 54 lakhs (US$ 67,500). An expert committee offered a proposal to the High Court that recommended a compensation package of almost Tk 15 lakhs (US$ 18,750). BGMEA proposed compensation of Tk 7 lakhs (US$ 8,750). Quite a few labour organisations proposed compensation worth Tk 28 – 48 lakhs. Not a single one of these proposals was eventually considered. As an alternative, under the “Rana Plaza Arrangement”, workers received between Tk 10 lakhs (US$ 12,500) to Tk 30 lakhs (US$ 37,500) or more as contribution from international brands. This aid was completely financed by the Rana Plaza Donor Trust Fund, which firmly stated that any contribution to the fund from any donor was “voluntary” and did not “imply legal responsibility or obligation for the accident”. If the compensation
amount, its conditions and the party or parties in charge for compensation were visibly clear, then workers of other factories could have benefitted in the future.\footnote{47} Moreover, since the issue of Eid bonus is not brought up in the labour law, the factory owners are taking the free will and paying any amount they like. The topic of bonus got a mention in the rules for the labour law, where it fixed that the bonus for garments workers could not be additional than their basic salaries. As a result, the factory owners are selecting a random percentage of the basic salary for the bonus.\footnote{48} These issues are not asked by the auditors who come for auditing the factories. Also, one of the interviewees mentioned the limitation of the scope of their checklist regarding the fire door.

"The way you consider a shaded building, you cannot have the same criteria for a multi-storied building. This is something they are not considering. They are arrogant in some cases too. Our factory is Accord enlisted, and our factory doors are pretty big in size, but they say that we are not fixing the doors; now the door cannot be easily closed; whenever the factory is totally closed like during vacations, that is the only time when the factory doors are actually closed, that means I need to cut the door and adjust a push bar door there; after integrating push bar door what I am doing? Am I keeping the door closed? No" [Interviewee 20, Senior Officer, HR and Compliance, Factory]

Organizations should manage challenges by invoking legitimate authority (Scott, 1991), by manipulating language (Pfeffer, 1981), and by simply waiting for demographic processes to replace cohorts of critics with new generations of supporters (Reed, 1978) "whereby management can occasionally deviate from social norms without seriously upsetting the organization's standing" (Ashforth & Gibbs, 1990: 189). Frequent and intense interaction creates dense webs of meaning that can resist, survive, and repair disruptions in individual strands of understanding (cf. Pfeffer, 1981). Consequently, the more tightly interconnected an environment becomes, the more likely it is that institutions and beliefs will approach the homeostatic ideal (Scott, 1987).

"It is seen that many buyers did inspection and auditing by SGS; after auditing, according to the recommendations all changes were made. After that another came and prescribed their demands; now accord has come and recommending to bring specific changes; ILO is coming and recommending their form of changes. We are struggling to make all these changes. This is almost near to impossible. That is why we have stopped working for Accord enlisted buyers. We are working for other buyers like European buyers, Australian buyers, American buyers. I do not need buyers from accord; mark me red for full

\footnote{47}https://www.thedailystar.net/star-weekend/the-battle-between-rights-and-aid-1393873 
\footnote{48}https://www.thedailystar.net/business/all-factories-have-paid-eid-bonus-bgmea-1250395
building because I will not work for those buyers. " [Interviewee 29, Managing Director, Factory]

Typically, organizations face multiple logics that may—or may not—be mutually incompatible (Friedland & Alford, 1991; Kraatz & Block, 2008; Selznick, 1949). The pattern of institutional complexity experienced by organizations is never completely fixed, and that processes fundamentally shape the nature of that complexity within organizational fields (Scott, 2008). Pache and Santos (2010) note that conflicting institutional demands may differ about either the ideological goals they deem legitimate or to the means or courses of action they prescribe. When conflicting logics are highly specific, organizations face a more problematic level of complexity. Specificity constrains managerial discretion by making it extremely difficult to “mask or distract attention from controversial core activities that may be unacceptable to some key constituencies” (Elsbach & Sutton, 1992).

"Nobody takes the liability. The factories which had fires, they were certified by BSCI. Was there no responsibility of the BSCI? They have checked it, but they did not take any liability of those fire incidents. You see, the brands who were involved took themselves away from those and did not take any liability for the accidents. These brands asked the factories to compensate for those accidents." [Interviewee 22, Program Coordinator, Worker’s Rights, NGO]

In general, perceptual strategies involve monitoring the cultural environment and assimilating elements of that environment into organizational decision processes, usually by employing boundary spanning personnel as bridges across which the organization can learn about audience values, beliefs, and reactions (Levitt & March 1988). The nature of these bridging efforts, however, depends upon whether they emphasize pragmatic, moral, or cognitive concerns. To perceive emerging pragmatic demands, the organization must monitor multiple interests, and, to this end, it may co-opt audiences into organizational decision making—not to provide symbolic reassurances to constituents (Pfeffer, 1981), but rather to provide cultural insights to managers. To perceive emerging moral beliefs, the organization must incorporate many ethics, and to this end, it may pursue professionalization, chartering certain organizational members to participate in external normative discourses (DiMaggio & Powell, 1983). Significantly, in all of these cases, the use of bridging strategies to track external culture suggests a flip side to traditional concerns regarding environmental absorption of peripheral subunits (e.g., Selznick, 1949): Where organizations seek to perceive changing audience beliefs, the risk is not that centrifugal
forces will lead boundary spanners to "run wild," but rather than centripetal forces will lead them to become lapdogs (cf. Arrow, 1974).

Organizations are often confronted with conflicting demands or with inconsistencies between expectations and internal objectives related to efficiency or autonomy. Under these circumstances, organizations may attempt to balance, pacify or bargain to conform and accommodate rules, norms or values but partially as they are more active in promoting their interests.

"I am investing, and because of Alliance and Accord my investment has increased, so I have to bring back my investments at least! Maybe I am not gaining profit, but I have to reach the break-even at least. So to reach at least the break-even, it is needed to let us survive. So the thing is there is pressure all the time; pressures on activities regarding this and that; but at least the time need to be given"[Interviewee 20, Senior Officer, HR and Compliance, Factory]

Brands’ short lead times, last minute changes to product terms, and a general lack of consideration of how their demands impact on workers, put an impractical load on the workers producing clothes. Why should garment workers tolerate poor wages and working conditions when they are contributing to the amazing profits of global brands? Founder of Zara is the second richest man in the world with a individual wealth of $70 billion. Additionally, organizations are more likely to use controlling tactics when the expectations are localized or weakly promoted.

"Another source of income was created for the governmental inspectors. Recently, ILO provided them with a motorcycle so that they can the place of the accident quickly. However, they are using it differently. Previously, they could only visit two factories, and now they can visit five factories per day by using the motorcycle and get 5 'envelopes'."[Interviewee 22, Program Coordinator, Worker's Rights, NGO]

The apparent governance gap led the international community to raise questions regarding the responsibility of sizeable global fashion brands in the Rana Plaza incident\textsuperscript{49}. The disturbing images of the Rana plaza ruins quickly circulated across the international media, resulting in calls for holding the large brands accountable for the incident\textsuperscript{50}. Thus, the Rana Plaza incident created a severe crisis of legitimacy for the international buyers of RMG

\textsuperscript{49}https://rightswireblog.org/2015/07/15/two-years-since-rana-plaza-why-the-accord-and-alliance-are-all-the-more-relevant/
\textsuperscript{50}http://www.theguardian.com/sustainable-business/fairtrade-partner-zone/dhaka-factory-collapse-fashion-brands-consumers
products from Bangladesh. Donaghey et al. ’s (2015) point out that in the absence of a single nation-state’s ability to ensure enforcement of workers’ rights, activists tend to mobilise consumers to use their powers, subsequently pressurise the MNCs to respond to such calls. In Bangladesh’s case, there were threats of boycotting products, putting further pressure on MNCs who used Bangladesh as a cheap outsourcing location. In response to such threats of legitimacy in the form of public outrage\textsuperscript{51}, the MNCs were forced to make quick interventions to the regulatory arena guiding the RMG. However, instead of joining hands, the MNCs were divided into two camps and initiated two separate initiatives namely Alliance and Accord that resulted in two sets of standards regarding health and fire safety for supply chains located in Bangladesh.

Although the Accord and Alliance represent an essential step in the direction of improving worker safety in the region, their actual impact is limited, according to several reports (Labowitz and Baumann-Pauly, 2014). Both the Accord and Alliance cover only 27% of Bangladesh’s garment factories and about 45% of its workers (Alamgir and Banerjee, 2018). Most indirect suppliers and subcontractors fall outside the scope of the Accord and Alliance’s inspection zones – about 2000 factories are expected to be inspected under both schemes, which excludes a majority of factories, especially the smaller ones where conditions are much worse and where workers are most vulnerable. Factory owners routinely showcase ‘good’ factories with higher safety standards to foreign buyers, but most of the production is subcontracted to smaller factories and indirect subcontractors who avoid inspection. The compliance regime is essentially a short-term inspection programme for larger factories, leaving the source of the problem unaddressed. Moreover, the extent of remediation in factories that have been designated unsafe is extremely low. Factory owners are unwilling or unable to bear the high costs of remediation ($250,000 to $350,000 per factory), which according to the terms of the Accord and Alliance is the owner’s responsibility. The Accord and Alliance are compliance regimes that inspect and categorize factories but do not fix the identified problems (Alamgir and Banerjee, 2018).

Factory owners, union leaders and government officials also raised concerns about the ethics and governance of the Accord and Alliance. They pointed to their lack of inclusion in the governance of the Accord, lack of clarity about funding for remedial measures in factories

\textsuperscript{51}http://www.nytimes.com/2014/04/22/business/international/battling-for-a-safer-bangladesh.html?_r=1
that were deemed unsafe, and the real possibility of loss of buyers owing to factories being non-compliant. Moreover, the responsibility of bearing costs of compliance is a vital issue. Remediation measures for noncompliant factories can increase the production cost. On the one hand, global brands and retailers want cheap clothes from developing countries. Prices are low because wages are low and working conditions do not meet international standards. Most factory owners are unable to bear the costs of remediation. Unless suppliers can charge higher prices or are provided sources of finance (with which the Accord and Alliance claim they can ‘assist’), no meaningful remediation can take place (Alamgir and Banerjee, 2018).

Moreover, the state also played a crucial role in promoting the country’s cheap and flexible labour force as a means to attract foreign capital from corporations that had global supply chains. Despite an active union sector in the country, the power of unions has weakened considerably during the last few decades, which appears to be a global trend. The state–industry nexus aims to align the labour force with global capital requirements of flexibility and low wages, and as a result, fundamental labour rights have been undermined.

The Rana Plaza also exposed the vulnerable nature of legal protection provided to workers under the Bangladeshi legal system. Previously, international organisations such as the ILO had expressed concerns regarding the failure of the Bangladesh Labour Law (2006) to meet international labour standards. The ILO was explicitly critical of the denial of legal rights for workers to democratically elect collective bargaining agents. However, the Bangladesh government had refused to make any changes to the Labour Law. This is partly due to BGMEA’s strong opposition to accept any reform to the Bangladeshi labour law in order to ensure fundamental human rights such as freedom of association and speech, and safer working conditions. A report by the Human Rights Watch (HRW, 2015) pointed out that none of the factories located in the Rana Plaza building had a trade union, and the workers were virtually powerless to resist what the managers ordered:

*If workers at Rana Plaza had more of a voice, it is entirely possible that the circumstances that led to the thousands of deaths and injuries could have been prevented (HRW 2015, p. 4)*

Thus, the presence of a governance gap regime, where the workers poor legal protection from the state would not allow them to form unions to protect their interests, and the
reluctance of the state to respond to calls for reforming the legal structure, had ultimately resulted in a human rights disaster such as the Rana Plaza collapse. After the Rana Plaza collapse, international agencies such as ILO and development partners such as the EC demanded further reforms to the Bangladeshi labour law to incorporate workers’ rights to form associations and include several provisions of workplace safety. In July 2013, ‘sustainability compact’ was signed to promoting improved labour standards and responsible business practices in the RMG sector. As part of the reform programme, the GoB amended the Labour Law (GoB, 2006). The amended Bangladesh Labour Act was passed by the parliament on 22 July 2013. The amendments match more directly with international labour standards, specifically the reinforcement of basic rights at work, particularly concerning certain aspects of freedom of association and collective bargaining and better occupational safety and health standards. However, in a statement issued on July 22, 2013, the ILO criticised the government for failing to make sufficient amendments to the Labour Law. The ILO was specifically concerned regarding two issues. The amended labour law (GoB, 2013) required a minimum membership requirement of 30 percent for the formulation of a workers’ union. In other words, a trade union will only be allowed to operate in a RMG factory if it can attract at least 30 per cent of the total workers employed in that factory. Also, the amended labour law deprived workers working in special trade zones like EPZ where many of the RMG units operate, of their rights to formulate a trade union. In response to ILO’s criticisms, the GoB again revised the Labour Law in 2015. Although the amended labour law brought down the minimum membership requirement to 10 per cent, it still fails to allow workers in EPZs to formulate workers’ unions. In 2014, as part of the sustainability compact, the GoB made some reforms in the labour inspectorate regarding recruitment and skills training of government labour inspectors. ILO’s efforts to bring the Bangladesh Labour Law to an internationally acceptable standard through the sustainability agreement is part of the organisation’s efforts to promote international labour governance mechanisms through various states signing conventions (Donaghey et al., 2015).

Moreover, Bangladesh has a turbulent past when it comes to industrial relations (NYU, 2015). As Siddiqui and Uddin (2016) notes, historically, RMG owners have been reluctant to allow the formation of trade unions. The Bangladesh Independent Garments Workers Union, formulated in 1995, was refused registration as a national union, mainly due to the objections raised by owners of RMG industries (ILO, 1995). Permission of the owners was
required for the formulation of a trade union in an enterprise belonging to the RMG sector. For long, RMG owners exercised this discretion to disallow the formulation of trade unions in the RMG sector. This has resulted in frequent labour unrest in this sector, mainly due to employers’ ignorance of acceptable labour standards. Formation of a trade union is often troubled by severe repression, dismissal, arrest, assault by hooligans hired by employers, and other practices which violate the international labour standards and Codes of Conduct (ILO, 2003)\(^\text{52}\). In August 2010, the Human Rights Watch wrote a letter to the Prime Minister of Bangladesh asking the government to stop harassment of the organisers of trade unions in the RMG sector-

\textit{The Bangladesh government should immediately stop its severe and sustained harassment of trade union leaders, labour rights activists, and workers in the ready-made garment (RMG) industry. The harassment is part of a campaign against labour rights activists, union leaders, and workers who have been pressing for the right to organize unions and demanding increases in the minimum wage (HRW, August 10, 2010).}

In its letter, the HRW mentioned the name of one union leader who was detained by the national security intelligence as he was trying to negotiate a national minimum wage for the workers in the garment sector. He was later found dead. In a letter dated April 11, 2012, HRW urged the government to ‘immediately launch a comprehensive and impartial investigation of the disappearance, torture, and murder of (the union leader), and publicly report the findings (HRW, 2012)\(^\text{53}\). Again, the Bangladesh government denied any involvement in the abduction of the trade union leader. The Prime Minister, in an interview with the CNN, denied even to recognise the trade union leader\(^\text{54}\). In December 2013, the Bangladesh government had to seek the assistance of paramilitary forces to stop a workers’ movement demanding fairer wages (HRW, 2015)\(^\text{55}\).

After the Rana Plaza incident, foreign buyers and development partners had put a lot of pressure on the GoB to allow freedom of association in the RMG factories in Bangladesh. As mentioned previously, the RMG owners and the BGMEA had vehemently opposed such moves but had succumbed to threats of legitimacy created by the Rana Plaza crisis. The amendments made in the labour Law (GoB, 2013) has resulted in the phenomenal growth of

\(^{53}\) https://www.hrw.org/world-report/2012/country-chapters/bangladesh
\(^{54}\) https://edition.cnn.com/2013/05/02/world/asia/bangladesh-building-collapse/index.html
\(^{55}\) https://www.hrw.org/world-report/2015/country-chapters/bangladesh
trade unions in the RMG sector in Bangladesh- As of August 2015, there are 464 trade unions in Bangladesh, of which 323 have been registered since Rana Plaza (NYU, 2015).

Last but not least, any transformation in the global garment industry has to be complete and enforceable. Acting single-handedly will not bring about the essential changes required to advance the lives of garment workers. The garment brands have created an unsustainable sourcing model that enables them to maximize their profits at the expense of workers. They created it, and they have the power to change it.

Overall, it appears that the failure of non-state regulations such as the Alliance and Accord standards to incorporate issues relating to human rights and workers’ safety has possibly resulted in such issues taking a back seat. The management of RMG factories, concerned by the loss of legitimacy and subsequent loss of resources, are more serious regarding compliance with the narrow standards set by Alliance and Accord, perhaps ignoring more important issues such as ensuring minimum wages and workers’ right to freedom of speech. Nevertheless, interviews do reveal that the overall working conditions have significantly improved in factories that are subject to inspections by Alliance and Accord.

7.6 Summary

Before the Rana-plaza collapse, the regulatory arena was dominated by one state actor (GoB) and one non-state actor (BGMEA) who acted as significant standard setters for the industry. Although different buyers required compliance with different sets of standards, interview evidence suggests that buyers were not serious about such compliance and depended on the producers for compliance inspections. The Bangladesh Labour Law (GoB, 2006) did not provide sufficient legal support for the protection of workers’ rights. Both BGMEA and the GoB were opposed to allowing workers’ right to form trade unions, despite repeated suggestions from international organisations such as the ILO. Consistent with Donaghey et al.’s (2015) observations, the government’s apparent indifference towards providing more legal support to the workers was driven by its pursuit to highlight the low-cost labour advantages in the country. Also, the state-business nexus existing in Bangladesh allowed the government’s views to be influenced by that of the BGMEA, who opposed any move to amend the Labour Law to promote workers’ voice. Consequently, the RMG industry was prone to frequent accidents and labour unrest. However, the government’s persistent denial strategy (Siddiqui and Uddin, 2016) eventually resulted in a human rights
disaster in the form of the Rana Plaza collapse. As demonstrated in this study, even after the Rana Plaza collapse, the existing state and non-state standards setters attempted to maintain status quo and remain in the governance gap regime through the application of a denial strategy. However, the magnitude of the Rana Plaza disaster attracted the attention of the international media, who started holding the MNCs using Bangladesh as a supply chain culpable for such human rights disaster. The Bangladesh government also faced similar crisis of legitimacy due to its labour governance failure. A report by the Human Rights Watch observed that a catastrophe of the magnitude of Rana Plaza could probably have been averted, had the Bangladesh government provided sufficient legal protection to ensure workers’ voice in the RMG sector (HRW, 2015).

The legitimacy crisis created by the Rana Plaza collapse triggered an immediate response from the global brands which used Bangladesh as a low-cost supply chain. Two new standard setters, namely Accord and Alliance, emerged. Also, under pressure from international agencies such as ILO, the Bangladesh government made significant amendments to the Bangladesh Labour Law (GoB, 2015), providing workers with higher legal protection to formulate trade unions. Thus, the post-Rana plaza regulatory regime in the RMG sector in Bangladesh is characterised by the presence of the existing state and non-state standard setters as well as the emergence of two new non-state standards setters, all of which were exposed to varying degrees of legitimacy threat.

Although both state and non-state standard setters are present in the post-Rana plaza regulatory regime, the state’s presence is relatively weak, mainly due to its prior indifference towards addressing human rights issues in the RMG sector. The pressure of complying with multiple standards may result in higher cost pressures for the manufactures (Reinecke et al., 2012). Black (2008) observes that in a market characterised by the presence of multiple standards, the standard setters attempt to legitimise their existence by making some legitimacy claims. As demonstrated in this study, both Accord and Alliance made some legitimacy claims, by publicizing the effectiveness of their inspection reports (functional legitimacy), linking themselves to persons of high reputation (pragmatic legitimacy), and emphasising the ‘legal’ aspect of their agreements (justice claims). Our interview evidence suggests that the RMG owners and managers were convinced of the legitimacy claims made by Accord and Alliance through strict inspection and monitoring of compliance with their
standards, and tagging such compliance a prerequisite for receiving orders. On the other hand, interview findings reveal that the state actor’s legitimacy claims were hampered by the corruption of its labour inspectors, and the lack of financial support that would have enabled the RMG factories to be able to implement the comprehensive provisions of the Bangladesh Labour Law (GoB, 2015). Consistent with Black (2008), this study suggests that higher claims to legitimacy made by Alliance and Accord prompted the RMG owners and managers to comply with their standards more seriously, whereas compliance with the Bangladesh Labour Law (2015) appeared to be more of a symbolic effort.

Post-Rana plaza regulatory initiatives indicate that the Bangladesh Labour Law (GoB, 2015) has a much broader scope, and incorporates essential employment relations issues such as minimum wages, working hours, health, building and fire safety, prohibition of child labour as well as workers’ rights to formulate trade unions. The standards promoted by Alliance and Accord, however, have a much narrower scope and focus mainly on building and fire safety inspections. Thus, overall, the Bangladesh Labour Law (GoB, 2015) has a more holistic approach towards employment relations and human rights and appears to be a higher quality standard. This view is confirmed by some interview respondents, who considered the Bangladesh Labour Law to be sufficient for ensuring human rights, had it been implemented correctly. Although Alliance and Accord inspectors interview workers on issues such as the existence of workers unions and payment of fair wages, the formal inspection reports only contain information regarding fire, building and electrical safety. Also, some respondents have confirmed that the workers are rehearsed on a regular basis to be able to respond to questions relating working conditions. This is consistent with observations made in the report by the Human Rights Watch (HRW, 2015).

The narrow focus of the Alliance and Accord standards are guided by the pursuit of delivering a more ‘measurable’ output, as suggested in Accord’s website. However, the preference towards Alliance and Accord’s narrow standards may have important consequences as far as employment relations are concerned. Interview evidence reveals that despite the significant growth in trade unions in the post-Rana plaza regulatory regime, most of these unions are not effective in promoting workers’ rights, as only a few carefully chosen people are allowed to join these unions. Interviews with RMG owners suggest an indifference towards this issue, perhaps demonstrating their intention to remain in the pre-
Rana plaza governance gap regime, where workers’ rights were severely restricted. This has resulted in further abuse for the rest of the workers. Also, workers sometimes conceal essential issues such as long working hours from the independent inspectors recruited by Alliance and Accord.

Interview evidence also suggests that increased scrutiny in the post-Rana plaza regulatory regime has initiated a structural change in the RMG industry in Bangladesh, as some indirect manufactures, to avoid inspections, have downgraded themselves to the status of ‘informal’ suppliers. As noted in the NYU study (NYU, 2015), such informal suppliers are invisible from the regulator's eye. Interviews with RMG managers reveal that as the direct manufacturers were under increased pressure from the buyers to comply with the newly imposed standards, they had to make significant changes in the number of employees, mostly female workers who were not ‘strong’ enough to be able to withstand the compliance pressures, redundant. Many of these employees joined the informal manufacturers and had no legal protection to ensure minimum wages or working conditions. Interviews with some RMG managers also suggest that the changes made in the Labour Law (GoB, 2015) may have resulted in some adolescent workers being exposed to more risk of abuse. Overall, interview evidence suggests that although the post-Rana plaza ‘standards regime’ has resulted in improved working conditions for the majority of workers, the regulatory initiatives may have contributed to making some workers outside the regulatory radar more vulnerable than before.

Furthermore, other than some model factories, which are a simple eyewash, there has been little to no alteration. Deaths due to dangerous working condition and safety omission persist – nothing has changed. Social compliance audit became a ritualistic practice that supports MNCs’ maintenance of legitimacy to the wider community rather than creating real accountability. The audit is a successful combination of a problem-simplifying technology, routine and superficiality but bound around with a language and aura of symbolic legitimacy and an appeal through its panoptical character to the threat of real economic penalty. This ritual is played out and is both legitimated by and helps legitimate the suggested codes (such as ILO’s ones) and guidelines that successfully convey a notion of proper beneficence that the MNCs are happy to exploit through their reporting and other information dissemination mechanisms. The minimum wage has not been moved up since 2013. There is tiny doubt
that “the crackdown is intended to intimidate workers and keep Bangladesh a low-wage country” that profits global brands and local owners (February 1, 2017, The New York Times)\textsuperscript{56}.

The readymade garment industry is the foundation of the manufacturing sector in Bangladesh. However, the Rana Plaza collapse in 2013 exposed a structural problem not only in the factory building but also in the whole sector. Contradictions characterise the industry; it is growing yet messy, it is the main export earner yet at risk. Growth and deprivation go together, similar to high profits and low wages, and additional industrial police and inadequate factory inspectors. The symbolic legitimacy of the “external auditor” is then called upon and their “professional” symbolic legitimacy is brought to bear in the firefighting criticism and to repair legitimacy (Islam et al., 2018). “External” auditors offered the more credible option in times of legitimacy threats from the western media and/or civil society organisations. While such legitimacy threats are likely to create a sense of accountability to some extent, it is unsustainable. The absence of accountability will return soon after the legitimacy threats are gone. Like prior research that looked at codes for labour practices (Barrientos and Smith, 2007), this study reveals that social compliance audit process that also assesses the implementation of the codes has limited merit to challenge existing social inequality or a different world in the workplace. It would be tempting to characterise the social compliance audits as rituals of legitimating whose purpose was to be seen and perceived, not to find or to change. The one thing the social compliance audits do not seem to be is a mechanism through which the betterment of peoples and communities might be rigorously pursued (Islam et al., 2018).

It is merely natural that in the instant aftermath of a tragedy diverse kinds of aid would be offered by the government, factory owners, and even individuals. Nonetheless, just offering training and financial support, in the lack of new laws or sustainable transformation, has shaped a sense of conflict and reliance amongst the workers. It was also necessary to set up a national team with local specialists to make sure direct measures by building our national capacity. In this regard, the National Action Plan still has not been able to cooperate in a helpful role. Instead, reliance has developed on the Accord and the Alliance. This reliance and their interference on a critical national issue not only elevate query about our very

\textsuperscript{56} https://www.nytimes.com/2017/02/01/opinion/bangladesh-crackdown-on-labor.html
sovereignty but also emphasize our government's reluctance to improve our national capacity. The government and factory owners are yet to recognize how the workers' association can play the position of a cautious guard in our country's industrial expansion. Also rather than making companies respond only to episodic exposures made by external evaluators, periodic self-reporting on social performance is something that may require companies to integrate human rights concerns routinely and more systematically into their operational procedures.
CHAPTER EIGHT: CONCLUSIONS

8.0 Overview

This study explores two inter-related research issues about the accountability of supply chains related to the regulatory initiatives in a developing country context. Firstly, did the Rana Plaza collapse trigger a stricter own regulatory regime? What specific regulatory changes were introduced? And, secondly, in the context of the complex social-political environment in Bangladesh RMG industry, can social audit play a critical role in allaying concerns about labour governance? The textile and garments industry of Bangladesh has been chosen for this study. The motive behind this choice is, this industry’s national as well as international significance regarding the economic importance and by the fact that many fashion multinationals have selected to outsource to Bangladesh. The reason they are progressively choosing Bangladesh as one of their preferred sourcing destinations is that of the low labour costs and a weak regulatory environment. However, this industry has been a focus of criticism for many years, predominantly by people, including the news media, in the west, for using child labour, having unfavourable working conditions and health and safety issues, human rights violations and a mixture of other negative social issues. This study addresses explicitly the regulatory initiatives related to the working conditions and its effects on the garments and textile sector which falls under the broader context of accountability and corporate social and environmental responsibility.

In explaining the findings of this research, the researcher applies legitimacy theory and a notion of accountability to offer a more holistic view of the working conditions, regulatory changes and the effects on the RMG in a developing country context. To investigate this research issue, in addition to documentary analysis, 36 in-depth semi-structured interviews were conducted with various stakeholders, primarily to obtain insights about the before and after scenario of Rana Plaza collapse and their expectations and perceptions about the effects of regulatory changes.

This chapter is divided into further three sections. Section 8.1 discusses the contributions and implications of this study. Section 8.2 notes the limitations of the study. Section 8.3 finishes the thesis by providing suggestions for future research and concluding remarks.
8.1 Contributions and implications of the findings

This study contributes empirically by using combined legitimacy theory and accountability framework to a new, complex and sensitive setting of the RMG sector of Bangladesh. Also, the findings address the call for qualitative study in the social accounting for human rights specially in emerging economies.

By trying to answer these two research questions, this thesis aims to provide an empirical contribution to the existing social accounting and accountability body of knowledge, as there is limited research in the context of a developing country and garments sector, in particular, investigating internal governance mechanisms from a regulatory development perspective. Additionally, consistent with Ahrens and Chapman (2006), Llewellyn (2003), Parker (2012), Broadbent (2012), and Humphrey and Miller (2012), a study contributes to knowledge if it offers a fresh theoretical insight. Similarly, a study adds to the body of knowledge if it provides insight concerning social, institutional, cultural and political accounts of organizational practice and if it adds further interpretations to policies and practices. No known study considers the issues which this thesis investigates in a way that includes interviews with a broad group of stakeholders such as brands, factories, buying houses, apex bodies, accounting and non-accounting audit firms, government officials and apex bodies.

Moreover, research contributes to knowledge if theories are applied within a new setting and are corresponding to new knowledge. Furthermore, particulars of empirical evidence that a study offers also contribute to knowledge because they strengthen existing knowledge and present newer insights. This thesis uses Legitimacy Theory and a notion of accountability as a theoretical lens. The starting point of this thesis was the collapse of Rana Plaza in 2013. This collapse created a legitimacy and accountability threat for all the parties involved in the global supply chains especially in the ready-made garments sector. Moreover, to prove their actions legitimate and are following the standards and laws, the brands and factories are using the social audit as a tool, merely to keep the attention of the media away. This study shows that being legitimate in the eyes of the law is not enough to curb the problems of the global supply chain even though all the players mostly care about being legitimate to other parties involved. Legitimacy should not be a tick box mechanism; it should include ways to incorporate accountability of all the actions taken by the organizations.
The significant contribution of the finding is that organisations seem to present symbolic disclosures as an instant response to legitimacy threats, but if the stakeholders’ pressures are continued, then the organisations will make substantive amendments to their social audit practices, and then release this information. Although this provides vital insights into supply companies’ governance practices, these reports are normally not made publicly available. However, from a developing country standpoint, this alteration process may take time, which results in the time lag acknowledged within this study. This research also provides a critical analysis of compliance and governance regimes that have emerged in order to administer global production networks. The politicization of multinational corporations (MNCs) is reflected by their power and potential to develop ‘inclusive’, but private regimes of governance linking market, state and civil society actors, and this work highlights the restrictions of these regimes in addressing oppressive labour conditions.

The findings also imply that multinational buying companies should be more proactive in upholding accountability practices in their sourcing factories in developing countries including Bangladesh. It was found that in the nonexistence of a standardized and prescribed code of conducts by the multinational buying companies, different supply companies provide diverse types of social audit reporting, which potentially results in incompetent governance reporting. A regular reporting arrangement from the significant buyers would offer more efficient reporting for the supply companies. Being proactive in this aspect, buyers can maintain to obtain low-cost products for their brands and also uphold their brand’s status. They should be proactive before the media runs reports about their relationship with supply factories that have poor health and safety issues, as well as fire-safety issues.

The policymakers inside the government of Bangladesh could also gain from the findings of this study. It also matters for practical reasons, because a more educated understanding could assist policymakers to understand the forces determining the behaviours and thus help them to work out and apply more suitable regulations. If the Ministry of Labour and Employment of Bangladesh provides some compulsory guidelines to be pursued by the supply companies as regards to working conditions, health and safety as well as fire safety and human rights issues including child labour related issues, then supply companies would be incapable of providing inadequate disclosures of governance information pertaining to the
above issues. Such an action could further build up the overall economy of Bangladesh via new overseas investors and customers, thus promote increasing apparel export to the global market. Fuller information will facilitate different parties to formulate more informed decisions about which entities to support, and this has implications for the society of Bangladesh.

Furthermore, the problem of human rights violence and state vulnerability is not only immoral but also prevalent. The Failed States Index (FFP, 2013)\(^\text{57}\) lists 126 of 178 states as either critical, in danger, or borderline cases of state failure. Given that much global production has shifted to these intense contexts, regulatory voids are an issue that deals with numerous organizations. There is mounting recognition that businesses have a responsibility to ‘make sure that they are not complicit in human rights abuses’, as insisted by the United Nations Global Compact (Rasche, 2009). UN’s Ruggie framework (2011, p. 14)\(^\text{58}\) outlines that businesses should ‘seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.’ Significantly, what directly related, contributing to, or being complicit in means is not objectively specified but dependent on shared interpretations (Reinecke and Ansari, 2016).

In evaluating the functions of the Accord and Alliance, Donaghey and Reinecke (2016) concluded that the Alliance was a CSR-based approach that could ‘foster effective problem-solving in the short run’ while the Accord was an ‘industrial democracy’ model that was ‘necessary to build governance capacities involving workers in the long run’. This research points out that The Accord and Alliance do little to address exploitative working conditions. Moreover, it is both early and risky to claim that the Accord and the Alliance is a victory for labour rights in Bangladesh. It may be a success for elite, well-funded federations of unions and NGOs in the global north who are key stakeholders in the Accord and the Alliance. It may also be a win for global brands and retailers because the Accord and the Alliance provide an added sheen of legitimacy to their polished sustainability and CSR reports. Moreover, the industry–state nexus in Bangladesh can now point to the Accord and the Alliance to reveal that the industry and the state takes worker safety issues sincerely by showcasing well-built factories that have applied new safety procedures, whilst the

\(^{57}\) http://library.fundforpeace.org/library/cfsir1306-failedstatesindex2013-06l.pdf

dangerous and abusive working conditions in the immense majority of subcontractors and smaller factories stay behind unchanged. In the after-effects of the Rana Plaza tragedy, there were outside pressures from trade unions, NGOs and global brands to look up for worker safety as well as domestic demands from workers and unions to increase wages and offer better working conditions. However, despite some level of union representation in the Accord, both the Accord and Alliance are brand-led initiatives. Real worker empowerment and wellbeing comes at a fee that has to be paid by the buyers. If contribution margins keep on determining what can be spent on worker safety, then the Accord, distant from being an initiative of ‘industrial democracy’, is simply a CSR compliance scheme. All evidence post-Rana Plaza put forward that there has been no increase in the procurement price for factory owners. The cost of Bangladesh’s major clothing export to the US has plummeted by 46% since 2000 (Alamgir and Banerjee, 2018). As the first tenure of the Accord and Alliance come to closing stages, it is worth reflecting on what they have accomplished. There is modest evidence that suggests the compliance systems can effectively fill up the ‘regulatory vacuum in global governance’ (Scherer and Palazzo, 2011: 899). Multi-stakeholder initiatives like the Accord and Alliance grant legitimacy to influential actors but do little to address the sourcing, pricing and procurement practices in the garment industry, which are the main reasons for the appalling condition of workers and that remain external to the mandate of these compliance mechanisms. Factory assessments under the Accord and Alliance do not address the core causes of unsafe working conditions and have done little to alter the customs in garment factories. Moreover, global brands escape accountability in cases of breach of workers’ rights, even in cases where factories that produce branded garments have ‘passed’ inspection (Saxena and Labowitz, 2015)59. Most of the worth from the supply chain of garment manufacturing is captured by the big western brands and retailers, with suppliers and workers receiving nominal value (Lund-Thomsen and Lindgreen, 2014). All audits emerge to have the fundamental objective of shaping whether MNCs sourcing garments from manufacturers in Bangladesh were doing so from organisations that show to fulfil with acceptable global social standards. Concerning acceptable social standards, particular mention was made to internal codes of conduct/standards developed by MNCs, and to ILO standards, SA 8000 and European standards such as Business Social Compliance Initiative (BSCI). There appeared to have

broadly held view that the different codes and standards being used to lead the compliance audits show a high scale of commonality and consistency. This is useful, but the codes and standards themselves are doubtful to bid a direct challenge to matters such as social inequality and worker discrimination (Barrientos and Smith, 2007). So the lack of any direct pressure from the accountability holders such as the workers and the local community is defeated, not by the standards themselves but by the utilization made of those standards by the international standard setters such as ILO or BSCI, like the employment of third-party auditors, the level of external stakeholder engagement also emerged to be reactive to the reality of a legitimacy crisis. Social compliance audits are seen as a potentially expensive exercise that could only generate benefits of a financial nature if the result of the audit was positive. Such results are normally consistent with Islam and Deegan, (2008) who found that the disclosure of social performance information replicated the expectations of MNCs, rather than due to any essential ethical reasoning of accountability. Consequently, any form of frail accountability merely promote the power wielder to be opportunistic and in the result, add to existing inequality (Islam et al., 2018). If not the basic sourcing model is reconfigured and prices reflect fair wages and high-quality working conditions, progress in the industry will be just ornamental. The Accord and Alliance do little to grant workers agency in formulating their working conditions, although the state–industry nexus make sure that the labour market remains ‘flexible’ and ‘competitive’ to the requirements of the global market, which basically means the lowest possible wage and least amount of investments in factory safety so as to guarantee the procurement of orders at the least possible price. Codes and standards are not just solutions, they in addition ‘generate new social regimes of power and inequality’ (De Neve, 2009: 63) and, as seen throughout regimes of neoliberal development, representation and compliance give buyers with fresh forms of legitimacy where decent compliance becomes a device for negotiation together with price and quality. A measure of accomplishment for the Accord and Alliance appears to be the number of unsafe factories that have been closed down. According to government reports, 39 factories have been shut down, and 40 factories are ‘partially closed’, upsetting nearly 21,000 workers. One newspaper report states that 150,000 workers have been affected as a consequence of closures, including factories that exited the business (Arouri et al., 2014). The consequential loss of livelihood escorted to further disempowering outcome for women workers, many of whom drifted from rural areas and who risk being trafficked to neighbouring countries (Ali et al., 2002). The Accord and Alliance have redesigned relations linking buyers in the global
north and suppliers in the global south, but the expenses of compliance are swallowed by the
parties in the supply chain who do not have the funds to do so. Health and safety outcomes
in the garment manufacturing sector in Bangladesh should not be decoupled by their social
relations that form definite labour regimes, but in core this is what the Accord and Alliance
is undertaking rather than challenging rooted norms and practices of sourcing and
subcontracting or providing opportunities for workers to communally discuss their rights
(Barrientos and Smith, 2007).

The overall implication of this study is that multinational buying companies, being the
dominant parties of the textile and garments companies of Bangladesh, can assist to ensure
more transparency and accountability of the accountability information concerning working
conditions offered by the supply companies of Bangladesh. If multinational buying
companies make the social audit reports public, this will allow more transparency and
accountability to be established by supply companies. The information within the social
audit reports by the multinational buying companies would also boost their accountability
and transparency in the broader global community. The politicization of MNCs is reflected
in their capability to apply power over global production networks by creating a single
governance framework intended to improve working conditions in factories. The inclusive
nature of multi-stakeholder initiatives like the Accord and Alliance through the input of
market, state and civil society actors is supposed to bring positive outcomes regarding
factory safety and working conditions. However, this work points out that key players
involved in these compliance measures function very much within the authorization agreed
by global brands and retailers. Cooper & Owen, (2007) argue that free dialogue between
stakeholders is necessary for any genuine organisational accountability. Based on the view
of Habermas’ ‘ideal speech situation’ (Habermas, 1992), Cooper & Owen argue that all
stakeholders should take part in some form of communicative process - but without some
form of formal system to guarantee active participation, accountability is an empty notion.

Additionally, at present within the social and environmental accounting literature, there has
been a deficiency of research that notes both that social audits are a common requirement
that multinational buyers enforce upon local suppliers, and that the information in these
reports is not made freely available on a systematic basis. Again, as noted above, this creates
several inefficiencies in the Bangladesh garments industry. If different stakeholder groups
knew about the governance practices of particular suppliers then more efficient decisions about whom to support, whom they work for, and so on could be made. Besides, NGOs and the media would be better capable of to direct their awareness towards industry laggards, and this would credibly have implications for increased workplace traditions across the industry.

The overarching findings of this thesis expose that multinational buying companies have power and influence. This implies that important parties such as multinational buying companies can also utilize this power to warrant safer working environments within the supply factories and to advance the standard level of accountability across the industry. However, the findings of this thesis appear to show that multinational buying companies are undertaking the actions merely to lessen their risk exposure rather than furthering the welfare of the Bangladesh community. State actors also joined forces with business and non-state actors to form both ‘hard’ and ‘soft’ laws that consistently sheltered their interests. In the case of the Accord and Alliance, CSR and stakeholder engagement offered the legitimacy for global brands and retailers. However, the primary cause of labour exploitation in the sector stays behind unaddressed by these compliance measures. In the new age of ethical compliance, the global production system remains unaffected apart from for new standards and codes of conduct that can by no means be implemented due to lack of needed resources and political will of the industry–state nexus. Appropriation of value from the global supply chain rest in the hands of providers of capital, global brands and buyers, and the state, regardless of claims of worker empowerment (Alamgir and Banerjee, 2018). The findings propose that the system is more prone to corruption. However, this study avoids being intimidated by this general conclusion; instead it provided practical problems that hamper accountability in global supply chains associated with emerging economies. The most significant contribution of the finding is that organisations seem to present symbolic disclosures as a direct response to legitimacy threats, but if the stakeholders' pressures are continued, then the organisations will make substantive changes to their social audit practices, and then disclose this information. These changes are reflected in the internal reporting process because these organizations are privately owned companies who do not require to publish their annual reports publicly.

While many businesses at first found the idea of bearing accountability for workers’ conditions in distant suppliers’ factories strange, the now accepted ‘sweatshop’ frame was
jointly constructed in the course of years of high profile protests and strengthening of moral rage to link emotive imagery of workers toiling in sweatshops to manufacture branded goods enjoyed by affluent consumers (Young, 2006). While the mistreatment of foreign workers can be credited to many root basis – home country poverty and scarce local legislation – the problem would need to be outlined in a way that makes it open to private sector intervention (Reinecke and Ansari, 2016). Additionally, one of the major factors is trust. If there were a steady relationship between corporations and stakeholders, there would not be any want for social audits. Therefore, trust is imperative throughout the entire process. Without the promise of trust, stakeholders would not become concerned, which would, in the end, null the main point of a social audit. Social audit necessitates information about the community, and if the community is not linked suitably, it reduces the probability of having adequate information. So, the social audit team has to be well associated with the community, or else the lack of communication form a barrier to social auditing gaining success and recognition. In the circumstance of Bangladesh, due to high population density, to connect maximum stakeholder and to accumulate adequate information, there should be a decentralized system of social audit. To draw the attention of stakeholders, aid from media can be requested, as the media plays a noteworthy part in stakeholders’ lives. Social movement scholars highlight questionable tactics like boycotts to confront their target’s reputation (e.g., King and Whetten, 2008) while political CSR scholars stress deliberative engagement (e.g., Scherer and Palazzo, 2007). Both approaches search for ‘frame shifting’ (Werner and Cornelissen, 2014) and ‘frame transformation’ (Benford and Snow, 2000) to change corporate behaviours even if the means vary. Firms may not voluntarily attend to a social problem if not pressured by activists (den Hond and de Bakker, 2007). On the contrary, confrontational strategies may make firms self-protective and suggest mistrust, denial or typical response (Bartley and Child, 2014).

Current years have seen an increase in the general uptake of CSR reporting. This rise has been recognized partly due to the voluntary promises of companies, but, more crucially, it has been related to the invariable rise of legislation and regulation and a through stakeholder action, which has taken place across the world. Countries have begun to comprehend, that exclusively relying on market forces to enhance corporate social reporting, and, more vitally, social performance, is not bringing the expected results. A lack of compulsory obligations to carry out business activities in a socially accountable manner inclines to lead companies to
stay away from focusing too much consideration to or neglecting any CSR related matters altogether as they do not directly present an improvement of profit. This idea has gained grip in light of several international corporate scandals throughout the years which have shaped a mounting vision that, not only must companies be held accountable for their activities and fix all damages caused by such behaviour, but that they should also dynamically offer some direct benefits back to the society. Additionally, companies are now starting to comprehend the prospective gain of taking up corporate best practices that go past what is essential for legal and regulatory compliance, as a good public image is a vital marketing asset, and its significance just cannot be undervalued. Moreover, there has been an uprising in the media segment in the last 10–15 years. Diverse types of media like satellite television channels and FM Radio channels generate a buzz among people, and nowadays everyone is linked to at least one form of media. Therefore, it has become ever more accessible to unite stakeholders with the suitable application of the media. Media not only join stakeholders but also offer input for social audits. From media events like news, talk shows, debates, articles in newspapers, and documentary, social audit teams can gather information, and through parallel events, social audit team can update stakeholders about the result of the social audit.

One widely shared concern is that in the lack of regulation, private companies would be unwilling to go further than their duties and, instead, would tackle their attention mostly on their financial issues and search of profits without working in the direction of a socially most favourable level of disclosure. It is evident that a voluntary system of reporting has not formed the desired results of pressuring companies to focus on their CSR behaviours and activities considerably and that some type of regulation is necessary to press on companies to gather and release precise and audited non-financial information. While a range of opinions have been raised in favour (Lennox & Pittman, 2011; Admati & Pfleiderer, 2000; Lambert, Leuz, & Verrecchia, 2007) and against (Lennox & Pittman, 2011; Leuz & Wysocki, 2008; Arya et al., 2003) authorizing disclosure of accounting information, obliging companies to have their financial statements audited would eventually be the best way to make sure that outsiders have access to trustworthy accounting information (Lennox & Pittman, 2011). Alternatively, else, companies would be short of adequate incentives to supply social and environmental information on a voluntary basis (Lennox & Pittman, 2011). An essential additional concern is the determination of the scope of the social audit. It is not always possible to audit each organization or every activity of an organization
followed by the call to identify the area within which social audit should be carried out. Nonetheless, before committing resources to social auditing, it would be prudent to learn the political situation or culture of the land where the development is to be applied. If the political will is not present to go with the social audit, it is hard for the social audit to be successful. In Bangladesh, government although says in favour, actually are not much concerned in social audit type of actions. However, taking into account the fact that Bangladesh is a democratic country and demands from mass people who work here to a large scale as history says, a social audit can be a perfect device to create good governance and transparency.

Moreover, a globalized environment has often been correlated to a failure of state power in transnational governance (Djelic and Sahlin-Andersson, 2006), where the state has moved from being interventionist – a coercive actor regulating from above to devolutionary – making markets or outsourcing governance (Reinecke and Ansari, 2016). The state can play a catalytic role by forming enabling settings for private governance. Here the state does not order nor impose behaviour, but can facilitate, attract and legitimize private governance. Entrepreneurial governments ‘steer more than they row’ and can take steps as ‘catalysts leveraging private-sector actions to solve problems’ (Osborne 1993, p. 2). As a catalytic actor, the state is less involved in ‘first-order’ governing to solve problems directly. Instead, its meta-governing can catalyse private governance (Kooiman, 2000, p. 154). The state has regulatory power but also relies on non-state actors; businesses have economic power and transnational reach to effect change while civil society has a moral authority to evaluate business behaviour. Indeed, private regulation is often ‘intertwined with legal standards of responsibility’ (Bartley, 2005, p. 233). However, for transnational issues, the state lacks authoritative control beyond its borders and needs alternative strategies such as ‘orchestration’ (e.g., the Global Reporting Initiative as a de facto international standard) to enrol intermediaries into sanctioning defecting firms (Abbott and Snidal, 2013). Reinecke and Ansari (2016) observed that the state could play a key catalytic role in a manner that it ‘does not dictate or enforce behaviour but can enable, entice, and legitimize private governance’ (Reinecke and Ansari 2016, pp. 323). Although the state has regulatory power, for transnational issues, it lacks reliable control beyond its borders.
Codes of conduct, voluntary standards and social audits do not have a particularly distinguished history: they have been criticized for enabling firms to use deceptive accounting techniques (Frenkel and Scott, 2002), greenwashing (Banerjee et al., 2011) and, as a practice of self-regulation without sanctions, being subject to opportunism (Lantos, 1999). In some cases, there were no discernible differences in practice between companies that signed up for voluntary standards and those that did not (King and Lenox, 2000).

Studies examining the impact of codes of conduct on working conditions have found that, although there were some improvements in health and safety standards and working conditions, there were no improvements in worker empowerment through better collective bargaining procedures or enhanced freedom of association (Merck, 2009). Critics argue that codes of conduct and standards provide legitimacy to powerful corporate and market actors rather than improve the conditions of workers (Chaudhuri & Banerjee, 2010). A recent study found that audits of codes of conduct are routinely falsified and, although there have been some improvements in working conditions, there was little evidence that overall levels of compliance had changed (Labowitz and Baumann-Pauly, 2014).

In practice, social auditors do not face any liability claims for their services. This situation was acknowledged by a spokesperson of the German certification firm TÜV Rheinland (Dohmen, 2016). This is problematic, as brands tend to point to audit reports in order to justify their purchases in factories that suddenly collapse or are destroyed in a fire (Burckhardt, 2014, p. 126). While audit reports are frequently produced, it is not clear who takes responsibility for their content or impact. As the reports are not usually made public, there is no way for concerned or independent parties to keep an eye on the audit process or verify its accuracy. Workers, in particular, the supposed beneficiaries of the whole auditing enterprise, have no means of verifying such reports or holding auditors accountable. Additionally, social audits are increasingly criticized for not being effective in improving working conditions in the garment industry (e.g. Burckhardt, 2014, p. 116). Academic research has recognized that as a stand-alone assessment, lacking integration in the management structures and the existence of a trade union, codes of conduct and audits are not likely to show the way to any improvements (Locke, Rissing and Pal, 2013; Locke, Kochan and Romis, 2007). Some of the problems observed with the system include its checklist approach to labour issues; methodological shortcomings in the inspection process; and the failure of the system to involve workers sufficiently in the audits.
Social compliance initiatives are essential in combating the inherent conflict of interest between third-party auditors, multi-brand/multi-stakeholder initiatives, and their member companies. Conflicts of interest are expected as auditing companies are concerned in keeping their clientele in an more and more competitive market. If they apply high standards and consistently refuse to grant certifications, suppliers and retailers may opt for another accredited third-party auditor. The market, therefore, creates incentives that tend to push towards keeping auditing standards, costs, and efforts low (Jahn, Schramm and Spiller, 2003, p. 9). Furthermore, when suppliers are concerned in the reception a quality-assurance label without making the proper investments, there is an financial motivation to look for lenient auditors (ibid, p. 11). A particular responsibility, therefore, lies with the social compliance initiatives to counter the negative enticement structure for auditors. Especially, the probability of spotting scarce audits has to be improved. This means improving the “verification” process already implemented in varying ways by different social compliance initiatives. Further, auditing companies must suffer adverse consequences if they deliver a deficient audit. This means holding these companies to account and imposing sanctions when they do not meet the requisite standards.

Moreover, the oppressive environment in manufacturing services will discourage most workers from taking any definite steps to address a lack of accountability (HRW, 2015)60. Just like factory owners, workers are also concerned about keeping up with the orders from buyers. Workers also fear to lose their jobs for speaking out against insufficient audit reports and appalling working conditions. At present, auditing companies are not assumed accountable for the content of their reports: not by the contract parties (i.e. brands or factory owners), nor by workers who supposedly benefit from the auditing efforts, nor by governments.

Both state and market failure added to the Rana Plaza disaster. A UN report placed the culpability on the Bangladeshi Government for its failure to address human rights disasters caused by RMG factories in Bangladesh, citing the state’s lack of political will, technical capacity and resources (Labowitz and Baumann-Pauly, 2014). The government of Bangladesh, jointly with the owners of RMG factories, were charged with “criminal negligence”, mainly due to their incapability to make these factories answerable or to

60 https://www.hrw.org/world-report/2015/country-chapters/bangladesh
warrant primary workers’ rights (Lennox et al., 2013). Serious questions have also been raised about various safety issues in the Bangladeshi RMG sector in the context of broader human rights issues about global supply chains (The Economist, 2013). Black (2008) argues that the creation of accountability is contingent on the form of legitimacy necessary by state and non-state actors. Regardless of winning a dubious election in 2013, the ruling party of Bangladesh seems to have cognitive legitimacy, declaring to be the only party of war heroes – a claim accepted by a large section of society. Demands to be accountable to the general population is considerably lesser given this apparent cognitive legitimacy.

Nevertheless, moral legitimacy must still be maintained by the government. The government came under criticism for failing to monitor the illegal expansion of the building and failing to close down the building despite local media broadcasting images of cracks in the building and a government inspector’s order to evacuate the building the day before the collapse (Siddiqui and Uddin, 2016). Workers who expressed fears were ‘persuaded and cajoled’ to return to work or threatened with dismissal by factory managers (HRW, 2015). None of the five factories operating in the building had a trade union. Days before the accident, two garment factories in the building passed a ‘social audit’ on working conditions based on CSR standards (Donaghey and Reinecke, 2018). Whereas CSR-based programmes such as the Alliance can be seen as providing more legitimacy to market actors and allaying reputational risks, the Accord was designed to represent both worker and business interests. Thus, it becomes important to study how ideas, practices and legitimacy operate in these compliance regimes in global production networks. The Accord and Alliance were not simply competing for initiatives, but their co-existence created strong legitimacy pressures to perform under the global spotlight, especially since comparisons were drawn (Labowitz and Pauly 2014). Thus, while scholars have debated whether co-existing governance initiatives lead to a race to the bottom (Reinecke et al. 2012) the co-existence of the Accord and Alliance led to a ‘levelling up’ effect (Donaghey and Reinecke, 2018). Levelling up worked because of the dynamics of legitimacy: the initiatives were subjected to scrutiny at both ends of the supply chain. Under public scrutiny and pressures for legitimacy, co-existence of competing initiatives may lead to common ‘meta-standards’ (Reinecke et al. 2012), such as common inspection standards, mutual recognition of inspections of shared factories and public reporting. The co-existence of competing initiatives meant that both had to

---

61 https://www.economist.com/leaders/2013/05/04/disaster-at-rana-plaza
demonstrate that each was as effective as the other and that levelling up took place. The best indication of the effectiveness of the Accord and Alliance is that, to date, there has been no other major industrial accident in Bangladeshi garment factories since Rana Plaza, despite serious safety issues being identified in almost all factories. Compared to the rate of accidents before Rana Plaza, this meant that many lives were saved.

8.2 Limitations of the study

Although the research has generated some useful insights, there are however some limitations.

This study utilises interview instruments to gather data. A total of 36 interviews were conducted during the period of study. The coverage of the interviewees included was controlled by practical issues concerning access to individuals and the time on hand, and future research could try to increase the number of individual participants. Natural in all research utilizing interviews is the matter of reliability. Although the interview method was useful to gain insights— which might not be possible by with any other research techniques – the interview responses cannot be declared as 100% reliable. Interview responses could be partial by factors such as interviewees’ eagerness to provide an accurate account of the past or possible influences of social, cultural, political or organisational factors (Easterby-Smith, Thorpe & Lowe, 1991). Therefore, the results of this research have to be considered in light of potential partiality or inaccuracies in the responses.

While coding the data, the researcher used manual coding methods instead of using software such as NVivo. As Saldana (2009) remarks, there is something about manipulating qualitative data on paper and writing codes in pencil that offer the researcher more control and ownership of the work. However, this manual coding required a large workspace with numerous pages of paper, much time, which could have been minimised by using NVivo. Nevertheless, software does not in fact code the data – this is still the task of the researcher; it capably stores, organises, manages, and reconfigures data to enable personal analytic reflection (Saldana, 2009). There could have been some bias while coding the data and using interpretations and judgment. Accordingly, there could be potential subjectivity in the results.
Another possible limitation of this study could be linked to data translation and transcription. The understanding and knowledge of the researcher in respect of data translation and transcription may raise concern about data interpretation. The risk is more if this procedure is conducted by other people other than the researcher (Marshall & Rossman, 2006). However, in this study, the researcher herself translated the interviews that were in Bengali, and the researcher conducted all the transcriptions. Since the researcher is fluent in both Bengali and English, while translating and transcribing data, such issues may not be of an issue in this context. Nevertheless, data translation and transcription cannot be assumed to be error-free, even though maximum care was taken.

Moreover, an additional aspect of the research for which limitations must be accepted is the potential existence of a range of forms of bias, subjectivity and interpretation that are inbuilt in qualitative research. Vigilant attention was paid to the quest for a thorough and comprehensive approach relating to the compilation and analysis of data, as mentioned in Chapter 5, but such limitations are still probable. Limitations of the research method influence all forms of research investigation. In this study, these do not necessarily deteriorate the validity of the research and its contribution to the understanding of the subject of the analysis but are features which must be kept in mind when placing the study together with the broader body of research to which it contributes.

Finally, a researcher's bias might be apparent in this study. Since the researcher is a Bangladeshi, it is possible that her immediacy inclines this study to the research setting. Although from a different point of view, the researcher's proximity to the research setting also improved the proper routing of the interview questions which made the research more flowing. Also, the researcher's closeness of the research surroundings proved beneficial because it presented the researcher a local perception of the research issues. However, it is important to declare that it is probable that the researcher overlooked some participants' clarification which might be essential to the study. Also, it is likely that the researcher might be deficient in enough awareness of which international readers may not well understand particular Bangladeshi Textile and Garments issues and contexts.

8.3 Future avenues of research

Although several aspects of this study provide an opportunity for future research, the following areas could be found particularly worthy of thought.
This study highlights the existence of Alliance and Accord in the RMG sector, but they have a fixed term (ending in 2018) to serve in Bangladesh. Further research can be done to evaluate the post Alliance/Accord scenario - whether the lessons learnt due to Rana Plaza collapse and with the presence of Alliance/Accord keeps on prevailing after their exit or does the situation go back to pre-Rana plaza state. Similarly, the role of government in monitoring health and safety issues after the departure of Alliance/Accord is worth considering further research.

While the results disclose that influential stakeholders receive most of their necessary governance information from special purpose reports and/or social audit reports, this study does not investigate the content of or the procedures for providing information in these reports. Since this is not conventional media for disclosures – a point neglected by researchers in social and environmental accounting so far – further research could be focussed at investigating the content, procedures and the reliability of these special purpose reports.

Moreover, fire accidents and building collapses are becoming frequent phenomena in the supply chain factories of Bangladesh. Further study could be carried out to search what particular governance practices the BGMEA and supply companies have to ensure for fire safety and to prevent such building collapses, and how these practices are monitored by the stakeholders, including multinational buying companies. Another important player in the supply chain is the buying houses or the liaison offices, who act as an intermediary. Research can be done on how they deal with both the factories/suppliers and the retailers/brands and why their presence is required.

Potential research could be directed at investigating how/whether multinational buying companies (who source products from developing countries such as Bangladesh) provide working conditions related governance disclosures. This could be a valuable investigation since this thesis found that multinational buying companies seem to be more anxious about their legitimacy rather than necessarily about the welfare of workers in local supply companies, or the accountability of supply companies to their stakeholders. Future research could delve deeper into the dynamic patterns of complexity that confront organizations, arising from the multiplicity of logic to which organizations must respond, the degree of incompatibility between those logics.
Despite recurrent claims in the literature that "the voice of developing country workers" is the "missing element" in the debate (Elliot and Freeman, 2003) and "it is crucial that the voices of workers in the developing countries be present" in it (Fung, O'Rourke and Sabel, 2001), future research can study how workers' voices are in practice included or excluded in the process of setting and implementing codes of conduct, and whether and how codes of conduct enable workers to organize and strengthen their voices in this and other debates. The lack of studies on the effects of codes on worker empowerment is a significant omission in the literature. Moreover, this omission is reflected in the inattentiveness to freedom of association and collective bargaining, two fundamental institutional mechanisms to empower workers and thus mitigate power asymmetries.

As stated in Chapter Two, currently there are more than 4,000 garments factories in Bangladesh, and the number is continually growing. NYU (2015) mentions indirect suppliers and informal manufacturers in the supply chains. Alliance and Accord only deal with those factories that belong to their list. Further research could be done on these indirect suppliers and informal manufacturers who are not part of that list as these factories are more vulnerable to human rights risk.

All the factories use generators (as there is a power crisis in the whole of Bangladesh), and these generators release carbon, in the future this could origin a threat to the environment regarding amplified environmental pollution. Besides, the wastage in the garments and textile factories is not recycled properly, and generally, in most of the cases it is thrown into the nearby canal or river; this results in severe sewerage blockages and water pollution in the neighbouring areas. Further research could be carried out to gain new insights into this matter.

Additional research could be carried out to investigate the accountability of other sectors in Bangladesh that have concerned global media attention. One is the ship-breaking industry, and another one is the tannery (leather) industry. Both of these industries have considerable social and environmental impacts which need to be investigated from a broader CSR perspective.
APPENDICES

Appendix 1 : 5 Year Timeline of Post Rana Plaza Initiatives, April 2013 to April 2018

<table>
<thead>
<tr>
<th>Month/year</th>
<th>Incidences/Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>April, 2013</td>
<td>Collapse of eight-story Rana Plaza in the industrial outskirts of Dhaka, Bangladesh, killing at least 1,138 garment workers and injuring over 2,500 more. World's worst industrial accident in 30 years. The collapse was caused by the illegal addition of two floors on an already sub-standard building. The building housed five clothing factories - Ether Tex, New Wave Bottoms, New Wave Style, Phantom Apparels and Phantom Tex - and a mall.</td>
</tr>
<tr>
<td>May, 2013</td>
<td>A joint statement signed by government, workers, employers to identifying key areas for action, such as the assessment of the structural integrity of ready-made garment factory buildings; strengthening labour inspection; worker and management training and awareness of occupational safety and health and workers' rights; rehabilitation and skills training of disabled workers; and the possible establishment of the International Labour Organization (ILO) Better Work programme.</td>
</tr>
<tr>
<td>June, 2013</td>
<td>The US decides to suspend the Generalized System of Preferences (GSP) benefits to Bangladesh - the system under which it can export certain goods to the US duty-free.</td>
</tr>
<tr>
<td>July, 2013</td>
<td>The EU, Bangladesh Government and ILO issue the Global Sustainability Compact to promote improved labour standards, the structural integrity of buildings and occupational safety and health, and responsible business conduct in the RMG and knitwear industry in Bangladesh. North American firms disputed with certain elements of Accord and established a separate organization called Alliance for Workers Safety which covers 770 factories. Amendments are made to the Bangladesh Labour Act, including provisions on workplace rights, safety and health. To cover the factories beyond Accord and Alliance, the Government of Bangladesh and representatives from local employers' and workers' organizations sign an integrated National Tripartite Plan of Action on Fire Safety and Structural Integrity in the garment Sector of Bangladesh (NTPA), coordinated by the ILO.</td>
</tr>
<tr>
<td>Date</td>
<td>Event</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>October, 2013</td>
<td>The ILO launches a US$24m, three-and-a-half year programme on improving working conditions in the ready-made garment sector to support the National Tripartite Plan of Action. A new Better Work programme is also launched in Bangladesh.</td>
</tr>
<tr>
<td>November, 2013</td>
<td>The ILO brings together technical experts (structural engineers, fire safety experts) from the Bangladesh University of Engineering and Technology (BUET) on behalf of the NTC, the Accord, and the Alliance. Assessments of the structural integrity and fire safety of RMG factory buildings officially commence.</td>
</tr>
<tr>
<td>December, 2013</td>
<td>A new minimum wage for garment workers comes into effect, rising by 77% to $68 (BDT 5,300) per month. The basic salary is also set to rise by 5% each year.</td>
</tr>
<tr>
<td>January, 2014</td>
<td>The Government of Bangladesh upgrades the position of Chief Inspector of Factories and converted it to a Department, sanctioning 679 new staff positions, including 392 new inspectors. The Accord on Fire and Building Safety in Bangladesh finalizes the fire, electrical, and building inspection standards against which all its member supplier factories will be assessed.</td>
</tr>
<tr>
<td>February, 2014</td>
<td>Accord factory inspections get underway, with 38 teams of fire, electrical and structural engineers due to conduct 250 inspections a month until September, 2014.</td>
</tr>
<tr>
<td>March, 2014</td>
<td>Alliance factory inspections get underway. By 22 April, inspections have been completed on more than half of them, and are due to be finished by July 2014. The Rana Plaza Coordination Committee adopts the Rana Plaza Arrangement to provide compensation to all injured workers, dependents of the dead and missing, and non-injured workers present in the complex when it collapsed.</td>
</tr>
<tr>
<td>May, 2014</td>
<td>Production has been suspended in 12 factories following concerns over building safety. So far more than 550 factories have been inspected for fire and electrical safety and 480 for structural safety.</td>
</tr>
<tr>
<td>June 2014</td>
<td>The Accord on Fire and Building Safety in Bangladesh publishes factory inspection reports and film footage to be more transparent. To date, it has completed around 800 inspections for fire, electrical and structural safety.</td>
</tr>
<tr>
<td>July, 2014</td>
<td>The Accord calls on retailers and clothing brands to contribute more funding in order to complete its factory inspections. UK apparel retailer Matalan contributed to the Rana Plaza Compensation Trust following a social media campaign calling them to pay GBP3m (US$5.1m). Till date $ 17.5m has been raised out of the total target of $20.0m for the first round of payments. The Accord says it is &quot;on track&quot; with the initial inspections of factories used to supply garments to its member companies, which are due to be finalised next month.</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>August, 2014</td>
<td>Supermarket giant Auchan Group reveals it will contribute $1.5m to the Rana Plaza Donor's Trust Fund- but maintains that it had no business relationship with anyone based in the building.</td>
</tr>
<tr>
<td>September, 2014</td>
<td>The Rana Plaza Trust Fund distributes BDT108m (US$1.4m) to 700 cases, including dependents of 332 deceased victims and 368 injured survivors, in the first of a two-part instalment.</td>
</tr>
<tr>
<td>February, 2015</td>
<td>Benetton reveals it is to make a contribution to the Bangladesh Rana Plaza Trust Fund that compensates victims of the disaster, after nearly 1m people signed a petition calling on the company to pay into it.</td>
</tr>
<tr>
<td></td>
<td>Some 110 additional labour inspectors have been recruited in Bangladesh and are being trained in an ILO programme, bringing the total recruited since the disaster to 178.</td>
</tr>
<tr>
<td>March, 2015</td>
<td>A government-backed telephone helpline has been set up to help Bangladesh garment workers make and resolve grievances relating to workplace safety or worker rights.</td>
</tr>
<tr>
<td></td>
<td>The ILO releases an update on RMG factory inspections. Of the 3,508 total factories in the country, 2,703 or 77% have been inspected, and 32 have been closed.</td>
</tr>
<tr>
<td>April, 2015</td>
<td>Primark completed paying more than 95% of the long term compensation to 668 victims of Rana Plaza disaster.</td>
</tr>
<tr>
<td></td>
<td>Benetton Group promised to double the amount of compensation into the Rana Plaza Trust Fund to US$1.6m, which is described as &quot;insufficient&quot; by the Clean Clothes Campaign (CCC).</td>
</tr>
<tr>
<td></td>
<td>The Rana Plaza Coordination Committee has distributed BDT760m (US$9.8m) to the injured and family members of the deceased and missing workers after paying BDT 310m to 2,968 eligible claimants earlier this month.</td>
</tr>
<tr>
<td></td>
<td>A report by Human Rights Watch suggests Bangladesh needs to effectively enforce its labour law and ensure garment workers can voice their concerns without fear of reprisal</td>
</tr>
<tr>
<td>April, 2015</td>
<td>The ILO, Alliance and global union IndustriAll highlight the progress that has been made towards a safer ready-made garment industry in Bangladesh, but outline the challenges that lie ahead.</td>
</tr>
<tr>
<td></td>
<td>The US Agency for International Development (USAID) sets up a three-year worker empowerment programme in Bangladesh to support labour rights, union organizing, and women's empowerment in the ready-made garment sector.</td>
</tr>
<tr>
<td></td>
<td>Campaigners including Clean Clothes Campaign and IndustriAll Global Union call on fashion brands and retailers to pledge the final US$2.7m needed to reach the Rana Plaza Donors Trust Fund target.</td>
</tr>
<tr>
<td></td>
<td>A coalition of global investors calls on apparel brands and retailers to reveal more</td>
</tr>
<tr>
<td>Date</td>
<td>Event</td>
</tr>
<tr>
<td>-----------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>May, 2015</td>
<td>information on steps taken to improve conditions for garment workers in Bangladesh.</td>
</tr>
<tr>
<td>June, 2015</td>
<td>Police in Bangladesh charged the owner of the Rana Plaza complex with murder, for killing more than 1,100 workers, and file charges against 41 others for their roles in the building collapse.</td>
</tr>
<tr>
<td></td>
<td>The Rana Plaza Donors Trust Fund reaches its target amount of US$30m, which will be used to make full payments to all victims of the Bangladesh factory collapse.</td>
</tr>
<tr>
<td>July, 2015</td>
<td>IFC under Bangladesh RMG SEF Safety Remediation Financing Program will provide credit facility of US$10m each to five Bangladeshi banks as affordable loans to garment factory owners to make necessary safety repairs.</td>
</tr>
<tr>
<td></td>
<td>Almost 150,000 workers have joined The Better Work programme in Bangladesh since November last year.</td>
</tr>
<tr>
<td>October, 2015</td>
<td>Swedish fashion giant H&amp;M is criticized by labour rights groups Clean Clothes Campaign (CCC), International Labor Rights Forum (ILRF), Maquila Solidarity Network (MSN), and Worker Rights Consortium (WRC) for potentially endangering hundreds of workers at its supplier factories Bangladesh because they have fallen behind on fire and building safety repairs.</td>
</tr>
<tr>
<td></td>
<td>Bangladesh rolls out new labour rules, designed to enforce amendments passed in July 2013 to the Bangladesh Labour Act 2006, including provisions on workplace rights, safety and health.</td>
</tr>
<tr>
<td></td>
<td>An injury insurance scheme for Bangladeshi garment workers is set up as part of collaboration between the government, the ILO, and Germany.</td>
</tr>
<tr>
<td>January, 2016</td>
<td>The Accord terminates business relations with Dhaka-based Prominent Apparels after it failed to implement workplace safety measures.</td>
</tr>
<tr>
<td></td>
<td>The Garment Manufacturers and Exporters Association (BGMEA) says the industry has made visible progress on labour and safety issues, despite criticism from the International Trade Union Confederation, IndustriAll and Uni Global Union, who said much still remains to be done by the government if it is to comply with the EU Sustainability Compact.</td>
</tr>
<tr>
<td>March, 2016</td>
<td>The Accord cuts ties with ten more suppliers after they failed to implement workplace safety measures.</td>
</tr>
<tr>
<td>April, 2016</td>
<td>A new transparency index that monitors and ranks high street clothing brands is published, revealing that a large number of global apparel companies are still operating with little knowledge or control of their supply chains.</td>
</tr>
<tr>
<td></td>
<td>IndustriAll reveals that there are still too many unacceptable delays in the remediation work being carried out in Bangladesh's garment industry and that the vast majority of factories are behind schedule with their repair plans.</td>
</tr>
<tr>
<td></td>
<td>Bangladesh's garment exports have continued to grow at a steady pace.</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>July, 2016</td>
<td>Bangladesh is being denied re-entry into the US Generalized System of Preferences (GSP) trade programme for a third year, despite the country's insistence it has made progress in boosting worker rights and improving workplace safety. A Bangladesh court formally charges 38 people, including Rana Plaza owner Sohel Rana and his parents, with murder connected to the collapse of the building that killed 1,135 garment workers.</td>
</tr>
<tr>
<td>August, 2016</td>
<td>More than three years after the Rana Plaza collapse, a group comprising government, employer and trade union representatives has been set up to develop an employment injury social protection scheme.</td>
</tr>
<tr>
<td>October, 2016</td>
<td>The Alliance for Bangladesh Worker Safety is working on a plan to hand over responsibility for its affiliated garment factories to the country's government in 2018, and reveals around 63% of remediation work has been completed to date.</td>
</tr>
<tr>
<td>November, 2016</td>
<td>The Accord on Fire and Building Safety in Bangladesh confirms its members are in discussions over whether the group will extend its stay in the country after the 2018 deadline in order to complete its remediation work. Labour rights organisations claim the Alliance for Bangladesh Worker Safety is concealing its lack of action and overstating its remediation progress, while retailers including Gap Inc and Wal-Mart are failing to fulfil their commitment to make supplier garment factories safe.</td>
</tr>
<tr>
<td>April, 2017</td>
<td>The Alliance for Bangladesh says the country's garment industry is moving toward being one of the world's safest, having revealed around 72% of remediation work has been completed to date. In the face of the fourth anniversary of the Rana Plaza factory complex collapse, a cohort of unions and human rights groups call for more apparel and footwear companies to join the likes of Nike, Adidas, H&amp;M and C&amp;A in pledging their commitment to supply chain transparency. Labour rights group Clean Clothes Campaign (CCC) outlines a set of key actions required from governments, brands and employers it says will drive “fundamental changes” in the aftermath of the disaster. The Alliance, Bangladesh's National Garment Workers Federation (NGWF), and global union IndustriAll have reaffirmed their commitment to ensuring the completion and long-term reform of Bangladesh's apparel industry on the fourth anniversary of the Rana Plaza disaster.</td>
</tr>
<tr>
<td>April, 2017</td>
<td>The Accord for Fire and Building Safety in Bangladesh launched a financial support programme for suppliers that will ensure major and costly safety measures can continue to be carried out as the organisation enters its fifth, and final, year.</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>May, 2017</td>
<td>The safety of Bangladesh's garment industry is set to take a further step forward following the launch of a new initiative designed to manage the remediation process of the country's garment factories.</td>
</tr>
<tr>
<td>June, 2017</td>
<td>Talks are underway between global unions and a number of signatories of the Accord for Fire and Building Safety in Bangladesh over a possible continuation of the agreement, or the formation of a new one, with a potential launch expected as early as next month.</td>
</tr>
<tr>
<td>June, 2017</td>
<td>Primark, Hennes &amp; Mauritz (H&amp;M) and Inditex are among the first to join a raft of major apparel brands and unions in signing a new and improved Bangladesh Accord on Fire and Building Safety that will run to 2021 and promises to offer new worker protections and ensure more factories are inspected and renovated.</td>
</tr>
<tr>
<td>July, 2017</td>
<td>Bangladesh books first US apparel import gain since January. Bangladesh exports have experienced the slowest growth in 15 years with garment exports up a mere 0.2% for the year ending June 2017.</td>
</tr>
<tr>
<td>August, 2017</td>
<td>In a first of its kind, all Bangladesh apparel factories are to be digitally mapped as part of a new initiative aimed at offering more transparency in the country's garment industry, signalling a transformative shift within the ready-made garment sector.</td>
</tr>
<tr>
<td>August, 2017</td>
<td>The Foreign Trade Association has warned Bangladesh its members could stop sourcing from the country if it refuses to play ball on tackling outstanding labour rights issues. Sohel Rana, the owner of the Rana Plaza factory building that collapsed in 2013 killing more than 1100 people, has been jailed for three years on corruption charges.</td>
</tr>
<tr>
<td>September, 2017</td>
<td>The Alliance for Bangladesh Worker Safety says it is confident it can achieve its goal of establishing effective factory safety and worker power initiatives by 2018, but will not extend its tenure. Bangladesh’s apparel makers are pressing ahead with establishing a separate factory inspection and remediation body, which would operate after existing international health and safety initiatives expire in 2018.</td>
</tr>
<tr>
<td>October, 2017</td>
<td>The Alliance for Bangladesh Worker Safety says it is &quot;on pace&quot; to complete remediation across its affiliated factories in 2018 – even though just one-quarter of the factories supplying its members have completed their Corrective Action Plans (CAPs). The Bangladesh Accord on Fire and Building Safety and The Alliance for Bangladesh Worker Safety are to end their tenure next June and hand over their responsibilities to a new government-led initiative, if remediation is properly completed. Consequently, a ‘Remediation Coordination Cell’ will be formed to oversee workplace safety in the RMG sector that will include government representatives, NGO's, industry associations, trade unions and international retailers.</td>
</tr>
</tbody>
</table>
November, 2017

With just six months to go before the curtain falls on the Alliance for Bangladesh Worker Safety, country director Jim Moriarty tells just-style he is "pretty confident" the group will finish the vast majority of remediation across its affiliated factories in 2018 and says "steady headway" is being made to create a new safety organisation in Bangladesh.

The Accord on Fire and Building Safety in Bangladesh says major life-threatening safety concerns remain outstanding in too many of the factories it monitors – although it hopes the vast majority will be fully remediated when its initial tenure comes to an end in May 2018.

January, 2018

The Accord on Fire and Building Safety in Bangladesh says 844 factories of the 1,699 factories it monitors are now participating in its Safety Committee Training programme.

The Bangladesh Government has formed a new wage board that will recommend a minimum salary for workers in the country's garment industry following recent labour unrest and calls for the implementation of a more transparent and regular wage review mechanism.

A settlement of US$2.3m is reached in an arbitration case filed in 2016 against a leading multi-national fashion brand for non-compliance with the Bangladesh Accord on Fire and Building Safety.

February, 2018

The Asian Development Bank (ADB) agrees a US$20m loan with Eastern Bank Ltd (EBL) to finance socially and environmentally sustainable projects in Bangladesh's textile and garment sectors.

Many major life-threatening safety concerns still remain outstanding in too many of the factories being monitored by the Accord on Fire and Building Safety in Bangladesh, according to its latest update.

March, 2018

Bangladesh's trade unions are again pushing for an increase in the minimum wage for workers in the country's US$28bn garment industry.

Bangladesh's labour inspectorate has taken another step forward in ensuring quality labour management in the country's ready-made garment sector with the launch of a mobile version of its inspection application.

Bangladesh's ready-made garment sector has made significant progress in the social upgradation of its workers but its economic upgrading index is low.

Better Work Bangladesh is running a Levi Strauss Foundation-funded project that provides shoes to barefoot workers in the country's garment factories.

The World Bank has approved funding for two projects in Bangladesh – amounting to around US$560m – which could benefit the nation's small and large textile facilities.
<table>
<thead>
<tr>
<th>April, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A number of recommendations have been set out for the International Labour Organization (ILO) ahead of a meeting to devise a standard for the prevention of violence against men and women working in the global garment supply chain.</td>
</tr>
<tr>
<td>The Alliance for Bangladesh Worker Safety says it is making progress towards a collective agreement on worker safety with member brands ready and willing to partner with the government to establish a new locally-led safety organisation.</td>
</tr>
<tr>
<td>Better Buying and the Ethical Trading Initiative (ETI) are to collaborate on an 18-month programme in Bangladesh to support and promote responsible buying practices.</td>
</tr>
<tr>
<td>Two labour rights groups plan a week of action urging garment brands to sign up to the 2018 Bangladesh Accord.</td>
</tr>
<tr>
<td>The cost to remediate the remaining dangerous conditions in Bangladesh’s ready-made garment industry is estimated at US$1.2bn.</td>
</tr>
<tr>
<td>More than two-thirds of the 220 companies who signed the Accord on Fire and Building Safety in Bangladesh have now committed to the new agreement. UK clothing retailers Fat Face and Next Plc, British department store group Debenhams, and Japan’s Fast Retailing are among the latest to sign, taking the total to 152.</td>
</tr>
</tbody>
</table>
Appendix 2: Interview Guide

Before the interview starts:
- Explain the purpose of the interview to gain better understanding of topic stressing the academic purpose.
- Explain that technical questions will not be asked as it is outside the scope of the study.
- Explain that other stakeholders are being interviewed and study includes published documents like newspaper articles and videos too.
- Ask for permission to record the interview as this is important for the study's academic purpose.

During the interview: Summary of interview questions:
- Educational background and career in the industry
- Rana Plaza incident (before and after scenario)
- Discussion about the different stakeholders (manufacturers, workers, retailers, NGOs, governments, third party assurance providers, buying houses, apex bodies) in the ready garments and the pressures faced by each of the stakeholders in the process of doing business as a result of Rana Plaza
- Regulatory Developments pre and post Rana Plaza and how these developments affected the players of the industry.
- Selection of auditors, the role of the auditors, what are involved in the process of social audit and the content of the audit report
- How social audit help the safety of workers and what mechanisms are in place to know that workers are safe in this working environment
- The costing of the social audit and who pays for it.
- Sub-contracting and how the stakeholders deal with it
- Are all the changes providing the outcome actually intended
- Different aspects of legitimacy and accountability related to the sector
- Anything else the interviewee would want to add in the same regard

After the interview:
- Asking for further possible access to other team members/documents/potential interviewee contacts
References

50 years of helping customers save money and live better, 2012.


Ahuja, R.L. and Singh, M., 1983. Soils of Hissar District (Haryana) and their management.


As-Saber, S., 2013. Bangladesh disaster shows why we must urgently clean up global sweat shops. The Conversation, 6.


Braithwaite, V., Murphy, K., Reinhart, M., 2007. Taxation threat, motivational postures, and responsive regulation. Law Policy. doi:10.1111/j.1467-9930.2007.00250.x


Harun-or-Rashid, *The foreshadowing of Bangladeshi Bengal Muslim league & Muslim politics 1906-1947*.


Hobson, J., 2013. To die for? The health and safety of fast fashion.


Internet matters: The Net’s sweeping impact on growth, jobs, and prosperity, 2011.


Owen, T., n.d. The uncertain future of human security in the UN.


Sisson, K. and Marginson, P., 2001. "Soft Regulation": Travesty of the Real Thing Or New Dimension?. ESRC" One Europe or Several?" Programme, Sussex European Institute, University of Sussex.


