

Sustainable Business Practices and Reporting: Case Study of a Garment Manufacturing Company in Bangladesh

Md Rezaul Kabir
Doctor of Philosophy



Aston University
April, 2016

Md Rezaul Kabir, 2016 asserts his moral right to be identified as the author of this thesis.

This copy of the thesis has been supplied on condition that anyone who consults it is understood to recognise that its copyright rests with its author and that no quotation from the thesis and no information derived from it may be published without appropriate permission or

Sustainable Business Practices and Reporting: Case Study of a Garment Manufacturing Company in Bangladesh

Md Rezaul Kabir

Doctor of Philosophy, April, 2016

THESIS SUMMARY

Given the widespread prevalence of industrial accidents and human rights violations in the Ready-Made Garments (RMG) sector, the concept of 'Sustainable Business Practices and Reporting' (SBPR) has become a key issue in International Retailers' (IR) sourcing decisions. This study makes important contributions to the social and environmental accounting and reporting (SEAR) literature from the perspective of developing countries. This study deploys institutional theory as the fundamental theoretical framework in order to explain why and how the case company (CC), which is subjected to multiple conflicting pressures, has adopted and implemented SBPR practice at CC. This study has employed a case-study approach and collected evidence from multiple methods, such as in-depth interviews, focus group discussions and documentary analysis, in order to understand the case company's adoption and implementation of the SBPR process.

The findings of this thesis indicate that organizations do not blindly conform to the expectations of the institutional environment; rather they prefer to engage in a customized response by taking into consideration various technical-competitive, institutional, and relational factors. This study also argues that institutional pressures can operate in concert with other pressures, such as technical-competitive pressures, so as to influence the practice adoption process. It further explores whether careful mixing of both substantive and symbolic practices in response to different conflicting pressures can help organizations to achieve ceremonial conformity with the support of a decoupling strategy and the logic of confidence. This study also provides necessary clarification of the practice adoption and implementation process by clearly articulating the connections between the concepts of ceremonial conformity, decoupling and logic of confidence. The findings of the study are useful, given the limited number of empirical investigations of organizational responses in pre-institutionalized environments, and reveal that organizations are aware of their latitude for manoeuvre and can engage in calculative responses, whilst taking into consideration of their technical-competitive issues/pressures.

Keyword: accountability, case study, ceremonial conformity, sustainability reporting, readymade garment

DEDICATION

This thesis is dedicated to:

My doctoral supervisors:

Prof. Ataur Belal, Aston University
Prof. Stuart Cooper, University of Bristol

*My wife, **Ismat Rahman***

*My parents, **Md Humayun Kabir and Jawhar Chowdhury***

&

*The officials of the Research Degrees Programme Office of
Aston Business School*

- *for providing valuable guidance, support and encouragement throughout the entire journey of my PhD programme*

Contents

THESIS SUMMARY	2
<i>DEDICATION</i>	3
LIST OF TABLES	8
LIST of FIGURES.....	9
LIST OF ACRONYMS	10
Chapter 1: Introduction	15
1.1 Background of the Study	15
1.2 The Bangladeshi RMG Sector	19
1.3 Justifications of the Study.....	21
1.4 Research Design and Research Questions of the Study	24
1.5 The Structure of the Thesis.....	26
Chapter 2: An Overview of Bangladeshi Garments Industry.....	28
2.0 Introduction	28
2.1 The Socio-Economic Profile of Bangladesh	28
2.2 The Ready Made Garments (RMG) Sector of Bangladesh	33
2.2.1 The Reasons behind the Commercial Success of the Bangladeshi RMG Sector	37
2.2.2 The Business Dynamics between Buyers and Suppliers.....	38
2.3 The Challenges of the Bangladeshi RMG sector	40
2.3.1 Poor Health and Safety Culture	41
2.3.2 Low Wages.....	41
2.3.3 Restrictions on the Right to Freedom of Association.....	42
2.3.4 Unabated Environmental Pollution	43
2.3.5 Ineffectual Regulatory Regime	44
2.3.6 Flawed Social Auditing/Third Party Inspection System	45
2.4 Institutional Profile of the Bangladeshi RMG sector.....	46
2.5 Conclusion	49
Chapter 3: Literature Review	50
3.1 Introduction	50
3.2 Some Conceptual Clarifications	50
3.2.1 The concept of ‘Sustainable Development’ or ‘Sustainability’	51
3.2.2 Weak Sustainability and Strong Sustainability.....	53
3.2.3 The Sustainability Reporting Practice	55

3.2.4 The Concept of Stakeholder Engagement	56
3.2.5 Criticisms of Sustainability Reporting Practice	58
3.2.6 Potentials of Sustainability Reporting Practice	59
3.3 Research within Developed Countries	60
3.4 Research within Developing Countries	63
3.5 Gaps in the Current Literature and Proposed Contributions.....	68
3.5.1 Engagement Based Study/Case Study Approach	68
3.5.2 Answering the ‘How’ question	70
3.5.3 The RMG Sector.....	71
3.5.4 Theorisation.....	71
3.5.5 Stakeholders’ Perceptions	72
3.6 Conclusion	73
Chapter 4: Theoretical Framework	75
4.0 Introduction	75
4.1 Organization and its Environment: The First Approach.....	76
4.2 Organization and its Environment: The Second Approach	78
4.3 Elaboration of Myer and Rowan’s (1977) theoretical argument	79
4.4 The concept of ‘Legitimacy’	81
4.5 The concept of ‘Ceremonial Conformity’	82
4.5.1 The concept of ‘Decoupling’	84
4.5.2 The concept of ‘Logic of Confidence’	85
4.6 The Concept of ‘Substantive’ and ‘Symbolic’ Management’	86
4.7 Explanation of the Theoretical Framework	89
4.8 Conclusion	92
Chapter 5.0 Methodology.....	94
5.1 Introduction	94
5.2 Background Information on Case Company	94
5.2.1 Relationship Dynamics between CC and its International Retailers (IRs).....	95
5.2.2 CC’s Sustainable Business Practices	97
5.2.3 CC's Different Awards, Recognitions and Affiliations	98
5.2.4 CC's Sustainability Reporting Practice.....	99
5.3 The Philosophical Assumptions and the Choice of Methodology	100
5.4 Case-Study-Based Research Design.....	101
5.4.1 Case Selection.....	103

5.4.2 Research Access Negotiation	103
5.4.3 Research Stages	104
5.5 Qualitative Research Methods.....	105
5.6 In-depth Semi-Structured Interviews	105
5.6.1 Interviews with Corporate Managers and Stakeholders.....	107
5.6.2 Interview Procedure	107
5.6.3 Interviewee Selection.....	108
5.7 Review of Documents	110
5.8 Focus Group Discussion.....	110
5.9 Informal Observation	111
5.10 Data Analysis & Writing-up	111
5.11 Ethical Considerations	113
5.12 Limitations of the Study	114
5.13 Conclusion	114
Chapter 6: Corporate Motives for CC's SBPR.....	115
6.0 Introduction	115
6.1 The Competition and Cost Imperative	115
6.2 The Business case for Sustainability	122
6.3 Other Factors behind the Adoption of the 'Sustainability' Concept.....	125
6.4 CC's Sustainability Reporting Practice- A Push from 'Outside' (i.e. IRs).....	130
6.5 Examples of CC's Sustainable Business Practices.....	136
6.5.1 Certification Schemes.....	136
6.5.2 Eco/Green Factories	139
6.5.3 Carbon Neutral Program	140
6.5.4 Child Care Centre.....	141
6.5.5 Other Reporting Practices.....	142
6.5.6 More Examples of CC's Other Symbolic Activities.....	143
6.6 Conclusion	145
Chapter 7: Sustainability Reporting Process at CC	147
7.0 Introduction.....	147
7.1 CC's Sustainability Reporting Process.....	147
7.2 Stakeholder Engagement Process	150
7.3 Compliance with GRI Reporting Principles.....	161
7.4 Lack of External Assurance	167

7.5 Personal Reflections on CC's adopted GRI Reporting Framework	169
7.6 Conclusion	173
Chapter 8: Stakeholders' Perceptions about CC and its Reporting Practice	175
8.0 Introduction	175
8.1 Perceptions of Local Community.....	175
8.2 Perceptions of the Workers.....	179
8.3 Perceptions of Labour Leaders and Activists	186
8.4 Perceptions of International Retailers (IRs).....	189
8.5 Perceptions of International Agencies (IAs)	196
8.6 Perceptions of Industry Peers (IPs)	198
8.7 Perceptions of Members of Civil Society	202
8.8 Conclusion	206
Chapter 9: Discussion.....	209
9.1 Introduction	209
9.2 Corporate Motive	209
9.3 Sustainability Reporting Process.....	212
9.4 Stakeholders' Perception.....	217
9.5 Theoretical Analysis	221
9.5.1 The Concept of Decoupling	223
9.5.2 The Concept of Logic of Confidence	227
9.6 Conclusion	231
Chapter 10: Conclusions.....	238
10.1 Introduction.....	238
10.2 Contributions of the Study.....	238
10.3 Implications of the Findings for Corporate Managers	245
10.4 Implications of the Findings for Stakeholders	246
10.5 Limitations of the Study and the Direction for Future Research	249
List of Reference	254
Appendix 1: Corporate Interviewee List.....	292
Appendix 2: Stakeholder Interviewee List	293
Appendix 3: Participants of Focus Group Discussion.....	294
Appendix 4: Consent Form	295
Appendix 5: Participation Information Sheet.....	296

LIST OF TABLES

2.1	Bangladesh Inequality in Income Distribution 1981-82 to 2005	32
5.1	Different IRs' share in CC's Knit Business	96
5.2	Different IRs' share in CC's Woven Business	96

LIST of FIGURES

4.7	Theoretical framework of the study	89
7.1	Corporate Organogram of CC	148

LIST OF ACRONYMS

ACCA	Association of Chartered Certified Accountants
AIP	Apparel Industry Partnership
ALC	Application Level Check
BAPA	Bangladesh Poribesh Andolon
BAPPG	Bangladesh All Party Parliamentary Group
BBS	Bangladesh Bureau of Statistics
BELA	Bangladesh Environmental Lawyers Association
BEN	Bangladesh Environment Network
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BILS	Bangladesh Institute of Labour Studies
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BLAST	Bangladesh Legal Aid and Services Trust
BPC	Best Practicing Company
BRIC	Brazil, Russia, India and China
BSCI	Business Social Compliance Initiative
BSEC	Bangladesh Security Exchange Commission
BUP	Bangladesh Unnayan Parishad
CB	Collective Bargaining
CC	Case Company
CCC	Clean Cloth Campaign
CE	Compliance Executive
CEO	Chief Executive Officer
CFGD	Community Focus Group Discussion
CIA	Central Intelligence Agency
CM	Compliance Manager
CNP	Carbon Neutral Program
CoC	Code of Conduct
COO	Chief Operating Officer
CoP	Communication on Progress

CPD	Centre for Policy Dialogue
CPO	Chief Purchasing Officers
CRP	Centre for the Rehabilitation of the Paralysed
CRT	Cathode Ray Tube
CS	Civil Society
CSR	Corporate Social Responsibility
CSS	Customer Satisfaction Survey
DEG	German Investment and Development Corporation
DFID	Department for International Development
DSE	Dhaka Stock Exchange
DMA	Disclosure on Management Approach
DOE	Department of Environment
DOL	Department of Labour
EMAS	Eco Management and Audit Scheme
EP&L	Environmental Profit and Loss
ESS	Employee Satisfaction Survey
ETP	Effluent Treatment Plant
FAM	Former Assistant Manager
FGD	Focus Group Discussion
FIDH	International Federation for Human Rights
FLA	Fair Labour Association
FoA	Freedom of Association
GANTSch	Global Action Network for Transparency in the Supply Chain
GDA	German Development Agency
GDP	Gross Domestic Product
GHG	Green House Gas
GHRD	Group Human Resources Division
GIZ	German Agency for International Cooperation
GOTS	Global Organic Textile Standard
GRI	Global Reporting Initiative

GTZ	Gesellschaft für Technische Zusammenarbeit
GSD	General Sewing Data
HDI	Human Development Index
HIES	Household Income and Expenditure Survey
HoS	Head of Sustainability
HSD	Head of Sales & Distribution
IA	International Agencies
ICAB	Institute of Chartered Accountants of Bangladesh
ICMAB	Institute of Cost and Management Accountants of Bangladesh
ICN	India Committee of the Netherlands
IEA	International Economic Association
IFC	International Finance Corporation
IGO	Intergovernmental Organization
IISD	International Institute for Sustainable Development
ILO	International Labour Organization
IMF	International Monetary Fund
IP	Industry Peers
IPCC	Intergovernmental Panel on Climate Change
IR	International Retailers
ISEA	Institute for Social and Ethical Accountability
ISFD	Islamic Solidarity Fund For Development
ISO 14001	International Organization for Standardization 14001
LCD	Liquid Crystal Display
LDC	Least Developed Country
LEED	Leadership in Energy & Environmental Design
LL	Labour Leader
LW	Living Wage
M&S	Marks & Spencer
MCCI	Metropolitan Chamber of Commerce and Industry
MDG	Millennium Development Goals

MFA	Multi-Fiber Arrangement
MIC	Middle Income Country
MoEF	Ministry of Environment & Forests
MT	Management Trainee
NGO	Non-Governmental Organization
NICE	Nordic Initiative Clean and Ethical
NORAD	Norwegian Agency for Development Cooperation
OT	Over Time
PD	Profile Disclosures
PI	Performance Indicators
PMS	Poverty Monitoring Survey
PVH	Phillips-Van Heusen Corporation
PwC	Price Waterhouse Coopers
RBP	Responsible Business Practices
RDT	Resource Dependency Theory
REC	Research Ethics committee
RMG	Ready Made Garments
S&C	Sustainability& Compliance
SA 8000	Social Accountability 8000
SBP	Sustainable Business Practices
SBPR	Sustainable Business Practices and Reporting
SC	Sustainability Concept
SD	Sustainable Development
SE	Stakeholder Engagement
SEAR	social and environmental accounting and reporting
SEDF	South Asia Enterprise development
SF	Supplying Factory
SIP	Stakeholder Identification And Prioritization
SOMO	<i>Centre for Research on Multinational Corporations</i>
SR	Sustainability Report

SRP	Sustainability Reporting Practice
TIB	Transparency International Bangladesh
UCEP	Underprivileged Children's Educational Programs
UK	United Kingdom
UN	<i>United Nations</i>
UNDP	<i>United Nations Development Programme</i>
UNEP	United Nations Environment Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNGC	United Nations Global Compact
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
US	United States
USAID	United States Agency for International Development
USD	US Dollar
USTR	United States Trade Representative
WBCSD	World Business Council for Sustainable Development
WECD	World Commission on Environment and Development
WFGD	Workers Focus Group Discussion
WRAP	Worldwide Responsible Accredited Production
ZDHC	Zero Discharge of Hazardous Chemicals

Chapter 1: Introduction

1.1 Background of the Study

Given the gradual contamination of natural resources, increased prevalence of labour exploitation and intensified stakeholders' criticism, the issue of sustainability has come to the forefront of discussion amongst the key actors of the Ready Made Garments (RMG) industry. Against the backdrop of widespread consumer protests and labour rights campaigns, considerable pressure has grown on RMG companies to become more transparent and accountable for the negative consequences of their business practices. A powerful movement has been launched in the western world to improve the sustainability performance of international retailers (IRs) and their affiliated supply-chain partners in developing countries (Islam and Deegan, 2008). In this situation, the adoption of the 'sustainability' concept is gradually becoming a useful choice for both IRs and their suppliers for demonstrating their responsibility towards society and the environment (Belal and Owen 2007, Sobhani et al., 2009).

Despite the increasing popularity of the term 'sustainability'¹, frequent examples of environmental degradation (e.g. IPCC, 2001, 2007, 2014) and acute inequalities in wealth distribution across the world have made one thing clear: sustainability as a concept would not be easily adopted by the business sector, as its achievement involves serious ethical and practical challenges. The concept is grounded not only on the ethical commitment to the wellbeing of contemporary populations and the environment, but also on the wellbeing and enhanced opportunities of future generations and the environment (Kibert et al., 2012). Since business is considered as part of both the problem and the solution to the concept of 'sustainability'(de Lardereel Aloisi, 2009), the United Nations World Summit for Sustainable Development (2002) voiced the need for business organizations to achieve the goal of a sustainable society through sustainable business practices (Naeem and Welford, 2009). To achieve that goal, business organizations need to take care of both human and ecological life in an honest way by ensuring a more equitable arrangement for the current and future generations (Sama et al., 2004).

¹The moral imperative behind the 'sustainability' concept implies an inclusive process where natural and other resources at the present time are supposed to be shared in such a way that both the present and future generations can meet their needs without exceeding current and future ecological capacity (WECD Report, 1987). A detailed discussion on 'sustainability' is given in the literature review chapter.

Over the years, the term 'sustainability' or 'sustainable development' has come to mean different things depending on who uses it and in which context. In this study, these two terms have been used interchangeably and have been conceptualized to imply a balanced pursuit of three aspects: ecological health; social equity; and economic welfare (Kibert et al., 2012; Bansal, 2002). The fundamental view of sustainability is that organisations should not 'pursue economic gains at the expense of society, ecology and the future generations' (Islam and Wise 2012). As noted by Unerman et al., (2007 p. 4), sustainability focuses on long-term needs while ensuring economic activity at present is also being carried out in a 'socially and environmentally sustainable manner'.

Business organizations make a significant contribution to the economic development of a country. However, they have also been criticized for affecting the ecological balance and living conditions of present and future generations in a negative way (Sobhani et al., 2009). Gray et al., (1998) expressed concern about the way economic activities are being carried out and the way in which business performance is measured and reported. Growing public awareness and concern about the role of business in society (Gray et al., 1987) is reflected in the way in which avoidance of negative externalities by business organizations has elevated the need for corporate accountability to a pressing worldwide concern. In order to bring real changes in the pattern of on-going business activities, academic researchers (Gray et al., 1996; Owen et al., 1997; Cooper et al., 2003; Gray, 2007; Gray, 2010) have sought to examine the business practices of these organizations in order to hold them to account for causing various negative externalities. Given the apparent vulnerability and exploitability of the Bangladeshi RMG sector (discussed later part of this section as well as in section 1.2), the business practices of RMG companies deserve particular attention in order to ensure responsible corporate behaviour.

There is a growing recognition that business as usual cannot continue; there has to be significant changes in the business practices of the RMG sector. A gradual shift is taking place among RMG companies from the traditional interpretation of CSR as charity and philanthropy to the adoption of more comprehensive business concept like 'Sustainable Business Practices and Reporting (SBPR)'. In this study, SBPR is considered as one kind of responsible business practice, like CSR or triple bottom line. However, this study considers SBPR as a more inclusive business practice consisting of higher moral and ethical elements, in comparison to CSR or triple bottom line. It is a

challenging business practice when the organization concerned takes responsibility for the impact of its business activities in relation to all aspects of its operations. This responsibility extends beyond the limits of statutory obligation, i.e. when voluntarily steps are taken to improve the sustainability performance of an organization. Sustainability Reporting Practice (SRP) is also a form of responsible business practice. This study puts special emphasis on SRP, which is why it has been highlighted separately alongside other sustainable business practices. The main purpose of SRP is to provide an account of an organisation's performance in relation to its interaction with the physical and social environment (Deegan, 2007). The term 'SBPR' has been used throughout the study. This term includes all kinds of sustainable business practices, including SRP. However, in a few instances the term 'SRP' has been used exclusively to refer to and discuss only sustainability reporting practice.

Following the frequent episodes of labour unrest and industrial accidents, IRs are being compelled demonstrate their commitment to responsible business practices like SBPR, as any kind of negative perception can cause serious damage to their brand image. IRs need active cooperation from supplying factories to protect their brand image as well as to comply with broader institutional expectations. Suppliers' cooperation is very important here as IRs mostly rely on them to manufacture their products (Koplin, 2005; Jacobs, 2006). In the era of globalisation, the worldwide presence of international retailers and highly publicised incidents like Rana Plaza² and Tazreen³, research studies on SBPR practices acquire even greater significance in developing countries like Bangladesh (Belal, 2008). This study seeks to explore the potential of SBPR practice to address the sustainability-related challenges (e.g. worsening environmental conditions, poor human rights record and working conditions), within the empirical setting of the Bangladeshi RMG sector. The researcher believes that closer examination of the SBPR practice adoption and implementation process will have important implications for highlighting and understanding the complex relationship between the economic, social and environmental dimensions of business practices (Poullaos, 2004; Milne and Gray, 2007). Business practices such as SBPR needs to be effectively examined by

²The Rana Plaza building, which housed five garment factories, collapsed in April 2013 causing 1,133 deaths, making it the deadliest garment factory disaster in recorded history (Caleca, 2014).

³A fire broke out at Tazreen Fashion factory, killing at least 112 workers, making it the deadliest factory-fire incident in the history of Bangladesh (Caleca, 2014).

academic researchers in order to design fresh innovative policies and ensure more effective practices (Unerman 2007).

Due to the interdependent relationship, there is a view that suppliers need to respond to the expectations of the IRs (Islam and Deegan 2008). If they do not comply with IRs' expectations then their business survival will be threatened. However, suppliers are somewhat hesitant to address these expectations, owing to the fear that their price competitiveness can be eroded by increased costs associated with environmental and worker welfare compliance (World Bank Report, 2013b). The market condition of the RMG industry is characterized by intense price competition on the basis of cheap labour. The search for lower production costs has been argued to lead to a breathtaking disregard for workplace safety and ruthless suppression of trade unions (Nova, 2012). It has also impacted the environment negatively (Kozlowski et al., 2012; Yardley, 2013). Both surface and underground water have been severely degraded and depleted to meet the demand for low-cost garment products (Yardley, 2013). Although the Bangladesh government has made it compulsory for all industrial units to use Effluent Treatment Plants (ETPs), in a bid to save water-bodies from pollution, many RMG factories do not have treatment plants or choose not to operate them to save operational costs. All these incidents highlight the importance of unconditional adoption of SBPR practice by the RMG companies.

Given the growing importance of sustainability, a fundamental question arises as to how suppliers are responding to these contradictory pressures while surviving in a highly competitive business environment. Based on a case study of a garment manufacturing company, this study makes an attempt to understand that organizational complexity within the socio-economic context of the Bangladeshi RMG sector. Previous studies focusing on Bangladesh have dealt mainly with the pattern of social and environmental disclosure (see Belal 2000, 2001; Imam 1999, 2000; Shil and Iqbal, 2005, Dutta and Bose, 2007; Sobhani et al., 2009, Khan et al., 2009; Belal et al., 2010; Kamal and Deegan 2013) and motivations for social disclosures (see, for example, Belal and Owen 2007; Islam and Deegan 2008, Belal and Cooper, 2011; Belal et al., 2015b; Belal and Owen 2015). However, there is a lack of research that directly seeks the views of management about the dynamics behind the organizational practice adoption and implementation process.

This gap in the literature arguably warrants research attention, given the unhealthy competition and apparent vulnerabilities of the Bangladeshi RMG industry (Belal et al.,

2013). This study seeks to explain how the desire of IRs to comply with institutional expectations creates conflict with the case company's (CC) business interests, and how CC resolves that conflict using a strategy called 'ceremonial conformity'. This study has not restricted its analysis only to the sustainability reporting practice; rather it makes an attempt to offer a holistic analysis of overall sustainable business practices including reporting. The next section provides a brief discussion of Bangladeshi RMG sector.

1.2 The Bangladeshi RMG Sector

The RMG industry of Bangladesh has achieved phenomenal growth in the last two decades. It has established Bangladesh as a major global RMG powerhouse (World Bank Report, 2013a). The industry currently provides direct employment for an estimated four million people and supports the livelihood of further ten million through other supporting industries (World Bank, 2005). It has transformed the Bangladeshi economy from aid dependence to trade dependence. The contribution of this industry is very important for achieving major macroeconomic objectives, such as an increase in export earnings and foreign exchange reserve, development of forward and backward linkage industries, employment generation, women's empowerment etc.

However, the rise of this industry has had a mixed impact on Bangladeshi society and the environment. While it has enabled Bangladesh to achieve remarkable economic growth and social development, it has caused frequent labour rights violations and environmental degradation as a result of intense price competition to lower production costs (Belal and Cooper, 2011). In the 1990s, the prevalence of child labour in the garment factories of Bangladesh was the focus of European and US campaigns against 'sweatshops' (World Bank Report, 2013a, 2013b). Even after the elimination of child labour, the country's garment sector is still held responsible for providing poor wages and unsafe working conditions.

Different NGOs, activist groups and media have been criticising IRs and their suppliers for their lack of social responsibility pertaining to poor safety practices, human rights conditions and environmental pollution (Birchall and Kazmin, 2010). As such there has been increasing pressure on the IRs to improve their sustainability performance (Islam and Deegan, 2008). Because of these pressures, IRs are being compelled to embed sustainability-related considerations into their organizational practices in order to

develop an appropriate corporate image in accordance with institutional expectations (Sobhani et al., 2009). IRs are now continuously encouraging their suppliers to engage in SBPR in order to comply with institutional expectations. As a powerful group, they have transferred a substantial portion of these expectations on to the shoulders of their suppliers and requested them to adhere to their prescriptions. At the same time, IRs remain highly alert about the implication of these sustainability considerations for the price of their imported garment products. Low production cost due to cheap wage rates is the apparent motivation for IRs to import garment products from developing countries like Bangladesh (Caleca, 2014).

Sustainability as a concept puts a lot of stress on issues such as socio-justice, eco-efficiency, and eco-effectiveness, and embraces a wider moral responsibility. It assumes a more proactive approach when it comes to the role of business in socio-economic development. The implication of SBPR practice adoption (such as the introduction of a living wage scheme and the construction of green factories⁴) is expected to have a far-reaching effect on organizational competitiveness as low costs are considered to be Bangladeshi firms' main competitive advantage. In the price-sensitive RMG sector, unreserved adoption of SBPR can lead to a sharp decrease in sales orders. Riding on the back of the low-wage rates, Bangladesh has been able to secure significant share of the global garment market within the last few decades (World Bank Report, 2013b).

Under the changing business situation, IRs now prefer to conduct business with suppliers that offer sustainable business practices, but are also able to meet their low-price demands. This pressure for adopting SBPR adds new complexity to the existing low-cost formula. Currently, the main challenge of suppliers is to provide low-cost products with enhanced sustainability performances for surviving in the highly competitive RMG sector. Given the importance of competitiveness, the adoption and implementation of SBPR seems to pose a major challenge to RMG suppliers. Despite significant international attention on this sector, relatively little is known about the mechanisms which supplying factories (like CC) deploy to manage these conflicting pressures. This conflicting challenge in particular has motivated the researcher to

⁴Green factory or eco-friendly factory refers to facilities that strive to reduce the amounts of materials and energy used in business operations, minimize the amounts of chemical discharge, waste, air pollution produced through business operations, and also minimize manufacturing cost by balancing the environmental and business interests.

explore this topic in great detail. The following section discusses the justifications of the study very briefly.

1.3 Justifications of the Study

Given the presence of worsening environmental conditions, inadequate health and safety measures, job insecurity, and the lack of welfare facilities etc. (see Paul-Majumder, 2001; Rahman, 2009), SBPR practice are believed to have the potential of promoting equality, social justice, transparency and accountability in the export-led RMG industry of Bangladesh (Belal and Cooper, 2011). However the current development orthodoxy in Bangladesh is highly reliant on the potential of the RMG sector for accelerating economic growth (MoEF, 2012). Though this growth is to be celebrated, it has come with significant human and environmental costs (BAPPG, 2013). With the accelerated growth of the RMG sector, Bangladesh has experienced some of the most unsustainable forms of development. The high death toll from industrial accidents reflects the unsustainable progress of industrial development in Bangladesh (Labowitz and Baumann-Pauly, 2014, p. 16).

The reality is that Bangladesh has become the world's second-largest garment producer within the last two decades, based on its low-cost formula, rather than on the strength of its compliance or managerial capacity. It did not attain this status because of higher productivity, shorter lead-time or for strong infrastructure. It achieved this status by being the cheapest place to make clothing (Nova, 2012). The need to produce at a cheaper price and the craving for higher profit compels the local garment producers to resort to practices that are either abusive or exploitative. In this situation, supplying factories may be reluctant to undertake SBPR (e.g. by offering a living wage) as conformity to SBPR creates conflict with their business/ technical-competitive criteria. IRs have a role here as their decision to procure garments at a lower price has led the suppliers to compromise with workers' rights and safety (CCC, 2012). The right to a living wage, FoA and workplace safety in the garment industry has been systematically abused as the IRs are unwilling to use their economic muscle to bring real change in the business process (Emma, 2013). To make SBPR adoption successful, IRs need to provide necessary support to the suppliers so that workers can participate meaningfully in their socio-economic advancement process. But will IRs do so by compromising with their competitive advantage? This study believes that RMG companies have the potential to be the biggest alleviator of poverty, injustice and

inequity in countries like Bangladesh. However, whether they will be interested to take on such role is uncertain, given the challenges mentioned in the above sections.

According to the researcher's best knowledge, with the exception of the case company, no RMG company in Bangladesh has so far published sustainability report. Despite the absence of mandatory reporting requirements in Bangladesh, CC published the country's first stand-alone sustainability report following the Global Reporting Initiative's (GRI)⁵ reporting guidelines. This stand-alone reporting practice, characterized by stakeholder engagement, in compliance with an international reporting guideline, seems to provide evidence of substantial effort that would not be normally expected in Bangladesh.

Bangladesh's garment sector has a culture and history of non-compliance in relation to both social and environmental regulations and standards. In such an environment, CC constructed green factories and made a commitment to become a carbon-neutral company by 2016. CC has also undertaken a good number of SBPR practices with renowned IRs and international agencies (IAs). It would clearly be of interest to know why CC adopted this new corporate practice, given that organisation, by its very nature, is resistant to change (Larrinaga, 2007). When an organisation starts a new type of corporate practice, it is worth exploring what has motivated them to adopt this new practice. The recent emergence of SBPR practice in CC provides an excellent opportunity to study and analyse the reasons for the adoption and implementation of this new business practice. Moreover, the socio-economic significance and pervasive criticisms of this sector have made it an interesting context for undertaking this study.

After Rahaman et al. (2004), Belal et al., (2015b) and Belal and Owen (2015), this is the latest study that employs a case-study-based research design (Creswell, 1998; Silverman, 2011) within the context of developing countries. While Hopwood (2009) acknowledged the difficulties of gaining research access to the case company, he urged researchers to make serious attempts for undertaking challenging case studies. It is important to note here that Belal et al.,'s (2015b) and Belal and Owen's (2015) study were based on a commercial bank and a tobacco company respectively, whereas this case-study is based on a RMG company. A review of prior studies also shows that RMG companies have been mostly kept aside from SEAR research area

⁵ GRI reporting guidelines were developed in order to satisfy the increasing demands of stakeholders for information about companies' social and environmental performance. The GRI guidelines provide a broadly agreed mechanism to measure companies' economic, social and environmental performance.

(exceptions, see Belal and Owen 2007, Islam and Deegan 2008, Kamal and Deegan 2013). No known comprehensive study has so far been undertaken to obtain a detailed understanding of RMG companies' SBPR practices.

The study conducted by Belal and Owen (2007) provided an overall view of corporate motivation underpinning social reporting, based on interviews from a wide variety of industrial sectors in Bangladesh. The RMG sector was just one of several industrial sectors in that study. Islam and Deegan (2008) interviewed senior executives from BGMEA to determine the pressures exerted on them by stakeholders. In that study, BGMEA was at the centre of their analysis. BGMEA is not a garment company itself, but a business association which represents the export-oriented garment companies in Bangladesh. Therefore, it is not clear from this study to what extent pressure perceived by BGMEA actually drives the reporting practice of an individual garment company (Belal and Momin 2009). Finally, the recent study by Kamal and Deegan (2013) looked at the social and environment-related governance disclosure practices of selected garment companies, using content analysis method. Rather than focusing on industry-level analysis exemplified by Islam and Deegan (2013) and Kamal and Deegan (2013), this thesis has restricted its investigation to a particular garment-manufacturing company in order to delve more deeply into the SBPR practice adoption and implementation process. The significance of undertaking this kind of study is profound to expose the unsustainable nature of current RMG companies (Belal et al., 2015a, p. 2) and to highlight their success or failures in contributing to the main aspects of the sustainability concept.

Investigating managerial motivations for disclosure (see, for example Adams, 2002; O'Dwyer, 2002; Campbell, 2004; Contrafatto, 2009) has remained the most popular research area in the SEAR literature. Although researchers have provided different explanations behind the adoption of SBPR practice, they have devoted relatively less attention to the internal processes underpinning the SBPR practices (Adams and Larrinaga-Gonzales, 2007). Only a few studies have explored such processes (please see O'Dwyer, 2005, Bebbington et al., 2009, Contrafatto, 2014). While stakeholder engagement is considered a crucial element of sustainability reporting practice, very few studies have explored the contribution of this exercise to the report preparation process (please see Owen et al. 2001; O'Dwyer 2005; and O'Dwyer et al. 2005a). This lack of research is particularly apparent in the extant literature from developing countries. This study responds to this gap by exploring the stakeholder engagement process of the case company thoroughly.

In previous studies, very few researchers have explored non-managerial stakeholder perceptions by using interview methods (for exception, please see Deegan and Islam 2009, Belal and Roberts 2010, Momin 2013, Belal et al., 2015a). None of these studies contain direct insights from the vulnerable stakeholder groups. Given the vulnerabilities of the developing economies, Belal et al., (2013) and Belal et al., (2015a) called for further academic research to gain insights from vulnerable stakeholder groups. This study responds to the above call with a unique set of interviews and FGD data by capturing the views of susceptible community members and workers. The study also captures the views of powerful managerial stakeholders such as IRs and IAs. Islam and Deegan (2008) demonstrate that managerial stakeholders (such as IRs) were able to influence the disclosure practices of a major business association (i.e. BGMEA) in Bangladesh. However, their study could not directly explore the views of powerful managerial stakeholders. This is the first study which examines the views of leading IRs and IAs in an endeavour to understand the motivation behind promoting such practices. The following section provides a discussion of the study's research design and research questions.

1.4 Research Design and Research Questions of the Study

The aim of this study is to examine critically CC's SBPR adoption and implementation processes. The study employs a case-study approach and collects empirical evidence from multiple sources (from a series of in-depth interviews, focus group discussions and documentary analysis) over a considerable period of time, in order to consider why and how SBPR practice was adopted and implemented by the case organization. A case-study-based research design has been used in this study to acquire a richer understanding of SBPR adoption and implementation process in their natural setting. This is a significant contribution, given the relative dearth of case-study-based studies in the SEAR research field. Most of the previous studies tend to focus on the reporting practice. It is one of the first empirical studies that systematically investigate overall business practices of a company including reporting practice. This study also complements existing literature by capturing the views of both corporate managers and stakeholders in a single study. The main objectives of the study have been operationalized in the form of the following research questions:

- What are the underlying motivational factors responsible for the adoption of SBPR in the case company (CC)?
- How did CC implement SBPR process?
- What are the perceptions of stakeholders about CC and their SBPR practice adoption process?

The first research question unpacks the underlying motivational factors responsible for the adoption of SBPR in the case company, and focuses in particular on what actually motivated CC to adopt SBPR. It is crucial to identify the motivational factors behind SBPR, as they shape organizational policies and practices accordingly. Answer to the first research question (i.e. 'why' CC got involved in SBPR practice) has relevance to the second research question of the study (i.e. 'how' CC actually implemented their SBPR process). The 'how' question can be answered only after the corporate motives for engaging in SBPR practice have been identified, as the nature of SBPR implementation is directly dependent upon CC's corporate motive for adopting the SBPR practice. For example, if the corporate motive of CC's managers is not grounded in the commitment to act responsibly for the welfare of the society and environment, then there is a strong possibility that they will implement their SBPR practice only superficially.

In this study, institutional theory has been used as the main theoretical perspective to understand the implementation mechanisms by which case organization responds to institutional expectations. SEAR researchers have extensively applied institutional theory in their previous studies (see Milne and Patten, 2002; Kolk 2005; Ball, 2005, 2007; Larrinaga, 2007; Laine, 2009b; Bebbington et al., 2009; Contrafatto, 2014). Most of the above studies have used the 'isomorphism' concept of institutional theory to explain how the influence of social context affects organisational decisions to produce social reports. To the researcher's best knowledge, none of the previous SEAR studies has explicitly utilized 'ceremonial conformity' concept of institutional theory suggested by Meyer and Rowan (1977). In this study, the concept of ceremonial conformity has been used to explain the motivation, adoption and implementation of CC's SBPR practice.

It is important to note here that 'ceremonial conformity' strategy requires deployment of two interrelated tools: 'decoupling' and 'logic of confidence'. This study provides necessary clarity on the practice adoption and implementation process by clearly articulating the connections amongst the concepts of ceremonial conformity,

decoupling and logic of confidence. It further explores whether careful mixing of both 'substantive and symbolic actions' in response to conflicting pressures, can help organizations to achieve ceremonial conformity. In the third research question, the researcher examines the perceptions of wide varieties of stakeholders in order to clarify understanding of CC and its adopted SBPR practice. Examination of stakeholders' perceptions provides the empirical evidence necessary to explain the 'logic of confidence' concept- which has not received due attention in previous studies. Finally, by linking the resource-dependence perspective with institutional theory, this study particularly aims to highlight the unique institutional and relational complexities that the case company faces, and to provide opportunities for important contributions to the SEAR literature by improving our understanding of practice adoption and implementation dynamics (i.e. the interplay between technical-competitive pressures, institutional and relational contexts).

The findings of this study have strong practical implications for both policymakers and RMG companies. It should help government policy makers to develop and modify their future sustainability policy for the corporate sector. It should be of interest to the reporting standard setters in developing or refining appropriate sustainability reporting guidelines for the RMG companies in the light of suggested stakeholders' preferences. The empirical findings drawn from stakeholder perceptions can also be used to inform RMG companies about which information stakeholders would like to see reported by the companies, and enable companies to report on those issues in the light of stakeholders' perceived information needs. The findings also have relevance for international stakeholders (i.e. IRs, IAs) in promoting the ways in which sustainability report should be prepared and published.

1.5 The Structure of the Thesis

This thesis is organised into ten chapters. Following this introductory chapter, chapter 2 sets out the background to the study. It will help the readers understand the importance of the socio-economic context of Bangladesh and its RMG sector for interpreting the findings of this study. Chapter 3 provides a review of the relevant literature in SEAR research area. Chapter 4 provides an overview of the theoretical framework embraced by this study. Chapter 5 provides details of the research methods employed in this study. The justifications for using qualitative research methods are provided in this chapter, together with detailed descriptions of the data

collection and analysis process. The empirical findings of this study are discussed in chapters 6 to 8. These chapters contain thick description of the phenomenon, along with relevant interview quotations. In chapter 9, the researcher discusses the findings of the study with reference to the theoretical framework of the study. The principal conclusions of the study are brought together in chapter 10. This chapter also identifies limitations of the study and offers a number of avenues for further research with some policy recommendations.

Chapter 2: An Overview of Bangladeshi Garments Industry

2.0 Introduction

This chapter, which provides necessary contextual information to this study, has four broad sections. The first section provides a detailed socio-economic profile of Bangladesh, the second one gives an overview of the Bangladeshi Ready Made Garment (RMG) sector, the third discusses some important challenges for this sector, while the fourth reviews the RMG sector's institutional profile. This chapter seeks to introduce the frame of reference within which the adoption of SBPR practice by the case company will be understood. The case company is a Bangladeshi company (to preserve its anonymity, it will be referred to throughout as CC). It manufactures and exports garment products to different international retailers, mostly located in the developed countries. Throughout this thesis, a few terms, such as 'garments', 'ready-made garments (RMG)', and 'apparel', have been used interchangeably. Similarly, on the one hand international retailers (IRs), brands, and buyers, and on the other hand suppliers (SFs), manufacturers, and producers, have also been used interchangeably.

2.1 The Socio-Economic Profile of Bangladesh

Bangladesh is located in the north-eastern part of South Asia. With nearly 166⁶ million inhabitants on a landmass of 147,570 square kilometres, Bangladesh is the 9th most populous country in the world (CIA World Fact book, July 2014 estimate)⁷. As an independent nation, Bangladesh began its journey in 1971 with an extraordinarily gloomy projection, being devastated by war, natural calamities and overpopulation. The International Economic Association (IEA) was highly pessimistic about its future prospect beyond mere survival. In 1973, the IEA described Bangladesh as a 'test-case of development' during its annual meeting at Dhaka (World Bank Report, 2013a). During the first two years of the country's independence, as a consequence of the liberation war, the GDP growth rate was negative. Other economic indicators were equally dismal. For example, at that time the poverty rate was around 70 percent (World Bank Report, 2013a).

⁶<https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>

⁷<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2119rank.html>

Given the challenges Bangladesh faced during its founding years, it has made significant improvements over the past twenty years by making a successful transition from an aid to a trade-dependent country (ISFD, 2011). Particularly in the last ten years, it has maintained an impressive track record of steady economic growth. Its GDP per capita rose from US\$ 490 in 2005 to US\$ 1179 in 2014 (IMF, 2014), whereas its per capita income rose from US\$470 in 2005 to US\$ 1010 in 2013 (World Bank, 2015). During this period, poverty rates also demonstrated a uniform and steady decline, falling by about 1.7% points per year (World Bank Report, 2013a). Bangladesh has shed its world's "basket-case" status once bestowed by Henry A. Kissinger, and excels in areas such as healthcare, education and gender parity. Its economy has grown by an average of nearly 6 percent in the past decade, despite frequent natural disasters, widening infrastructure deficits, political instability, widespread prevalence of corruption and weak governance.

In recent years, the broader economy has experienced profound structural transformation. Services, migration-linked remittances and the performance of the industrial sector, mainly based on the growth of the RMG sector - are among the important factors contributing to current GDP growth rates in excess of 6 percent (World Bank Report 2013b). Bangladesh aspires to be a Middle Income Country (MIC) by 2021 - which requires the country further to increase its GDP growth rate to 7.5 to 8 percent per year based on accelerated export and remittance growth (The World Bank Website)⁸. Due to its remarkable performance, it has increasingly been found on the radar of the international investment community. It has been listed in the "Next 11 after BRIC" in Goldman Sachs's Global Economics Paper (2005, Issue No: 134). In another report (The World in 2050: Beyond the BRICs)⁹ published in March 2008, Price Waterhouse Coopers (PwC) included Bangladesh in a list of thirteen emerging economies, along with the seventeen largest economies, creating a new grouping of countries called 'PwC 30' (these 30 countries together account for 85% of world GDP).

The achievements of Bangladesh with respect to social indicators have also been impressive. Over the years, Bangladesh's Human Development Index (HDI)¹⁰ value

⁸<http://www.worldbank.org/en/country/bangladesh/overview>

⁹http://www.pwc.com/en_LA/la/publications/assets/world_2050_brics.pdf

¹⁰The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life; access to knowledge and a decent standard of living. A long and healthy life is measured by life expectancy. Access to knowledge is measured by: i) mean years of education among the adult population and ii) expected years of schooling for children of school-entry

increased between 1980 and 2013 from 0.336 to 0.558, an increase of 66.0 percent or an average annual increase of about 1.55 percent (UNDP, 2014). One of the major areas of improvement was in the health sector, where it has received the United Nations 2010 award for meeting the MDG 4 target for health. The biggest achievements in the health sector include internationally acclaimed reduction in infant, child and maternal mortality rates. Today, nearly 90% of Bangladeshi children receive vitamin A supplements and more than 80% are vaccinated, contributing to an impressive reduction in infant and child mortality by more than two-thirds since 1990 (The World Bank Website). Life expectancy at birth in Bangladesh has also increased in comparison with other south-Asian countries such as India, Pakistan and Sri Lanka. Life expectancy has increased by 11 years (from 60 to 71)¹¹ between the years 1990 and 2013 (World Bank, 2015). Bangladesh has also witnessed significant improvements in population control. A decline in population growth over the years, coupled with accelerated GDP growth rate has led to a substantial increase in the country's per capita income.

Bangladesh has also made impressive gains in improving access to education, reaching the MDG Goal of gender parity at school enrolment well ahead of time (The World Bank Website). Today, the female primary school enrolment rate of 98% in Bangladesh is higher than those in Pakistan, Nepal and Bhutan and about the same as in India (The World Bank Website). Free education for girls has now extended to intermediate level (12th grade). Overall primary level enrolment has reached 94.7% in 2010, against an MDG target of 100% by 2015 (MoEF, 2012). Also, the school drop-out rate has significantly decreased. As a result, primary level completion rate has also increased from 64% in 2005 to 75% in 2011 (The World Bank, 2015).

Bangladesh has achieved food sufficiency through the “green revolution”, by narrowing the gap between food production and the needs of the population (The World Bank Website). Despite reductions in the quantity of farming land, food production has more than tripled to 35 million metric tons (MT) per year (World Bank Report, 2013a). Bangladesh has also largely succeeded in alleviating poverty and strengthening its GNP, through the export of human capital. Around 6 million Bangladeshis work abroad, mostly in the Middle Eastern countries. During 2013-14, they remit around \$14.22 billion worth of income to their families in Bangladesh (source: Bangladesh

age. Standard of living is measured by Gross National Income (GNI) per capita using purchasing power parity (PPP) rates.

¹¹<http://databank.worldbank.org/data/views/reports/tableview.aspx>

Bank website)¹². The strong inflow of remittances, along with surplus in the overall balance of payments, has created an accumulation of comfortable foreign exchange reserve close to \$23 billion as of March 2015 (source: Bangladesh Bank website)¹³. The green revolution, coupled with the remittances from abroad, has helped Bangladesh to tackle persistent rural poverty better than most other countries in a similar situation (Economist, 2012).

Despite making some remarkable economic and social progress in recent decades, Bangladesh still faces some daunting challenges. Among all these, poverty remains a substantial and stubborn problem affecting Bangladesh's ability to reach the status of MIC within a decade (MoEF, 2012). The issue of poverty is critical here, as it affects many dimensions of that aspiration related to health, nutrition, education etc. Though the head count poverty ratio has declined significantly from close to 60% in the early 1990s to 31.5% in 2010, the hard-core poor still account for about 17.6% of the total population as of 2010 (MoEF, 2012, p. 5). Many of these poor people cannot even afford the minimum calorie intake per day and are completely deprived of the basic needs of life. Extreme poverty and starvation compels many families to send their children to work outside to earn their livelihood. As a consequence of the prevailing poverty, child labour remains as another major problem in Bangladesh. Export-oriented industries like RMG are forced to abide by the regulations concerning child labour owing to the pressure of international standards of operation. However, child labour still poses a serious challenge in RMG companies' extended supply chain (in the printing and embroidery factories).

Alongside poverty, rising inequality is another major obstacle to sustainable development initiatives in Bangladesh. As the benefit of growth has not been propelled down through the societal hierarchy, a striking difference is observed in the lifestyle of the rich and poor in both urban and rural areas (Islam, 2013)¹⁴. It is also evident from the table below that inequality has increased both in rural and urban areas, with the latter being more pronounced. From these numbers, it is possible to acquire some understanding of the kind of economic growth that is taking place in Bangladesh.

¹²<http://www.bangladesh-bank.org/econdata/wagermidtl.php>

¹³<http://www.bangladesh-bank.org/econdata/intreserve.php>

¹⁴<http://archive.thedailystar.net/beta2/news/addressing-the-challenge-of-economic-inequality/>

Table 2.1: Bangladesh Inequality in Income Distribution 1981-82 to 2005, Source: BBS, HIES and PMS) (Islam, 2013)



Owing to the prevalence of poverty and inequality, malnutrition persists as a widespread problem in Bangladesh. UNICEF's Nutrition Report (2013) has identified Bangladesh as one of the worst-performing countries regarding nutrition issues. Millions of children and women suffer from one or more forms of malnutrition, including low birth weight, wasting, stunting, underweight, vitamin A deficiency, iodine deficiency and anaemia (Child and Maternal Nutrition in Bangladesh, 2009). Although Bangladesh has made good progress in the past decade to achieve MDG 1 (related to eradication of extreme poverty and hunger), more needs to be done on nutrition issues.

In addition to poverty, inequality and malnutrition, climate change has emerged as an additional challenge to the country's already existing social and economic struggles. Climate-change-induced disasters are endemic in Bangladesh, ruining the lives and livelihoods of millions of people, damaging infrastructure and harming the physical environment of the country (MoEF, 2012). UNDP Report (2004) has identified Bangladesh as the most vulnerable country in the world to tropical cyclones, and the sixth most vulnerable to floods. Exposure to such risks is further increased by Bangladesh's low-lying coastline, high population density, abject poverty, reckless industrial pollution, poor environmental governance and ineffective implementation of regulatory policies (Belal et al., 1998). Deforestation, river pollution, river erosion, land degradation, and pollution from solid and industrial wastes have also contributed to environmental and ecological degradation and loss of biodiversity for the country (MoEF, 2012).

These climatic events have caused adverse socio-economic consequences for Bangladesh and are therefore a major concern for national socio-economic progress. For example, between 1991 and 2000, 93 major disasters occurred in Bangladesh,

resulting in nearly 200,000 deaths and causing \$5.9 billion worth of damages (Belal et al., 2010). Mega cyclone ‘Sidr’ with two serious floods in 2007, and another cyclone ‘Aila’ in 2009, affected a large number of people in Bangladesh and caused huge losses and damage to the physical environment and natural resources base of the country. These climatic events consumed significant budgetary resources and caused serious threats to the government’s poverty eradication efforts and the achievement of the MDGs (MoEF, 2012). The effects of the climatic events seem to be more severe for poor and vulnerable groups of society as a result of changes in settlement and migration patterns. They also cause further problems related to human rights, equity and justice, given the resource and capacity constraints of the country (MoEF, 2012).

The above sections have given a detailed description of the prospects and challenges of Bangladesh’s socio-economic condition, in order to evaluate the scope of SBPR adoption and implementation by the business organizations of the country. Given the current socio-economic challenges (e.g. poverty, inequality, climate change etc.), Bangladeshi companies urgently need to adopt the path of sustainable development. Being the primary engine of economic growth and development, they play a very critical and central role in advancing sustainable development agenda. The next section provides a comprehensive review of the Bangladesh’s garments industry in order to understand the challenges related to sustainability practice adoption.

2.2 The Ready Made Garments (RMG) Sector of Bangladesh

Like many other developing countries, Bangladesh has been pursuing a ‘private sector-led rapid industrialization’ policy (Belal and Roberts, 2010), relying on a few industrial sectors (e.g. garments, frozen foods, jute, leather, ceramics and pharmaceuticals products). After experimenting with an ‘import substitution’ strategy for nearly two decades, a series of economic reforms was carried out in the late 1980s and early 1990s in an effort to achieve economic integration with the global economy, mainly through the intensification of export-oriented industrialization (ILO Report, 2013). This integration with an open market-based economy has accelerated the growth of the Bangladeshi garments sector, with almost all major global apparel brands sourcing from Bangladesh (Taslim and Haque, 2011). With more than three decades of experience, Bangladesh has established itself as a major world RMG powerhouse centred on price advantage via low-cost labour (World Bank Report, 2013b).

Availability of cheap labour, guaranteed market access based on a quota system¹⁵ and government's cash incentives against export value have helped the Bangladeshi garment sector to grow during the initial years of its entry into the global apparel market (Mirdha, 2013). However, during the last two decades this industry has grown rapidly, due to policy support from the government and the dynamism of private-sector entrepreneurs (Kamal, 2013). The RMG sector, as the success story of Bangladesh, enjoyed significant relaxation in government control, received assistance in form of bonded warehouse facilities, tax holidays, cash incentives and partial exemption from strict enforcement of government regulation and labour laws (Mintoo, 2006). In the face of stiff global competition, the garment-manufacturing industry has achieved phenomenal growth in terms of export value and employment generation among all Bangladeshi export-oriented industries. Within thirty-five years, it has grown from a base of just a few million dollars in the late 1970s into a \$24.49 billion¹⁶ industry in 2013-14. While Bangladeshi garment factories were struggling with the 'Tazreen' and 'Rana Plaza' incidents, the RMG industry experienced 14% growth in 2013-14 in exports, compared to \$21.51 billion in 2012-13 (Huq, 2014a).

According to the ILO Report (2014), in 1990 Bangladesh accounted for only 0.6% of global garment exports; by 2011, its share had risen to almost 5%. Bangladesh's share of garment exports to Europe and the US has more than doubled in the last 15 years (BAPPG, 2013). This has not only helped Bangladesh to become world's second largest garment exporter after China (McKinsey Report, 2011), but also helped changed global perception of the country from a poor economy to an export power house. Future years indicate further growth of the Bangladeshi garment sector. According to the McKinsey Report (2011), 86% of chief purchasing officers (CPO) wanted to move out of China owing to labour shortages and higher wages, and consider Bangladesh as their next preferred destination. They named price attractiveness as the first and foremost reason for purchasing from Bangladesh.

Factors such as the availability of an easily replaceable abundant female workforce, low wage rates, and factory capacity give the Bangladeshi garment industry a

¹⁵Most studies conducted prior to the 2005 quota phase predicted that once quotas were lifted many "smaller" countries would drastically lose market share. In contrast to the conventional wisdom of that time, many of the "unexpected" countries like Cambodia, Bangladesh, and Sri Lanka not only survived the end of the MFA, but made significant improvements enabling them to maintain their foothold in the international trading regime (Saxena, 2014, p. 2).

¹⁶<http://www.kalerkantho.com/online/national/2015/03/22/201634>

competitive edge over its rivals. The competitive edge of Bangladesh is further amplified by the duty-free access that it enjoys as a Least Developed Country (LDC) in all developed countries of the world except the USA (Taslim and Haque, 2011, p. 38). The garment exports of Bangladesh are forecasted to be doubled by 2015 and nearly tripled by 2020, employing six million people directly (McKinsey report, 2011). At the recently concluded 'Apparel Summit' organised by BGMEA, Bangladesh has set a new target to secure at least an 8% share of an estimated \$650 billion worth of global apparel market, in order to reach its \$50 billion export target in 2021 (The Daily Star, 2014). Given the potential of the sector and the past growth trend, this is a distinct possibility for the country.

The garment industry has become the most important sector in Bangladesh from both an economic and a social perspective. The nation is heavily reliant on this sector as it makes up more than 80% (\$24.49 billion out of \$30.19 billion)¹⁷ of the country's total export earnings. This industry's export earnings are now equivalent to 23% of GDP (Labowitz and Baumann-Pauly, 2014, p. 16), making it a major contributor to the national economy. This industry's sheer scale means that other important industries (such as banking, insurance, utility, transportation and hotel etc.) also depend on it. It is estimated that its contribution to other supplementary industries is also not less than 14% - 15% of GDP (TIB Report, 2013). With the sole purpose of supporting this industry, many other backward (such as spinning, dyeing, washing and accessories) and forward (such as packaging, transportation) linkage industries have developed within the country (Habib, 2009), providing further employment to the people and saving valuable foreign currency for the country. Any decline in revenue from this sector is therefore expected to have a significant negative impact on the whole economy.

Beyond being Bangladesh's largest export earner and GDP contributor, the RMG sector has made a number of other meaningful contributions to transforming the socio-economic landscape of the country (Habib 2009). Employing 60% of the manufacturing industry's total work force, the RMG sector has emerged as the largest formal sector employer in the country (TIB Report, 2013). The performance of this sector is also said to have a positive impact in the poverty alleviation process as many of the workers send back part of their income to their home villages (FIDH, 2008, p. 4). Since the arrival of the garment sector in the late 1970s, the country's poverty rate has

¹⁷<http://www.epb.gov.bd/index.php/home/bdprofiledetails/27>

fallen from 60% to 31.5%, accompanied by increases in life expectancy, literacy and per capita food intake (Labowitz and Baumann-Pauly, 2014, p. 16).

The booming garment industry has attracted millions of surplus workers, mostly women from rural areas (Economist, 2012). The industry currently provides employment for an estimated four million people¹⁸ in more than 5000 garments factories in Bangladesh. With its linkages to supporting industries, it is estimated that this industry supports the livelihood of another ten million people (World Bank, 2005). Back in the 1990s, female workers accounted for only a quarter of the total workforce. Now, the female share of employment in the garment industry is more than 80% (Huq, 2014b), creating a female-dominated labour force in Bangladesh, where women have traditionally been excluded from the labour market (Feldman, 1992). Even though the working conditions in garment factories are not ideal, poor female workers prefer to work in garment factories to working as a domestic help or in less safer other informal sectors. It has not only provided a means of income but has also empowered women by providing them with 'a socially acceptable job in a conservative Muslim country like Bangladesh' (Yardley, 2012) where women's mobility and access to economic activities were previously highly restricted.

The garment industry is also of vital importance to the Bangladeshi economy in its efforts to achieve major macroeconomic objectives such as an increase in export earnings, foreign exchange reserve, development of forward and backward linkage industries, employment generation, women's empowerment etc. Other manufacturing sectors of Bangladesh have not been able to create jobs and generate export revenues of a scale that would bring them close to the RMG sector. However, creation of this massive employment opportunity has also brought forward some daunting challenges around the issues of poor working conditions, environmental pollution and labour exploitation. Before discussing those challenges, it is first essential to understand the reasons behind the commercial success of the Bangladeshi RMG sector as part of a complex global supply chain networks.

¹⁸Reuters (2013) 'Bangladesh urges no harsh measures over factory deaths' Available at: <http://www.reuters.com/article/2013/05/04/us-bangladesh-factory-idUSBRE94304420130504>

2.2.1 The Reasons behind the Commercial Success of the Bangladeshi RMG Sector

Garment manufacturing is a global business, spanning over hundreds of factories covering multiple continents and countries. Outsourcing of apparel production to developing countries has become the most common choice for IRs because of the low-cost labour and less stringent regulations surrounding social and environmental issues (Allwood et al., 2006). The market condition for garment manufacturing is characterized by intense price competition among the suppliers, mainly on the basis of labour costs. Abolition of the 'quota system' in 2005 has further provided buyers with an option of sourcing their products from the most efficient and cost-effective suppliers (Kamal, 2013). In this situation, buyers can switch their manufacturing facilities to less compliant companies or countries to benefit from lower prices.

The RMG industry is characterised by fast production relying on cheap labour to compete with rival firms. An abundant supply of unskilled and semi-skilled labour forces, with a fairly rapid population growth has ensured that there are always adequate numbers of underemployed or unemployed people in the Bangladeshi RMG sector available to work for a very low wage. The average hourly wage rate of Bangladeshi workers is among the lowest in the world (Taslim and Haque, 2011, p. 37). According to the report of Bangladesh All Party Parliamentary Group (BAPPG, 2013, p. 25-26), the next cheapest labour market is nearly 10-15% more costly than Bangladesh. Riding on the back of the low wage rate, Bangladesh has been able to acquire a significant share of global garment market within the last few decades. The wage rate is unlikely to rise much as there is a lack of alternative employment opportunities in other sectors. This factor, combined with widespread poverty, means that these workers are forced to accept these poorly-paid jobs, thereby guaranteeing some of the lowest production costs in the world (CCC 2012, p. 2-3).

Even after the 'Rana Plaza' incident (which killed more than 1,100 workers in April 2013), Bangladesh remains at the top of the list of sourcing countries for the next five years, according to a recent survey¹⁹ conducted by McKinsey Report (2013). This new report was prepared by interviewing twenty-nine Chief Purchasing Officers (CPOs) from major international retailers²⁰ based in Europe and America between the months of July and August 2013. In that survey, Bangladesh remained the number one

¹⁹http://www.mckinsey.de/sites/mck_files/files/2013mckinsey_apparelcposurvey.pdf

²⁰ These 29 retailers are jointly responsible for \$39 billion worth of apparel sourcing annually.

alternative to China, even after the ongoing debate over workplace safety issues. 86% of the survey respondents ranked labour cost advantage among the three most important reasons for sourcing in Bangladesh.

The relative ease of setting up garment factories with larger workforces and relatively less sophisticated machinery has led to an increase in the number of factories in a labour-abundant country like Bangladesh. The existence of 5000 plus garment factories in Bangladesh has created opportunity for buyers to shop around and ask for quotations from at least 2-3 suppliers – which further reduces the price of the garment by under-cutting each other's prices (BAPPG, 2013, p. 26). Buyers are keenly aware of the price of the fabric and of other raw materials. Thus, the only possible factor for which negotiation takes place between the buyers and suppliers is the per-unit labour cost (Sammeck, 2012). In this sector, buyers drive the supply chain and set the terms of competition. This imbalance in the bargaining power has ultimately forced the suppliers to act as price taker only (SOMO and ICN, 2012). In this whole process, workers have finally become the weakest actor, subject to various unsustainable and unrestricted sourcing practices of both buyers and suppliers.

The need to produce at a cheaper price and the craving for higher profit compels the local garment producers to resort to practices that are either abusive or exploitative. The production pattern of garment industry follows a “caravan journey” whereby large international retailers move on from one country to another in search of lower production costs (Mckinsey Report, 2013). For example, in the Mckinsey Report (2013), countries like Haiti, Ethiopia and Myanmar have appeared as potential sourcing destinations, due to the attraction of cheap labour and less stringent regulations. Bangladesh has become the world's second-largest garment producer. It did not attain this status because of higher productivity, shorter lead-time or stronger infrastructure. It achieved this status by being the cheapest place to make clothing. Working conditions of labourers are ignored in Bangladesh because local factory owners understand that if they do not continue to offer the lowest possible prices, brands will leave them very quickly (Nova, 2012).

2.2.2 The Business Dynamics between Buyers and Suppliers

The lenient business environment and the gaps in governance and enforcement has benefitted IRs in Bangladesh (BAPPG, 2013). IRs have been placing continuous

pressure on suppliers to reduce the cost of per unit garment. As a consequence, garment prices in Bangladesh have declined by 40 per cent in the mid-2000s (ILO Report, 2014), despite increases in energy, material and labour costs. Production costs have also increased due to escalating compliance standards. However, because of cutthroat competition manufacturers have failed to pass the higher cost of production on to buyers. Now with a continually decreasing garment price and lower profit margins, manufacturers try to cut corners by effectively reducing workers' real wages by increasing their working hours and reducing their benefits and facilities (Labowitz and Baumann-Pauly, 2014, p. 25). Even though brands claim to be concerned about protecting the rights and safety of the workers, continuation of price pressure leads to the neglect of safety measures (Nova, 2012), which in turn further deepens the vulnerability of the workers.

If suppliers do not receive from IRs an appropriate price for their products then they become very reluctant to spend money on workers' wages and safety issues and quickly adopt different means to maximize profit. One way they do this is by subcontracting their production to smaller non-compliant factories. Subcontracting has now become an essential feature of the RMG business as a means of increasing margins and boosting production capacity while keeping the costs low (Labowitz and Baumann-Pauly, 2014, p. 6). It is a proven effective mechanism for buyers to offload the risk of their poor supply-chain management practice (BAPPG, 2013, p. 27). Over the last two decades IRs have made it a part of their business model to systematically distance themselves from the manufacturer of their product in order to escape legal accountability for their actions if a disaster strikes (Siegle, 2013).

Another way of maximizing profits is to ask IRs to increase their sales orders to cover their loss. The obvious outcome of an increased sales order beyond production capacity is excessive working hours. The huge pressure to meet unrealistic deadlines and price has negative consequences for workers. It incentivizes factories to supersede the legal limit²¹ of total working hours in order to meet the production deadline, as well as to avoid stiff penalties imposed by the buyers (Labowitz and Baumann-Pauly, 2014, p. 25). It has been reported that two thirds of workers in garments factories worked more than 60 hours per week (War on Want, 2012). The burden of long hours falls especially severely on female workers. Due to excessive

²¹Bangladesh labour laws clearly set a standard of a 48-hours 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).

working hours, they experience long periods of separation from their children and families (War on Want, 2012).

Relationships between buyers and suppliers in Bangladesh are frequently built on tight margins, intense time pressures and short-term contracts (BAPPG, 2013). Orders that continuously shift from supplier to supplier create instability that denies suppliers the economic security necessary to make their factories safe. Since the pricing policy does not take account of the investment needed for upgrading safety features, suppliers prefer to follow the road to competitiveness by continuing to squeeze labour costs in poor conditions (BAPPG, 2013, p. 27). Buyers bear their share of responsibility for the above allegations due to their imposition on to the suppliers of the 'iron triangle' (Brown, 2011): lowest possible prices; highest possible quality; and fastest possible delivery. The right to a living wage, FoA and workplace safety in the garment industry has been systematically abused as the buyers refuse to use their economic muscle in bringing a real change in the business process (Emma, 2013). This thesis is mainly concerned with the sustainability practices of garment manufacturing company.

Whilst it is true that RMG sector has brought about a new revolution in the socio-economic development of Bangladesh and has transformed the economy from aid dependence to trade dependence, the rapid growth of this sector has brought some profound challenges over the course of its journey. The following section provides an excellent setting to explore this sector's sustainability-related challenges, in order to reflect on the SBPR practice of the case company in the discussion chapter.

2.3 The Challenges of the Bangladeshi RMG sector

In the era of globalisation, labour-intensive RMG industries of developed economies were relocated to developing economies like Bangladesh as a result of trade liberalisation, the removal of capital control and the quest for cheap labour. Although the globalization of the garment-manufacturing business has created some 'wins' (Gopinath, 2012) for Bangladesh in terms of export proceeds and employment opportunities, there is a losing 'dark side' of globalisation (Eden and Lenway, 2001) which is evident in the supply chain of this business. Even those who applaud the societal change that Bangladesh's garment industry has helped bring about acknowledge that the sector's safety regulations and protections for workers' basic rights remain nowhere near sufficient. There is frequent international criticism

that the workers in Bangladeshi clothing factories are not in a position to enjoy basic human rights (Islam and Wise, 2012). Some of the most critical issues (which have deep connections with the concept of sustainability) are discussed in the following subsections in order to ensure a clear understanding of the dismal labour conditions and exploitative nature of powerful actors.

2.3.1 Poor Health and Safety Culture

Bangladesh has a long history of health and safety tragedies in garment manufacturing. Numerous devastating incidents have taken place in the garment industry in the past twenty years, clearly reflecting extremely poor working conditions and the fragile labour rights situation in the country. Lives of Bangladeshi workers have become easily expendable with no substantial intervention from owners, IRs or government (CCC & SOMO, 2013). Industrial accidents provide stark evidence of the human costs of doing business in Bangladesh (BAPPG, 2013, p. 6). The rapid expansion of the industry has led to the conversion into factories of many buildings built for other purposes, often violating national building code - resulting in high rate of occupational injuries and deaths. The high death toll from these industrial accidents reflects the unsustainable progress of industrial development in Bangladesh (Labowitz and Baumann-Pauly, 2014, p. 16).

Analysis of the causes of different accidents and labour discontent since 1990 indicates that factory owners were primarily responsible for irregularities, and mismanagement of the RMG sector (TIB Report, 2013, p. 5). Instead of carrying out their responsibilities, factory owners remain concerned to protect their business interests. IRs' decisions to procure garments at lower prices has led factories to compromise with workers' rights and safety, which has contributed to a situation where workers' lives are being placed at risk (CCC, 2012).

2.3.2 Low Wages

RMG is the fastest growing and the most employment-generating sector of Bangladesh. As the most successful industry, it pays the lowest minimum wage in comparison to other industries in Bangladesh. Prevailing low wages in the RMG sector have been a major contributing factor to labour exploitation and labour unrest in the industry. No revision of wages has occurred without violent demonstrations and there is no provision for wage adjustments on a regular basis. After prolonged and

widespread labour unrest and violence, government and the owners finally agreed to raise the monthly minimum wage from Tk. 3,000 to Tk. 5,300 (roughly \$68) in the new scale against the demand of Tk. 8000 (roughly \$100 a month)²². Although the new wage appears as an increase over the wage scale of 2010 in nominal terms, it remains the lowest in the world.

The wage is too low against steeply rising house rent and food prices and hence erodes many of the benefits of the wage increase (Taslim and Haque, 2011). In order to meet the rising living costs, workers frequently take on additional paid hours (BAPPG, 2013, p. 22). Employment of this kind is hardly adequate to prevent starvation or to lift someone from poverty and inequality. The most important issue within labour rights includes the implementation of a living or fair wage²³ rather than a minimum wage. According to a study conducted by Centre for Policy Dialogue (CPD), a worker's living wage is estimated at Tk. 14856 per month²⁴; whereas the minimum wage is only 5300 taka. In a situation where even the payment of a living wage cannot be taken for granted, other aspects like severance benefits in the case of retrenchment and retirement benefits for older workers remain a far cry (Islam, 2013).

2.3.3 Restrictions on the Right to Freedom of Association

In the RMG sector, workers do not have basic rights like the freedom to form their associations and to bargain collectively with their employers. It is unfortunate that after more than forty five years of independence, owners are still looking for justifications for allowing freedom of association. Trade unions in Bangladesh operate in a pervasively hostile environment where they consistently face high level of bureaucratic obstacles to get organised and to raise their voice. Though Bangladesh has ratified ILO conventions No. 87 and 98 pertaining to labour rights, the reality is that these rights are not enforced, as the rights are not respected by the government (BAPPG, 2013, p. 20-21). It was found by Yardley (2012) that workers are afraid to join a union, as the owners could make them a target for firing or worse.

²²<http://www.ethicaltrade.org/news-and-events/blog/stirling-smith/is-bangladesh's-new-minimum-wage-enough>

²³A living wage is internationally recognized as one that covers the cost of basic necessities such as food, shelter, clothing, health and education (War on Want, 2012).

²⁴file:///C:/Users/kabirm1/Downloads/estimating_a_living_minimum_wage_for_the_rmg_sector_in_bangladesh_september_2013.pdf

The docile and timid nature of the migrant female workers is the major constraint in forming trade unions and launching labour movements in the RMG sector (Rahman, 2009). Another big obstacle in trade union formation is the mind-set of the government and the owners. Government thinks that economic progress would be hindered and the employment level negatively affected if they allow workers to organize freely. On the other hand, owners fear that politics will infiltrate trade unions and eventually hamper the production process (The Daily Star, 2013). Reluctance on the part of government and factory owners to allow trade unions have contributed to fatalities by making it harder for workers to refuse to work under unsafe conditions. Weak enforcement of labour laws in Bangladesh also allows employers to harass and intimidate workers and local trade unionists seeking to exercise their rights (Human Rights Watch, 2013).

2.3.4 Unabated Environmental Pollution

Hasty and unplanned growth of RMG factories has contributed heavily to what experts describe as a 'water pollution disaster' in Bangladesh (Yardley, 2013). They discharge a large amount of untreated wastewater²⁵ into these rivers and other water bodies indiscriminately. In Bangladesh, industries are responsible for causing 60% of river pollution through wilful discharge of effluent plants (MoEF, 2012, p. 44). Some factories treat their wastewater, but many do not have treatment plants or choose not to operate them to save on utility costs. Many canals or wetlands have now effectively turned into retention ponds through the gradual dumping of untreated industrial waste (Yardley, 2013). Faced with huge public criticism, the government enacted a law in 1995 making it compulsory for all industrial units to use effluent treatment plants (ETPs) in a bid to save waterbodies from pollution (Sultana et al., 2013). Though this was mandatory by law, compliance remains largely disregarded.

Besides surface water, the garment industry is having a negative impact on groundwater levels. Garment manufacturing requires large amounts of water to dye and rinse cloth, as well as steam for printing and pressing fabric. In Bangladesh, many factories use as much as 170 litres of water to make one kilogram of cloth (Yee, 2013). Bangladesh's water experts have forecasted a water crisis due to overdependence on underground water which is being depleted at an alarming rate (Islam, 2012), with the

²⁵Textile and dyeing industries produce wastewater, or effluent, as a bi-product of their products, which contains several pollutants originated from sizing, bleaching, mercerizing, fancy dyeing, screen printing, yarn dyeing and finishing (Sultana et al., 2013).

water table in Dhaka dropping by more than six feet each year (Yee, 2013). The fast growth of RMG industry will mean an even higher level of water depletion in coming years.

Bangladesh is already one of the world's most environmentally fragile places due to the threat of climate change (Yardley, 2013). Unabated industrial pollution has further complicated the problem of climate change. For global brands that buy clothing from Bangladeshi factories, pollution rarely gets the same attention as workplace conditions or fire safety. It seems like that the buyers prefer to take advantage of Bangladesh's less stringent environmental jurisdiction for sourcing, where valuable and irreversible natural resources are being severely degraded and depleted every day to meet their demands for low cost products (Yardley,2013).

2.3.5 Ineffectual Regulatory Regime

Bangladesh has necessary regulations (such as Factories Act 1965, Amended Bangladesh Labour Act 2013, and Environmental Protection Act 1995 etc.), relevant ministries, directorates and special courts to control social and environmental behaviour of the Bangladeshi companies. However, labour exploitation and environmental pollution have largely not subsided in the RMG sector because of the political and economic power of the factory owners. They enjoy immense influence on the country's politics and with the help of their political clout they routinely defy government regulations (Belal and Roberts 2010).

Widespread corruption and high levels of inefficiency on the part of the regulatory watchdogs often allow many factories to stay open, despite their repeated violations of rules and regulations. It is alleged that the inspection team often gives advance notice to the management before their visit to the factories, which prevents fair inspection and monitoring. Moreover, lack of necessary resources (such as manpower and skills) also hampers effective enforcement of the relevant laws. The diminishing capacity of trade unions for collective representation has also crippled proper functioning of labour law in Bangladesh. Due to lack of economic means to obtain legal assistance, workers cannot seek justice from the judicial system. In most cases, workers do not even dare to seek help from the existing legal system because of threats from powerful owners. Government agencies on many occasions are not free to act to establish justice as they fear political reprisals from powerful factory owners (Rahman, 2013).

As the backbone of the economy and a crucial source of employment garment factories have strong political clout at policy level. They share a good relationship with government as nearly 10% of members of parliament have ownership stakes in the garment industry (Yardley, 2012). Owners often use their acquired political influence very effectively to protect themselves from their negligence during major industrial accidents. Business-government relationship is one of the key factors behind the weak rule of law and lack of good governance in the country's RMG sector. It helps the owners to get away with all kinds of non-compliance and unauthorized labour practices (Human Rights Watch, 2013).

2.3.6 Flawed Social Auditing/Third Party Inspection System

Buyer-driven social auditing systems has widely been criticized for their weakness in uncovering labour rights violations, monitoring supplier adherence to social codes of conduct and enforcing corrective actions with regard to health and safety (CCC, 2012, p. 7). Buyers are less interested in exercising higher vigilance and fail to take into account adequately social audit reports when making sourcing decisions. Price being the determining factor, a factory performing better than another on the social front is not favoured in any way, which raises a very important question about the relevance of the social auditing effort as a whole (FIDH, 2008, p. 11).

There is not much hope either in IRs' driven first-party audit or their controlled third-party external audits. Auditors are mainly accountable to the suppliers or to the brands that contract their services. IRs have full control on the auditors' selection process, where the terms and conditions of the audit are decided by their business interests. The profit-seeking motives of the audit companies have also made third-party inspection more questionable. The cost of social audits is mostly paid by the suppliers in order to appease brands. This business model conflicts with the requirements for credible social auditing, as it is unlikely that an auditor or auditing firm that consistently registers violations will be commissioned on a repeat basis (BAPPG, 2013, p. 33). On most occasions, these auditing companies keep their audit reports confidential and walk away from substandard factories without notifying the workers about the workplace hazards and allow the unsafe factory to stay open (Alam and Johnson, 2013).

The depth of social audits also remains very questionable. Audits and inspections are focused too much on checklists; they do not consider the realities on the ground (Alam and Johnson, 2013). This checklist approach cannot pick up chronic problems, in particular when it comes to the issues related to working hours, living wage and freedom of association (FIDH, 2008, p. 10). In a supply chain built on short lead times and weak brand-supplier relationships, audits can incentivize fraud (BAPPG, 2013, p. 32). These audits are often flawed, since most audits are announced ahead of time, workers are trained in what to say, fire extinguishers and protective equipment are borrowed on the inspection day in order to present favourable records to comply with the standards (BAPPG, 2013, p. 32). Even if findings are authentic, audits can only be relied upon to provide a snapshot of what is visibly happening on the factory floor on the day of the review (BAPPG, 2013, p. 32). The next section provides a detailed description of the various contextual factors necessary for a better understanding of case company's SBPR adoption.

2.4 Institutional Profile of the Bangladeshi RMG sector

Over the last thirty-five years, different events and organizations have exerted major influences on the Bangladeshi RMG industry and shaped the course of its direction. Islam and Deegan (2008) and Kamal (2013) have provided a clear description of different pressures and pressure groups in their research studies. The most significant pressures are: imposition of quota system in 1985; presentation of the Child Labour Deterrence Act to the US Congress in 1992; documentary shown by US NBC accusing BGMEA's member factories of employing child labour in 1993; pressures from UNICEF, ILO and US government on BGMEA to eliminate child labour from its supplying factories in 1996; enforcement of 'codes of conduct' by IRs to improve working conditions in 2000.

There was a general absence of social or environmental pressures until the early 1990s. From 2000, social and environmental pressure began to evolve due to changes in the broader institutional environment. IRs became socially and environmentally more educated due to the activism of different local and international organizations. Different UN agencies (e.g. ILO, UNICEF), multilateral organizations (e.g. European Union, IFC²⁶), sovereign governments (e.g. US,UK), international development

²⁶ IFC stands International Finance Corporation

agencies (e.g. GIZ²⁷, DFID²⁸, NORAD²⁹), global trade unions (e.g. IndustriALL Global Union and UNI Global Union), human rights organizations (e.g. Human Rights Watch) and workers' rights groups (e.g. Clean Cloth Campaign, No Sweat, Workers' Rights Consortium, International Labour Rights Forum) all started to increase awareness of various social and environmental issues in Bangladesh.

The phase out of Multi-Fibre Arrangement (MFA)³⁰ is another important incident which has had a significant impact on the Bangladeshi RMG industry. After the phasing out of the 'Quota System' under the MFA in 2004, the global RMG market became more open and competitive. Although Bangladesh's share in the global RMG market increased after the phasing out of the quota system, this intensified the price war among the supplying firms. Along with price competition, criticisms of industry's non-compliance with basic human and labour rights increased with the passage of time. Frequent industrial accidents and casualties were found to be reported in the last two decades. Between 1990 and 2005, 115 reported factory fires were reported, resulting in 300 deaths (Belal and Owen, 2007). Between 2005 and 2013, another 1500 people died in six major industrial accidents. These repeated incidents of fire and industrial accidents shone a spotlight on the poor safety record of the industry.

As a consequence of these tragic incidents, Bangladesh had to appear in several emergency hearings held by the United States Trade Representative (USTR) to explain its position in order to retain the GSP³¹ facility in the US market it had benefitted from since 2007. Parliamentary committee members and high government officials from the USA, the UK and the EU visited Bangladesh to examine the supply-chain management practice of the local garments factories. During these visits, they focused on improvement of the inspection capacity and on the strict enforcement of local labour laws. Various human and labour rights groups also organized rallies, demonstrations and discussions to make consumers more aware of the importance of

²⁷ GIZ stands for the German Agency for International Cooperation

²⁸ DFID stands for The Department for International Development

²⁹ NORAD stands for The Norwegian Agency for Development Cooperation

³⁰ The MFA governed world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount that developing countries could export to developed countries. As the global apparel market became more competitive, this 'quota system' was finally abolished on 31 December 2004, making worldwide textile and garments trade quota-free.

³¹ GSP is a U.S. trade preference programme, under which beneficiary developing countries are afforded duty-free access to the U.S. market for thousands of products. The statute governing the GSP program lists several criteria, including some related to workers' rights, which beneficiary countries must meet in order to maintain eligibility for benefits.

buying products from responsible IRs. All these events created tremendous pressure on RMG companies to improve their business practices (Wirthman, 2013).

The establishment of global platforms such as the UN Global Compact (UNGC); multi-stakeholder platforms like Apparel Industry Partnership (AIP), Fair Labour Association (FLA), Global Reporting Initiative (GRI), Institute for Social and Ethical Accountability (ISEA), World Business Council for Sustainable Development (WBCSD), a number of certification programs like Business Social Compliance Initiative (BSCI), Worldwide Responsible Accredited Production (WRAP), SA8000 by Social Accountability International, ISO 14001 have further changed the dimensions as far as international garment retailing is concerned. These platforms and certifications are enabling companies to demonstrate responsible business practices in the areas that are important to their stakeholders (World Bank Report, 2013b). International agencies also undertook various initiatives. Examples include: Decent Work by the ILO, Responsible Sourcing Initiative by the World Bank and Cleaner Production by the IFC.

Besides these international organizations, the efforts of local NGOs such as the Bangladesh Institute of Labour Studies (BILS), the Bangladesh Legal Aid and Services Trust (BLAST), trade union groups (e.g. Bangladesh Garment and Textile Workers League, Bangladesh Garment Workers Independent Federation, Bangladesh Independent Garment Union Federation, National Garment Workers Federation), civil society organizations (e.g. Centre for Policy Dialogue-CPD, Transparency International Bangladesh-TIB), together with the media, have played an important role to increase awareness on workers' legal rights. Moreover, the role of environmental activists like Bangladesh Poribesh Andolon (BAPA), Bangladesh Environmental Lawyers Association (BELA), Bangladesh Environment Network (BEN) needs to be acknowledged for their work in increasing levels of sensitivity to environmental welfare. Worldwide environmental campaigns on the issue of climate change have also made a significant contribution.

In the recent past, several award functions have been organized to recognize the work of the country's best practicing firms. Most notable awards are: the BGMEA-SEDF Award for environmental compliance, the HSBC-The Daily Star Climate Award for managing the risk of climate change; the CSR Award by Standard Chartered Bank & Financial Express; the Social and Environmental Excellence award, specifically for the RMG sector with the support of Bangladesh Brand Forum, BGMEA, BKMEA, GIZ, IFC, UKAID and NORAD. These award events have increased both competition and

awareness about sustainability issues amongst companies. From being the minority sport of a handful of companies, awards are increasingly playing their part in current mainstream business thinking.

Due to extensive media coverage and active movements of different NGOs, the concept of sustainability is now playing a vital role in IRs' sourcing strategy. There is growing recognition that business as usual cannot continue and that there have to be significant changes in the business practices of the RMG sector. Both IRs and suppliers are readjusting their positions based on institutional expectations. A good number of IRs have already taken some sustainability initiatives to address this expectation. Examples include: the Ethical Model Factory by M&S, the Zero Discharge of Hazardous Chemicals (ZDHC) project by H&M, and the Sustainability Program by PUMA. Recent statistics on the GRI website also shows a significant increase in the publication of sustainability reports (Sobhani et al., 2009). After frequent episodes of labour unrest and industrial accidents, NGOs, labour and consumer right groups have become more vigilant. These organizations (e.g. NGOs, media, activists) are now closely observing developments in this sector. Due to globalization and low-cost internet connectivity, they are playing an important role in shaping wider institutional expectations.

2.5 Conclusion

Given the growing importance of sustainability issues in the global context, a fundamental question arises as to how suppliers as an important part of global supply chain are responding to these issues, whilst still surviving in a highly competitive business environment. Based on a case-study approach, this study makes an attempt to understand that complexity. This chapter has provided an overview of the research context that frames the study. The main objective of this chapter was to familiarize readers with the Bangladeshi RMG sector and its wider institutional context. The next chapter discusses relevant literature in the area of broader social and environmental accounting and reporting (SEAR).

Chapter 3: Literature Review

3.1 Introduction

This chapter provides an overview of prior literature in the broader area of social and environmental accounting and reporting (SEAR). The chapter is divided into six sections. The first section provides detailed insights on the concepts of sustainable development (SD), sustainability reporting (SR) and stakeholder engagement (SE) – in order to help readers understand the application of these three concepts in the context of this thesis. Research studies in SEAR area have grown into an important and well-established field of academic inquiry over the last 40 years. Clearly, it is beyond the scope of this thesis to review all existing literature within this chapter. Therefore, after providing a brief review of developed countries' literature in the 3rd section, the 4th section moves on to relevant studies within the context of developing countries in general and Bangladesh in particular. The 5th section makes an attempt to identify some apparent gaps in the extant literature and highlights some scope for contributions for this study, while the final section draws the conclusion of the chapter.

In this study, stand-alone sustainability reporting is considered a type of organisational accountability practice and a form of social accounting/reporting. The main purpose of this kind of reporting is to provide an account of organisation's performance in relation to its interaction with the physical and social environment (Deegan 2007). This kind of reporting practice has frequently been referred to as social responsibility accounting (Mathews, 1984), social accounting (Gray, 2000), corporate social disclosure (Belal, 2001) and corporate social responsibility reporting (Belal, 2008 11) by other researchers. Such multiplicity in terminology has sometimes created confusion (Gray, 2000; Mathews, 1984). For simplicity, the rest of the thesis will use the term 'sustainability reporting' to indicate stand-alone external reporting, whereas the generic term 'social reporting' will be used to cover all forms of external accounts and reports that go beyond the economic/financial perspective. Examples of this category include disclosures in the annual report or on websites.

3.2 Some Conceptual Clarifications

Two main concepts of this thesis, namely 'sustainable development' and 'sustainability reporting', have been widely applied in social debate and corporate

communication (e.g. Tregidga and Milne, 2006; Milne et al., 2006; Livesey and Kearins, 2002). Milne and Gray (2007) have pointed out difficulties associated with the conceptualization of these two notions. Regarding sustainability reporting, they said – ‘there are fundamental differences about what corporate reporting for sustainability means; what purposes this reporting serves or might serve, and whose interest are (or might be) served by it’ (p. 184). The following sections clarify some concepts (such ‘sustainable development’, ‘sustainability reporting’ and ‘stakeholder engagement’), relevant to this study to understand the nature of CC’s SBPR adoption.

3.2.1 The concept of ‘Sustainable Development’ or ‘Sustainability’

Giving a simple and all-encompassing description of what ‘sustainable development’ or ‘sustainability’ (these two terms have been interchangeably used in this study) entails is a complex task. The term “Sustainable Development (SD)” has been defined in many ways, but the most well-known and widely cited definition of the term came from a report³² named ‘Our Common Future’, published by the World Commission on Environment and Development (WCED) in 1987. This report is also known as the Brundtland Commission Report - which includes the “landmark” definition of sustainable development:

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (p. 8)

The fundamental view of sustainability is that organisations should not ‘pursue economic gains at the expense of society (e.g. human rights violations), ecology (e.g. greenhouse gas emissions) and the future generations’ (Islam and Wise 2012). As noted by Unerman et al. (2007 p. 4), sustainability focuses on the long term needs while ensuring economic activity at present are also being carried out in ‘socially and environmentally sustainable manner’. This conceptualization of sustainability poses a difficult challenge to the current economic system - which potentially demands a fundamental reassessment of our current business conduct (Bebbington, 2001). According to Milne and Gray (2007, p. 195), sustainability does not only mean -

“an efficient allocation of resources over time, but also a fair distribution of resources and opportunities between the current generations and between present and future generations, and a scale of economic activity related to its ecological life support system.”

³² World Commission on Environment and Development (WCED). *Our common future*. Oxford: Oxford University Press, 1987p. 8.

The aspect of 'fair distribution', mentioned in the above quote extends the discussion from inter-generational equity to intra-generational equity and points towards the importance of building a just and fair society for both present as well as future generations. Some researchers (see, for example, Bebbington, 2001; Laine, 2005, Hajer, 1997) have argued that, the concept of SD has been loosely defined in WECD's report and therefore it has increasingly been used to define different things by different social actors (including academics and institutions) in different contexts, making it open to different interpretations. It has drawn much debate in the accounting and reporting literature as well (see Bebbington, 1997, 2001). Buhr (2007) has expressed her concern about our inability to understand the true meaning of sustainability. Milne and Gray (2007) argued that 'businesses, their association and to a lesser extent accountancy as a profession are responsible for promoting and providing self-interested definitions and discussion of sustainability' (p. 198). In this regard, they have criticized the role of SEAR academics for being less careful for such a contamination of 'sustainability' concept.

In a content analysis of SD definitions, Gladwin et al., (1995) found that inclusiveness, connectedness and equity are the three key components of sustainable development. The 1st component is 'inclusiveness' and according to this notion 'sustainability embraces, both environmental and human systems, both near and far, in both present and future (p. 878). While connectivity relates to 'an understanding of the world's problems in systemically interconnected and interdependent way' (p. 879), 'equity' pertains to the fair distribution of resources and property rights, both within and between generations. Jacobs (1991, p. 60) suggested another three elements in an attempt to conceptualize the notion of SD. These are: (i) a need to embed environmental considerations in the economic policy making process, (ii) an inescapable commitment to equity (both between and within generations) and (iii) a reconsideration of the meaning of development which recognizes the concept as being wider than economic growth.

While SD calls for a convergence between the three overlapping aspects (i.e. economic development, social equity, and environmental protection), it has often been compartmentalized as an environmental issue over the past 20 years (IISD, 2010). Some academic disciplines (for example operations management) are also partly responsible for using this term extensively for promoting different environmentally friendly business practices (particularly in relation to resource efficiency initiatives,

waste minimization techniques and adoption of cleaner technologies). Perhaps as a result of this, the business sector seems to perceive eco-efficiency as the guiding principle to achieving SD. According to Bebbington (2001), 'eco-efficiency' is a necessary condition but not sufficient for achieving SD. She argued that eco-efficiency without justice will not alleviate the problems as it will ultimately undermine the lives of less privileged members of the society.

This study has adopted Gladwin's (1993) conceptualization of 'sustainability' view. They have thought of sustainability in terms of two broad elements, namely 'eco-efficiency' and 'eco-justice'. The first component considers whether or not an organisation's activities are ecologically sustainable, whereas the second component is concerned with the distribution of wealth within the current generation and future generations (Bebbington, 2001; Lehman, 2002). Robins and Trisoglio (1995) go on to suggest that in the pursuit of sustainability the first priority would be to 'eco-justice' and then to 'eco- efficiency' (p. 162). Such a view is also consistent with Bebbington's (2001) condition for sustainability. According to her, sustainable development would not be achieved if the benefits of that development are not distributed equitably among present and future generations even if that development is ecologically sound.

Being the dominant institutions of present time, business organizations can play an important role in advancing the concept of SD. Though SD enjoys widespread acceptance as an appropriate goal for humankind, there is no common understanding regarding what an organization should do to achieve sustainability in any detail (e.g. Gray, 2010, Laine 2010). However, one thing that is commonly agreed is that organizations need to take care of both human and ecological life in a very honest and integrated way in order to move towards a more equitable arrangement for the current and future generations. From a business point of view, it requires integration of the sustainability concept into a firm's ethos and processes based on a moral imperative (Sama et al., 2004). The next section briefly discusses the concepts of 'weak' and 'strong' sustainability based on Bebbington's (2001) and Laine's (2005) research studies.

3.2.2 Weak Sustainability and Strong Sustainability

In the weak form of sustainability, the present mode of economic development is mainly left unquestioned and in this view economic progress and further growth continue to be dominant goals of society. In this view, sustainability is considered to be

easily achievable within a relatively short timeframe (Bebbington, 2001). In contrast, the strong form of sustainability, raises question about the prevailing way of living and views sustainable development as being incompatible with some modified version of 'business as usual'. In this view, economic growth is considered to be a major cause of the social and environmental problems (please see Daly, 1977). In strong sustainability, social aspects are regarded as an integral part of sustainable development – where both intragenerational and intergenerational equity are considered as important issues (Bebbington, 2001; Dryzek, 1997).

It seems very evident from the above discussion that corporate standing on the 'strong'/'weak' continuum could be suggested as a function of: perception of corporate seriousness towards environmental and social issues plus its relative emphasis on eco-efficiency and eco-justice concerns (Bebbington, 2001). A strong form of sustainability can only be found in practice if an organization has the genuine desire to serve a broad range of stakeholder groups or has a sense of strong responsibility towards the society and environment (Bebbington, 2001). This is why it is so important to find out the actual motivation behind CC's SBPR adoption to understand their level of commitment and seriousness in conforming and advancing the concept.

According to Laine (2010), businesses and front-groups are keen to promote the so-called business view of sustainability (please also see, Schmidheiny, 1992; Holliday et al., 2002). This view, however, differs significantly from the concept of 'sustainability' advocated by SEAR scholars (e.g. Gray, 2006a; Bebbington 2001, Laine, 2010). Springett (2003) noted that business front-groups have actively sought to mitigate the radical edge of sustainability in order to make it comfortable for corporate adoption (please see also Levy, 1997; Welford, 1997; Beder, 2002). However, this study does not subscribe to the business view of sustainability. For this study, the concept of SD is viewed as a way to progress towards creating a just and fair society for both human and ecological life by remaining accountable to them for all of its policies and actions. To make sustainability more effective, Milne and Gray (2007, p. 195) have suggested that there is a need to conduct a cumulative assessment of economic activity, carry out ecological foot print analyses, adopt precautionary decision making process and to arrange more democratic and participatory decision making forums. The next section discusses the objective and desired features of sustainability reporting practice (SRP).

3.2.3 The Sustainability Reporting Practice

SRP initially started its journey with employee reporting and then moves on to social reporting, environmental reporting, triple bottom line reporting and eventually to sustainability reporting (Buhr, 2007). The reporting practice, which started with the disclosure of non-financial information in annual reports, has developed into producing a separate, stand-alone sustainability report in more recent years. It is argued that this stream of reporting practice was developed due to the limitations of the conventional accounting system - which was heavily criticised by critical accounting researchers (such as Tinker et al., 1982; Puxty, 1986) for maintaining silence with regard to the negative externalities caused by business activities (e.g. Milne, 1996) and its particular focus on the needs of shareholders and creditors (Mathews, 1997). It is argued that social reporting (including SRP) was founded with the aim of achieving accountability by making organisation more visible and transparent (Gray et al., 1996). The inspiration for this thesis and its deeper intellectual root is grounded in the broader social reporting literature. As the term 'social reporting' has been defined and used in different ways, this study prefers to quote the definition of Gray et al., (1987, p. 89), where they defined social reporting as:

“...the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders”

The basic tenet of Gray et al.'s (1987) definition is that organizations have a duty to disclose information pertaining to their social and environmental interactions to a wider group of stakeholders than simply financial stakeholders (see Spence, 2009). This view is in agreement with the basic purpose of the social accounting project that argues for the increased need for transparency and accountability (see Medawar 1976; Gray, 2010). SRP can not deviate from the above argument being a branch of broader social accounting/reporting project. However, Owen et al., (1997) placed SRP above social and environmental reporting practice due to its wider orientation and coverage. According to them, SRP opens up new categories of meaning for the organisation and its stakeholders and directs us towards the idea that an organization cannot escape from multi-faceted social issues like income distribution, unemployment, poverty etc. Gray and Milne (2002, p. 69) described SRP as:

'a complete and transparent statement about the extent to which the organization had contributed to – or, more likely, diminished – the sustainability of the planet. For that to occur, however, as we have seen, we need to have a detailed and complex analysis of the organization's interactions with the ecological systems, resources, habitats, and societies, and interpret this in the light of all other organization's past and present impacts on those same systems. Mission impossible? Most likely, and especially at the level of planetary systems, but one thing is clear: such reporting requires a substantially more complex, involved and testing form of report than a triple bottom line report. Sustainability reporting may be possible, but not until we believe we see a shift in emphasis towards accounting for ecosystems and to accounting for communities.'

It is quite clear from the above quote that SRP gives rise to a very different project than the conventional social and environmental reporting practices considered in the earlier literature. There lies a strong concern for social and ecological justice at the heart of the sustainability concept (Gray and Milne, 2004) - which mainly comes from a sense of wider moral responsibility. If a company plans to embrace the concept of 'sustainability', then that company is expected to acknowledge this moral responsibility. This realisation of moral responsibility implies the importance of reporting on companies' activities related to such responsibility.

However, there is a firm body of research which suggests that companies engage in social reporting practice mainly to secure their own position and private interests (e.g. Swift, 2001; Campbell, 2003). In support of this view, SEAR literature indicates that in practice, businesses usually seek to protect the interests of those stakeholders who exert the greatest economic power and influence over the business (Adams, 2002; Buhr, 2002; Unerman and Bennett 2004; O'Dwyer et al., 2005a, 2005b). There has been a long debate taking place in the SEAR literature on the extent to which social reporting really helps to improve accountability and address stakeholder concerns (Gray et al., 1988; Owen et al., 2000). In this connection, stakeholder engagement (SE) is increasingly recognized as the cornerstone of corporate reporting practice and fundamental mechanism of delivering accountability (Unerman and Bennett, 2004). Given the importance of stakeholder engagement in contemporary SEAR literature, the following section sheds light on this important concept.

3.2.4 The Concept of Stakeholder Engagement

Unerman (2007 p. 86) considers 'engagement and dialogue with stakeholders' as a crucial element in the sustainability reporting process (see O'Dwyer, 2005; Owen et al., 2001; Owen et al., 2000; Thomson and Bebbington, 2005), while acknowledging a shortage of evidence of such engagement and dialogue within the reporting process (ACCA, 2005). O'Dwyer (2005, pp. 29-30) defined stakeholder engagement as 'a

multitude of practices where organisations adopt a structured approach to engaging with stakeholders'. The issue of SE has also assumed central importance in the Global Reporting Initiative's (GRI) sustainability reporting guidelines as well as in the AA1000 Stakeholder Engagement Standard (AA1000SES) designed by AccountAbility. GRI reporting guidelines (2011, p. 10) suggest corporations should use SE as 'a tool for understanding the reasonable expectations and interests of stakeholders'. SE ensures better stakeholder accountability by giving voice to stakeholders in decision making process (AccountAbility 2011, p. 7). It makes organizations answerable to stakeholders for their corporate decisions, actions and performance. According to Thomson and Bebbington (2005), the objectives of holding this stakeholder engagement process might get seriously hampered if an organization decides to invite selected stakeholders and determines both the agenda and medium of communications of the those engagement exercise.

Thomson and Bebbington (B 2005, p. 520 B) has urged organizations to discuss different sustainability related challenges more sincerely with their stakeholders to ensure effective stakeholder accountability and to create a balance of power between them. In this regard, Owen et al., (2001) and Cooper and Owen (2007) argued for institutional reform so as to develop more participatory forms of corporate governance for making stakeholders truly empowered in holding management accountable. Without necessary reforms, SE may continue to be used as a legitimating tool (Adams 2004 60) or as a camouflage for strategically motivated sustainability reporting, without making business holistically sustainable in real life (Unerman, 2007).

Researchers have begun to cast doubt on the efficacy of SE (please see, Collins et al., 2005; Ball et al., 2000; Owen et al., 2000) due to the problem of managerial capture. According to Baker (2010, p.848), managerial capture is a 'conscious and deliberate manipulation by managers of the terms and conditions of stakeholder engagement: who they engage with, on what terms, the agenda and the control of outcomes'. Now the term 'managerial capture' is used to describe highly selective and controlled nature of corporate engagement with stakeholders. This strategy is pursued by management in the engagement process despite its 'superficial promise of open communication and accountability' (Baker, 2010 p. 849). While growing evidence of managerial capture has led some critics to question the impact of stakeholder engagement in the sustainability reporting process (see, Tinker and Gray, 2003; Downey, 2002; Miles et al., 2002), failure to operationalize the outcomes of stakeholder engagement and the

apparent divorce of this process from corporate decision making process has further widened the scope of managerial capture.

3.2.5 Criticisms of Sustainability Reporting Practice

Keeping aside the issue of managerial capture, Milne and Gray (2007) expressed their disappointment over the development of sustainability reporting practice. According to them – it has neither acted as a catalyst for bringing corporate behavioural changes towards sustainability nor fulfilled the demands of accountability. They have expressed strong reservations as to the way that the potential tensions between shareholders, management and other stakeholders' interests have been oversimplified in the narration of sustainability reporting by various corporate entities in recent times. Banerjee (2007, 2008) criticised this kind of disclosure practice for marginalising and excluding broader stakeholder interests. According to Milne and Gray (2007), sustainability reporting has 'largely failed to put (ecological) sustainability and social justice at the heart of things thereby fail to treat sustainability seriously' (p. 194). They argued that most of the times it tends to provide a favourable account of their corporate impacts, with only occasional reference to conflicts and externalities.

Leading researchers, as documented in western SEAR literature, accused current sustainability reporting practice for being excessively preoccupied with themselves and their own selected performance indicators and for being unsuccessful in addressing wider ecological and social concerns (please see, Ball and Milne, 2005; Gray 2006a, 2006b; Gray and Bebbington, 2007; Milne et al., 2005a, 2005b). This kind of reporting practice is currently perceived as cherry picking good news, while ignoring important sustainability issues like climate change, loss of species, biodiversity, water stresses, poverty and the ever expanding ecological footprint from the reports (Milne and Gray, 2007). Several researchers (e.g. Gray 2006a, Livesey 2002 and Milne et al., 2005a, 2006) have given examples of sustainability practice from organizations perspectives and according to them these examples are not consistent with the true concept of sustainability. They are even less positive about the future of sustainability reporting under prevailing economic system, since the "the debate is increasingly in the hands of business" (Gray, 2002b, p.372). Considerable doubt has been cast on the extent to which many sustainability reports accurately and completely portray corporate social and environmental impacts of their business operations (Adams, 2004; Adams and Harte, 1998; O'Dwyer, 2002, 2003).

3.2.6 Potentials of Sustainability Reporting Practice

Despite the above mentioned criticisms, SRP has made some notable progress in highlighting the complex relationship between economic, social and environmental issues (please see Poullaos, 2004; Milne and Gray, 2007). This kind of reporting is believed to have the potential of promoting transparency and accountability by holding business organisations to account (Belal, 2008). The need for SRP from the context of developing countries is more crucial due to their regular confrontation with the problems of poverty, human rights violations, corruption, inequalities and social exploitation (Belal and Momin, 2009). Gray et al., (1996) blamed information asymmetry for causing and strengthening inequalities, injustice and unfairness within the society. They argued for increasing amounts of information for society to make judicious judgments about their choice (Gray et al., 1996) – which again points towards the particular need for SRP for facilitating ‘distributive justice’ (Belal et al., 2013, p. 85) within developing nations.

However, given the reservations regarding the voluntary nature of SRP, Belal et al., (2013) suggested that there is a need for more empirical evidence to expose the lack of transparency and incompleteness in such disclosure practice. According to them, one of the key functions of social accounting practice is to expose the inherent conflicts in commercial activity (please also see Spence, 2009). Rather than merely critiquing corporate social accounting, Spence (2009) draws attention to the potential of some social accounting projects in exposing the conflicts in current modes of economic organization. This study aims to highlight some of these challenges and tensions from the context of developing country. Laine (2009a) has nicely encapsulated the importance of undertaking research under the broader canvas of social accounting in the following quote:

Business has long developed ever new types of social and environmental reporting and the trend is likely to continue. In this process the state-of-the-art model is always claimed to be the transparent, open and honest procedure disclosing corporate deeds with great promptness. So far, research has repeatedly shown that this has not been the case.

One of the major objectives of this study is to show whether or not this is the case with sustainability reporting based on an in-depth case study approach. The next part of this chapter reviews some of the relevant literature on reporting practices within the broader SEAR literature.

3.3 Research within Developed Countries

Social accounting research first became established as a substantial discipline in the 1970s (Mathews, 1997). During the 1970s and 1980s, most of the studies in the SEAR area were concentrated on developed countries (see, for example, Dierkes and Preston 1977; Trotman 1979; Ernst and Ernst 1978; Hogner 1982; Guthrie 1983; Guthrie and Parker 1989). The majority of these early studies sought to examine issues related to the nature and content of disclosures via content analysis (see for example, Guthrie 1982; Ernst and Ernst 1978). This research tradition continued intermittently throughout the 1990s (see for example, Gray et al., 1995a and 1995b; Adams and Harte, 1998; Buhr, 1998). However, in the late 1990s some researchers began to produce a steady stream of well-designed studies by employing a number of theories (such as stakeholder theory, political economy theory and legitimacy theory). These theories were employed with the aim of explaining rather than simply describing the reporting practice (Owen 2008).

Since the 2000s leading researchers in SEAR³³ (Gray 2002, Parker 2005, Owen, 2008) have called for more 'engagement based' research to get more in-depth understanding of reporting practices within organisations. Partly as a response to these calls, there has been a steady increase in the number of 'engagement-based' studies in recent years to examine different aspects of reporting practices. One significant area of research is the investigation of corporate motivations behind social reporting practice (see, for example Adams, 2002; O'Dwyer, 2002; Buhr, 2002; Deegan, 2002; Campbell, 2004; Contrafatto, 2009). This area of research has suggested multiple corporate motives including concern for managing stakeholders (see, for example, Arnold 1990; Tilt 1994; Deegan and Blomquist 2006), securing legitimacy (see, for example, Adams, 2002; Buhr, 2002; Deegan 2002; O'Dwyer 2002) and managing reputational risk (see also Contrafatto 2009; Georgakopoulos and Thomson, 2008). According to Belal and Owen (2007, p. 474), the perceived need to improve corporate image has largely driven the reporting practice, rather than 'any desire on the part of corporate management to be transparent or socially accountable per se'.

While the above researchers consider the managerial perspectives, some researchers consider the normative or ethical perspective. These groups of researchers pursue

³³ SEAR stands for Social and Environmental Accounting and Reporting

their study to identify what organizations 'should do' to be ethical and accountable to wider stakeholder groups. Some prominent research in this particular area includes Cooper and Owen (2007), Cooper et al. (2003) and Lehman (2001, 1999 and 1995). Besides corporate motivation and normative perspective, few researchers have examined the influence of different contextual factors on the reporting practice (see for example Adams, 2002; Adams and McNicholas, 2007; O'Dwyer and Unerman, 2008 and Bebbington et al., 2009). However, they have been accused for examining reporting practice without making any reference to the internal context of the organizations (Adams, 2002). Several researchers have studied auditing issues (e.g. Darnall et al., 2009; Owen et al., 2000; Ball et al., 2000) – where they have shown the fragility of voluntary-based reporting practice and argued for standardized mandatory reporting framework. Other scholars have focused on interpreting and deconstructing the narratives of disclosures (see e.g. Tregidga and Milne, 2006; Buhr and Reiter, 2006; Livesey 2002; Laine, 2005, 2009b, 2010). These studies have shown how business has managed to appropriate the language of sustainability to suit its own purposes.

Many researchers in the field of sustainability reporting are motivated by a desire to see improvement in the sustainability performance of organisations (Adams and Larrinaga González, 2007). Some scholars have investigated the role of reporting practice in bringing some changes within the organizations (see for example Adams and McNicholas, 2007, Dey, 2007 and Larrinaga-González et al., 2001). However, there has been surprisingly little research into sustainability reporting process. Recently a small number of researchers have begun to examine the internal reporting process and the impact of reporting on organisational change (Adams, 1999, 2002; Larrinaga-González et al., 2001; O'Dwyer, 2002, 2003). However, researchers like Larrinaga-Gonzalez and Bebbington (2001) and Larrinaga-Gonzalez et al. (2001) have expressed their strong reservations about the impact of reporting practice on actual corporate priorities and associated behaviour. According to them, reporting practice seems to operate largely as an "agenda controlling" device, without causing much disruption to regular organisational activities.

A good number of studies have made important contributions to the SEAR literature in understanding the expectations and perceptions of different stakeholder groups (see for example, Deegan and Rankin, 1997; Azzone et al., 1997; Milne et al., 2000, 2001; Chan and Milne, 1999; Dawkins and Lewis, 2003; Deegan 1996; Tilt, 1994, 1997, 2004; Unerman and Bennett, 2004; O'Dwyer et al., 2005b; Deegan and Blomquist

2006; Deegan et al., 2000 ; Coopers and Lybrand, 1995). Whilst most of these studies have taken a managerialist perspective, they provided less insight into non-managerial stakeholders' perspective on reporting practice (see Tilt, 2007; O'Dwyer et al., 2005a, 2005b). Owen et al., (2000) criticized this manager centric approach to reporting and argued for enhancing the voice of non-managerial stakeholder groups in the development of social reporting practice (see also, O'Dwyer 2002; Owen et al., 2001; Unerman and Bennett, 2004; Cooper and Owen, 2007).

There is also a dearth of studies exploring the role of stakeholder engagement and dialogue in the sustainability reporting process (e.g. Thomson and Bebbington, 2005; Unerman and Bennett 2004; Owen et al. 2001; O'Dwyer 2005a; and O'Dwyer et al. 2005a). Thomson and Bebbington (2005), Swift et al., (2001) and Unerman and Bennet (2004) discussed about the effectiveness of different stakeholder engagement mechanisms. The findings of O'Dwyer (2005) points out senior management's systematic strategy of denying voice to key stakeholders (notably local communities in developing countries) in the stakeholder engagement process. Studies adopting a stakeholder perspective similarly point to an overall lack of corporate responsiveness to stakeholder needs, particularly those of economically weak stakeholders (O'Dwyer et al., 2005a; Unerman and Bennett, 2004). Another study conducted by Owen et al., (2001) examined managerial attitudes towards the overall process of stakeholder engagement. They argue that for stakeholders to be truly empowered in terms of holding corporate management accountable administrative (reporting) reform must be accompanied by institutional reform offering more participatory forms of corporate governance.

While the above studies discuss different perspectives of research within the broader discipline of SEAR, there still remains a lack of research that aims to understand the views of non-managerial stakeholders or the role of stakeholder engagement in the reporting process. It is also clear from the above discussion that relatively few studies are available on the reporting process even from the context of developed countries. Moreover, only a limited number of studies have attempted to understand organisational performance and integration issues in reporting practices.

There are several review papers which collated previous social reporting literatures, explored historical development and raised interesting questions (See Mathews 1997; Parker 2005; Deegan and Soltys, 2007, Owen, 2004, 2008). These reviews provide useful insights of reporting practice mainly from the perspective of developed

economies. This doctoral research is set within the socio-economic context of Bangladesh. As the context of the study is based on a developing country, a review of relevant studies within this context of developing countries in general and Bangladesh in particular is provided next. It is important to note here that this study only provides a partial understanding of the social and environmental accounting practices of organisations operating in developing countries. To get an overview of developing countries' studies, review papers Belal and Momin (2009) and Islam (2010) can be consulted.

3.4 Research within Developing Countries

Whilst there has been a great deal of research into reporting and accountability related practices of organisations operating in developed countries, there is relatively limited research on such practices from the context of developing countries (Belal and Momin 2009; Islam 2010). Research studies in the broader SEAR area started during 1970s in the developed countries; whereas this research trend emerged and developed amongst developing countries mainly in the late 1990s and early 2000s (with notable exceptions of Singh and Ahuja 1983; Teoh and Thong 1984; Andrew et al. 1989). Like developed countries (Brockhoff, 1979; Ernst and Ernst 1978; Trotman, 1979; Guthrie 1982), early studies of developing countries (e.g. Hegde et al. 1997; Disu and Gray 1998; Kisenyi and Gray 1998; Tsang 1998; de Villiers 1999; Williams 1999; Imam 1999, 2000; Lodhia 2000; Belal 2000, 2001; Newson and Deegan 2002) were mainly descriptive in nature. Most of these studies used content analysis method to measure the volume and extent of the disclosures (Belal and Momin, 2009).

These developing countries' studies were different from the contemporary research undertaken in the developed countries for being unable to provide contextually and theoretically rich analysis. Most of these early studies provided indirect explanations of the reasons behind social disclosures by simply counting the disclosures and describing the practice (Belal and Momin, 2009). While the application of content analysis still continues (please see, Lodhia 2003; Kuasirikun and Sherer 2004; Gao et al. 2005; Xiao et al. 2005; Haniffa and Cooke 2005; de Villiers and van Staden 2006; Naser et al. 2006; Kamla 2007; Belal 2008; Belal et al., 2010; Mahadeo et al., 2011; Soobaroyen and Ntim 2013, Kamal and Deegan 2013), since mid-2000s research studies have moved on to using more direct methods such as in-depth interviews for understanding managerial motivations for such disclosures (please see Rahman et al.,

2004; Belal and Owen 2007; Islam and Deegan 2008; Islam and Deegan 2010; Belal and Cooper 2011; Beddewela and Herzig 2013; Momin 2013). While early research on developing nations did not provide a notable contribution in terms of research methods and theoretical frameworks, these recent studies provide a significant contribution from both dimensions (Islam, 2010).

These latest studies found that reporting agenda in developing countries is largely driven by external pressures from powerful international agencies like the World Bank and International Monetary Fund (Rahaman et al., 2004), international market/buyers (Belal and Owen, 2007; Islam and Deegan, 2008, Belal and Robert 2010) and parent companies (Belal and Owen, 2007, Beddewela and Herzig 2013). However, in most of these studies, the corporate motivation for engaging in reporting and socially responsible practices were largely found to be driven by the 'business case' or 'legitimizing agenda', where organizations are concerned with managing powerful stakeholder groups 'rather than any real desire to promote ideals of transparency' (Belal and Owen 2007, p. 475; please also see Owen et al., 2001; Soobaroyen and Ntim 2013). The findings of the above studies also suggest the corporate motivations in developing countries are somewhat different from corporate motivations in the developed countries (Belal and Owen, 2007). For example, in the developed countries, the pressures usually appear to come from the media (Brown and Deegan, 1999), NGOs/pressure groups (Deegan and Blomquist, 2006; Tilt, 1994), investors (Friedman and Miles, 2001) and regulation (Larrinaga et al., 2002) - which stands in sharp contrast with the nature of pressures evidenced in the developing countries (Belal and Roberts, 2010).

While we know about the activities of MNCs in developed countries we know very little about their activities in developing countries (e.g. Islam and Deegan, 2010; Beddewela and Herzig, 2013). Islam and Deegan (2010) interviewed senior executives from BGMEA to obtain insights into the various social pressures perceived by them. In a more recent study, Beddewela and Herzig (2013) interviewed a set of corporate managers of the Sri Lankan subsidiaries of multinational corporations (MNCs) to explore the challenges of reporting practice in a developing country. They have showed us that there was a lack of comprehensive and transparent social reporting and that the concerns of the local stakeholders were ignored due to the challenge of institutional duality. The findings of Buccina et al.'s (2013) study also revealed that how a parent company, headquartered in the United States, managed its obligations in less developed countries with little concern for local stakeholders. However, none of

above studies tried to capture the views of the MNCs manager through a direct research method such as interviews.

In relation to the above findings, Belal and Owen (2007) have expressed their concern about the passive compliance with the externally imposed reporting and other practices without taking into consideration of the local context. Externally imposed certifications and guidelines have their own limitations (please see Moneva et al., 2006; Vogel 2010) and thus Belal and Owen (2007) expressed their reservations regarding the effectiveness of such externally imposed practice in achieving corporate transparency and accountability (Medawar, 1976). They are also uncertain about the usefulness of such practice in responding to the needs of less economically powerful stakeholders. They suggested that there is a need to conduct further research to explore whether reporting and other business practices in developing economies is emerging in a Western fashion (an imposition from West) or as an agenda tailored to the realities of developing countries' local contexts.

In the above situation, Tsang (1998) has warned against the danger of generalising and applying the research findings of developed countries to developing countries due to the difference in their stage of economic development. Reed (2002) also pointed out that about the possible differences in corporate responsibilities and stakeholder relationships between developed and developing countries. Several other scholars (Perera and Mathews, 1990; Mathews, 1993; Belal and Roberts 2010) have also emphasized the existing historical and socio-economic differences between developed and developing countries. Due to these differences, Gray et al., (1997) called for a deeper explanation of reporting and accountability practices from the own socio-cultural and political context of the developing countries (see also Gray and Kouhy, 1993).

While prior studies mostly focus on the motivations for disclosure, very few of them explored stakeholder perspectives on social reporting and accounting practice. Naser and Baker (1999) explored the perceptions of four user groups (namely public accountants, academics and government officials and finance managers) using a questionnaire survey. They found that most Jordanian companies did not make social disclosures primarily due to the lack of mandatory requirements. In a later study, Al-khater and Naser (2003) examined perceptions of another four user groups (namely accountants, external auditors, academics and bank officers) in Qatar. Similar to the

findings of Naser and Baker (1999), they indicated a demand for legally required social and environmental disclosures.

Two other studies (Lodhia, 2003; Kuasirikun, 2005) have examined perceptions of accounting and accounting-related professionals towards social and environmental accounting in Fiji and Thailand respectively. The study of Lodhia (2003) reported a lack of involvement of Fijian accountants in social and environmental reporting activities – which he attributed to the lack of expertise of the accountants in social and environmental matters as well as to the voluntary nature of the reporting practice. In another study, Kausirikun (2005) examined the attitudes of Thai accounting professionals to social and environmental accounting, using a combination of questionnaire and interview methods. The findings of Kausirikun (2005) show that there is an overall positive but dormant attitude towards social and environmental accounting among accountants, auditors, and accounting-related professionals. Some of the studies argued for substantive regulatory and policy changes requiring companies to take more responsibility for their operations in developing countries (see Kuasirikun 2005, Tsoi 2010, Belal and Roberts 2010; Beddewela and Herzig, 2013). In this regard, Belal and Roberts (2010, p. 322) suggest for making at least the ‘core provisions’ of social and environmental issues mandatory.

However, in the current state of corruption and weak legal enforcement within these countries, Belal et al., (2013) expressed their reservations about the prospects of mandatory reporting in bringing desired changes in the reporting and accountability practice. Given their reservations concerning mandatory disclosures, they have suggested researchers further incorporate the views of civil society and NGOs to expose the lack of transparency and incompleteness in such disclosures. Belal et al., (2013) suggested researchers can capture alternative viewpoints to provide counter perspectives to the extant dominant corporate discourse. From the above description of stakeholder perception based studies, it is observed that developing countries’ researchers have not yet sufficiently examined perceptions of poor and marginalized stakeholders directly (please see Deegan and Islam 2009; Belal and Roberts 2010; Momin, 2013 and Belal et al., 2015a). Thus, further study is required to capture the perspectives of poor and less powerful stakeholders (such as local communities and workers) from the context of developing countries.

Given the importance of stakeholder engagement in contemporary reporting literature in the developed countries (e.g. Thomson and Bebbington, 2005; Unerman and

Bennett 2004; Owen et al. 2001), research studies from developing countries have remained generally silent in supporting (or rejecting) the necessity of such exercise. When the influence of SE on reporting agenda is increasingly becoming important to corporations, it is important to find out why such engagement process is, or is not, taking place in the developing countries. In absence of such engagement process, more research is needed to find out how corporations in the developing countries are aligning their practice with stakeholders' expectations.

Consistent with the broader literature on SEAR in developing countries, research studies in Bangladesh started in the late 1990s. Most of the early studies were descriptive in nature and limited to measuring the volume of disclosure using content analysis (see Belal 1997, 2000, 2001; Imam 1999, 2000; Uddin et al., 1999; Hossain 2005; Rahman and Muttakin, 2005; Shil and Iqbal, 2005). Content analysis based studies still dominate the SEAR research area of Bangladesh as evidenced from recent empirical studies (please see Dutta and Bose, 2007; Sobhani et al., 2009, Khan et al., 2009; Belal et al., 2010; Khan et al., 2011, Kamal and Deegan 2013). Subject to certain exceptions (see for example, Belal et al., 2010; Kamal and Deegan 2013), these studies provide little emphasis on the contextual issues of Bangladesh. Though interest in social and environmental reporting by corporations has increased in Bangladesh, the level of reporting is still poor compared with that in developed countries (Belal, 2001, 2008; Belal and Owen, 2007; Imam, 1999, 2000; Islam and Deegan, 2008; Sobhani et al. 2009). Against this background, several scholars (Belal and Momin 2009; Islam and Deegan 2008) have called for more direct engagement-based studies by using primary data (for exception, please see, Belal and Roberts, 2010; Belal and Cooper, 2011; Islam and Deegan, 2008; Belal et al., 2013; Belal et al., 2015a; Belal et al., 2015b; Belal and Owen 2015).

Finally, it can be argued that SEAR research in developing countries is lagging behind that undertaken in developed countries in terms of conducting well-designed engagement based study (with few notable exceptions) and applying rigorous theoretical frameworks. A good number of prior studies mainly examined the content and quantity of the disclosed information. However, in recent times, the scope of engagement based study in the developing countries has started to expand with outstanding contributions from a small number of researchers (see, for example, Rahaman et al. 2004, Belal and Owen, 2007; Belal and Roberts, 2010; Belal and Cooper, 2011; Islam and Deegan, 2008; Islam and Deegan, 2010; Beddewela and Herzig 2013, Momin, 2013). With notable exception such as Rahaman et al. (2004),

Belal et al. (2015b) and Belal and Owen (2015), there has also been a distinct lack of case study based research within developing countries. The next section specifically discusses the research gaps in the current literature and possible contribution that this thesis aims to make.

3.5 Gaps in the Current Literature and Proposed Contributions

3.5.1 Engagement Based Study/Case Study Approach

Leading researchers in SEAR³⁴ (Gray 2002, Parker 2005, Owen 2008) have called for more engagement based research in order to get more in-depth understanding of social reporting practices within organisations. Gray (2002) used the term 'engagement based study' to refer to those research studies that involves managerial groups for unveiling actual managerial purposes that lie behind the production of social and environmental reports. Owen (2008) has further extended the term by suggesting researchers to engage stakeholder groups in their research initiatives (Islam, 2010). There exists a general lack of engagement based research that specifically explores both management and stakeholders' perceptions about reporting practices within the context of developing country (Belal and Momin 2009). This study seeks to remove that void partly by engaging both managers and stakeholders in the research process through intensive fieldwork. As opposed to the previous predominant emphasis on descriptive content analysis in studying SEAR issues within developing countries in general, and Bangladesh in particular, this study employs an engagement based approach in order to gain a deeper understanding of various aspects of the social reporting process and other business practices.

According to Belal and Momin (2009), there is further scope for a contribution in this regard particularly through rigorous case studies, illustrating the 'why' and 'how' of social reporting practice in organisations. Hopwood (2009) has also called for detailed case studies of social reporting practices to shed light on the underlying 'variety of motives' (p.438) in the production of such reports. While he acknowledged the difficulties of gaining research access to the case company, he urged researchers to make serious attempts for undertaking challenging case studies. However, the examples of such case studies are few in social reporting area (Belal and Momin 2009). Notable case studies include: Landcare Research, New Zealand (Bebbington

³⁴ SEAR stands for Social and Environmental Accounting and Reporting

and Gray, 2001 11); ASES, Spain (Larrinaga-Gonzalez and Bebbington, 2001); Irish Agency for Personal Service Overseas (APSO) (O'Dwyer, 2005); UK's fair trade organisation - Traidcraft (Dey, 2007); Amnesty International, Ireland (O'Dwyer and Unerman, 2008); Total SA, France (Cho, 2009); BETA, Italy (Contrafatto, 2014); Volta River Authority, Ghana (Rahaman et al., 2004) and ABC Corporation, Bangladesh (Belal and Owen, 2015).

These much needed case studies provide valuable insights into social and environmental accounting practices within the above mentioned organisations. However, it is important to note here that very few case studies were undertaken in the context of traditional commercial organizations (except Cho's study on Total SA, Contrafatto's study on BETA, and Belal and Owen's study on ABC corporation) or in the context of developing countries (except Rahman et al., 2004 and Belal and Owen, 2015). While social and environmental reporting is becoming a mainstream issue for listed multinational companies, considerably less attention has been directed at understanding and explaining the engagement of privately owned organisations in voluntary reporting or other sustainable initiatives (Islam and Wise 2012).

O'Dwyer (2005, p.292) argued for case study based research because of its potential to 'provide critical evidence of how a conception of social accounting can be emasculated by management and designed to organisation as opposed to broad stakeholder interests'. According to him, there is an urgent need to examine social accounting practices from the perspective of the corporate world using case studies. According to Belal and Owen (2015 p. 3) - 'such necessity is even more significant in the context of Bangladesh where regulation and policy development is weak, civil society is underdeveloped and public awareness is low'. From the Bangladeshi context Belal (2008) and Belal and Momin (2009) made a specific call for such case studies. This study responds to that call. This type of research access is typically rare in the context of a developing country in general and RMG sector in particular – which was obtained after making several unsuccessful attempts.

This study contributes to the broader SEAR literature in a number of ways. Firstly, it provides much needed empirical evidence of social reporting practice from the perspective of a private commercial organisation operating in a developing country. After Belal and Owen (2015), this is second study that employs an intensive field work based qualitative case study approach (Creswell, 1998; Silverman, 2011), using multiple sources of evidence from a series of in depth interviews, focus group

discussions, casual conversations and documentary analysis to validate its findings. It is important to note here that, Belal and Owen's (2015) study is based on a tobacco company, whereas this study is based on a RMG manufacturing company.

3.5.2 Answering the 'How' question

Although SEAR researchers have provided different explanations behind the adoption of social and environmental reporting practice, they have devoted relatively less attention to the corporate processes underlying social and environmental accounting and reporting (Adams and Larrinaga-Gonzales, 2007). Only a few studies (please see, O'Dwyer, 2005, Contrafatto, 2014, Bebbington et al., 2009) have explored such issues from the context of developed countries. According to Adams and Larrinaga-Gonzales (2007), there is still a lot to be understood about the organizational dynamics and internal processes that influence the initiation and implementation of sustainability reporting and other business practices. They have called for further research on the reporting process to critically evaluate the efficacy of the reporting function (Thomson and Bebbington, 2005; Adams and Larrinaga-González, 2007).

There is a general lack of research which directly seeks the views of management about how organizations actually produce the report or how they carry out their stakeholder engagement process. For example, while stakeholder engagement is considered as a crucial element of sustainability reporting process, very few studies have explored the role of stakeholders' engagement and dialogue in the production process of sustainability reports (see, Thomson and Bebbington, 2005; Unerman and Bennett 2004; Owen et al. 2001; O'Dwyer 2005; and O'Dwyer et al. 2005a). This lack of research is particularly apparent in the extant literature from developing countries. In an attempt to address this gap, the present study tried to gain insights by interviewing corporate managers of CC to understand the organizational dynamics behind the reporting process, by interviewing corporate managers of the case company to understand organizational dynamics behind such process. While most of the previous studies focused on examining the 'why' part (i.e. underlying corporate motivations behind such adoption), this study focused on exploring the 'how' part as well (i.e. report preparation and production process). This study also explored other sustainable business practices to understand the reasons behind their initiation and implementation as well as their impacts on actual corporate behaviour.

3.5.3 The RMG Sector

A review of prior studies shows that RMG companies have been mostly kept aside from SEAR research area (for exception, Belal and Owen 2007, Islam and Deegan 2008, Kamal and Deegan 2013). This lack of research takes on special significance because of RMG sector's distinct social, environmental and economic influence on the developing countries. No known comprehensive study has so far been taken to obtain a detailed understanding behind a RMG company's reporting and other related sustainability practices within the context of developing countries in general and Bangladesh in particular. For example, Belal and Owen (2007) conducted interviews with 23 corporate managers from a wide variety of industrial sectors back in 2001/2002 - where only 3 managers out of 23 were from garments and textile industry. Their paper gave an overall view of organizational motivation behind social reporting in Bangladesh; however, it did not particularly focus on the RMG sector.

Islam and Deegan (2008) interviewed senior executives from BGMEA to determine the pressures on them exerted by stakeholders, in terms of their social and environmental performance. In that study, BGMEA was at the centre of their analysis. BGMEA is a business association which represents the export oriented garment companies in Bangladesh. It is not a garment company itself. Therefore, from this study, it is not clear to what extent pressure perceived by BGMEA actually drives disclosure and other social policy of an individual garment company (Belal and Momin 2009). Finally, the recent study by Kamal and Deegan (2013) looked at the social and environment related governance disclosure practices of selected garment companies, using content analysis method. Rather than focusing on the industry level analysis like Islam and Deegan (2013) and Kamal and Deegan (2013), this thesis has restricted its investigation to a particular garment manufacturing company to delve more deeply into the reporting and sustainable business practices. No such study of this nature (i.e. case study) within a developing country is known to exist.

3.5.4 Theorisation

SEAR studies from developing countries has been reported under theorised by Belal and Momin (2009). According to them - only a handful of recent studies (10 out of the 41 studies) used specific theories to interpret the findings. The same observation has also been made by Islam (2010 16). Among the employed theoretical perspectives, legitimacy theory appears to be the most popular in SEAR research area. Many

researchers from both developed (e.g. Deegan, 2002; Deegan et al., 2002, Campbell, 2004) and developing countries (de Villiers and van Staden, 2006; Haniffa and Cooke, 2005; Newson and Deegan, 2002; Tsang, 1998) have used legitimacy perspective.

As further discussed in Chapter 4 this thesis is predominantly informed by institutional theory. While institutional theory has broadly been used by management accounting researchers (please see, Vaivio, 1999; Vámosi, 2000; Scapens, 2006, Soin et al., 2002) it has also been utilized by SEAR researchers to develop deep insights about the influence of social context in initiating and implementing disclosure practice (please see, Milne and Patten, 2002; Kolk 2005; Ball, 2005, 2007; Larrinaga, 2007; Laine, 2009b; Bebbington et al., 2009; Contrafatto, 2014). Most of the above studies have primarily used the 'isomorphism' concept of institutional theory to explain how the influence of social context affects organisational decisions to produce social reports, mainly from the context of developed countries. The use of institutional theory is very limited in the context of developing countries (exception Rahaman et al., 2004; Islam and Deegan, 2008). In particular, there is minimal research that applies the concept of 'ceremonial conformity' from institutional theory (suggested by Meyer and Rowan 1977) to explain the motivations for social disclosure practices.

In addition to institutional theory, this study –employs resource dependence theory to explain CC's SBPR adoption practice. Researchers have often combined theories to explain organizational behaviour because of some commonality and complementary characteristics among the theories (Gray et al., 1995a). It is important to note that joint consideration of these two theories are very occasional in the same empirical study (see for example, Carpenter and Feroz 2001; Oliver 1990; Oliver 1991). In doing so, this study responds to the call of Belal and Momin (2009) by providing a theoretical offering based on a rich empirical dataset to the existing SEAR literature from the context of a developing country.

3.5.5 Stakeholders' Perceptions

While prior studies mostly focus on understanding managerial motivations for social and environmental disclosure (Islam, 2010); very few of them explored stakeholder perceptions. Managerial perspectives are still dominant in the SEAR literature. SEAR Researchers (e.g. Tilt 1994, 2004; O'Dwyer et al., 2005a) have specifically emphasized the need to examine the perspectives of non-managerial stakeholders from developing countries to give voice to weaker stakeholder groups in the corporate

agenda. Very few studies have explored stakeholder perceptions from the context of developing countries (e.g. Naser and Baker, 1999; Al-khater and Naser, 2003;Lodhia 2003;Kuasirikun 2005).Only a handful number of studies have explored non-managerial stakeholder perceptions using interview methods(please see, Deegan and Islam 2009, Belal and Roberts 2010, Momin 2013, Belal et al., 2015a). Among these studies Belal and Roberts (2010) and Belal et al., (2015) examine the perceptions of a wide range of non-managerial stakeholders, Deegan and Islam (2009) examined the perceptions of both media and NGOs, while Momin (2013) only examined the perceptions of NGOs in the context of Bangladesh. While Belal and Roberts (2010) and Belal et al., (2015a) managed to interview a wide range of stakeholders, their papers did not contain direct insights from the vulnerable stakeholder groups.

Given the vulnerabilities of the developing economies, Belal et al., (2013) and Belal et al., (2015a) called for further academic research to gain insights from vulnerable stakeholder groups. This study responds to this call by capturing the views of poor communities and workers. In this way, it contributes to that relatively small body of SEAR literature. Its contribution mainly comes from a unique set of interviews - which include both managerial and non-managerial stakeholder participants. This multiplicity has helped the study to capture stakeholders' views from alternative perspectives. Such insights are very important but currently very limited in the recent SEAR literature (Belal et al., 2015a). One common limitation of all these previous studies is that they only capture the general concerns of the stakeholders. None of these papers tried to explore the specific expectations or concerns of the stakeholder groups in relation to a particular company or industrial sector. In contrast to the above studies, this study aims to capture the views of different stakeholder groups in relation to the case company and the RMG sector more generally. Moreover, none of the above studies examined the perceptions of managers and stakeholders in the same study in order to evaluate the usefulness of company's reporting and other sustainability practices in relation to respective stakeholders' expectations or concerns.

3.6 Conclusion

This chapter provides an overview of prior literature in the broader area of social and environmental accounting and reporting (SEAR).The review of prior research studies shows that the major contributions in the context of developing countries have been related to the area that looks at the direct (through interviews) and indirect (through

content analysis) motivations for and determinants of disclosure. Other important research areas such as the integration of reporting practice with other organizational processes, practices and performance - which have already been considered within the context of developed countries, are yet to be considered within the context of developing nations. After reviewing the SEAR discipline from the context of developing countries in general and Bangladesh in particular, it is argued that there is still a scarcity of research regarding the exploration of reporting process and stakeholder perception. It is argued here that previous studies have not paid sufficient attention to the adoption and implementation of SBPR concept. It is also important to note that both managers and stakeholders are not a homogeneous group and thus, their motivation and expectations for SBPR practice adoption can differ in significant ways. Therefore, further studies are required to explore the potential of SBPR adoption and implementation from the under researched context of developing countries with apposite theoretical rigour. The next chapter provides an overview of the theoretical framework adopted by this study.

Chapter 4: Theoretical Framework

4.0 Introduction

This chapter provides an overview of the theoretical framework adopted by the study. It draws mainly on management literature to explain why and how an organization seeks to align the perception of their adopted business practices with the values of the institutional environment, utilising the concepts of 'ceremonial conformity' and 'organizational interdependency' proposed by Meyer and Rowan (1977) and Pfeffer and Salancik (2003) respectively. In the proposed theoretical framework, institutional theory (IT) is used as the main theoretical perspective to understand the mechanisms through which an organization responds to institutional expectations.

Institutional theory has widely been used by accounting researchers (see for example, Carpenter and Feroz, 2001; Broadbent et al. 2001; Fogarty, 1996; Tuttle and Dillard, 2007, Islam and Deegan, 2008) to understand corporate behaviour and practice adoption. However, it has been used primarily by management accounting researchers (please see, Vaivio, 1999; Vámosi, 2000; Scapens, 2006, Soim et al., 2002, Tsamenyi et al., 2006). In recent years, SEAR researchers have started utilising this perspective to develop insights about how social context influences managers' choices when initiating reporting practice (please see, Kolk 2005; Ball, 2005, 2007; Larrinaga, 2007; Laine 2009; Bebbington et al., 2009; Contrafatto, 2014). Most of the above studies have primarily used the concept of 'isomorphism' to explain how the social context influences organisational decisions to produce social reports. Particularly, there is a lack of studies that consider the concept of 'ceremonial conformity' (suggested by Meyer and Rowan 1977) to explain the adoption practice.

Besides institutional theory, the proposed theoretical framework has also employed the resource dependency theory (RDT) to explain the influence of an interdependent relationship between IRs and suppliers on SBPR adoption practice in response to institutional pressures. Through joint consideration of these two theories, this study argues that institutional pressures drive, and dependence on the powerful actors for resources enables, 'ceremonial adoption' of a particular practice. Both theories broadly argue that the institutional environment imposes constraints on organizations that affect why and how an organization adopts a particular practice. As argued by Pfeffer and Salancik (2003), institutional theory began much like resource dependence with

an emphasis on the effects of the social environment on organizations. The principal difference between these two theories is their relative emphasis on the material conditions of environments as contrasted with cultural norms, values and social expectations. According to Pfeffer and Salancik (2003), institutional theory tends to downplay the potential for strategic choice and to accept social rules and norms as taken-for-granted, whereas the resource dependence perspective tends to focus on the exchange relationship (Pfeffer and Salancik 2003). Both theories place greater emphasis on environmental relations and influences as determinants of organizational behaviour such as sustainability reporting. The following paragraphs provide a brief discussion on two different conceptualizations of the relationship between organisations and the environment.

4.1 Organization and its Environment: The First Approach

In the first approach, i.e. the resource dependence perspective, the environment is conceptualized in terms of other organizations with which the focal organization engages in a direct exchange relationship (Levine and White, 1961; Thompson, 1967; Pfeffer and Salancik, 1978). In this perspective, organizations are viewed as embedded in networks of interdependencies and social relationships (Granovetter, 1985). According to this perspective, the need for resources (which can be financial, physical or even legitimacy) make organizations potentially dependent on the providers of these resources (Pfeffer and Salancik 2003). RDT argues that some organizations have more power than others because of the particularities of their interdependent relationship. 'Interdependence' is an important concept in organizational studies, as it can impact the ability of the organization to achieve its desired outcomes. Pfeffer and Salancik (2003, p. 40) define 'interdependence' in the following way:

“In social systems and social interactions, interdependence exists whenever one actor does not entirely control all of the conditions necessary for the achievement of an action or for obtaining the outcome desired from the action.”

In the current research context, IRs and their suppliers are interdependent, as the 'sale of garment' depends on the activities undertaken by each party. In this interdependent relationship, the output of one party [supplier] is used as the input for the other party [IR]. However, the nature of the interdependent relationship between IRs and suppliers is not symmetric or balanced. Here, the interdependence provides one organization with power over the other and creates asymmetry in the exchange relationship (Pfeffer

and Salancik, 2003). In this kind of interdependent relationship, some net power accrues to the less dependent organization (in this study context, IRs) – which is generally used to influence or constrain the behaviour of the more dependent one (in this study context, suppliers). The potential for one organization to influence another derives from its discretionary control over resources needed by that other and the other's dependence on the resource and access to alternative form of resources (Pfeffer and Salancik 2003).

In organizational networks, few powerful organizations control critical resources that shape a firm's competitive positions (Marquis and Qian, 2014). For example, government through regulations or tax policies can favour certain regions (see Baron 1995, Schuler and Rehbein 1997). In the RMG sector, IRs can favour certain suppliers through preferential sales orders or some other forms of organizational support (by sharing knowledge, transferring technical know-how, financing joint initiatives etc.). When a particular business practice gets promoted and mandated by the IRs, suppliers feel obligated to adopt that practice because of their asymmetrical and hierarchical relationship. The notion of subordination and control is implied within the concept of interdependence (Kostova and Roth, 2002). In a buyer-driven value chain, IRs dictate the terms and conditions of the business deal. By rejecting IRs' requests, suppliers bear the risk of losing access to important resources and maintaining business stability.

This study does not attempt to understand the dynamics of the IRs' response to institutional expectations. That is beyond the scope of this study. Rather it tries to understand the dynamics of a supplier's response to IRs' pressures emerging from the institutional environment. It seems that the interdependence between IRs and suppliers affects suppliers' compliance with IRs' expectations and subsequently IRs' institutional legitimacy within their institutional environment (Meyer and Zucker, 1988; Rosenzweig and Singh, 1991; Zucker, 1987). In this study, RDT will help us to understand the relationship between IRs and suppliers when responding to the pressures emerging from the wider institutional environment. It is important to recognize here that suppliers' interdependent relationships with IRs may vary and that variation can influence their responses to IRs' expectations.

4.2 Organization and its Environment: The Second Approach

In the second approach i.e. the institutional perspective, the environment is conceptualized in terms of understanding the expectations of appropriate organizational form and behaviour that are shared by members of the society (Zucker, 1977, 1983). Such cognitive understandings constitute the institutional environment of organizations (Tolbert, 1985). Organizations experience pressures to adapt their structure and behaviour in line with the expectations of the institutional environment to secure legitimacy and to increase the chances of their survival (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). According to this perspective, organizations that adopt socially accepted structures, procedures or practices as response to the institutional pressures - are considered as appropriate or legitimate organization. Two influential papers by Meyer and Rowan (1977) and DiMaggio and Powell (1983) laid the foundation of institutional theory – which respectively emphasizes two particular dimensions of the institutional theory: ceremonial conformity and isomorphism.

Institutional theory has been widely used for studying the adoption and diffusion of organizational practices among organizations (e.g., Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Tolbert and Zucker, 1983; Scott, 1995). By acknowledging the influence of the institutional environment, DiMaggio and Powell (1983) argued that the similarity among organizations arises not because of competition or an objective requirement of efficiency, but as a result of an organization's quest to attain legitimacy within its wider environment (Mizruchi and Fein, 1999). They describe 'institutional isomorphism' as a process by which organizations tend to adopt the same practices and/or structures over time, in response to common institutional pressures (Carpenter and Feroz, 2001).

While both dimensions of institutional theory are capable of explaining practice adoption, in order to understand the motives, tensions and trade-offs behind the adoption and implementation of SBPR process, this study chooses to focus on the 'ceremonial conformity' perspective of institutional theory, rather than the institutionalization process³⁵ of SBPR. The concept of ceremonial conformity has been at the core of Meyer and Rowan's (1977) argument –according to which they argue

³⁵ Scott (2005) defined institutions as “cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott 2001; see also, Scott 1995, p. 33). They define institutionalization as the process, “by which a given set of units and a pattern of activities come to be normatively and cognitively held in place, and practically taken for granted as lawful” (Meyer et al., 1994, p. 10).

that it allows organizations to conform to the institutional expectations while taking care of conflicting demands. The following section provides a detailed discussion on Myer and Rowan's (1977) theoretical argument.

4.3 Elaboration of Myer and Rowan's (1977) theoretical argument

Meyer and Rowan (1977) argue that organizational actions/practices are shaped by the institutional environment, rather than by instrumental calculations. Other institutional theorists support their view and further opine that organizations can increase their legitimacy and survival prospects by conforming to the structure, policy, programme, and practice imposed by their wider institutional environment which are often dominated by significant external stakeholders (Scott, 2001). However, conformity to the prescription of the institutional environment often creates conflict with efficiency criteria and/or technical-competitive criteria and vice versa (Meyer and Rowan, 1977). To avoid this conflict, organizations ceremonially conform to institutional prescription using two strategies – “decoupling” and “logic of confidence” (also known as trust building) to shield their actual work activities with the help of symbolic management (Pfeffer, 1981; Elsbach and Sutton, 1992; Zajac and Westphal, 2004).

Meyer and Rowan's (1977) theoretical argument depends on a model of the environment that consists of two dichotomous parts: the technical environment, which makes demands on organizations for efficiency; and the institutional environment, which makes demands for conformity to taken-for-granted institutional rules. According to Meyer and Rowan (1977), ceremonial conformity strategy utilises 'decoupling' and 'logic of confidence' to enable organizations to be responsive to both kinds of demands. For example, a study conducted by Meyer and Rowan (1978) has shown that schools could respond symbolically to institutional demand by adopting certain standards or curricula, while classrooms continue to be responsive to the technical environment (see also Rowan and Miskel, 1999). The main argument is that what organizations pretend to do may not be an accurate reflection of what they actually intend to do, but may nevertheless be viewed favourably by external stakeholders and hence bring about positive outcomes (Kim and Lyon, 2012).

Explanations of practice adoption have two major perspectives which have generated strong debate about organizational behaviour: one views organizations as rational

actors (Thompson, 1967; Blau and Schoenherr, 1971); whilst the other views organizations as captives of the institutional environment (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker 1982, 1983). Institutional studies particularly conducted in the late 1970s and early 1980s (e.g., Meyer and Rowan, 1977; Tolbert and Zucker, 1983; Zucker, 1983; Tolbert, 1985) moved away from the rational actor model. These institutional studies implicitly assumed that organizations passively adapt to institutional practice due to their taken-for-granted nature. These studies have stressed that many dynamics in the organizational environment stem not from technical or material imperatives, but rather from cultural norms, symbols, beliefs, and rituals. In this perspective, the notion of 'institutional legitimacy' lies at the core of the intellectual argument.

Both approaches have some important implications for an understanding of the practice adoption process, the first pointing to the need for utility or efficiency for adoption, the latter pointing to the need for legitimacy of the organization in the institutional field (Tolbert and Zucker, 1983). Scott (2005) has expressed concern about institutional theorists' particular focus on the institutional rules or legitimacy. This approach has invoked criticism for its focus on structures and homogeneity and its relative lack of attention to the role of interest and human agency in the practice adoption and diffusion process (DiMaggio, 1988). Scott (2005) conceptualizes the above studies as a "top-down" model of social influence. According to this view, organizations adopt practices that they "[. . .] believe their institutional environment deems appropriate or legitimate, regardless of whether these practices increase organizational efficiency or otherwise reduce costs relative to benefits" (Campbell, 2004, p. 18). Such rationalization assumes that practices are adopted intact by the organizations (Sahlin-Andersson, 1996; Zilber, 2002, 2006). Scott (2005) warns about the danger of engaging in 'mindless conformity' by focusing exclusively on the irrational and the superficial aspects of organization (p. 17). He further criticizes this kind of organizational conformity, which is mainly based on compulsion rather than a problem-solving approach.

Theoretical developments in institutional theory have raised questions about the above view of the environment's influence on organizations' activities (Coburn, 2004). According to Scott and Meyer (1983, p. 17) - "rational (or technical) performance pressures are not necessarily conflicting but somewhat orthogonal to institutional forces". Scott (1983, p. 17) further states that "all organizations confront both types of pressure, although the strength of these forces varies across organizational sectors".

While educational organizations are typically subject to institutional pressures, which are stronger than technical pressures, the reverse is the case for many industrial organizations (Scott 2005). Although the concept of rationality or interest has not been explicitly addressed by Meyer and Rowan (1977), it is tacitly embedded in their proposed 'ceremonial conformity' concept. If rationality (i.e. technical performance, business interest etc.) was not a concern, then they would not have suggested maintaining a loosely coupled organizational structure for on-going core activities. This study argues that under the ruling capitalist system the concept of rationality cannot be separated from the discussion of legitimacy. In the context of the RMG sector, if legitimacy is attained at the cost of efficiency or competitiveness, then the economic existence of RMG companies will be in danger.

The main focus of this study is to explore the practice adoption and implementation process of a case company. It does not focus on the institutionalization process of the practice itself. Although the process of institutionalization per se is not analysed, examination of how a practice adoption is affected by the cascaded-down institutional pressure and resource dependence can also provide theoretically interesting insights into the practice adoption and implementation process. The researcher has used the term 'legitimacy' quite frequently in this chapter. The following section provides further explanation of this term in order to familiarise readers with its application in the context of this study.

4.4 The concept of 'Legitimacy'

Social scientists have offered a number of definitions of legitimacy, with varying degrees of specificity. According to Suchman (1995), legitimacy is a socially constructed concept and hence he stresses its collective understanding. A legitimate organization is considered more worthy, meaningful, predictable, and trustworthy by the audience (Suchman, 1995). Attainment of legitimacy allows an organization to secure better access to resources and improves the exchange conditions with partners (Aldrich and Fiol, 1994; DiMaggio and Powell, 1983; Oliver, 1991; Pfeffer and Salancik, 1978). The literature on organizational legitimacy falls fairly into two camps: strategic and institutional (Suchman, 1995).

Work in the strategic tradition (e.g. Dowling and Pfeffer, 1975; Pfeffer and Salancik, 1978) views legitimacy as "an operational resource that organizations extract often

competitively from their environments and that they employ in pursuit of their goals"(Suchman 1995, p. 576). Legitimation, according to this view, is purposive and instrumental (Suchman 1995, p. 576). This legitimacy generally rests on the "self-interested calculations of an organization's most immediate audiences" (p. 578). In contrast to the strategic tradition, works in the institutional tradition (e.g. DiMaggio and Powell, 1983, 1991; Meyer and Rowan, 1991; Meyer and Scott, 1983; Zucker, 1987) depict legitimacy not as an operational resource, but as a set of constitutive beliefs (Suchman, 1988). In this tradition, "legitimacy and institutionalization are virtually synonymous" (Suchman, 1995, p. 576). Within this tradition, access to resources is not a major concern; rather it is considered a by-product of the process. Institutional theorists particularly emphasize symbolic over instrumental reasons for gaining legitimacy.

According to Suchman (1995), the distinction between strategic and institutional legitimacy is a matter of perspective, and sometimes these two types of legitimacy may "operate at cross-purposes" (p. 572). He further argues that "real-world organizations face both strategic operational challenges and institutional constitutive pressures, it is important to incorporate this duality into a larger picture that highlights both the ways in which legitimacy acts like a manipulable resource and the ways in which it acts like a taken-for-granted belief system (p. 577)". The conceptualization of these two types of legitimacy has strong relevance for this study. This study argues that SBPR adoption by suppliers has a connection with strategic legitimacy in the process of IRs' attempts to secure/protect their institutional legitimacy within the wider environment. This study prefers to employ the RDT perspective rather than strategic legitimacy to explain the influence of the IRs-suppliers' relationship on SBPR practice adoption. The researcher believes that RDT has greater potential to explain the asymmetrical and hierarchical relationship between two parties more clearly. In the following section, the concept of ceremonial conformity is introduced and explained as an organizational response in the face of multiple and conflicting pressures.

4.5 The concept of 'Ceremonial Conformity'

Martin et al., (2007, p. 722) define 'ceremonial conformity' as a superficial change in behaviour that does not result in any long-lasting changes in behavioural patterns. In 'ceremonial conformity' organizations ceremonially adopt certain institutional practices in order to gain legitimacy, as well as to reduce turbulence, maintain stability and

increase survival prospects (Dowling and Pfeffer, 1975; Meyer and Rowan, 1977). In ceremonial conformity or ceremonial adoption, an organization might adopt highly visible and salient features of a particular practice (e.g. SBPR) that are consistent with institutional expectations, whilst leaving unaddressed the core issues related to that practice (e.g. living wage, freedom of association etc.). Meyer and Rowan (1977, 1978) give examples of how schools have enhanced their legitimacy by adopting certain bureaucratic practices thought to be consistent with rational management (e.g., teacher certification, categorization of classes and students, registering attendance), but which have little effect on actual teaching practices.

According to Meyer and Rowan (1977), conformity to institutional pressures often creates sharp conflicts with technical-competitive criteria or business interests. Here, Meyer and Rowan (1977) do not properly clarify what they mean by the term 'conformity'. This study argues that substantive conformity to institutional pressures or practice creates conflict with technical-competitive criteria. To avoid such conflict organizations ceremonially conform to institutional pressure or ceremonially adopt an institutionalized practice. Here, ceremonial conformity allows organizations to conform to institutional expectations whilst also meeting technical-competitive criteria.

In the RMG sector, it is difficult for suppliers to adopt SBPR substantively or wholeheartedly as this often requires significant changes in core business policies and operations. Such an adoption process also requires substantive organizational commitments in terms of resource deployment and entails certain operational risks (Berrone et al., 2009). While substantive adoption improves an organization's sustainability performance, it causes negative impact on its organizational competitiveness. For example, curtailment of long working hours, approval for trade unions or introduction of the living wage would increase firm's operating costs, whilst reducing its organizational competitiveness, operational flexibility and profitability. On the environmental front, implementation of pollution prevention activities also requires expensive investment in cleaner technologies (Klassen and Whybark, 1999; Russo and Fouts, 1997). Deployment of these technologies is also highly complex and risky, as they require changes in systems, processes, and products (Aragon-Correa and Sharma, 2003).

In this study, "ceremonial conformity" as a theoretical construct has been used to examine a supplier's SBPR adoption practice as a response to cascaded-down institutional pressure. This study will particularly seek to explore how the desire of IRs

to attain institutional legitimacy creates conflict with a supplier's business interests, and how a supplier resolves this conflict with the help of a "ceremonial conformity" strategy. As suggested by Meyer and Rowan (1977), ceremonial conformity strategy requires deployment of two interrelated devices: 'decoupling' and 'logic of confidence'. The next two sections of this chapter will explain how, with the help of decoupling and logic of confidence, an organization can ceremonially adopt a practice in an effort to manage its relationship with important stakeholders, whilst making ceremonial compliance with the indirect (or cascaded down) institutional demands.

4.5.1 The concept of 'Decoupling'

Decoupling is a useful strategy for firms seeking to balance institutional demands and practical considerations (Meyer and Rowan 1977). In decoupling, a firm makes symbolic compliance with institutional demands without making substantive changes. Decoupling has been characterized as an organizational strategy that allows firms to maintain their 'legitimate status' (Berrone et al., 2009) through the separation of appearance from actual implementation. This study puts specific emphasis on an organization's external appearance (such as its public portrayal on its website or in its sustainability report). Decoupling entails an organization overemphasizing its positive aspects in order to mask its actual performance (Marquis and Qian, 2014). In this study, decoupling is defined as a situation where compliance with external expectations is mainly symbolic, and not effective (Fiss and Zajac, 2006).

According to Meyer and Rowan (1977, p. 353), the survival of some organizations depends on managing the relational demands, while others' survival depends more on institutional demands. Whether an organization's survival depends primarily on relational or on institutional demands determines the extent of decoupling, i.e. the tightness of alignments between its appearance and its work activities. An organization might face problems in executing a decoupling strategy if its success depends primarily on institutionalized rules (Meyer and Rowan, 1977). In such cases the demand for efficiency will create conflicts with the institutionalized rules. The second element of ceremonial conformity, 'logic of confidence', will be explained in the next section.

4.5.2 The concept of 'Logic of Confidence'

Meyer and Rowan (1977) have argued that in ceremonial conformity, stakeholders do not usually seek actual verification of the firm's claims; rather they accept them based on the 'logic of confidence'. To ensure the success of the ceremonial conformity strategy, organizations thus need to maintain high levels of confidence and trust among their stakeholders in order to continue their regular business activities or to pursue their own business interests whilst maintaining alignment with institutional prescription through symbolic facade. This symbolic facade includes the display of important features of adopted practice (in the case of SBPR a separate sustainability department or a fancy official designation) to build up positive perceptions amongst stakeholders without much substantive effect. This kind of exhibition is important to strengthen the confidence level of stakeholders, as it suggests to them that the organization is acting 'in a proper and adequate manner' (Meyer and Rowan 1991, p. 50). If stakeholders have strong confidence in an organization (i.e. positive perceptions), then it becomes comparatively easy for the organizations to sustain their ceremonial conformity strategy. Otherwise sceptical stakeholders may view the adoption of new practice as an indication of purely symbolic management.

It is argued that the sense of confidence and trust has more to do with organizational appearance than with demonstrations of actual organizational performance (Suchman 1995). Educational organizations, for example, demonstrate that they are "right for the job" by displaying the structural traits of a "modern school" - classrooms, certified teachers, grade-level progressions, rather than by adopting specific pedagogical procedures or producing specific student outcomes (Suchman, 1995). By displaying proper elements of institutional practice, organizations seek to convince their stakeholders to act in good faith. Failure to display proper elements of institutional practice can threaten the continued flow of support from the stakeholders.

According to Meyer and Rowan (1991), inspection and evaluation by stakeholders can detect inconsistencies and deviations, and thus organizations seek to minimize inspection and evaluation in order to sustain the confidence of their stakeholders (Meyer and Rowan, 1991). Rather they prefer to employ ceremonial evaluation criteria (such as awards, accreditation, certification etc.) or to associate with other legitimate actors, values, or symbols in place of inspection and evaluation by stakeholders. For example, by obtaining an ISO 14001 certificate an organization can signal to its stakeholders its sound environmental management system. In this way, stakeholders

are persuaded to believe in ceremonial façade based on the exhibited credentials of the organizations. They not only extend their support to organizational ceremonial façade but also commit themselves to ensuring things work out in the backstage. They engage in informal coordination, keep technical activities running smoothly and ultimately shield adopted practice from inspection and evaluation to avoid public embarrassment (Meyer and Rowan, 1977).

A key premise of institutional theory is that appearance, rather than a substantive conformity, is sufficient for the attainment of legitimacy (Oliver, 1991, p. 155). According to this view, substantive and symbolic management, proposed by Ashforth and Gibbs (1990) provide necessary support in operationalising a ‘decoupling’ strategy whilst maintaining stakeholders’ confidence and trust to achieve ceremonial conformity to institutional prescription without hampering organizational interests. The following section provides a brief discussion of these two concepts.

4.6 The Concept of ‘Substantive’ and ‘Symbolic’ Management’

According to Ashforth and Gibbs (1990), organizations seeking to legitimize their activities draw upon a wide variety of practices that range from substantive to symbolic. They define substantive and symbolic management as followings:

‘Substantive Management’ involves real, material change in organizational goals, structures, and processes or socially institutionalized practices. While in ‘Symbolic Management’, organization might simply portray or symbolically manage them so as to appear consistent with social values and expectations rather than actually changing it. (p.3)

As suggested by Ashforth and Gibbs (1990, p. 182), the objective of any symbolic or substantive activity is to foster the belief among stakeholders that the organization's activities and ends are congruent with stakeholders ‘expectations, values, and norms. Organizations generally prefer to offer symbolic assurance over substantive actions, since the former usually preserves more flexibility and requires less resource. Stakeholders, however, usually prefer the reverse (Ashforth and Gibbs 1990). According to the resource dependence perspective, the greater the power of the stakeholder, the more management is likely to offer a substantive rather than a symbolic response (Pfeffer and Salancik 1978). Therefore, substantive actions are more likely to occur if an organization wants to meet the performance expectations of

those societal actors upon which it depends for critical resources (Ashforth and Gibbs, 1990).

This study argues that, when properly balanced with substantive actions, the combined effects of substantive and symbolic actions may help organizations to achieve the necessary balance between conflicting pressures. According to Berrone et al. (2009), symbolic and substantive actions are actually complementary, and careful mixing of them can have distinctive effects on the target audience. Hence, skilful management and a discriminating awareness about which situations merit which responses are crucial to a successful execution of ceremonial adoption that combines both substantive and symbolic actions (Suchman, 1995).

Although prior literature typically treats symbolic management as dichotomous (actions are either symbolic or substantive), in practice it is difficult to assess the extent of symbolic management (Kim and Lyon, 2012 42). This study conceptualizes symbolic and substantive management within a continuum or range, rather than as a binary choice. In defining the extent of substantive and symbolic management within a continuum, this study considers the major determining factors to be the corporate motive, the amount of expenditure (e.g. cost of constructing a green factory), the level of impact in terms of addressing eco-justice (i.e. the extent of fairness in wealth distribution) and eco-efficiency issues (i.e. the extent of reduction of the ecological footprint). This study argues that symbolic management is not a cost-free activity (see Spence, 1973), rather it believes that organizations need to incur some additional expenditure in order to engage in ceremonial adoption in a credible way.

In ceremonial conformity, minimum compliance with institutional expectations can help an organization to obtain legitimacy while taking care of practical considerations (Berrone et al., 2009). Even to reach that 'minimum compliance' threshold, an organization needs to undertake some substantive actions to convince its stakeholders. According to Ashforth and Gibbs (1990), stakeholders are not simply passive consumers in the ceremonial adoption process. They can recognize symbolic management and subsequently discount such practices. Firms that operate in the highly risky and monitored sector (e.g. RMG) - are more susceptible to this. This study believes that execution of a ceremonial conformity strategy with the help of symbolic actions in isolation is not sufficient (Berrone et al., 2009). Meyer and Rowan (1977, p. 341) have also advocated a 'loosely coupled' rather than a completely decoupled structure. Therefore, complete decoupling as an effective strategy for achieving

ceremonial conformity (i.e. relying only on symbolic actions) is called into question in this study.

Prior research on decoupling has shown that the implementation of symbolic management is typically not monitored by stakeholders (Zajac and Westphal 2004). Introducing the idea of 'decoupling risk', Marquis and Qian (2014) contradict this view and argue that decoupling may cause huge reputational damage if organizations respond only symbolically to stakeholder's demands. In their view, complete decoupling from substantive actions may jeopardize firms' legitimacy if they get exposed. They quote the example on greenwashing, a decoupling strategy whereby firms overemphasize positive aspects of their environmental records to mask their actual performance. This strategy involves significant risks. Stakeholders do not hesitate to punish firms that are exposed as 'green-washers', even if their environmental performance is better than organizations that do not greenwash. It is also important to note that 'decoupling risk' depends to a great extent on the monitoring capacity of the stakeholders. Campbell (2007) argues that firms are more likely to act in socially responsible ways when stakeholders such as NGOs and the media monitor their behaviour. Studies have also shown that government monitoring can lead to higher rates of implementation of labour provisions (Dobbin et al., 2009) and environmental regulation (Short and Toffel 2010). Before moving to a conclusion, the following diagram summarizes the theoretical framework of the study.

4.7 Explanation of the Theoretical Framework

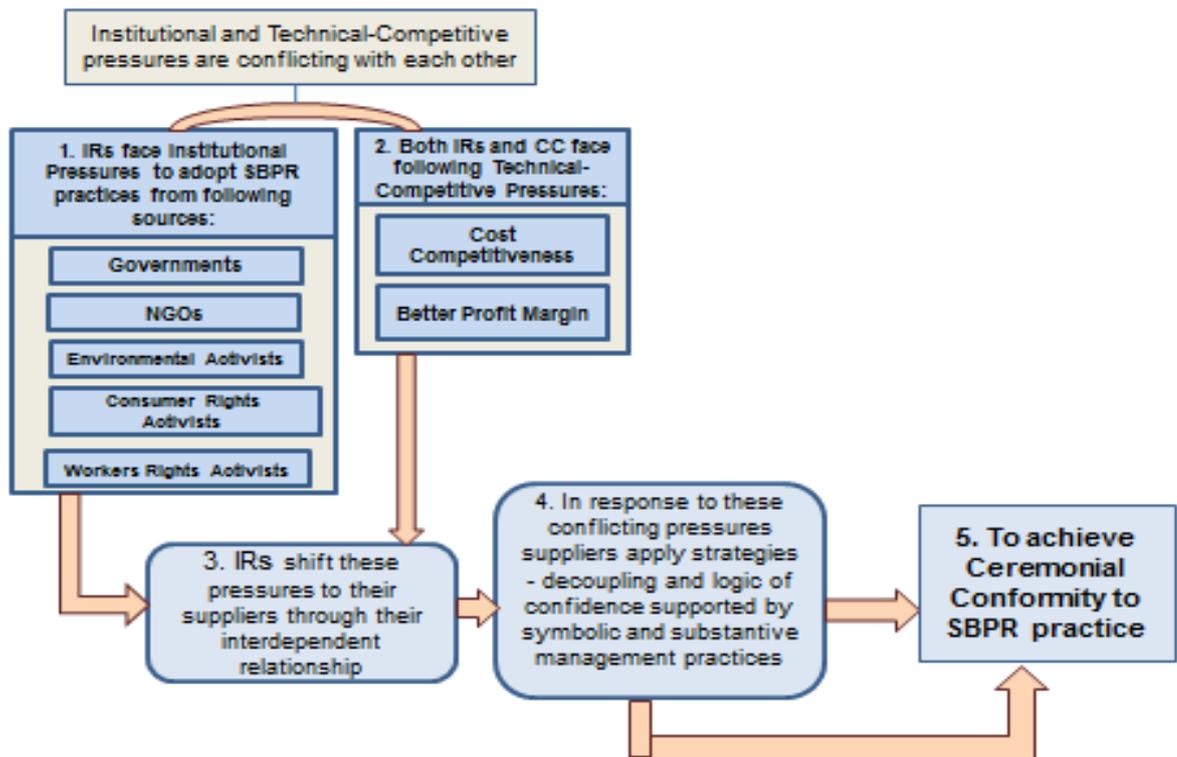


Figure 4.7: Theoretical framework of the study

Meyer and Rowan's (1977) theoretical argument depends on a model of environment that consists of two contesting parts: the technical part (see Box 2 in Figure 4.7) applies pressures on organizations for better technical performance, whereas the institutional part (see Box 1 in Figure 4.7) applies pressures for conformity to prescribed institutional practice. Both parts have important implications for any practice adoption process, with the first indicating the need for utility or efficiency for adoption, and the latter indicating the need for legitimacy in the institutional field (Tolbert and Zucker, 1983). According to Scott (1983, p. 17), organizations face both types of pressure, with the strength of these pressures varying across organizational sectors. In the RMG sector, IRs now prefer to conduct business with suppliers that provide SBPR practices, whilst remaining able to meet their low-price demands. The institutional pressure for SBPR practice adoption adds new complexity to existing technical-competitive pressures i.e. low-price demands. It is not clear which pressures are more prominent for suppliers: technical-competitive or institutional pressures. A key analytical task for the researcher here is to understand the dynamics of these pressures in the practice adoption process.

In addition to technical-competitive and institutional pressures, relational context (here, relational context implies the interdependent relationship between IRs and suppliers as seen in box 3) also plays an important role in the practice adoption process. According to Meyer and Rowan (1977) the survival of some organizations depends more on managing the demands of the institutional context, while the survival of others depends more on managing the demands of the relational context. In this present study, the institutional context has less impact on suppliers; whereas it has more influence on the IRs, as they are in direct confrontation with the institutional pressures. Suppliers get exposed to the institutional context and its associated pressures via their business dealings with IRs. In the RMG sector, the relational context exerts more influence on suppliers owing to their high level of dependence on IRs.

It is clear from the context chapter that IRs were pressurized by the expectations of the wider institutional environment to adopt sustainable business practices. However, as a powerful group they transferred a substantial portion of these expectations on to their suppliers (for this reason there is an arrow from box 1 to box 3 symbolising the transfer of these expectations). Suppliers' cooperation is crucial for IRs as they constitute a major part of IRs' supply chain operations. IRs mostly rely on suppliers to manufacture their products (Koplin, 2005; Jacobs, 2006). On the other hand, suppliers feel obligated to comply with these cascaded-down expectations in order to reduce uncertainty, maintain stability and to ensure access to critical resources (Dowling and Pfeffer, 1975; Aldrich and Fiol, 1994; Pfeffer and Salancik, 1978). This conformation generally rests on an exchange relationship based on its expected value to IRs (Suchman 1995). Here, the conceptualization of legitimacy, which is mainly strategic, acts more like a resource based on an exchange relationship - which has a direct link with resource dependence theory. This study employs an RDT perspective to explain the influence of the IRs-suppliers' relationship on the practice adoption process. The researcher believes that RDT has greater potential to explain more clearly the asymmetrical and hierarchical relationship between two parties in the practice adoption process.

This study argues that SBPR adoption by suppliers may be driven by the relational context in the process of IRs' attempt to protect their institutional legitimacy within the institutional environment (Meyer and Zucker, 1988; Rosenzweig and Singh, 1991; Zucker, 1987). In this study, the concept of "ceremonial conformity" is used as a theoretical construct to explain a supplier's SBPR practice adoption as a response to the indirect (or cascaded-down) institutional pressure. According to Meyer and Rowan

(1977), conformity to institutional pressures often creates sharp conflict with technical-competitive criteria. Here, Meyer and Rowan (1977) do not properly clarify what they mean by the term 'conformity'. Kostova and Roth (2002) defined ceremonial adoption as a relatively 'high level of implementation accompanied by a low level of internalization' (p. 220). They define implementation as the explicit behaviour of the organization, whereas they define internalization as the degree to which the adopting organization views the practice as valuable for the organization and becomes committed to that practice (Tolbert and Zucker, 1996, p. 177 cited in Kostova and Roth, 2002). In this study, the term 'substantive conformity' has been used to indicate high levels of both implementation and internalization. This study argues that substantive conformity to institutional pressures or practice creates conflict with technical-competitive criteria. To avoid this conflict organizations ceremonially conform to institutional pressure or ceremonially adopt an institutionalized practice. Here, ceremonial conformity allows organizations to accommodate institutional expectations whilst also meeting technical-competitive criteria.

Organizations employ two interrelated devices, 'decoupling' and 'logic of confidence', to achieve ceremonial conformity. These two tools allow organizations to achieve balance between technical-competitive and institutional pressures (Meyer and Rowan 1977). Previous studies have tended to mix up 'ceremonial conformity' with 'decoupling'. Ceremonial conformity cannot be operationalized simply by carrying out decoupling (Meyer and Rowan 1977). This important argument has also been overlooked in previous critical literature. According to Meyer and Rowan (1977), stakeholders do not usually seek verification of a firm's claims in ceremonial conformity; rather they believe the firm's claims are based on the 'logic of confidence'. In order to make a ceremonial conformity strategy successful, organization needs to maintain high levels of confidence and trust among the stakeholders when addressing the demands of the technical-competitive dimension, whilst at the same time maintaining alignment with institutional prescription. Ceremonial conformity is considered as the final outcome of the process (see Box 5 in Figure 4.7) – which depends on the successful execution of both decoupling and the logic of confidence strategies.

Symbolic and substantive management practices, proposed by Ashforth and Gibbs (1990) provide necessary support to both 'decoupling' and 'the logic of confidence' strategies aimed at achieving ceremonial conformity to institutional practice. However, the concepts of 'decoupling' and 'logic of confidence' do not indicate clearly whether it

requires only symbolic practices, or rather a combination of both practices, to sustain organizational external appearance in order to signal conformity (Scott, 2008) and to improve stakeholders' confidence. Organizations generally prefer to offer symbolic assurance rather than substantive management practices, since the former usually provides more flexibility and requires less resource, whereas stakeholders usually prefer the reverse (Ashforth and Gibbs 1990). According to the resource dependence perspective, the greater the power of the stakeholder, the more management is likely to offer a substantive rather than a symbolic response (Pfeffer and Salancik 1978).

In institutional theory, organizations are mainly considered as passive players (DiMaggio, 1988; Oliver, 1991; Scott, 1995), whose ability to respond rationally to institutional expectations has been largely undermined (Jamali, 2010). Scott (2005) has warned organizations of the danger of engaging in 'mindless conformity' (p. 17). This study argues that organizations might not simply respond to institutional pressures with passive compliance, but they could respond tactically by taking care of their own practical considerations (see Oliver, 1991; Scott 2005; Berrone et al., 2009). This study seeks to find out whether technical-competitive pressures can somehow still work in parallel with institutional pressures in shaping an organization's practice adoption process. By linking the resource-dependence perspective with institutional theory, this study further aims to improve our understanding of the influence of relational dynamics on the practice adoption process.

4.8 Conclusion

Contemporary research on organizations has produced a variety of theoretical perspectives, each pointing to different explanatory factors. Many researchers have often combined two or more theories to take advantage of their commonality and complementary characteristics. For example, Rahaman et al. (2004) use legitimacy and institutional theory, while Islam and Deegan (2008) use legitimacy, stakeholder and institutional theories. It is believed that joint consideration of resource dependence and institutional perspectives can provide a much fuller explanation of SBPR adoption practice than could have been provided by either perspective independently. These two theories are not necessarily incompatible, since both theories place great emphasis on environmental relations and on influences on practice adoption process.

Very few studies have combined resource dependence and institutional perspectives in the same empirical study to explain the practice adoption process(see Carpenter and Feroz 2001; Oliver 1990; Oliver 1991; Tolbert 1985).Oliver (1991), who recognizes the value of linking resource-dependence arguments with institutional theory, suggests that organizations might not simply respond to institutional demands with passive compliance (as suggested by prevailing institutional theory), but could employ a range of strategic responses for reasons of self-interest. Carpenter and Feroz (2001) argue that institutional pressures may work in concert with other pressures, such as resource dependence, in shaping an organization's decision to adopt a particular management practice. Scott (2005) also argues that organizations subject to institutional pressures are capable of responding in a variety of ways.

Through joint consideration of institutional and resource dependence theory, this study questions whether institutional forces are a key driver and whether dependence on powerful actors for resources is a key enabler behind 'ceremonial adoption' of CC's SBPR practice. By linking the resource dependence perspective with institutional theory, this study particularly aims to improve our understanding of practice adoption dynamics (i.e. the interplay between institutional, technical and relational context). It further explores whether careful mixing of both 'substantive and symbolic actions' in response to different conflicting pressures can help organizations to achieve ceremonial conformity with the help of decoupling strategy and the logic of confidence.

Chapter 5.0 Methodology

5.1 Introduction

The objective of this chapter is to explain the key aspects of research design, data collection methods and data-analysis techniques of the thesis. I begin with an introduction to the case organization which outlines the organizational and relational dynamics of the case company in order to develop a deeper understanding of the CC's corporate practices and behaviour. The next section proceeds with a discussion of the appropriateness of the methodological choice, based on the underpinning philosophical assumptions of the study. The following sections outline the field-research process and key data-collection methods of the study to establish the trustworthiness of the conducted research process as well as its research findings. After that, the data analysis framework is described. The chapter ends with a brief conclusion.

5.2 Background Information on Case Company

CC³⁶ is one of the leading 100% export-oriented garment-manufacturing companies in Bangladesh. It started as a small family business in the apparel sector, back in 1996. At that time, it was mainly involved in cutting and making apparel products. Over the years, it has extended its operations through vertical integration and consequently emerged as a Group of Companies in 2002. Currently, its garment business has a composite setup (which includes spinning, knitting, cutting and making, dyeing, washing, accessories and logistics and warehouse facilities) in order to provide end-to-end solutions to its IRs.

Besides its garment manufacturing business, CC has recently diversified into other commercial ventures, such as tea production and power generation. It has achieved very rapid business growth (around 20% per year) over the period of 2001 to 2010 (Hasanat 2010, p. 4 & 5). Out of ten business units, eight are directly involved in the garment manufacturing sector. This study mainly focuses on those business units that are directly related to their garment manufacturing business. CC supplies knitted and woven garments for top European and American brands, including Puma, Marks &

³⁶CC is a fictional name to preserve anonymity

Spencer, Calvin Klein, Esprit, s. Oliver, Olymp and Tommy Hilfiger etc. The total number of employees at CC stands at 17,116 with 14,611 workers, 2,075 non-management staff and 430 management staff (SR 2011-12, p. 35).

It has obtained several international certifications from reputed organizations like Fairtrade, Better Cotton Initiatives, Cotton Made in Africa, Global Organic Textile Standard (GOTS), Oeko-tex Standard 100 and ISO 14001. It has purchased various software solutions, such as SAP (for enterprise resource planning), Fast React (for production planning), GSD (for time and motion study), Garber & Optitex (for pattern designing), Orgatex (for controlling dyeing machinery) and KORMEE (for payroll management) in order to improve its operational efficiency. The following section provides an overview of CC's key business relationships in order to ensure understanding of the dynamics of its garment manufacturing business.

5.2.1 Relationship Dynamics between CC and its International Retailers (IRs)

In Bangladesh, few companies work with high-end IRs, and CC is one of them. Around 50% of their business comes from high-range retailers like PVH, Esprit, Puma and Hugo Boss, whereas around 45% comes from mid-range retailers like M&S, s.Oliver, Olymp, American Eagle Outfitters, and the remaining 4-5% comes from low-range retailers like Woolworths (see Table 4). CC works with a very limited number of IRs through its two major garment-manufacturing units, namely knit and woven. Around 85-90% of the total revenue from their garment business comes from 8 to 10 IRs (4-5 IRs for knit and woven individually) and the remaining 10-15% comes from other IRs. Hence, the economic significance of losing one of these international buyers would be very high for CC. The following tables reveal the share of different IRs in CC's garment-manufacturing business.

Table 5.1: Different IRs' share in CC's Knit Business

Name of Buyer	% in Portfolio	% in EU	% in Portfolio	% in EU	% in High range	% in Mid-range	% in Low range
	As of Nov' 11 ³⁷		As of Mar' 14		Mar' 14	Mar' 14	Mar' 14
Puma (EU)	28.20%	28.20%	22.00%	22.00%	22.00%		
Marks and Spencer (EU)	32.50%	32.50%	10.00%	10.00%		10.00%	
S.Oliver (EU)	16.50%	16.50%	18.00%	18.00%		18.00%	
Next (EU)			5.00%	5.00%		5.00%	
PVH (US)			22.00%		22.00%		
Woolworths(SA)	4.70%						
Esprit (HK) ³⁸	14.50%		18.00%	18.00%	18.00%		
Others	3.60%	3.60%	5.00%	10.00%		5.00%	
Total	100.00%	80.80%	100.00%	83.00%	62.00%	38.00%	0.00%

Table 5.2: Different IRs' share in CC's Woven Business

Name of Buyer	% in Portfolio	% in EU	% in Portfolio	% in EU	% in High end	% in Mid-range	% in Low end
	As of Dec' 10		As of Mar' 14		Mar' 14	Mar' 14	Mar' 14
Marks and Spencer (EU)	40.00%	40.00%	20.00%	20.00%		20.00%	
Olymp (EU)			10.00%	10.00%		10.00%	
Hugo Boss (EU)			5.00%	5.00%	5.00%		
Tesco (EU)	5.00%	5.00%					
Esprit (HK)	5.00%						
Woolworths (SA)	10.00%		10.00%				10.00%
American Eagle Outfitters (US)			10.00%			10.00%	
PVH (US)	35.00%		30.00%		30.00%		
Others ³⁹	5.00%	5.00%	15.00%	15.00%		15.00%	
Total	100.00%	50.00%	100.00%	50.00%	35.00%	55.00%	10.00%

³⁷Source: CC Environmental Manual, November 2011

³⁸The Hong Kong-listed group is closing all its stores in North America and has decided to focus on Europe and China (FT, February 1, 2012)

³⁹Other brands include Hawes & Curtis (UK), E5 Mode (Belgium), Harmonte & Blaine (Italy) etc.

From the above tables, it is clear that CC's level of dependence on IRs is very high, as a small number of IRs control most of the critical resources (i.e. business orders) for CC. According to Pfeffer and Salancik (2003), the relative magnitude of the 'dependence' is related to the concentration of resource control⁴⁰, as well as to the criticality⁴¹ of the resources. Both the knit and the woven units of CC are individually dependent on only 4 to 5 IRs (based on 10% or more shares in the garment business, see tables 1 and 2). On the other hand, IRs themselves are less dependent on CC because there are often numerous suppliers of their desired products in the market. Asymmetry exists in the CC-IRs' relationship, as the exchange is not equally important to both parties. This occurs because of the buying power and size of these global apparel conglomerates. For example, the supply chain of PVH is comprised of 1,063⁴² factories in 55 countries, with 331 direct suppliers and 732 licensees; whereas PUMA's supply chain comprises 500⁴³ plus facilities in 42 countries (Puma SR, 2012, p. 58). PVH or Puma may absorb much of the output of the small suppliers, while each supplier may provide only a fraction of the input to PVH or Puma. As PVH or Puma confront a large number of firms competing for its business, they can always decide the quantity to be purchased from each supplier and hence can maintain the size and number of suppliers at a level sufficient to maintain its position of relative power. The limited presence of high-end IRs in the Bangladeshi RMG sector has further increased CC's dependence level on its IRs. The following section further discusses CC's various sustainable business practices.

5.2.2 CC's Sustainable Business Practices

Bangladesh's garment sector has a culture and history of non-compliance in relation to both social and environmental regulations and standards. In this environment, the CC first established a compliant factory to get a competitive advantage in the local RMG industry and within a few years it emerged as one of the best practicing companies in Bangladesh. It has a number of widely-promoted joint-initiatives with IRs and international agencies (IAs). For example, it has established a school for physically-challenged children in cooperation with Olymp-Bezner Foundation, and pre-

⁴⁰ This refers to the extent to which the CC can substitute sources for the same resource (i.e. business orders).

⁴¹ This refers to the level of importance of the resource to CC.

⁴² http://www.pvhcsr.com/csr2010/Human_Rights_Supply_Chain.aspx

⁴³ <http://brand.puma.com/cleverworld/supplychain>

kindergarten schools in association with USAID, Save the Children and PVH. It also provides vocational training for physically-challenged people in collaboration with the Centre for the Rehabilitation of the Paralyzed (CRP) and International Labour Organization (ILO) and runs an apprenticeship program with Underprivileged Children's Educational Programs (UCEP), Save the Children and S. Oliver (SR 2011-12, p. 22-23).

On the environmental front, CC has put a major focus on improving energy efficiency and reducing carbon emissions and has committed to becoming a carbon-neutral company by 2016. It has already reduced carbon emissions by more than 25% over the five years since 2009. It replaced conventional fluorescent tube lights with energy-efficient lighting systems, CRT monitors with LCD monitors and, to reduce emissions, has refurbished all conventional sewing machine motors with servo-motors, which require half the electricity. It has also constructed two environmentally-friendly factories to reduce their carbon footprint (SR 2011-12, p. 8). CC has several other initiatives to save energy, cut costs and reduce the impact on the environment. It has developed several heat recovery programs (e.g. using condensed steam and a cogeneration boiler) to regenerate energy. Treated waste water from the effluent treatment plant (ETP) is reused for toilet flushing in bathrooms. All these measures have enabled CC to save roughly 35% of its energy costs and about 2 million US dollars each year. According to CC's Chairman – 'CC never considers environmental cost as sunk cost; rather it considers it as investments to efficiency enhancements in operational process' (Hasanat, 2010, p. 6).

5.2.3 CC's Different Awards, Recognitions and Affiliations

Apart from the cost-saving and operational efficiency improvement, CC's various social and environmental initiatives have brought numerous national and international awards for the company. For example, CC received an award from M&S for making outstanding contribution to their 'Marks & Start'⁴⁴ and 'Plan A'⁴⁵ programs. It achieved the 'Sustainability Award 2012' from PVH for exceptional performance in driving the agenda of sustainability. It has also achieved numerous awards for adopting various sustainable business practices (mostly green practices) from well-respected local

⁴⁴Marks & Start is a work placement programme of Marks & Spencer, which provides physically challenged people training and placement to get into work.

⁴⁵Plan A outlines the ethical and environmental goals of Marks & Spencer, with the ultimate goal of becoming the world's most sustainable major retailer.

organizations. The most notable are: Centenary Award from the Metropolitan Chamber of Commerce and Industry (MCCI) for green business in 2014, the Best Environmental Compliance award from BGMEA & South Asia Enterprise development (SEDF) in 2013, the Social and Environmental Excellence Award 2012 from GIZ (German Development Agency) and Brand Forum for resource efficiency, and the HSBC-The Daily Star Climate Award 2010 for green business.

Over the years, CC has also built up strong affiliations with various well-reputed organizations to boost its corporate image among various stakeholder groups. CC is now an organizational stakeholder of Global Reporting Initiative (GRI) and a signatory of both the United Nations Global Compact (UNGC)⁴⁶ and the Nordic Initiative Clean and Ethical Fashion's (NICE) Code of Conduct. For CC's social and environmental performance, its chairman was selected as a board member of the Green Industry Platform of UNIDO and UNEP⁴⁷. He is also a trustee board member of local CSR Centre⁴⁸. The chairman attends various international conferences (e.g. UN Private Sector Forum, Paris Forum) on a regular basis to promote their SBPR. All these prestigious awards, affiliations and participation have helped CC to bolster its corporate image at home and abroad. As a result, CC has featured in different international media like the BBC, Bloomberg, PBS News Hour and CNN.

5.2.4 CC's Sustainability Reporting Practice

CC is a registered private company under the Companies Act 1994 and is not legally required to publish a report for public scrutiny. CC is the first apparel-manufacturing firm in the Indian Subcontinent to publish a stand-alone sustainability report following the GRI reporting guidelines. The company has so far published three reports, for the years 2009-10, 2010-11 and 2011-12 corresponding to the GRI's application levels of C, B and B. CC has also published two reports on its carbon footprint for the years 2009 and 2013. Besides these reports, it has also published four 'Communication on Progress (CoP)' reports for United Nations Global Compact (UNGC) starting in 2009. It

⁴⁶The ten principles of the Global Compact are derived from four major international agreements (the Universal Declaration of Human Rights, the Fundamental Principles and Rights at Work of the International Labour Organization, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption) providing general direction and facilitating in businesses a culture of respect for the observance of its social responsibility. GRI adds detail to the general nature of the UNGC principles, and thus these two initiatives complement each other.

⁴⁷Green Industry Platform is an initiative of UNIDO (United Nations Industrial Development Organization) and UNEP (United Nations Environment Program).

⁴⁸ CSR Centre is a non-profit organization which is the principal promoter of the UNGC and its principles in Bangladesh.

has also been publishing a corporate newsletter named 'Xtalk' since 2010 on a bi-monthly basis. Publication of a sustainability report, a UNGC CoP and carbon footprint reports, construction of green factories, carbon neutral commitment, and various other sustainable business practices, numerous awards, recognitions and affiliations, have all made CC different from other RMG companies in Bangladesh. All these characteristics, which are unique to CC, combine to make it an excellent subject for a rigorous analysis of its SBPR adoption processes.

5.3 The Philosophical Assumptions and the Choice of Methodology

In the process of conducting research, most researchers hold implicit or explicit assumptions regarding the nature of reality (Burrell and Morgan, 1979; Chua, 1986; Laughlin, 1995, Hopper and Powell, 1985). These assumptions are crucial for an understanding of the overall perspective from which the study is designed and carried out (Krauss, 2005). The assumptions regarding the nature of reality (ontology) affect the way in which knowledge is generated (epistemology), as well as influencing the process through which the research is conducted (methodology). The philosophical assumptions of this thesis are grounded in the 'Interpretive' research paradigm based on social constructionist ontology. The main objective underpinning the adoption of the interpretive approach is to acquire a richer understanding of SBPR adoption practices in their natural setting.

The researcher of this study works from the premise that 'reality' is socially constructed (Locke and Golden-Biddle, 1997, p. 1025) and that a putatively completely objective or value-free investigation approach (Hopper and Powell 1985) makes it impossible to understand the inherent complexities of socially constructed reality. Rejecting the positivists' assumptions of 'truth out there', ontologically independent of the researcher, and just waiting to be discovered, the researcher, acknowledges his role in constructing the 'observed' reality and makes no attempt to offer a supposedly objective statistical generalization of a particular phenomenon (Lee and Lings, 2008). Here, the subjective nature of the adopted interpretive perspective emphasizes the importance of understanding SBPR practices based on the perceptions of the organizational participants and stakeholders.

Before elaborating our discussion on the issues of research methods, it is important to distinguish the term 'methodology' from 'methods'. In this study, the term 'methods' are used to indicate particular research techniques for data collection (Ryan et al., 2002). For example, this study has used several methods such as semi-structured interviews and focus group discussion (FGD) to collect data as part of a case-study-based research design. These methods, along with the implicit ontological (i.e. social constructionist) and epistemological (i.e. interpretive) assumptions, constitute the study's methodology, albeit a case-study research approach can be used for different methodologies. In this interpretive paradigm based study, the case-study approach acts as the centre of the whole research process (Ryan et al., 2002).

5.4 Case-Study-Based Research Design

A case-study-based research design has been used in this study to explain the 'reasons for observed' corporate practices (Ryan et al., 2002, p. 144) of a company operating in the Bangladeshi RMG sector. According to Hartley (2004, p. 26 in Hilson 2014), case study is increasingly becoming a rigorous research strategy for providing an in-depth investigation within broader social context. Case-study-based research design helped this study to focus on a single setting (in this case CC) and thus enabled a rigorous and intensive analysis of the phenomenon examined (in this case, SBPR). A case-study-based research approach was considered as the most appropriate avenue for addressing the objectives of this thesis, which seeks to provide answers to 'why' and 'how' questions within the 'real-life context' (Yin, 1994, p. 13) of an RMG company. This approach offers better comprehension of the problems and the possibility of finding the solutions. Moreover, a case-study strategy, featuring an array of research methods, is judged suitable for this study, as it provides the researcher with the flexibility of employing multiple methods (Creswell, 2009) for facilitating the data triangulation process.

However, there are some criticisms regarding the use of case studies which relate mostly to issues of academic rigour and statistical generalization. In order to demonstrate the academic rigour of this study the entire research procedure has been thoroughly documented in this chapter. Rich details of the case company and its broader socio-economic context have been provided. Effective use of quotations with the support from existing literature has further strengthened the main arguments of the study. Data both in favour and in contradiction to the theoretical framework were taken

into consideration while writing this thesis to avoid the problem of selective plausibility (Ryan et al., 2002). In relation to statistical generalization, it is worth mentioning here that case-study research provides an interpretation of the social system under scrutiny based on the accounts of the social actors and is therefore not an objective representation. Research findings are therefore inherently context-specific (de Loo and Lowe, 2012) and thus statistical generalization is not possible in case-study-based research design.

Researchers who conduct quantitative research are concerned with the reliability and validity of their evidence (Ryan et al., 2002). In quantitative research, reliability implies the extent to which evidence is independent of the person using it (which suggests an independent impersonal investigator) and validity implies an objective reality. But in the case of a qualitative research design, e.g. a case study, such notions of reliability and validity are inappropriate, since the researcher is applying the social constructionist ontology, which means that the researcher cannot study the phenomenon as an independent neutral observer. Instead of reflecting on reliability and validity from a quantitative researcher's perspective, this study embraces Ryan et al.'s (2002) proposal to replace the traditional criteria of reliability and validity with procedural reliability and contextual validity in qualitative case-study-based research.

To ensure procedural reliability, the entire research process has been thoroughly documented. All the audio recordings and notes taken during interviews, FGDs and informal observation were retained to construct field notes running over several hundred pages. In an effort to ensure reliability, certain measures were taken in this study to ensure the integrity of the data collected. For instance, the researcher used both audio recorder and handwritten notes throughout the study to ensure accuracy of collected data. In qualitative research like case study, contextual validity is also important. Data triangulation (see Denzin, 1970), which refers to collecting information on a particular issue from multiple sources, is an effective way to achieve contextual validity. In this study, triangulation was achieved using a number of evidential sources. To substantiate the findings, data collected from interviews and focus group discussions (Morgan and Smircich, 1980; Silverman, 2013) were triangulated with additional evidential sources (such as published sustainability reports, draft sustainability reports, operational manuals, websites etc.) in order to cross check and corroborate the information collected during the interviews and vice versa. The next two sections outline the case-selection and research-access negotiation process.

5.4.1 Case Selection

This study is based on a single company, which will be referred to as CC throughout the whole thesis in order to protect the promised confidentiality of the company. Sustainability reporting is a new form of corporate reporting practice in Bangladesh. To the best of the researcher's knowledge, at the time of embarking on the research project only two⁴⁹ companies published stand-alone sustainability reports in Bangladesh. The stand-alone reporting process, characterized by stakeholder engagement, in compliance with international reporting guidelines (e.g. GRI Guidelines), seems to provide evidence of substantial effort that would not be normally expected in Bangladesh. Given the vulnerabilities of developing countries like Bangladesh, the researcher was very much interested in exploring the potential of such reporting for holding corporations to account for their negative social and environmental impacts. To do so, the researcher chose the empirical setting of Bangladeshi RMG sector rather than the non-banking financial sector to conduct the study.

5.4.2 Research Access Negotiation

It required a considerable amount of time and effort to negotiate access with the case company. Based on email correspondence, a proposal for field research was sent to the top official of CC. After several follow-up emails and telephone calls over a prolonged period, an appointment was set with the Chairman and CEO of the company. After briefing him about the purpose and nature of the study, access for case-study-based research was granted. Authorization for access to the company and its data was obtained with the proviso of guaranteeing confidentiality. The chairman wrote an email to the HR director and HR manager, authorising them to provide necessary support for undertaking this research project.

The HR manager who was appointed as the gatekeeper of this research project was a former student of a business school⁵⁰ where the researcher works as a member of academic staff. The HR manager proved very helpful in identifying key people within

⁴⁹The first one operates in the RMG sector and the second in the non-banking financial sector

⁵⁰ The researcher works as an academic in the oldest and most reputed business school in Bangladesh.

the organization and later setting up appointments with them for the research interviews. The endorsement from the chairman was also very helpful in securing appointments with the time-constrained senior managers. The HR manager particularly introduced me to key officials (both current and former), who later proved to be the most knowledgeable people in the company with regard to SBPR adoption and implementation. Before discussing the research methods, the overall research process of the study (in terms of stages) will be described in the following section, in order to demonstrate the academic rigour of the study.

5.4.3 Research Stages

The field work for this study started in January 2013 and finished in July 2013. Even after the completion of formal fieldwork, significant access to the case company was maintained over a long period through phone calls and emails. It gave the researcher an opportunity to develop a detailed and credible account/narrative of the motivations for and development of SBPR in the case company. This research was conducted in two stages over the six-month field-study period as follows:

1st stage:

In the first stage, the researcher set up meetings with the Chairman and Vice Chairman for negotiating research access to the case company. Then he met his senior colleagues at the University of Dhaka to fix necessary appointments with key stakeholders. The interview/topic guide was finalized after conducting ten pilot interviews with garment owners, corporate managers, supply chain experts and well-known trades union leaders from the RMG industry. After completion of these steps, the researcher finally started to conduct in-depth semi-structured interviews with carefully chosen senior managers and stakeholders.

2nd stage:

After conducting the first stage interviews, the interview transcripts, notes and documentation were examined and re-examined to identify gaps and weaknesses in the empirical evidence collected. This data analysis task helped the researcher to identify missing connections and inconsistencies and opened up avenues for further investigation. It also helped the researcher to become more focused in choosing the

most relevant interviewees for the second stage. In the second stage, additional interviews and three separate FGDs (two with local community members and one with workers) were undertaken. Based on the interview findings of the first stage, several follow up interviews were also conducted in the second stage. Even in the data-analysis stage, a number of follow-up telephone interviews were organized with company officials to obtain further clarification. By conducting the research in this manner, the researcher was able to question company officials directly on some of the findings obtained from interviews. The total number of interviews, including both managerial and stakeholders was thirty-three. Some anonymized details of the corporate and stakeholder interviewees are provided in Appendix 1 and 2 respectively.

5.5 Qualitative Research Methods

As discussed earlier, both the philosophical assumptions about the nature of reality and the type of the research questions indicated that the principal research methods of the study would be qualitative in nature. As the researcher wants to understand the complex world of human experience and behaviour from the interviewees' points-of-view, qualitative methods were considered appropriate for the study. The use of qualitative methods helped the researcher to understand the case company's SBPR practices through participants' own words and perceptions (Miles and Huberman, 1994, p. 10). The major reason for selecting qualitative methods in this thesis was, indeed, 'the nature of the research problem' (Strauss and Corbin, 1998, p. 11), namely, its intention to address 'why' and 'how' questions of the study. By using qualitative methods, the researcher was able to capture effectively multiple viewpoints on the research topic by surveying the opinions of corporate managers and stakeholders. These methods also brought required depth and richness in the gathered data. The following sections provide description and justification of the key research methods employed in this study.

5.6 In-depth Semi-Structured Interviews

Given the exceedingly complex nature of the business environment (Haniffa and Cooke, 2005), interviews were thought to be the most appropriate method to acquire a more in-depth understanding of complex practice adoption. The suitability of the interview method in understanding the relations between social actors and their situation is well established (Liedtka, 1992). Semi-structured interviews, primarily of an

in-depth nature featuring open-ended questions, were used in this study in order to encourage the interviewees to participate in a loosely guided conversation (Maykut and Morehouse, 1994). The semi structured interviews lie between structured and unstructured. For less experienced researchers, semi-structured interviews retain the benefits of flexibility (Saunders et al., 2000). For example, in this interview approach, the researcher can change the ordering of questions, modify existing questions and also take the opportunity to ask new questions not formulated earlier. Besides flexibility, semi-structured interviews also give the respondents the freedom to express their views in their own terms (Bryman and Bell, 2007). This approach was identified as the most appropriate mechanism for deriving rich information from corporate managers and stakeholders in a non-threatening manner. It has been successfully deployed in many qualitative case-study-based studies within the context of developing countries (Rahaman et al., 2004 and Belal and Owen, 2015). It also provides a loose structure and control over the massive volume of data generated by interviews which is otherwise not possible in open-ended interviews (Belal, 2008).

Interviews were organized around an interview/topic guide, which contains topics, themes, or areas to be covered during the course of the interview, rather than a sequenced script of standardized questions (Lewis-Beck et al. 2004). Semi-structured interviews are useful in this regard as they help the interviewer to adjust the interview guide according to the respondent's knowledge, comprehension, experience and interests (Lee and Fielding, 2009). The interview guide was not applied in an overly constraining manner (Patton, 1990), but was mainly used as a rough guide to invite the interviewees to participate in a loosely guided conversation (Kvale and Brinkmann, 2009) and to ensure the flexibility necessary to pursue new issues depending on the emerging dynamics of the enquiries. The interview guide was primarily developed based on the review of previous literature and the specific context of Bangladesh and RMG sector. Additionally, important issues relating to the RMG sector and reported in recent years in the leading newspapers were also taken into consideration. Besides these, GRI reporting guidelines, the UNGC Global Compact and the SA 8000 standard were also reviewed to make this guide more comprehensive. Sometimes small changes were made to the interview guide by taking into consideration the interviewee's background and the findings of previous interviews.

Although interviews enable us to gain richer insights, the results from interviews need to be considered in light of potential biases or inaccuracies in the interviewees' responses as a result of the influence of various factors. For example, the reliability of

the respondents' recollections can be influenced by their degree of willingness or ability to provide an accurate account of the past, or by the presence of reflexivity (that is, giving the interviewer the information the respondent thinks the interviewer wants to hear) and so forth (Easterby-Smith et al., 1991).

5.6.1 Interviews with Corporate Managers and Stakeholders

Eleven in-depth interviews were carried out with CC officials to understand the motivation and approach of corporate managers towards SBPR adoption and implementation. A good number of interviews were held with the senior corporate managers (such as Chairman, Vice-chairman, Chief Operating Officers etc.) to acquire a clear understanding of their strategic thought processes. Besides owners and senior management, corporate interviewees include different levels of corporate managers, particularly those involved in the SBPR adoption process, which also includes former reporting team members and external consultants.

Twenty-two in-depth interviews were conducted with various stakeholder groups in Bangladesh. Economically less powerful stakeholders (e.g. community and workers) were given more emphasis to expose alternative accounts of social and environmental impacts arising from corporate activities. Accounting researchers (see for example Belal et al., 2013, Belal et al., 2015a) have suggested providing more research coverage to economically less powerful stakeholders, especially to the local stakeholders for exposing the vulnerability and exploitability of the developing countries. These interviews provide a clear understanding of how the stakeholders perceive the case company and its adopted SBPR practices, and why they perceive in such a manner (O'Dwyer and Unerman, 2008). The next section discusses the interview procedure.

5.6.2 Interview Procedure

All interviews commenced with a brief introduction to the project, together with general introductory questions relating to the organisation and the interviewee's role within it in order to allow the interviewee the time necessary to embrace the process. The remaining time centred on the research topics of the study. Interviews lasted between thirty minutes and two hours, depending on the degree of interest and detailed knowledge on the part of the interviewees. All interviews were conducted in the local

language (Bengali), apart from three with international retailers which were conducted in English. If the researcher failed during an interview to understand something clearly, he tried to share his interpretation with the interviewees in order to increase the reliability of the interview data.

Twenty-eight interviews were recorded using a digital recorder. Where recording was not permitted (five interviews and one FGD), detailed notes were taken throughout the interview and FGD. After finishing the interview, immediate reflections and key issues from these interviews were also recorded on the audio recorder. The researcher also took handwritten notes during all the interviews to ensure accuracy of the collected data. Later he compared both the transcription and the handwritten notes to see if there was any discrepancy. These notes provided a basis for further enquiries during subsequent interviews (O'Dwyer and Unerman, 2008) as well as meaningful interpretations of interview data during the final data analysis phase. If more than one interview was held on the same day, time was taken to record and write down observations within the time frame of that particular day.

The full verbatim of all interviews were transcribed and translated by the researcher. The researcher double-checked the accuracy and quality of each transcription by running the audio tape and comparing it with the recorded audio tape. Any misrepresentation/wrong interpretation of the interviewee's account was corrected by the researcher as soon as it was identified while running the audio tape. To ensure accuracy in the translation process, the researcher employed another native speaker to cross-check the translations of quotations from interviewees. The researcher's close involvement with the transcription and the translation process ensured a clear understanding of the collected data. He checked and re-checked all the audio tape records, transcribed and translated files several times, in order to improve the quality and reliability of the interview data. This process also helped the researcher to refine his selection of interviewees as well as the interview questions.

5.6.3 Interviewee Selection

In a qualitative research method such as interviewing, the selection of interviewees cannot follow the procedures of quantitative research, given that the real purpose of qualitative research is not counting the opinions or interviewees, but rather exploring the range of views expressed (Gaskell, 2000). In the first stage, key interviewees for

both groups (i.e. managers and stakeholders) were selected based on a purposive sampling method. Purposive sampling relies on the judgment of the researcher when it comes to selecting the interviewees. It was used in this study to focus only on individuals with particular knowledge of the research topic. In the second stage, a snowballing technique was used to identify other key respondents with insights into the research topic. This proved to be highly successful in selecting FGD participants, particularly from workers and community members. Although non-probability sampling methods such as purposive and snowball techniques are largely criticized for having a low likelihood of being representative of a research population (Bryman, 2008), they allow the researcher strategically to target individuals and groups capable of providing insight to the research questions.

For corporate interviewees, the researcher prepared a potential interviewee list of company officials on the basis of their involvement in the SBPR process by meeting with CC's head of sustainability and its HR manager. After conducting a few interviews with the senior officials, they referred me to other relevant officials to further discuss the issues. Through this process, access to the subsequent management levels became easier and the researcher was able to conduct eleven interviews within the company. The views of former officials (for example, one former head of sustainability and one management trainee who had strong involvement with the SBPR process) were also incorporated to acquire past insight as well as to verify the claims of present management on the SBPR adoption and implementation process.

For the purposes of this thesis, stakeholder groups were predominantly identified on the basis of earlier studies undertaken within Bangladesh (e.g. Belal and Roberts 2010; Belal and Cooper 2011; Belal et al., 2013; Belal et al., 2015a) and of knowledge of the specific context of Bangladeshi RMG sector. Later, after conducting the first few interviews with stakeholders, this list was modified. One interviewee tended to direct the researcher to another potential interviewee who had a good awareness of the topic of interest or of CC. The interviewee selection was driven by a desire to cover a wide range of stakeholders who were able to provide insights into the research topic. Stakeholder interviewees include both corporate (e.g. international retailers, international agencies, competing firms etc.) and non-corporate (labour leaders, workers, community etc.) participants. Access to the interviewees (including their selection) was facilitated via the researcher's own professional network at the University of Dhaka. Most of the interviewees occupy senior positions in their organization. Sharing the same cultural background helped the researcher to build

stronger relationships with interviewees. Interviewees did not appear to be defensive and were prepared to debate at length issues that particularly concerned them.

Twelve stakeholder groups were identified and interviewed for this study. However, the views of some stakeholder groups (such as the media, environmental activists and supply chain experts) were not reported in the empirical chapters as they were unable to provide sufficiently specific views on CC or the SBPR process. For example: a journalist criticized the poor social and environmental performance of RMG sector without specific reference to CC and thus that interview was excluded from the analysis. The next few sections briefly describe other research methods of the study.

5.7 Review of Documents

A wide range of documentary sources, including IRs' and CC's stand-alone CSR/sustainability reports, annual reports, UNGC Communication on Progress reports, codes of conduct, operational manuals, handbooks, newsletters - were used in this study. This research method provided both a starting point and supplementary evidence to support other research methods used in this study (Lee and Lings, 2008; Hilson 2014). For instance, information gathered from corporate reports was referred to during the interviews. Data extracted from IR or CC's reports (annual/CSR or sustainability) proved useful in highlighting mismatches between actual practice and what had been reported. Analysis of these documents provided a rich background for the researcher during the interview planning process. Examination of these documents has enriched the researcher's understanding of the organizational policies and practices to a great extent.

5.8 Focus Group Discussion

Three focus group discussions (FGDs) were conducted with workers and community members in order to elicit a broad range of responses on the research topic. FGD was appropriate for eliciting responses within small groups about 'the key issues, ideas, and concerns' from the perspective of members of the workforce and the local community (Hesse-Biber and Leavy, 2006 p.196). Around five to six people participated in each FGD. Two FGDS took place with local community members and one with CC's workers outside of the factory premises. The researcher acted as the moderator in these FGDs, which lasted on average more than an hour. People from

the local community were very spontaneous and participative during the FGDs. At the beginning, workers were somewhat guarded, perceiving the researcher to be a journalist looking to take advantage of their situation. But after being reassured that this was not the case, the reluctant individuals began to contribute to discussions. Later, feeling unencumbered by the restricted factory environment, they became much more open and comfortable in discussing various issues. Initially, the researcher wanted to sit with them individually but they actually opted for a group discussion owing to their time constraints and their feelings of insecurity when giving individual interviews. Many valuable insights about CC's policies and practices were obtained from these FGDs, insights that were not captured in the six individual interviews with management-nominated workers inside the controlled factory environment. Some anonymized details of the FGD participants are provided in Appendix 3.

5.9 Informal Observation

As most of the corporate interviews were held inside the corporate headquarters and factory premises, the researcher had the opportunity to observe and examine some of the corporate practices in their natural settings. For example, the researcher visited CC's ETP plant on three random occasions to check its functionality. He also spent a significant amount of time in between the scheduled interviews at the tea-stalls adjacent to the company. Indeed, FGDs with the local community and workers were arranged with the help of one tea-stall owner. He introduced the researcher to some local people and factory workers. The following section provides further details about the data analysis and writing-up process.

5.10 Data Analysis & Writing-up

In qualitative case-study-based research, data analysis is a highly intuitive, complex and time-consuming process. Unlike the quantitative approach, there are few well-established and widely accepted rules for the analysis of qualitative data (Bryman and Bell, 2007). Qualitative data deriving from interviews and FGDs typically takes the form of a large amount of unstructured textual material (Lee and Fielding, 2009) which is not straightforward to manage and analyse. Following an iterative coding⁵¹ process suggested by O'Dwyer (2004), interview transcripts and notes were analysed

⁵¹Coding is considered a fundamental analytical process that plays a vital role in analysing, organising and making sense of textual data (Tan, 2010 in Kamal 2013)

thematically (Miles and Huberman, 1994), together with an interview guide, the interview tapes, tape-recorded interview reflections and contextual and background information.

In this study, analysis of the interviews and FGD data was conducted manually. The rationale behind the manual approach was to place central emphasis on the role of the researcher in the analytic process. Following the final transcription check, each transcript was examined through multiple stages of the coding process. At the first stage, transcripts were read by the researcher while listening to the audio recordings. This stage involved familiarization with the data and reflecting on its significance, while also re-assessing insights gained from the literature review and the theory and context chapters. In the second stage, transcripts were re-read with an eye on emerging patterns, which were then classified using preliminary codes. The same codes were used for similar issues in different interviews, and new codes were used when a new issue emerged from the data (following Belal and Cooper, 2011). For example, the issue of stakeholder engagement cropped up many times in interviewees' comments. Whenever the researcher found recurrent issues of this kind, he started labelling them as preliminary codes such as SE1, SE2 SE3. This whole process generated a significant number of preliminary codes.

At this stage, the researcher used Microsoft Word software to organize the data. He particularly used the heading and sub-heading sections of Microsoft Word to categorize interview and FGD data under various preliminary codes. For example, approximately twenty preliminary codes for stakeholder engagement were initially developed from the above coding procedure. In the same way, a cluster of preliminary codes was developed for the external assurance process (EA) and GRI reporting guidelines (GRI). The organisation of the interview transcript according to 'preliminary' codes facilitated easy access to key quotations when required. At the final stage, parts of the transcripts relating to each preliminary code were read again in a search for sub-themes and key themes (see, in particular, Miles and Huberman, 1994; O'Dwyer, 2004). After a detailed re-reading, three key themes were derived from the sub-themes. While developing the thematic codes, the researcher kept in mind the research questions outlined in the earlier chapter. Any 'preliminary' codes that did not illuminate the thematic themes were recorded separately and remained an important part of the ongoing analysis.

The writing-up process was divided in two main stages. Firstly, on the basis of manageable data sets, an initial “thick description” (Denzin 1994, p. 505) of the interview findings was prepared somewhat iteratively, using the sub-themes and key themes. Preliminary codes not falling under these sub-theme and key themes were also captured in the description. This “thick description” used direct quotations from the transcripts extensively in order to enrich the narrative. Once the descriptive process was complete, a more refined narrative was developed with the help of theoretical construct named ‘ceremonial conformity’ (O’Dwyer 2004).

5.11 Ethical Considerations

There appear to be more ethical concerns in undertaking case-study-based research owing to the subjective nature of its data collection, interpretation and analysis techniques. The research was designed in accordance with the policies laid out in Aston Business School's Research Ethical Guidelines⁵². Before commencing the fieldwork, 'ethical clearance' was obtained from the Aston University's Research Ethics Committee by submitting the research design, interview guide, consent form and participant information sheet (please see Appendix 4 and 5 respectively).

Before conducting each interview and FGD, complete and transparent information about the purpose and the nature of the study were clearly outlined to each participant. Each participant was also informed about their rights, research outputs and contact details at the beginning of the interview session. The researcher exercised the utmost care in ensuring that the participants understood the importance to adhere to the ethical framework. Where necessary, a participant information sheet (PIS) translated into Bengali was given to the interviewee to ensure full understanding of the study. On a few occasions, the major points of the PIS were described verbally to the participants as they were either reluctant or incapable of reading the entire PIS and asked the researcher to summarise the major points. Participants were advised that at any time during the study, they could withdraw or terminate their participation.

Participants were asked to sign a consent form and a waiver agreeing to attribution of any quotes from their interviews and FGDs. After obtaining their signature on the consent form, the researcher started the interviewing process. Throughout this research, confidentiality and anonymity were maintained and neither interviewees nor

⁵²This guideline is regularly updated in line with the ESRC's Framework for Research Ethics.

their respective organizations have been disclosed anywhere in the thesis. For easy referencing, all interviewees have been given particular codes to ensure their confidentiality and anonymity. Aston University Research Ethics Committee's (REC) recommendation was followed in storing and disposing of data. Electronic copies of the interview transcripts and hard copies of the informed consent forms are stored securely and confidentially: access to these is limited to the researcher only. After conducting the interviews and FGDs, all data was transferred to the researcher's computer. A separate document that links the study code to interviewees' identifying information was created and stored in a separate location in order to ensure anonymity and to prevent accidental disclosure of interview data.

5.12 Limitations of the Study

This study has a number of limitations. First of all, it was conducted on a specific company within a particular time frame and therefore constitutes 'context bound knowledge' (de Loo and Lowe, 2012 p.4). The researcher acknowledges that the overall socio-economic context can change over time, and, as such, the practices of the case company, the motivations of its officials and the perceptions of its stakeholders might have changed since the research was conducted. Secondly, the researcher also acknowledges that more data could have been collected had there been more time and funds. Owing to time and financial constraints, the researcher had to strike a balance between the time and costs expended on the fieldwork. The final difficulty arose from promising confidentiality to the interviewees. While such confidentiality limits the benefits of providing further empirical evidence and contextual information, maintenance of such confidentiality was essential for protecting the identity of the respondents (Hilson 2014). Information that has officially been obtained through informed consent was only used in the writing of this thesis.

5.13 Conclusion

The research methods presented in this chapter show that the research has been conducted in a scientific way, in accordance with established academic standards. The research was grounded in an interpretive perspective and employed qualitative research methods (e.g. semi-structured interviews, FGDs and document analysis) to gather evidence from a range of company officials and stakeholders. By preserving trustworthiness in data collection and the analysis process, as well as maintaining ethical aspects, this research maintained a substantial level of academic rigour.

Chapter 6: Corporate Motives for CC's SBPR

6.0 Introduction

Several institutional and organizational factors have influenced the initiation and implementation of the SBPR process at CC over a considerable period of time. The objective of this chapter is to explain the factors and drivers that influence and shape CC's SBPR adoption process. In order to get a clear idea of these factors and drivers, the next section (6.1) will track the evolution of SBPR in the case company. While sections 6.2 and 6.3 explain in detail the corporate motives of CC behind the adoption of sustainable business practices (SBP), section 6.4 particularly focuses on CC's sustainability reporting practice (SRP). Section 6.5 discusses some SBP through which it successfully maintains the status quo of a sustainable company. Section 6.6 summarizes and concludes the chapter.

6.1 The Competition and Cost Imperative

The ready-made garment (RMG) industry of Bangladesh started its operation in the late 1970s. In a short span of time, it has emerged as a major player in the global RMG industry. Around 2500 Bangladeshi companies were in operation (Source: BGMEA website)⁵³ when CC entered the industry back in 1996. In those early years, the quota system under the Multi-Fibre Arrangement (MFA)⁵⁴ was in effect in Bangladesh – which then appeared as a major concern for CC. The chairman of CC stated:

We started our operations in the late 1990s. At that time child labour was a big issue. Other issues were not that prominent. The 'quota system' was the decisive factor for doing business at that time. During that time, 60-65% of the total orders were placed by the US customers and the quota had a strong influence on the Bangladeshi suppliers.

During this quota phase, Bangladeshi exporters were more reliant on the US market in comparison to the European market because of the guaranteed market share. As a result, competition for export to the US market was very high in comparison to that for the European market. The quota system was susceptible to corruption and political cronyism and was generally allotted to politically influential firms or sold to the highest bidder (Saxena and Salze-Lozac'h, 2010). As a new company, it was difficult for CC to

⁵³http://www.bgmea.com.bd/chart_test/factory_growth_in_bangladesh

⁵⁴ The MFA governed the world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount developing countries could export to developed countries. It expired on 1 January 2005, leaving tariffs as the only trade restrictions in place.

buy the quota at a higher price – which ultimately compelled CC to shift its focus towards the European market.

At that time quota was very expensive and we did not have any quota. Though the country was more inclined towards the American market, we went for the European market because of the intense competition for the American market. Till today, most of our buyers are from Europe. Around 70% of our buyers are European while 30% are American. (Chairman)

CC's shift towards the European market forced CC to think about its own competitiveness very deeply as their exports to Europe were not protected like they were in the US market, which, owing to the quota system, was based on a guaranteed market share. CC took the issue of competitiveness very seriously in order to survive a midst stiff competition of the apparel sector. Recalling the initial journey of the company, the chairman of CC stated:

We started our business with the concept of 'survival'. We actually entered into the industry quite late. Being a late comer in the industry, without having any previous family background in the garment manufacturing business, we wanted to figure out all possible ways to become competitive in the industry in order to survive. If I remember correctly, first we were trying to come up with the ways to reuse our waste steam.

According to him -

This initiative [i.e. reuse of waste steam] was not undertaken from the perspective of sustainability; rather from the perspective of competition. It was my survival thought and not my sustainable thought. Later, when we started working with reputed buyers, we found that what we were doing for saving cost or for being competitive, that's what they (especially M&S and Puma) were labelling as their sustainability initiatives. Then we re-labelled, re-branded our own initiatives under the banner of 'sustainability'. For example, we used to operate a school as part of our charitable activities. But the very moment I labelled this under the banner of my sustainability activities, it caught buyers' attention and made them interested to get involved with this project.

In the initial years, intense competition in the garment sector forced CC to shift towards the EU market. During that time, CC undertook a variety of cost saving and efficiency improving measures (such as installation of various energy efficient technologies, reuse of waste steam, re-cycle and reuse of effluent water, use of a co-generation chiller, a heat recovering system, a rain water harvesting system, etc.) to increase its own competitiveness. These initiatives reduced CC's overall operating costs and increased their operational efficiency.

CC's focus on the European market also made them realized the importance of complying with different social and environmental standards. According to the chairman, European customers are more serious about enforcing social and environmental standards on their supplying factories than American customers are.

CC developed a positive attitude towards the 'compliance issue' due to their large European customer base. According to the chairman:

America is more price-driven. There are two aspects of compliance: technical compliance and social compliance. UK customers put equal emphasis on both aspects whereas other European customers give 55:45 or 60:40 emphasis on technical and social compliance respectively. In the case of America, social and technical compliances are there but price is the most important factor in their sourcing decision. We became serious about addressing different social compliance issues due to our specific focus on the European market.

There is a positive relationship between the concepts of 'social compliance' and 'sustainability'. CC's progressive performance towards social compliance had a positive impact on their familiarization to and adoption of the 'sustainability' concept. In the following quote, the chairman described how the elimination of intermediaries from the supply chain helped CC to become a more compliant company:

Intermediaries make certain compromises with the compliance issues as they purchase products at a very competitive price. They have lavish offices and one or two model factories in every sourcing country for showcasing to their international retailers. However, they don't hesitate to place the majority of their orders in substandard factories if a competitive price is offered. When IRs directly place their orders in our factories, they can enforce their compliance requirements more stringently due to their close monitoring mechanisms, but whenever intermediaries come into the picture, these compliance aspects get compromised.

In order to build up an additional competitive advantage, CC took necessary measures to establish direct business relationships with the buyers by eliminating layers of intermediaries from the supply chain. Elimination of intermediaries helped CC to offer competitive prices to their buyers by getting rid of significant 'facilitating costs'. According to the vice-chairman of CC:

The competition was very high in the late 1990s. When I came back from the UK in 1997, there were very few direct manufacturers in the industry. In most of the cases, intermediaries [i.e. buying houses] used to take the cream. In that challenging time, our plan was to cut down layers of intermediaries from the supply chain in order to offer competitive prices to our buyers. As a late entrant, we wanted to survive the fierce competition by establishing a direct business relationship with the customers.

CC decided to remove intermediaries from the supply chain to withstand intense competition in the industry. This decision had a positive impact on their competitiveness and business expansion. Most importantly, it helped CC to build up a very steady and reliable business relationship with the international retailers (IRs). According to the Head of Sales & Distribution of one of the business units (HSD):

These initiatives [i.e. cost saving initiatives plus removal of intermediaries] reduced our overhead costs. As the costs went down, we were in a better position to offer a lower

quotation to our buyers. As a result, our business grew rapidly. Most importantly, removal of the intermediaries helped us a lot in developing a strong and reliable business relationship with our buyers.

In order to establish direct business relationship with IRs, CC set up a compliant factory in 1998. However, until 2000, it conducted most of its business via intermediaries (i.e. buying houses). Mostly starting in 2000/2001, it began conducting business directly with IRs. According to the chairman:

We conducted most of our businesses via buying houses till 2000. As far as I can remember, we started doing business directly with IRs from 2000/2001. It was a major turning point for us as we came to know about various compliance requirements – directly from them. We tried to accommodate their requirements in the shortest possible time as we did not have any alternative other than fulfilling those.

It appears that elimination of intermediaries forced CC to address IRs' compliance requirements more comprehensively. CC worked directly with Tesco and Woolworths, starting from 2000/2001. The major break-through came in 2005, when CC became the first direct supplier in Bangladesh of M&S with a self-inspection facility (CC SR⁵⁵ 2009-10, p. 74). After M&S, Puma and Esprit gradually became CC's direct customers. From 2005/2006, the presence of low-end retailers decreased and high and mid-range retailers increased in the customer portfolio of CC. As a result, its garment export almost doubled, and reached \$106 million in 2006-07, against \$56 million in 2005-06 (Mirdha, 2008). According to the chairman:

The major benefit of doing business directly with IRs is that a reference point is easily created, which is not possible in the case of buying houses. Buying houses will always go for those manufacturers who will offer them the lowest price in a particular season.

By doing business directly with the IRs (such as M&S and Puma), CC developed a good understanding regarding various aspects of compliance. Elimination of intermediaries not only helped CC in terms of improved business relationships and increased business orders, but it also forced CC to take into account the expectations of IRs in a more inclusive way. In their initial years, CC was more concerned about the intense competition of the industry and their individual competitiveness. They undertook some cost saving and efficiency improving activities, mainly to improve their competitiveness. At that time, CC was not familiar with the concept of sustainability. After establishing direct business relationships with reputed IRs, they gradually became familiar with the sustainability concept, as apparent from the chairman's following comment:

⁵⁵ SR stands for Sustainability Report

The idea of cost saving and operational efficiency came from the thought of survival. Our familiarity with the 'sustainability' concept and its packaging and labelling came later. Some of our initiatives were already there, but we were not aware of their other commercial significances. In our early years, we used to work with the buying houses. Then we directly worked with low-end retailers like Wal-Mart and Tesco. The paradigm shift began when we started working with a few reputed medium and high-end retailers. At that time, we came to know about the concept of 'sustainability'. We then tried to align some of our initiatives with the 'sustainability' concept. These initiatives improved our brand image substantially. As a result, we now have a better customer portfolio and an elevated bargaining power.

It is clear from the above quote that CC came to know about the concept of sustainability after working with reputed IRs. However, the concept was not adopted by CC on the spur of the moment. It was gradually adopted through the interaction of several factors over a considerable period of time. Head of Sustainability (HoS1)⁵⁶ gave credits to both Puma and M&S for making this concept familiar to them. It is important to note here that M&S officially launched its 'Plan A'⁵⁷ program in 2007; whereas Puma participated in a GRI-GTZ pilot project called "Transparency in the Supply Chain" in 2006. CC was observing these developments very carefully and then started looking for ways to link their various efficiency-improving and cost-saving initiatives with sustainability by aligning with the expectations of the IRs. HoS2 further elaborated on CC's familiarisation process with the sustainability concept.

CC was not familiar with the 'sustainability' concept. The IRs gradually made them familiar with this concept. Puma's social and environmental information collection process and M&S's various CSR activities had a significant impact on CC's cognizance level. Moreover, the growing concern for climate change, coupled with increased scrutiny on the health and safety provisions of the workplace, forced RMG companies to pay greater attention to their sustainability performance. Leading IRs, especially M&S and Puma integrated the concept of 'sustainability' very explicitly in their brand proposition due to change in the business environment of global RMG sector. As a supply chain partner of IRs, CC also had to face and deal with these challenges.

It is clear from the above quote that rising concerns about inhumane and dangerous working conditions and superficial environmental protection regimes has led to the surge of sustainability issues in the global RMG sector. There has been increasing pressure on IRs from consumer rights group, NGOs and trade unions to consider the social and environmental implications of their business operations. Being a part of the

⁵⁶ In this study 2 HoS were interviewed. They are labelled as HoS1 and HoS2 just to indicate two individual persons for maintaining promised confidentiality and anonymity.

⁵⁷ Plan A is the sustainability programme of M&S. It was launched in 2007 by setting out 100 commitments to help protect the planet – by sourcing responsibly, reducing waste and helping communities. Recently, M&S has introduced Plan A 2020 which consists of 100 new, revised and existing commitments.

global apparel market, it is really difficult for IRs to ignore these implications. A similar type of concern is also echoed in the voice of Deputy Head of Puma's global office:

Similar to our competitors, we had NGOs attacking us for allegedly low labour standards in our supply chain. This is a difficult subject when you work in countries like China, India or Bangladesh where the working and living conditions of the majority of the population is different to developed countries. We try to work only with the best suppliers there and incrementally increase the standards over time. (GRI Report 2011, p. 37)

In order to mitigate their operational risk, IRs promoted various sustainability initiatives amongst their supply chain partners of developing countries. By doing so, IRs tried to assure their stakeholders that they (including their partners) conduct business in a socially responsible manner. According to the Chief Operating Officer (COO1)⁵⁸ of one of the business units:

Our buyers [i.e. IRs] are accountable to their stakeholders for their entire supply chain operations. Stakeholders of the buyers are highly concerned about the working conditions of the sourcing factories. They are also very inquisitive about the efficacy of buyers' promoted different initiatives in alleviating the social and environmental standards of the sourcing factories. Sometimes IRs impose certain requirements as strict conditions for continuing business relationships; whereas other times, they place such requirements in a form of request. As their business partner, we try to extend our full support to their programs and initiatives. Sometimes we also try to launch our own initiatives in alignment with their strategy and program.

CC won an award from M&S for making significant contributions to their 'Plan A' and 'Marks & Start' programs. CC also received another award from PVH for its exceptional performance in driving sustainability and social responsibility. According to HoS1 –

It is not like we are only getting awards for our initiatives. Our buyers are also receiving awards for their initiatives. For example, M&S has received more than a hundred awards for its 'Plan A' program. We actively contribute to our buyers' program and try to help them to be successful as well.

The above example shows how CC contributes to their IRs' programs by supporting them. By doing so, both CC and their IRs get joint benefits from improved reputation and a positive stakeholder perception. As the vice chairman stated:

We are a strategic partner of PUMA. We contribute to their sustainability projects and we market ourselves together. In April 2013, Puma and we went together to the 'ASEAN Corporate Sustainability Summit' in Manila. (Vice Chairman)

In that summit, the vice chairman discussed the role of CC as a supplier of Puma –

⁵⁸ In this study 2 COO were interviewed. They are labelled as COO1 and COO2 just to indicate two individual persons for maintaining promised confidentiality and anonymity.

... in ensuring environmental protection and maintaining robust labour standards in its operation. The plenary session was about PUMA's EP&L (Environmental Profit and Loss) – a game change for sustainable business. (Xtalk⁵⁹ March –April 2013)

The series of tragic events has placed the sourcing strategies of large IRs under increased global scrutiny (McKinsey's apparel CPO survey 2013, p. 1). Risk is intrinsic to business and cannot be eliminated. IRs are simply trying to reduce their risk profiles by intensifying their drive for SBP with the aim of tackling the challenges with respect to their sourcing strategy (McKinsey's 2013 report, p. 9). According to the chairman:

After several incidents, buyers do not want to jeopardize their reputation further. They want to avoid the allegation of sourcing from sub-standard factories. They try to manage their stakeholders by showcasing business relationships with responsible supplying companies like us. It is not like that they place most of their business orders in these companies. Suppliers like us are actually helping them demonstrate their responsible business practices to their stakeholders.

IRs are highly concerned about maintaining the image of a 'socially responsible firm' to their stakeholders. They need support from their suppliers to maintain that image, as a major part of their supply chain operations is handled by the supplying factories. CC seems to be very attentive to catering to the needs of its IRs. CC undertakes different SBPs to support their IRs.

In order to maintain their brand image, IRs encourage us to undertake sustainability related initiatives. They tend to use these initiatives for their image building purposes. One of our international buyers established a school here in Bangladesh in collaboration with us -which they had been promoting all over Germany through several press conferences. As a major part of their supply chain lies in the developing countries, they don't have much scope to take adequate activities in their home countries. So, they tend to promote the activities that they undertake with us or we undertake for them. (COO1)

The endeavour to mitigate supply chain risk through responsible [i.e. sustainable] business practices is the strongest for reputed IRs due to the volatile nature of the RMG sector.

It is clear from the above discussion that CC was not familiar with the concept of sustainability earlier. As a manufacturing company, CC was simply cognizant of the savings that could be realized by operating efficiently and cost effectively. They undertook some initiatives to reduce their input and overhead costs and to increase operational efficiency—with the aim of increasing their overall competitiveness. CC did not undertake these activities with the intention to contribute to the solution of societal

⁵⁹Xtalk is the pseudo name for CC's Corporate Newsletter.

or environmental problems. By observing responsible/sustainable business practices of leading buyers, CC rebranded some of their cost-saving initiatives as 'sustainability initiatives' primarily for the sake of their own business interests without making any deliberate change in the company's strategic direction. The adoption of the sustainability concept by CC was purely coincidental. In the next section, the 'Business Case for Sustainability' concept which CC adopted will be discussed in detail.

6.2 The Business case for Sustainability

In the early years, CC was engaged in various charitable activities. According to CC, these activities were more of a "one-off" approach and were not beneficial for CC as they didn't receive any direct or indirect commercial benefits from these initiatives. According to the vice chairman-

We used to provide dining and other facilities to the workers, we donated money in the schools, colleges and madrasas, but none of these activities were taking us [CC] anywhere. Being an entrepreneur, I was disappointed with the potential of these activities in generating any direct or indirect benefit for the organization. That is when the project of rainwater harvesting came in. We installed two water pumps to extract ground water. However, we could not pump out the necessary amount of water as the water table was continuously going down. It happened during 2003-2004. To partially resolve this problem, we went for rainwater harvesting. On the one hand, we were preserving the environment by preventing the depletion of ground water table and on the other hand I was getting economically benefitted due to my improved reputation as a sustainable manufacturer. This recognition enabled us to charge higher prices to our customers. When IRs sell our products, they also take advantage of the fact that their products are being made in a 'sustainable factory'.

By developing the reputation of a sustainable manufacturer, CC created a willingness among its customers to pay a premium price. CC was inspired by the CSR activities of M&S while working with them. According to the vice chairman -

Some of our buyers, particularly M&S, used to give very high priority to the CSR activities. During that time, CSR was a unique selling point for M&S –which differentiated them from others. We tried to copy a few of their initiatives in our local context with the hope of getting the same benefits.

Following the footsteps of M&S, CC installed various energy efficient technologies to reduce carbon emissions. It replaced energy-devouring electrical equipment(such as conventional fluorescent tube lights and conventional sewing machines) with energy efficient ones to reduce energy consumption. These initiatives were not only good for the company's bottom line, but also good for the environment. By undertaking these initiatives, CC made an attempt to stand out as a leader in the Bangladeshi RMG industry with the intention to grab the attention of their targeted IRs - which is evident from the following comment of the vice chairman:

Bangladesh is a highly sensitive place for the garments business. Global media is extremely vigilant and they cover everything that happens here. Before placing the orders, high profile international retailers usually spend a significant amount of time and resources to select the right manufacturer for them. A good number of Bangladeshi factories are now maintaining satisfactory labour standards and producing quality products. Brands like Gucci, Hugo Boss and Armani would not feel comfortable placing their orders only in the compliant factories. To attract them, we need to do something extra [i.e. sustainability activities] in order to distinguish ourselves from the complaint factories. If Armani decides to source from Bangladesh, then they should feel compelled to conduct business with us without much thinking.

When a company like CC, from a developing country, undertakes sustainability initiatives - it definitely creates opportunity for the IRs to highlight the positive side of their supply chain management practice to their stakeholders. It seems like IRs are adopting sustainability measures mainly to enhance their brand image and to minimize supply chain risk in response to the institutional pressures. On the other hand, CC is engaged in sustainability activities with the intention to portray itself as a superior organization among its competitors. CC did it primarily for obtaining competitive advantages as well as for attracting and building strong relationships with IRs. After understanding the commercial significance of sustainability activities, CC has increasingly become more inclined towards the concept of a 'Sustainable CSR Project' -which CC's chairman explained in his own way in the following quote:

More or less every organization gets involved in charitable activities. In most of the cases, these activities are not sustainable in nature. In order to be sustainable, they should generate some sort of return for the organization. Now you may question me - how is the concept of sustainability related to return? This is tricky. A lot of people do not understand the relationship. We have received various types of return from our sustainability initiatives. It is true that some of these initiatives could not give us direct tangible return, but they gave us amazing intangible return. Intangible return actually complements our tangible return. Goodwill builds up along with reduction in costs. We won various awards and recognitions for undertaking these activities.

From the above quote it seems that sustainability initiatives were just a by-product of CC's economic rationality (e.g. Eden, 1994 cited in Schaltegger et al., 2011). The concept of sustainability was adopted from the perspective of CC's own business interest. CC prefers to refer to this practice as a 'sustainable CSR project'. Upon seeking clarification, the vice chairman explained the difference between a typical CSR project and a sustainable CSR project in his following quote:

An example of a typical CSR project would be opening up a school or donating to a madrasa. This type of CSR project will continue running as long as we keep pumping money into it. But a sustainable CSR project is self-sustainable. It is itself a business concept - from which we get either tangible or intangible benefit. An example of an intangible benefit is the present social image of CC. You came here to interview us because of our prevalent reputation in the industry.

Though CC is proclaiming these activities as ‘sustainable CSR projects’, in reality they are actually referring to the ‘business case for sustainability’ concept. A business case of sustainability is often described as a situation where the economic success of an organization increases while working for an environmental or social cause. In the following interviews, the chairman has frankly admitted the condition of receiving some form of benefits for undertaking their sustainability activities. He said:

“We can be environmentally friendly but, unless there is a return, we can’t continue the initiative.” (Making It, 17 September, 2012)

As a businessman, we would always look at our Return on Investment (ROI). Whether it is a social initiative or environmental initiative, we expect to get tangible return from some parts and intangible return from other parts. Chairman of CC in a TV Talk show

It appears that CC is interested in undertaking sustainability initiatives only if it generates some form of tangible or intangible return for the organization. The ‘business case for sustainability’ concept requires intended management action to improve sustainability along with positive economic outcome. However, this concept does not require coincidental and ad hoc creation of a business case now and then (Schaltegger et al., 2011). A question arises here, whether creation of such business cases has the potential of attaining sustainable development (Dyllick and Hockerts, 2002) as CC’s management does not have prior intentions to solve any social or environmental problems. It is clear from the preceding discussion that CC’s earlier cost saving and efficiency improving activities were not undertaken in a planned way to support the concept of sustainability. According to HoS2 –

CC’s earlier initiatives were not undertaken from the perspective of sustainability. They were mainly undertaken to reduce input costs. By observing IRs’ corporate practices, CC learned to repackage these initiatives. It was coincidental with the sustainability concept. However, in recent times, CC has changed the pattern of their sustainability initiatives. It has launched a few sustainable projects in collaboration with IRs and international agencies (IAs)– where they carefully tried to link social causes with their business interest. For example, CC, in association with PVH, USAID and Save the Children, has established schools in the surrounding locality. From this project, both CC and PVH received tremendous reputational benefits. Their financial investment in this project is nothing in comparison to the coverage that they have received from this project. This project has been highlighted in PVH’s CSR report. It was also highlighted in several press conferences at home and abroad.

As a whole, elements supporting the business rational for sustainability at CC can be categorized into two basic areas: cost savings and enhanced brand reputation. According to HoS2, CC’s earlier cost saving initiatives are less compatible with the ‘business case for sustainability’ concept as those initiatives were not taken with the

intention of improving CC's sustainability performance. They were undertaken purely on the basis of their economic rationale. According to him, CC's recent so called 'sustainable CSR project' is close to the concept of 'business case for sustainability'. Through these projects (such as establishment of a school for physically challenged and underprivileged children or providing vocational training and employment to physically challenged people), CC is at least trying to establish a link between social causes and their business interests in a planned way. Through these projects, they are enhancing their brand reputation– which is ultimately strengthening their customer relations and influencing the preferential purchasing behaviours of the buyers. Besides these two broad factors, there are some other factors which have influenced sustainability adoption practices in CC over time. The next section discusses those factors in detail.

6.3 Other Factors behind the Adoption of the 'Sustainability' Concept

IRs had huge influence in shaping up CC's sustainability agenda. CC's sustainability adoption practice is mainly driven by IRs' policy and strategy – which is clear from the following quotation:

[CC] decides its strategies and develops its own programs based on its international retailers' plans and strategies such as Plan A of M&S and Puma, Safe program for PUMA.[CC] does this in order to support its international retailers, develop mutual trust, build long term partnerships, gain their confidence and attract them.'- (CC SR, 2011-2012, p. 17)

CC has unequivocally described their corporate motives in the above quote. CC has adopted the concept of 'sustainability' as a contemporary business model. The first and foremost objective behind adopting this model is to serve CC's own business interest while satisfying the expectations of their international retailers. The following quote sheds some more light on the corporate motive of CC behind its SBPR adoption.

We have adopted the sustainability concept as a contemporary business model to perform our operations in socially responsible ways to ensure long-run business sustainability and profit simultaneously' (CC SR 2009-10, p.4).

It seems like CC is mainly interested in ensuring firm's long-term economic viability and success rather than contributing effectively to the social or environmental elements of sustainable development. The following quotations give indication of a few compelling economic reasons for undertaking sustainability initiatives.

Sustainability continues to make us a better company by reducing waste, lowering costs, driving innovation, increasing productivity and helping us fulfil our vision (CC SR 2011-12, p. 4)

Our profit is at least 2-3% higher in comparison to that of a similar company. Our sustainability initiatives have generated this additional profit for us. We consider our sustainability initiative as an investment rather than a cost. This awareness needs to be created among businessmen and industrialists as they may not know that they can also make money from their sustainability initiatives. Chairman at UNIDO Conference 2011

Sustainability has made CC more competitive in the market. It offered CC an opportunity to generate better bottom line results. This profit oriented view of CC is also very apparent in the following two quotes:

CC is strongly focusing on sustainable development for ensuring a higher margin in long term profit, enhancing efficiency and reducing costs. Moreover, this initiative will be economically, socially and environmentally beneficial for the stakeholders. (CC SR 2009-10, p. 17)

[CC strives to] ensure growth, expansion and profit by being socially and environmentally responsible" (CC SR 2010-11, p. 15)

In the above quotes, the notion of 'profit' appeared before 'responsibility'. In CC's adopted business model, responsibility took a side-line. In this model, sustainability action did not evolve from the notion of responsibility or morality. According to the views of Sir Geoffrey Chandler, founder-chair of the Amnesty UK Business Group -

The moral case argues that principle must precede profit, even if the two are not opposed. Profit is a necessary outcome, but the purpose needs to be rooted in something more substantial, such as the satisfaction of a societal need. The result is that companies must do right because it is right, not because it pays. Principle, not profit, should be the point of departure. (SustainAbility and IFC Report 2002, p. 33)

In the case of CC, commercial benefit acted as a necessary condition for undertaking sustainability activities - which is not justifiable from a moral perspective. As stated by the chairman:

As a CEO of a business entity, unless I see my return I mightn't be interested to go for such an activity or continue it. In our case, we received tangible return from these [sustainability] activities in terms of cost saving. In the later stages, I received plenty of intangible return from these activities as well. Today I am here, why? It is because of my green initiatives. It is giving me intangible return which is eventually getting transformed into tangible return. It is giving me a better marketing image as well – Chairman's speech at UNIDO Conference 2011

The chairman of CC featured among 1000 top executives in the world's largest CEO study⁶⁰ on sustainability. CC was covered by world-leading broadcasting organizations

⁶⁰UN Global Compact-Accenture CEO Study 2013

such as CNN, BBC, and Bloomberg - where CC's achievements on sustainability issues were notably praised and highlighted. CC featured in the Guardian (July 2012), Ethical Corporation's news (June, 2012) and Making It Magazine (September, 2012). It also featured in the Economist Intelligence Unit Report (2011), UNGC International Year Book (2011), UNESCAP⁶¹ report (Nov 2013) and on GRI website as a case company (May 2011). The chairman of CC was invited to speak at Harvard University (April, 2013), UN Private Sector Forum (September 22, 2010), UNIDO⁶²'s conference (December 2011) and the Paris Forum (April 2013). None of the Bangladeshi RMG suppliers has received such exposure in international media and publications before. CC has admitted receiving these intangible benefits in their sustainability report:

Apart from the financial gains and being an eco-friendly company, CC's innovative initiatives have brought numerous national as well as international awards and accolades for the company, which eventually gave us confidence for attaining the deserved reputation, a competitive edge, and better sustainability. (CC SR 2009 -10, p. 4)

Because of our image, I was invited to speak at several prestigious global forums, where case studies on CC were publicly reported. Particularly from 2010, we have received a substantial amount of appreciation and awards for our sustainability initiatives – which inspired us to undertake more sustainability activities. Chairman

CC's sustainability initiatives also act as a marketing tool for the company as evident from following quotes:

When we approach a new buyer, we brief them about our different sustainability initiatives in order to impress them about our business practices. HSD

Now, we don't have to look for customers. Instead, customers are rather interested to do business with us. It [sustainability] is a silent marketing tool and it is automatically marketing our firm. COO1

Now buyers are looking for us and placing their orders in our factory because of our positive image. This intangible benefit creates a lot of tangible return for us. It gives us better marketing results. As a result, we have experienced more than 20% of annual growth and employed more than 18,000 people within a very short span of time. Chairman's speech at UNIDO Conference 2011

CC's sustainability initiatives are bringing direct reputational benefits to them, including coverage in the media as a responsible manufacturer. Evidence of improved reputation can also be found by tracking its growth rate. After starting the operation from a meagre \$200,000 (i.e. 0.2 million) in 1996, CC has now reached an impressive sales figure of \$200 million in 2011-2012. It has won numerous accolades for its

⁶¹United Nations Economic and Social Commission for Asia and the Pacific

⁶²United Nations Industrial Development Organization

performance both at national and international levels in the past 6-7 years. In the Bangladeshi garments sector, where suppliers' images tend to be fairly weak due to repeated accidents and controversies, a good reputation acts as a very strong competitive advantage for CC. A company's reputation is an intangible asset: in this case it helped CC to elevate their company profile, which in turn enables CC to work with high end retailers.

We are supplying to the top brands of the world. Why these top brands are coming to us? It is our sustainability initiatives that attract them. The intangible thing that we have created - attracts lots of high-end customers. These customers are taking into consideration sustainability factors while placing their orders. That's why they are now knocking on our doors with orders. The chairman's speech at the UNIDO Conference 2011

Sustainability initiatives enabled CC to differentiate itself from others. According to the COO of another business unit (COO2) –

International buyers generally look for a compliant factory, quality product, timely delivery and competitive price – which other factories including CC can provide. What differentiate us from others is our sustainability initiatives. When we tell our customers that we are member of UNGC, GRI & UNIDO, it gives us a competitive edge over our competitors.

Sustainability initiatives have enabled CC to save significant costs. When 'Making It' magazine questioned CC's chairman about the driver of sustainability at CC, apart from saving on costs, he responded very frankly that -

Membership in the Global Compact, the Global Reporting Initiative and Sustainable Energy for All provides me with a benefit. All these awards for environmental initiatives and corporate social responsibility give us a competitive edge. Our customers are inviting me to speak to their shareholders. They are showcasing me to their customers. When companies negotiate a price with me, I can get a better price from them as they don't want to lose me. I am in a better bargaining position (Making It, 17 September, 2012)

It is comprehensible from the above quote that there are clear rewards for undertaking sustainability initiatives for CC. The chairman also said that other companies would implement the same practices if only they knew how much money it would save them. In that interview, he also said that another main reason for making his company sustainable is the competitive advantage.

Apparel manufacturing is a highly sensitive business. Western retailers want responsible suppliers for mitigating the supply chain risk. Good reputations of suppliers provides IRs a buffer zone — a space to make accidental faults without being attacked

very harshly. The supply chain network of these apparel conglomerates [i.e. IRs] is so widespread that accidents can take place anytime. By working with a responsible supplier, IRs can reduce their operational risk to a great extent.

Our sustainability initiatives give international retailers extra comfort or peace of mind to place their brands in our hands. We are perceived comparatively more responsible than other factories due to our better market reputation. It is not like they [i.e. IRs] would pay us an extra 10 cents for our sustainability activities. But these activities have some positive impacts on our image – which ultimately helps IRs reduce their risk profile. COO2

It appears that CC has realised a wide array of benefits from their sustainability efforts. Aside from the improved resource efficiency, cost reductions, premium pricing, better market access and risk mitigation discussed in the earlier sections, other internal gains include positive stakeholder perception and access to low-cost financing. In 2013, German Investment and Development Corporation (DEG) sanctioned a soft loan of \$14 million to CC to setup two green factories. Positive stakeholder perception among German IRs and IAs helped the company secure the long-term credit line of \$14m from DEG.

CC has led both individual programs and joint initiatives to support their adopted sustainability framework. A pattern becomes very obvious if someone takes a close look at the sustainability initiatives of CC. On the environmental front, most of the activities are cost saving or operational efficiency oriented. While on the social front, most of projects are either in partnership with IRs (e.g. M&S, Puma, Olymp, PVH, s.Oliver) or with IAs (e.g. UCEP, Save the Children, ILO, CRP). These joint initiatives have enhanced the corporate image of all participating organizations. It has particularly helped CC strengthen its relationship with important stakeholder groups.

These joint initiatives helped us in building strong relationships with our customers and international agencies. Sincerely speaking, all participating organizations (CC, IRs and IAs) were benefitted reputation wise to their respective stakeholders. Particularly, without much financial investment, we got benefitted in terms of enhanced reputation by forming partnerships with such internationally acclaimed organizations. They helped us with funding and their technical knowledge. At the end of the day, these joint initiatives created a win-win situation for all involved parties. Former Assistant Manager (FAM) of Sustainability and Compliance Department

From the above discussion it appears that the drivers of CC's sustainability practices are gradually changing over the time. If the lifespan of CC is divided into three phases, then in the first phase (1996-2001), CC was more focused on the market competition. During this time, the primary focus of CC is on the environmental side, in particular

with regard to resource and energy efficiency plus cost saving to secure competitive advantages. In the second phase (2001/2002-2005/2006), CC fine-tuned its various efficiency-improving cost-saving with the concept of sustainability to attract the attention of the customers as well as to get favourable business deals from them. In the third phase (2006-present), it has undertaken some additional sustainability initiatives in association with IRs and IAs, mainly to serve the purpose of reputed IRs as well as to strengthen their relationship with them. While cost reduction, improvement in operational efficiency and brand image, better customer portfolio, premium pricing and enhanced stakeholder relations remain key drivers behind SBPR adoption from CC's perspective, supply chain risk mitigation remains a key rationale from IRs' perspective. The following section gives a detailed insight into the initiation and implementation process of CC's sustainability reporting practice.

6.4 CC's Sustainability Reporting Practice- A Push from 'Outside' (i.e. IRs)

CC first published its sustainability report in correspondence with the Global Reporting Initiative's (GRI) 'Application level C' in 2010. So far, CC has published 3 sustainability reports since 2010. Puma acted as the principal driving force for initiating and implementing the sustainability reporting practice (SRP) at CC. Puma, as a leading sport lifestyle company, has a long history of publishing stand-alone sustainability reports. Puma has been publishing separate sustainability reports since 2004, in accordance with the GRI Reporting Guidelines. From 2010, they have combined their financial report and sustainability report into one document as part of their corporate strategy. Puma, as a powerful buyer, enforced a similar reporting practice among their selected supply chain partners after participating in a pilot project. Under this project, the suppliers of Puma were asked to issue sustainability reports upon Puma's request. CC was involved in that project as a selected supplier of Puma. This is how the sustainability reporting practice made its start at CC. It is important to review the background of the pilot project in order to get a clear idea of CC's SRP adoption.

Back in 2006, Puma participated in a GRI-GTZ pilot project named "Transparency in the Supply Chain". The pilot project provided necessary support to Puma's supply chain partners, to prepare a sustainability report. In this initial phase, three South African suppliers of Puma were selected and trained on sustainability reporting, and the most active supplier during the project became the first strategic partner of Puma

from the African continent (GRI Report 2011, p. 37). In 2009, Puma participated in the successive 'GANTSCh project⁶³' to further integrate the concept of sustainability into their supply chain operations. In the second phase, Puma selected ten suppliers from six countries (Bangladesh, China, India, Pakistan, Portugal and Turkey) to understand and foster sustainability in the supply chain, through the practice of sustainability reporting. CC was one of the ten suppliers of Puma who had agreed to issue their own sustainability reports under the GANTSCh program. The objective of participating suppliers was to produce a basic GRI 'Application Level C⁶⁴' sustainability report by the end of the project. In 2011, Puma further expanded the project by involving more suppliers from different sourcing regions. According to Puma's sustainability report (2010, p. 46) -

The central purpose of this initiative [i.e. sustainability reporting] is to provide support to our suppliers to measure and report their social, environmental and economic performance.

According to Mr. Stefan Seidel, Deputy Head of Puma.Safe Global, one of the major objectives of promoting sustainability reporting practices among their suppliers is -

...to provide the necessary transparency to the public and interested stakeholders about the social and environmental conditions of our supply chain, particularly in developing countries which have been criticized for lax implementation of labour laws and environmental standards (GRI Report 2011, p. 11).

Puma initiated this reporting practice among their suppliers as an important element of their supply chain risk mitigation strategy. Puma wanted to use 'sustainability reporting' as a catalyst in driving responsible business practices among their suppliers in the face of various allegations in relation to their supply chain operations. CC, as a first-time reporter, received certified training on the GRI Sustainability Reporting Framework within the GANTSCh project. Puma did not enforce this reporting practice on its suppliers all of a sudden. Puma first introduced a Code of Conduct for its supplier in 1993, followed by Puma's Safe handbook in 1999. In 2005, Puma started to collect key environmental data from its supply chain partners (Puma SR 2010, p. 47).

⁶³The Global Action Network for Transparency in the Supply Chain (GANTSCh) program was initiated in 2009 by the Global Reporting Initiative (GRI) in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). It was a reporting capacity building project for first-time reporters. This program supported Puma's supplying factories to report on their economic, environmental and social initiatives.

⁶⁴Application Level C is the lowest level among three levels (i.e. A, B and C) and it is intended for entry-level reporting organizations.

Growing familiarity with these advanced practices formed the basis of successful initiation of SBPR adoption at CC. According to HoS1-

We used to share our usage data on gas, electricity and water with Puma on a regular basis. This practice started long before publishing our sustainability report. At that time, we were not too concerned about the accuracy of our data, as we did not have the right system in place. Despite its limitation, this practice had a positive impact in understanding the association of gas, electricity and water consumption with the concept of 'sustainability'. It somehow influenced us to evaluate our own performance in terms of resource consumption. In some way, it unconsciously prepared us in dealing with Puma's 25% target and sustainability reporting practice.

Puma has an extensive network of suppliers, the majority of which are predominately located in different developing countries of Asia. These are the places where the actual production takes place. The most important sustainability impacts (such as abuse of human rights and labour issues, unrestricted use of natural resources) also take place in these places. In 2010, Puma became the first company in the world to publish an environmental profit and loss statement (E-P&L). The findings of Puma's E-P&L revealed that the lion share of PUMA's environmental impact occurs within its supply chain of external partners.

To address the impact of their supply chain operations, Puma set a 25% reduction target for their Tier 1 suppliers in terms of water, waste and energy usage by the end of 2015, against the baseline year of 2010 (Puma SR 2012, p.13). Before setting this target for its suppliers, Puma set a 25% reduction target for their own offices in 2007 (Puma SR, 2007-08, p. 88). It was a big challenge for Puma to improve its overall sustainability impact outside their own offices. This 25% target was obligatory for Puma's strategic suppliers which include CC (Puma's Handbook of Environmental Standards 2012, Volume 1, p. 10). To reach the target by 2015, Puma has set an interim reduction target of 5% every year. The following quotation gives clear indication of CC's commitment level in achieving Puma's requirement.

Puma is one of our major buyers. If they request us to reduce 5% of E-KPIs⁶⁵ every year, then we have to somehow get it done. Puma has outsourced its whole production process to independent suppliers. It doesn't produce anything by itself. It only sells the products whereas we actually manufacture the products. Without our active participation, they won't be able to keep their commitments that they make with others. HoS2

While setting a 25% target for suppliers, Puma recognized that they need to engage their supply chain partners (i.e. suppliers) with the process of achieving the target. In

⁶⁵ E-KPIs stand for Environmental Key performance Indicators which mainly focus on water, waste and energy usage data.

order to monitor the performance of its supply chain partners closely, Puma decided to make sustainability reporting a requirement for its strategic partners (GRI Report 2011, p. 11). According to Stefan Seidel, Deputy Head of Puma, Safe Global –

Supply chain sustainability reporting forms a very important element of PUMA's sustainability strategy. Without sustainable suppliers, we will not be able to produce a sustainable product or even credibly report about PUMA's own actions related to CSR and sustainability (GRI Report 2011, p. 11).

In 2007, Puma introduced the concept of 'Strategic Partner', where they identified the key suppliers and required them to upgrade their management systems to conform to their requirements. In 2009, CC became Puma's strategic partner. As noted in Puma's Handbook of Social Standards 2013 (p. 47), Puma expects its strategic partners

"...to implement the highest standards related to sustainable compliance and management systems. Examples of this could be: certified Management systems (ISO 14001, ISO 9001, OSHAS 18001, SA 8000); publishing of own sustainability reports; following best practices as detailed in this handbook, as well as the handbooks for environmental and occupational health and safety standards."

Puma's monitoring and corrective action is primarily focused on the facilities of strategic partners, considering the importance of these key suppliers in their supply chain operations. Strategic partners that comply with puma's stipulated standards and maintain proper management systems get rewarded by more stable businesses (Puma SR, 2012, p. 59). As stated by Puma's country manager -

Our suppliers are categorized as suppliers, partners, strategic partners and premium partners. CC is our strategic partner. In the entire sub-continent, there are very few strategic partners and no premium partners. Our strategic partners are working very hard to become our premium partners. But, they need to fulfil certain criteria in order to achieve that status. To become our premium partners, they need to demonstrate a strong level of commitments towards our policy and programs.

As an ambitious supplier, CC always tries to comply with its IRs' recommended suggestions due to an asymmetric power relationship. Competition among suppliers is another factor that drives the adoption of SRP at CC.

Even competition among Puma suppliers within Bangladesh is a matter of concern for us, let alone the rest of the world. As far as I know, there are around 10 Tier 1 suppliers (i.e. direct manufacturers) of Puma from Bangladesh alone. The number indicates a very high level of competition among local firms. It poses a significant competitive threat to our business as we often have short term contracts with the buyers. If we can't meet the expectations of Puma, then someone else will meet them, and will eventually replace us in Puma's strategic partner list – resulting in a decrease of our sales orders and creating business instability. HoS2

Being a strategic partner of Puma, CC is very careful about satisfying the expectations of Puma as they do not want to be deprived of Puma's 'preferred order allocation' policy (see GRI Report 2011, p 36). If CC does not meet the specified requirements of Puma, Puma may withdraw its 'strategic partner' status and may refuse to maintain a stable business relationship with CC. HoS2 stated that -

In 2009, Puma enforced this practice on us. As a strategic partner of Puma, we had to comply with their expectations. We have been publishing this report every year for the sake of our business relationship. We have also taken necessary steps to meet the 25% reduction target set by Puma. We are not only committed towards Puma, but also towards our other buyers. For example, PVH has recently become a signatory of the 'Fire Safety Accord'. Now systematic compliance with the conditions of this accord has become a major obligation for us. As they directly contribute to the progress of our business, we have to comply with their requirements at any cost.

The above quote clearly indicates CC's dependence level on their customers (i.e. IRs) for their economic survival. CC does not have an option but to spend time on addressing the requirements of Puma and other IRs to continue their business relationships. When the chairman was requested to give his opinion about these requirements, he said that

[i]t doesn't matter what I think about these requirements [including reporting practice]. What matters most is that they [i.e. IRs] want these done and therefore we have to incorporate them into our practices in order to continue the business relationship.

IRs have highly enforceable contractual relationships with CC. The above quote clearly shows how seriously CC takes IRs' requirements into account for continuing their business relationship. Business requirements set by the customers are perceived as necessary conditions by CC. Besides fulfilling the requirement of Puma, CC has used the report as a marketing tool to showcase their sustainability activities to their targeted stakeholder groups. The following extract from CC's sustainability report (2010-11, p. 2) might help us further to learn about the purpose of this report from CC's point of view:

This report provides detailed information for our stakeholders on our sincere achievements in aspects of economic, social and environmental sustainability (CC SR 2011 -12, p. 2)

Consultant 1⁶⁶ (who supervised the 1st reporting team) explains the motives behind CC's SRP as per his own understanding-

⁶⁶ In this study 2 Consultants were interviewed. They are labelled as Consultant1 and Consultant2 just to indicate two individual persons for maintaining promised confidentiality and anonymity.

The whole world is aware of our bad incidents, but they don't know about our positive sides. Reporting is one of the ways to let them know about our good works...Through this report, buyers can know which company is involved in what kinds of activities and approach them accordingly. The sustainability report helped CC to get their due recognition among their buyers.

From the above quotes, it is clearly understandable that CC did not prepare this report to provide the necessary transparency and accountability to its stakeholders. Rather CC used it as a promotional tool for highlighting their achievements to their stakeholders. Let us consider the following quote from the vice chairman:

We established a school for disabled children in collaboration with a buyer. Buyers included these activities in their reports and we included them in our reports.

This reporting practice has remained mutually beneficial for both suppliers and buyers from a promotional point of view. It builds up reputation for both of them- which is arguably the most valuable asset for any company in the long run.

By promoting the concept of sustainability among suppliers, Puma has been recognized as a leader in upholding transparency and accountability in the RMG sector. By adopting this practice, CC has created a positive impression among its buyers. In the business world, we run the risk of losing our business unless we're effective in communicating our achievements. This reporting practice is helping both of us in communicating our positive achievements. FAM

Earlier, CC used to communicate their sustainability related activities to their IRs through emails and presentations. According to the vice chairman, these communication tools were not very effective in terms of giving them due exposure to their stakeholders. Sustainability reports mitigate this problem by compiling all the information in one place. Now, stakeholders can learn about CC's various sustainability initiatives very easily just by looking at this report. According to the vice chairman –

This report gets distributed among all our buyers and other important stakeholders. It acts as a powerful communication tool for promoting our sustainability activities.

This report has also created a positive perception among CC's important stakeholder groups. According to HoS1 -

Our chairman attends various discussion meetings and conferences worldwide very frequently. Important stakeholders such as representatives of buyers, high officials of donor agencies and the government etc. also attend these events. When we distribute this report in these important forums, then it speaks more credibly about our achievements. It creates a positive perception among important stakeholder groups and therefore generates a competitive advantage.

It is clear from the above discussion that the main drive for initiation and implementation of sustainability reporting practices at CC predominantly came from Puma. CC had to adopt Puma's suggested reporting practice in order to retain its business relationship with Puma. Business reasons, such as CC's dependence on the customers, intense competition among the suppliers, and positive stakeholder perceptions – as opposed to ethical ones — are the main motivating factors behind the adoption of CC's sustainability reporting practice. In the second empirical chapter of this thesis, the sustainability reporting process of CC has been thoroughly examined to explore the potential of this practice in stimulating and enhancing sustainability and transparency.

6.5 Examples of CC's Sustainable Business Practices

Besides sustainability reporting, CC is also engaged in other sustainable business practices (SBP). Increasing use and production of sustainable cotton, attaining the ISO 14001 certification, constructing eco-factories, forming workers' participation committee and targeting to become carbon neutral by 2016 - are some examples of CC's sustainable business practices. Most of these initiatives under the banner of sustainability are connected to either CC's own business interests or the preferences/requirements of their international retailers. Without conscious knowledge, it may appear that CC has undertaken these activities as part of their commitment to sustainability concept, but in reality they have a strong economic rationale behind the initiation and implementation of said activities. The decision for adopting these practices is purely driven by business interest rather than responsibility. In the following sections, some of these activities will be discussed in order to understand CC's attempt to maintain the façade of a sustainable company.

6.5.1 Certification Schemes

Certification schemes such as ISO 14001 and SA 8000 are often used by companies as a proxy for their commitment to good environmental and labour force management (SustainAbility and IFC Report 2002, p.25). The business case for such certification is also very strong as it improves market access along with price premiums (SustainAbility and IFC Report 2002, p.13). Primarily to address Puma's requirements, CC opted for the ISO 14001 certification. This certificate was also important for CC to

get the necessary building certification (i.e. LEED⁶⁷ certification) for their green factories. According to HoS1 –

ISO 14001 certification was obtained mainly to address Puma's requirements. We looked for an environmental management system for tracking our performance against Puma's 25% reduction target. Obtainment of ISO 14001 certification was also important to fulfil certain requirements for the LEED certification.

This certification improved CC's reputation and competitive advantage. The chairman stated that -

We opted for ISO 14001 certification because of its international reputation. It is a well-respected environmental management system on a global scale. M&S presented us the 'Plan A' award, HSBC recognized us as the 'Climate Champion'; but other IRs had reservations in acknowledging these recognitions as an acceptable benchmark. We went for this certification so that all IRs take us seriously. When we looked around, we could not see any ISO 14001 certified Bangladeshi Garment Company.

However, only one unit out of ten business units of CC obtained the ISO 14001 certificate. Other units enjoyed the overflowing positive effects of this certification as the name of the business group (i.e. CC Group) and the name of the certified knit unit (i.e. CC Ltd.) were similar. It seems that CC tried to enhance the image of the entire company by obtaining the certificate for only one unit. If CC were a truly sustainable company, it would have obtained the ISO 14001 certificate for at least two other major business units (i.e. woven and spinning units) – from where it generates 54% of its total revenue. While CC partially implements the ISO 14001 in one business unit, it was completely reluctant to obtain the SA 8000 accreditation. The Compliance Manager (CM) of CC gave the reason for opting out from SA8000:

SA 8000 entails too many requirements and hence we prefer to stay away from it. One of the fundamental requirements is that the company has to pay 'living wage' to the workers – which is very challenging for us to implement in the context of Bangladesh. For example, Tk. 10,000 may be the appropriate living wage according to SA 8000 standard, whereas, for us, it is only Tk. 3,000⁶⁸. We can't pay our workers based on the calculation of living wage. We pay on the basis of the national parameter (i.e. national minimum wage). That is why we don't prefer SA 8000. The provision to allow 'Freedom of Association' is an important element of this certification - which is another challenging issue for us to implement. Auditors themselves said that we [i.e. CC] won't be able to maintain this certification due to its strict criteria.

There are nine elements in the SA 8000 standard, among which 'living wage' seems to be the most challenging for CC to implement. For example, the total number of workers in CC is 14,611 (CC SR 2011-12, p. 35). If all the workers are paid living

⁶⁷Leadership in Energy & Environmental Design (LEED) is a green building certification program that recognizes best-in-class building strategies and practices.

⁶⁸ minimum wage according to the previous scale

wages, the financial implication would be very significant for CC in comparison to the total cost of all their sustainability related activities. For example, during 2011-12, CC spent taka 1.67 crores in total (which is only 0.14% of total net revenue) for its all sustainability and CSR activities (p. 22). The total monthly basic salary and remuneration (basic salary plus other fringe benefits) for all workers are Taka 3.86 and 5.79 crore respectively (p. 35) - which means the average monthly basic salary and remuneration of every individual worker is around 2647 and 3966 taka. For calculation, If we consider living wage to be around Tk. 8000, then CC needs almost (8000-3966) x 14611 workers x 12 months = 70,72,89,288 i.e. additional 70.7 crore taka a year to pay living wages to its workers. By spending only 1.67 crore taka, CC can undertake and exhibit a range of projects under their sustainability related activities. From a company's economic point of view, these activities are far more cost effective and value adding, compared to spending an extra 70.7 crore taka for paying living wages to the workers. Compliance Manager further said:

We cannot simply fill our cabinet with different kinds of certifications. If buyers would have asked for this certificate explicitly, then we would have obtained it just like we did for ISO 14001.

It seems that CC is not interested in obtaining a highly expensive, but very important certificate like SA 8000 unless it is explicitly required by their IRs, or unless it has a strong economic rationale.

If an additional certification helps the company get new buyers or negotiate a better price, then it becomes economically justifiable for the management to obtain that certification. If not, then we don't want to go for it. The company is not that responsible that it would bear extra costs for an additional certification without having any tangible or intangible benefit. HoS1

When he was asked about the benefit of an improved image (i.e. intangible benefit) from this kind of certification, he further stated:

We went for ISO 14001 due to its numerous positive features. It reduced our energy usage, improved our corporate image and most importantly helped us in fulfilling our buyers' requirements. Buyers did not request that we adopt SA 800, whereas they explicitly requested us for ISO 14001. The cost of implementing ISO 14001 is much lower than the cost of implementing SA 8000. We implemented ISO 14001 in just one unit. However, it is not possible for us to implement SA 8000 in one unit. The day we will start giving 'living wage' in one unit, workers in other units will start protesting. We are doing business with high end buyers without having this certificate. If we can still manage our business without SA 8000, then what is the point of obtaining such an expensive certificate? The cost of implementing this standard [i.e. SA 8000] is much higher than its benefit.

From the above quotations, it is clear that business interests always get higher priority in CC's decision making process. CC obtained the ISO 14001 certificate as it was a highly cost effective and symbolic solution for gaining several commercial benefits. Through the ISO 14001, CC was able to maintain their environment friendly appearance while satisfying their buyers' requirements (Puma's 25% reduction target, LEED certification etc.) and reducing costs. CC doesn't have any incentive to obtain a challenging and expensive certification like SA 8000 as they can still attract high-end customers without it. CC is not interested to go for a certification if it is not financially justifiable in terms of economic value addition to the company.

6.5.2 Eco/Green Factories

Besides ISO 14001 certification, another prime example of CC's sustainable business practice is its construction of two eco/green factories. CC's business motive is very clear from the following two quotations -

Country's leading apparel maker and exporter is going to set-up the green factories, first of its kind, in an effort to attract more international buyers (CC SR 2009-10, p. 72).

Green factory acts as a tool in attracting more customers as IRs are highly keen on working with an environmentally responsible supplier from Bangladesh. FAM

According to CC's chairman, IRs have a limited number of model factories, and CC is one of them. IRs usually place 10-20% of their orders in model factories like CC, and place the rest of the orders in average compliant factories. When IRs describe their supply chain management practice to their stakeholders, they highlight responsible or sustainable suppliers like CC in that process. We have observed such practices in one of the earlier quotations where the vice chairman has acknowledged promoting their various activities at a conference, jointly with Puma. According to the chairman,

Like buying houses, these 2 green factories will be my showcased factories. My other factories would be of regular standard (i.e. compliant factories) but these green factories would be of premium class. When top management of IRs come for a factory visit, these factories will certainly give them a good impression about CC's overall operations. In reality, maybe 20% of my total revenue will be generated from these two factories. However, they will positively influence the remaining 80% of my business in a constructive way.

These two projects were undertaken to serve each other's (i.e. CC and its IRs) business interests. IRs observed an increased market demand for the eco-friendly products and that's why they passionately supported this project. According to Puma's country manager -

There is demand for eco-friendly products in the market. In current times, consumers do care about environment and want to purchase eco-friendly products. Maybe in the developing countries, the demand for such product is low, but in the developed countries there is high demand for eco-friendly products.

It appears from the above quote that increased demand for eco-friendly products has been one of the primary driving forces behind the decision for constructing green factories. Competition was another major factor that prompted CC to construct these green factories. According to HoS2,

Our direct competitors are constructing green factories in order to grab the attention of high profile IRs. Like us, they are also conducting business with high and medium range customers. Strong pressure was felt from the IRs' to construct green factories.

It seems that CC is mainly constructing these green factories in the face of intense competition to retain existing customers, to attract new customers, as well as to sustain its own competitive edge. For these 2 green factories, CC did not go for the highest level of LEED⁶⁹ certification (i.e. Platinum) and HoS2 explains the reason:

We would always try to keep the costs at a minimum. In our case, certification is more important than the level of certification.

From the above quote, it appears that CC wants to exert efforts only to an extent – where it is absolutely necessary for the economic survival and progress of its business operations. The construction of green factories acts as more of a symbolic activity, mainly to support CC's sustainable appearance and economic interest.

6.5.3 Carbon Neutral Program

Another example of CC's SBP is their carbon neutral program (CNP). They have made a commitment to the United Nations to become carbon neutral by 2016. The chairman made the following comment at the UNIDO Conference in 2011 -

We are planning to reduce our carbon footprint by more than 25% by the end of 2013. 75% of our carbon emissions cannot be reduced; hence we decided to plant trees to offset them. Do you think that I have acquired 1800 acres of land only because of my sustainability initiatives? Of course not. I will make money from this investment. It is not only about offsetting carbon emission but also about making profits. At the end of the day, I will maintain a healthy bottom line while ensuring better sustainability simultaneously.

⁶⁹ Leadership in Energy and Environmental Design (LEED) is a set of rating systems for the design, construction, operation, and maintenance of green buildings.

It is clear from above comments that CC's CNP was driven by a 'business case for sustainability' concept. If commercial benefits were not present then CC would not have taken the chance. For example, CC has recently ventured into the electricity generation business. Electricity generation releases a huge amount of CO₂ into the atmosphere. It is generally considered more carbon intensive than other industrial productions. When the chairman was asked about the inclusion of power generation business within the scope of their carbon neutral program, he said –

The carbon neutral program doesn't cover our power [i.e. electricity] generation business. CNP is solely for our garment manufacturing business – where 2010 has been set as the base year for calculations. Our business has expanded since 2010 and, as a result, overall carbon emission has increased. But carbon emission has decreased in terms of per unit of garment production.

From the above example, it appears that CC is not truly committed towards their carbon neutral program. As a result, it hasn't included their electricity generation business under the coverage of CNP. According to FAM -

The customer for our power business is the government whereas the customers for our garment business are the international retailers. We supply electricity to the National Grid Line. To do that, we don't need to fight ruthlessly, since there is already an intense crisis of electricity within the country. However, a very tough competition prevails in the garments sector, where we are always busy trying to impress our IRs. We undertook the CNP mainly to improve our green image and impress our buyers. Some of our IRs, like Puma, don't have their own manufacturing plants. Suppliers like us account for a major portion of their carbon emission and water consumption. CC's CNP program made indirect contributions to their IRs' carbon neutral programs.

If CC were truly concerned about the well-being and protection of the environment, they would not have excluded their power generation business from its CNP. They have undertaken a symbolic CNP program only for their garment manufacturing business for the sake of their business interest.

6.5.4 Child Care Centre

CC provides child care facilities to their workers – which is considered an important institutional practice amongst Bangladeshi RMG factories. Like most other SBP, child care facilities are only available for the workers of the knit and woven units. Three separate child care centres can only accommodate 60-65 children of almost 11000-12000 workers (i.e. less than 1 place for every 200 workers). CC has established these child care centres with such low capacity, as part of its symbolic management - to demonstrate its compassionate attitude towards its workers. NGOs, IGOs, foreign

delegation teams and IRs often visit these centres. For example, CC's last 2 child care centres were inaugurated in the presence of a German Minister (most of the buyers are from Germany), a European Union Commissioner (a prime export destination of CC) and a chief operating officer of an IR. They praised CC by seeing these centres and do not go for further evaluation.

As CC incurs the necessary expenditure for running these centres, they are only interested to operate with minimum capacity in order to portray their compassionate attitude towards their workers. Whenever workers request the management to increase the capacity of the child care centres, they come up with unavailability of space as an excuse. If CC would truly consider the workers' welfare, the capacity of the day-care centres would've been much higher.

6.5.5 Other Reporting Practices

In 2009, CC conducted its first carbon and water footprint analysis. They published the result of that analysis in a separate report. After that, they didn't conduct any analysis in the last few years to monitor their carbon emission and water consumption level. As a result, they did not publish any report. When HoS1 was asked about the issue, he replied -

On the first occasion, the carbon and water footprint analysis was done at a subsidized rate due to our participation in a pilot project. In 2011, we wanted to conduct the analysis again. After knowing the cost of the assignment, we receded and decided to not conduct the analysis.

Cost is a major factor in CC's business decision making process. Most of the business decisions first get evaluated from a cost perspective; the issue of sustainability comes later. The issue of the carbon footprint report came into the picture again during a business deal finalization process. CC was in a process to receive a soft loan worth \$14 million from a German financial institution to construct two green factories. During that time, the financial institution requested CC to report their carbon footprint for monitoring their performance. CC went for their 2nd carbon footprint analysis in order to get the loan.

We are going to conduct the carbon footprint analysis for the 2nd time. We are not doing this voluntarily. the financial institution wanted to look into our current emission level to compare it with future emission levels. HoS2

The carbon footprint report of CC only covers its garment business (Carbon Footprint 2014 Report, p. 15). It however does not cover its power business. While CC prepared their 2nd carbon footprint report, they didn't prepare a 2nd water footprint report despite operating in a water-intensive industry⁷⁰ as well as facing problem in relation to groundwater depletion. Growing companies like CC have several business projects to pursue. Holding everything else constant, their total carbon emissions and water usage are likely to increase over time. However, the voluntary reporting regime gave CC extraordinary flexibility in deciding the scope and content of the carbon and water footprint reports. It allowed selective disclosure of successful emission reductions projects, while remaining silent about projects that increase carbon emission and water usage.

It appears that CC's carbon neutral programs, as well as publication of carbon footprint reports are sort of symbolic activities for CC, since these activities do not cover their entire business operations. Decisions related to the scope of reporting or CNP is generally driven by CC's business agenda. Exclusion of their power business from the carbon neutral program and their carbon footprint report are prime examples of that. Even the current 'carbon neutral program' (through tree plantations) of CC needs a comprehensive re-evaluation as a valid mechanism for addressing the concern of intergenerational eco-efficiency. It seems that it does not take into consideration the accumulated environmental impacts of the company's increased production for the long run.

6.5.6 More Examples of CC's Other Symbolic Activities

CC undertook several other activities to maintain the appearance of a sustainable company. The formation of the sustainability department, creation of the HoS position, publications of sustainability reports without proper stakeholder engagement and third party audit, installation of complaint boxes in the workers' toilets without giving them the right to exercise Freedom of Association (FoA), formation of workers' participation committees without proper election as an alternative platform to trade unions, change in the corporate outlook, participation in the global forums, affiliation with different reputed organizations - are some examples of CC's attempt to maintain the appearance of a sustainable company. Some of these activities will be discussed thoroughly in the next chapter.

⁷⁰ According to 1st report, CC's total water usage was 1,019,214 m³ water in 2009 (Carbon and Water Footprint Report, 2009-10, p. 21).

Though CC tries to present itself as a sustainable company in their external appearance (through their selected SBP and SRP), they have not included 'sustainability' as a Key Performance Indicator (KPI) in their performance evaluation process. They have recently implemented a balance scorecard. But they have not set sustainability related targets for individual employees or business unit levels in the balanced scorecard. CC has also installed an Enterprise Resource Planning (ERP) system but it hasn't bought any 'Environmental Accounting & Reporting' module for better monitoring and communicating its sustainability related performance data. Every month CC purchases 10 crore take worth of non-production materials, but they don't consider the concept of sustainability in their purchase decisions. Though CC operates its ETP (Effluent Treatment Plant) on a regular basis, it faces problems regarding the disposition of its ETP sludge. According to FAM -

We don't want to get identified as a polluter. If the Department of Environment (DoE) fine us for not having a functional ETP, our environment friendly image will be tarnished straightaway. Therefore, we operate our ETP on a regular basis. But the problem lies in another area. We are currently facing some problems in relation to the management of the ETP sludge [i.e. waste]. There is no direction from the DoE in relation to the disposition of the ETP sludge. We had to face some difficulties during the ISO 14001 audit due to this problem. After that, we have decided to dump the waste in our own lands.

While CC is running the ETP for maintaining its environment friendly facade, they seem to be negligent about the management of the ETP sludge. ETP sludge may not have apparent immediate effects on our ecosystem in the short run. However in the long run, it may have catastrophic effects if CC is late to think about the fatal implications of this unresolved issue. While CC is concerned about their visible environmental impacts, they seem to be less concerned about their non-visible environmental impacts. Another example of this attitude is the depletion of ground water level. CC requires a huge amount of water for their dyeing section, which they pump out continuously from ground water sources, resulting in the depletion of ground water level. Like the ETP sludge, groundwater depletion is not a publicly visible issue. CC does not have the fear of being exposed for this depletion. By adopting the rainwater harvesting technique, CC was able to divert stakeholders' attention from this serious issue.

From the above examples, it appears that whatever activities create conflict with CC's business interest (i.e. either increased costs or decreased profits), CC intentionally avoids that carefully. CC has taken the approach of doing the bare minimum to

maintain the appearance of a sustainable company with the help of symbolic and substantive activities in order to keep their business interests unharmed. This adopted approach has also been reflected in the following comment, made by HoS2 -

We do as much as we can to maintain our image as a sustainable company. Many things can be done under the banner of sustainability. Most of them are voluntary in nature. We are very particular in terms of undertaking sustainability related activities. We have to examine it from the company's value adding perspective. We mostly try to pick value adding sustainability activities to enhance the company's overall image and growth.

From the above quote, it appears that CC wants to adopt SBPR only to the extent that is essential in maintaining the image of a sustainable company, mainly for advancing their business success.

6.6 Conclusion

CC is a highly ambitious company. They want to be included in the 'Fortune Global 500 list' as the first Bangladeshi company. The concept of 'sustainability' was adopted by CC as part of their vision of becoming the most regarded company within Bangladesh by 2015. Several institutional and organizational factors have influenced CC's SBPR adoption practices over a considerable period of time. Findings from this study suggest that CC has adopted SBPR primarily to attain carefully considered positive business outcomes for the organization. In the early years, CC undertook a few cost saving and efficiency improving initiatives to gain competitive advantage in the face of intense competition in the garments industry. After working with some reputed IRs, they repackaged those initiatives under the banner of sustainability.

If we carefully observe CC's motives behind the adoption of sustainability related practices, then it appears that CC has adopted most of its initiatives either for their own business interest or to satisfy the expectations/requirements of their international customers. The main motivations were to get ahead of the competition and to fulfil the expectations of their IRs. In the process of meeting the expectations of the IRs, they helped the IRs to secure their institutional legitimacy. Throughout the process, CC has focused overwhelmingly on commercial benefits such as cost savings, revenue growth and better market access. The adoption of SBPR was grounded at CC purely on the basis of their economic rationale.

For the time being if we separate CC's SRP from other sustainability initiatives, then we see that the process of SRP was initiated in CC under the direct influence of Puma.

Other sustainability practices were adopted by CC due to the influence of several other factors and events (such as competition, quota system, focus on the European market etc.). However, CC's decision to prepare a sustainability report was completely driven by Puma's requirements. It was Puma who decided to diffuse sustainability reporting practice among its selected suppliers. Being an important customer of CC, if Puma desires to see its promoted sustainability reporting project successful, then as a supplier CC does not have any option but to adopt the practice.

Failure to conform to Puma's requests may jeopardise their business relationship, which may eventually lead to losing a continuous supply of resources (i.e. business orders) from Puma. The impact of this compliance failure is likely to be more pronounced for suppliers like CC because of its strong dependence on limited number of IRs. For CC, the decision to introduce a stand-alone sustainability report mainly appears to be sparked by a desire to sustain its business relationship with Puma, as well as to gain reputational benefit by publicising their sustainability initiatives among their stakeholders. The request for adopting sustainability reporting practices was perceived by CC managers as a necessary condition for maintaining a stable business relationship with Puma, whereas strong economic rationales were tacitly implanted within the condition of maintaining that relationship.

Numerous issues can be labelled under the banner of "sustainability". CC has carefully aligned their choices on the issues that are commercially beneficial whilst leaving some important issues that are most critical and have the highest potential payoffs for people and the planet. By circumventing the core elements of sustainability, such as eco-efficiency and eco-justice, CC has found a solution to serve their business interest, by adopting the narrow version of the sustainability concept. The majority of CC's sustainability activities mainly address the environmental impact of their operations, whereas, very few of them have an effective strategy in place to deal with the most challenging sustainability issues-- like living wage and Freedom of Association. Most of the initiatives related to SBPR are characterized by mutually beneficial goals or interests. From CC's perspective, the benefits of adopting the SBPR primarily came in the form of tangible benefits, such as cost reduction, efficiency improvement, higher profit margin and better market access; secondarily in the form of intangible benefits, such as improved relationships with IRs, elevated brand image and better publicity. IRs are also benefitted by promoting different sustainability initiatives of their suppliers as a means of managing risk and maintaining their license to operate.

Chapter 7: Sustainability Reporting Process at CC

7.0 Introduction

The last chapter identified and explained the corporate motives behind CC's adopted sustainable business practices and reporting (SBPR). In this chapter, the sustainability reporting process of CC will be thoroughly discussed to assess its effectiveness. The chapter is divided into six broad sections. Section 7.1 gives a detailed account of CC's sustainability reporting process. Section 7.2 describes CC's stakeholder engagement process, section 7.3 evaluates CC's compliance with GRI prescribed reporting principles, section 7.4 discusses the reasons behind CC's lack of interest about an external assurance process, section 7.5 outlines the researcher's personal reflections on GRI's reporting framework, and the final section draws a conclusion based on the earlier sections.

7.1 CC's Sustainability Reporting Process

CC's sustainability report is prepared under the supervision of the 'Sustainability & Compliance (S&C)' department of Group Human Resources Division (GHRD)⁷¹. There are four departments under GHRD and 'S&C' is one of them. CC's former 'Compliance' department became reconstituted as the 'S&C' department in alignment with their prominent IRs' management approach. According to the vice chairman -

All the big companies around the world have a separate CSR/sustainability department to coordinate and support their various CSR/sustainability related activities. We have also established a separate sustainability department like those big companies to manage our activities in a more professional manner.

Upon request from the researcher, HoS2 explained the main function of this department -

This department is mainly responsible for implementing local labour laws and supervising buyer's prescribed code of conducts. During the first⁷² and third⁷³ party audit, this department coordinates the whole auditing process and subsequently works on the auditors' recommended corrective action plans. This department generally handles social and environmental compliance related activities of the company.

⁷¹ Group HR used to handle HR related activities of whole business group, covering all business units

⁷² First party audits are conducted directly by the IRs' designated officials

⁷³ Third party audits are conducted by independent auditing firms like Bureau Veritas, SGS, ITS, etc.



**Figure 7.1: Corporate Organogram of CC
(Adapted from CC Sustainability Report, 2010-11)**

He was further requested to explain the relationship between the 'sustainability concept' and the S&C department. According to him –

IRs, like Puma, largely determines the scope of sustainability related practices at CC. Frankly speaking, the concept of sustainability has primarily been manifested within Puma's 5% reduction target. This target is just like buyers' other compliance requirements. CC predominantly perceives 'sustainability' from an environmental compliance perspective due to Puma's particular focus on energy, water and waste reduction targets.

There are only three employees in the S&C department. One of them is in the managerial rank and designated as Compliance Manager (CM). The two others are in the officer rank and designated as Head of Sustainability (HoS⁷⁴) and Compliance Executive (CE) respectively. The main responsibility of HoS is to supervise the environmental management system (i.e. ISO 14001) of the company. He is also responsible for preparing the annual sustainability report (SR) for the company. The position of HoS is a basic entry level position which is not equivalent to the stature of a management trainee (MT) position. According to HoS1–

The rank of HoS is not high in the organizational hierarchy. It is not even equivalent to the position of management trainee. However, the value of this position is quite high for maintaining the sustainable image of the company.

⁷⁴ In this study 2 HoS were interviewed. They are labelled as HoS1 and HoS2 just to indicate two individual persons for maintaining promised confidentiality and anonymity.

The creation of the HoS position and the re-formation of S&C department were particularly done to reinforce CC's sustainable image among its stakeholders. According to HoS1, he could have easily been designated for the position of 'Environmental Compliance Executive' instead of HoS as his primary job responsibility is to manage the environmental compliance of the company. Like HoS, CE is also an entry level position. CE is mainly responsible for facilitating social compliance related auditing activities of the company. According to HoS2 -

Though both are entry level positions, CE is a slightly more senior position than HoS. The main emphasis of our department lies in the broader area of social compliance. The environmental compliance rather works as a 'marketing gimmick'. The scope of environmental compliance is mainly limited within our knit unit. Knit is the only ISO 14001 certified unit among all of CC's business units. Puma is a major customer of this business unit and their 5% reduction target is mainly applicable for this unit. If environmental compliance would have received such high importance at CC then most of the units would have ISO 14001 certification plus the rank and the salary of the HoS would've been much higher.

CM acts as the supervisor for both HoS and CE. He holds managerial rank and he is mainly responsible for supervising both social and environmental compliances of the company. He also supervises CC's progress on the corrective action plans recommended by auditors. In a broad stroke, CE, along with CM, mainly handle CC's social compliance related activities and they aren't directly involved with the sustainability reporting processes. HoS mainly handles CC's environmental compliance related activities and he is mainly responsible for the preparation and compilation of the sustainability report. HoS gets help from CM and CE from time to time if he needs access to any data during the report preparation phase. According to HoS2 –

CE mainly looks after the 'Health & Safety (H&S)' issues of the entire group. H&S is commonly known as social compliance in the RMG sector. Since H&S is a vast area, both CM and CE mutually look after this issue. I [i.e. HoS] mainly supervise environmental compliance issue –particularly ISO 14001 management.

There is no dedicated committee or director to monitor CC's sustainability performance. There is a very minimum level of involvement of the accounting and finance professionals in the reporting process, apart from providing some financial information on an ad hoc basis for the economic section of the report. SBPR has been largely restricted and side-lined within CC's 'S&C' department. HoS2 raised the question about CC's commitment level towards the adoption of the 'sustainability' concept. According to him, the S&C department is highly understaffed to manage CC's sustainability related activities. HoS1 stated that -

We need a dedicated team of at least three to four people to manage our sustainability related practices and reporting. They need to be groomed properly. If sustainability holds a very high position at CC, then how does the management expect just one person to run everything?

The commitment level of CC towards SBPR adoption is clearly understandable by looking at the size of its dedicated workforce for sustainability. Over the years, the size of the dedicated workforce has gradually decreased at CC. Currently just one person (i.e. HoS) is responsible for the management of the entire 'sustainability related practices' of CC. In this situation, CC had to hire a consultant for preparing their 2nd report - which indicates CC's lack of commitment in integrating the reporting process within the organization. According to HoS2, one of the main reasons for failure to publish CC's SR on time can be attributed to the shortage of necessary manpower in the S&C team.

The next section explores CC's stakeholder engagement process to assess the quality of stakeholder engagement (SE) in sustainability reporting. In order to provide a starting point for this discussion, CC's stakeholder identification and prioritization process will first be briefly discussed.

7.2 Stakeholder Engagement Process

The purpose of the sustainability report is to provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions, as suggested by Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (2000-2011, p.3). In order to provide a balanced and reasonable presentation of the organization's performance, a 'key reference point' must be established about what content the report should cover (GRI 2000-2011, p.6). The reasonable expectations and interests of stakeholders can act as the 'key reference point' in deciding the content of the report (GRI 2000-2011, p.10). Here, a 'stakeholder engagement process' can act as an important tool for understanding the reasonable expectations and interests of stakeholders. The GRI and the Institute of Social and Ethical Accountability (ISEA) placed a major emphasis on the 'stakeholder engagement process' as the primary means for defining the content of a sustainability report (Owen et al., 2001 200).

Before starting a discussion on CC's stakeholder engagement process, it will be useful to briefly discuss CC's stakeholder identification and prioritization (SIP) process. SIP is an important step in the report preparation process as it helps an organization

understand who the key stakeholders are and what their relative significance is in the business relationship, while deciding the relevant topics for reporting. CC did not provide any information on their SIP process in their 2nd and 3rd reports. However, in their first report (CC SR 2009-2010, p. 29) CC gave a very brief description about the process –

All the stakeholders were put into the prioritized stakeholders' format from the GRI G3 Guidance and assessed as to the extent of their influence. While filling out the format, to quantify the stratum of influence, three things were taken into account; Economic, Social and Environmental Performance – in the present situation and in the future. Points were given on the basis of influence in each category, later calculated accordingly to determine the most important stakeholders.

According to their sustainability reports, CC considers customers, suppliers, financial institutions, employees and surrounding communities as their most important stakeholders (CC SR 2011-12, p. 11). Though CC did not explicitly prioritize their stakeholders, according to the COO2 of another business unit, customers are their most important stakeholders for them followed by suppliers. Though CC mentioned the names of five stakeholders in the report, they actually consider buyers and suppliers as their most important stakeholder. CC's particular preference for these economically powerful stakeholders has a strong influence on the content of the report. Though CC wants to 'make information available to an extensive and diversified audience' (CC SR 2011-12, p. 17), in reality they have a target audience for their sustainability report. According to Consultant 2⁷⁵ -

Primarily the buyers, and secondarily various international agencies and diplomatic missions, are the main target audience for this report. We try to give them a good impression about ourselves through our sustainability report.

Apart from buyers, CC considers international agencies and foreign diplomatic missions as their important target audience because of their role in facilitating important business deals. Because of CC's reputation, well-known international agencies (IAs) launched various capacity building projects at CC. Through these projects, they extended various technical and financial supports to CC. In recent times, a German agency has granted a long term loan of USD 14m to CC to build two green factories. Most of these IAs operate on behalf of their government, in cooperation with other donor agencies and private sector organizations. By maintaining a positive

⁷⁵ In this study 2 consultants were interviewed. They are referred as Consultant 1 and Consultant2 to indicate two individual persons. For maintaining confidentiality and anonymity, they have not been identified separately. One of the consultants was an employee of a German based consulting firm. As a consultant, he supervised CC's 1st reporting process as a part of GANTSCh project initiated by Puma. Another consultant was a former employee of CC who worked as a member of the 1st reporting team. Then he left CC and later worked as a consultant for the 2nd SR.

impression amongst them, CC tries to pull out necessary resources from them. Keeping their business interests in mind, CC prefers to distribute their SR among selected stakeholder groups. According to HoS2–

For more than 50% of our published reports, we have selected a target audience, such as local and international offices of IRs, foreign diplomatic missions, international agencies, business associations such as BGMEA⁷⁶, BKMEA⁷⁷, etc. Most of the reports get distributed through the chairman's office to maintain positive publicity about the company. The rest are kept in the office for other business purposes. For example, when people visit CC, a copy of this report is given to them as a souvenir.

From the two quotes above, it is clear that CC mainly uses their 'sustainability report' as a tool for 'public relation' purposes to position them favourably among their economically powerful stakeholders. The publicity of their sustainable business practices through SR leads to a better reputation – which in turn provides a competitive advantage to CC. CC is not interested in discharging accountability through this report to a broad range of stakeholder groups. That's why they prefer to distribute their SR among few selected stakeholder groups. They did not consider economically weak stakeholders (such as workers, community members and labour activists) as their target audience because of their inability to change or add to CC's economic fortune. CC's careful selection of the target audiences for their SR has a strong influence on the way it conducted its SE process – which subsequently had major influence in defining the content of the report. The following sections carefully explore CC's stakeholder engagement process in an attempt to evaluate its efficacy in understanding and reporting the key concerns of their stakeholders. Regarding stakeholder engagement (SE), CC just wrote the following few lines in their last report:

On a regular basis, we engage in dialogue with our suppliers, buyers, and contractors in respect to our performance as well as sharing experiences on various aspects. In respect to our commitment to communal development, we regularly sit with people from the community and civil society in an effort to understand their needs better. Moreover, it has been over a year since we have started taking satisfaction surveys, as well as organizing impromptu focus group discussions with the local community, with particular emphasis on developing health and education (CC SR 2011-12 p. 11)

Though CC claims that they sit with the community on a regular basis, they couldn't provide any strong evidence to back their claim up. From the following quote it appears that CC's stakeholder engagement with community members has been largely informal in nature. According to HoS1 -

A focus group discussion (FGD) with community members was organised during the 1st report preparation process. Four to five people from immediate surroundings were randomly invited to take part in that FGD. We offered them refreshment and discussed

⁷⁶Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

⁷⁷Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)

a few things with them. The discussions were very general and casual in nature. We asked a few questions like: How long have they been living in this area? How much do they know about CC? How are they being affected by the business activities of CC?

CC's management was very casual and unstructured in terms of conducting stakeholder engagement (SE) with the members of the community. However, they were comparatively more structured in conducting engagement with their economically powerful stakeholders (e.g. buyers, suppliers), as evident from the following quote.

The stakeholder engagement process has been very structured in the case of buyers and suppliers. Feedback is solicited from them in every 6 months whereas there isn't any structured way to get engaged with the community and civil society members. It is conducted whenever opportunity arises or whenever it is required. HoS2

CC has so far published 3 sustainability reports. Five people (who were closely involved with CC's reporting process including 2 HoS and 2 consultants) - were interviewed extensively on several occasions to gather detailed knowledge about CC's stakeholder engagement (SE) process. Unfortunately, none of them were able to provide any detailed account of CC's engagement process. According to Consultant 2, who was involved in both the 1st and 2nd reporting processes -

Stakeholder engagement was rarely conducted in the form of face to face interaction. As far as I can remember, a simple questionnaire [of one page in length] was distributed among selected buyers, suppliers, bankers and employees as evidence for our SE process. We later reported the findings of these surveys in our sustainability report.

Only selected positive findings from these surveys were reported in CC's sustainability reports. Under the heading of their Employee Satisfaction Survey (ESS), CC reported findings in relation to employee benefit, remuneration and working environment only (CC SR 2011-12, p. 36 and 37). CC reported findings in relation to product quality and compliance standard under their Customer Satisfaction Survey (CSS). In the SR, CC only reported the positive findings from these surveys. By looking at the breadth and depth of these surveys as well as the reported findings, it seems fair to conclude that these surveys (even FGD with community) were not used as intended means for SE; rather they were conducted in a superficial manner just to fulfil the requirements of the GRI suggested routine SE process. By conducting these surveys, CC has narrowed down the scope of their SE without providing any useful input into the reporting process.

To produce a credible report, the process of stakeholder engagement needs to be documented as it enables a reporting organization to explain and defend its chosen approach (GRI Technical Protocol 2011, pg. 5). As CC's SE process was not documented, the members of the reporting team and consultants couldn't properly

recall how and when it engaged with its stakeholders, what views they received from those engagements and how the engagement influenced the content of their sustainability report. One of the members of the reporting team said that they could not document the process as they didn't have direct control of the engagement process.

The reporting team didn't have direct control of the SE process. We went through some other departments to carry out the process. For example, we had to take help from the sales & distribution department to conduct the customer satisfaction survey. We received whatever result they handed over to us without further verification. Consultant 2

The reporting team did not understand the importance of SE in the reporting process and conducted it in an uncoordinated manner just to fulfil the GRI's requirements. A local sustainability consultant was hired during the 1st report preparation process. That consultant did not have comprehensive knowledge about the nature and purpose of the SE process. He trained the reporting team to conduct the SE in a discretionary way as a part of GRI's recommended routine procedure. He advised the reporting team to choose easy stakeholders in order to get less challenging views from them.

For the engagement process, I suggested that the reporting team start with 'easy' stakeholders (such as – customers, suppliers, etc.) instead of complicated stakeholders in order to get easy feedback from them...When I thought that a particular stakeholder wasn't appropriate for their targeted level of reporting, I suggested them [i.e. reporting team members] to select a different stakeholder. I checked the questionnaire and suggested some amendments to fulfil the requirements of the GRI reporting guidelines. If someone wants to promote sustainability reporting practice in the corporate sector, then complicated things need to be avoided in the initial stage. Consultant 1

Upon seeking clarification, he offered the following explanation of his earlier stance:

In the initial stage, companies would not be interested to involve difficult stakeholders in their SE process in order to avoid reporting on the complex and challenging issues. Easy stakeholders were chosen intentionally for CC's engagement process. If you complicate things in the initial stage, then people will surely lose their enthusiasm for reporting. Consultant 1

By the term 'easy stakeholders', the consultant actually tried to refer to those stakeholders whose expectations and interests were compatible, instead of conflicting with CC's business interest. This kind of prejudiced selection of so called 'easy stakeholders' on the basis of corporate interest and convenience - is a direct violation of the 'accountability' and 'transparency' imperative of sustainability reporting. When the consultant was requested to share his views on the importance of 'accountability' in the reporting process, he said that -

Accountability is important, but so is the economic dimension of the business. If a business makes losses, then there is no point of publishing voluntary CSR or

sustainability reports. Accountability and transparency matter only when the business makes profit. Consultant 1

The domination of economic rationale is very clear in the above comment. It actually challenges the arguments for voluntary reporting practices. There are three types of disclosure requirements in the GRI reporting framework. These are: Profile Disclosures (PD), Disclosure on Management Approach (DMA), and Performance Indicators (PI). Profile disclosure is a very important pillar of GRI reporting framework as it informs readers about the organizational governance structure required for successful integration and implementation of sustainability policy and practice. For example, as a level B reporter, CC needs to report on all Profile Disclosures, ranging from 1.1 to 4.17. SE is an important part of GRI's profile disclosure requirements ranging from 4.14 to 4.17. CC conducted their SE mainly to fulfil the requirements of the GRI reporting framework, as evident from the following quote:

GRI reporting can be broadly divided into two parts: the first part is related to the profile disclosures while the second part is related to the performance indicators. Our main focus was on the performance indicators. During the report finalization process, we initiated SE process from a backward direction mainly to fulfil the requirements of GRI Reporting Framework. Consultant 2

It is apparent from the above quote that CC was not serious about their SE process. Their main focus was on the performance indicators. After finalizing the performance indicators, they conducted a 'stakeholder engagement' on an ad hoc basis just to fulfil GRI's profile disclosure requirements. CC claimed that they were engaged in dialogues with the community and civil society members regularly (CC SR 2011-12 p. 11). However, they didn't report any of their concerns in their sustainability reports. Leading researchers in social and environmental accounting and reporting area have strongly emphasized holding dialogues with all types of stakeholders, especially with the weaker ones (e.g. Gray et al., 1987, 1996; O'Dwyer, 2003), something which has been grossly neglected by CC. By any standard, workers can be considered as an important stakeholder group for a company like CC. There is no clear mention of any engagement with workers in CC's SR. From CC's UNGC CoP⁷⁸ report (2013, p. 5) it appears that CC considers participation committee (PC) as the main platform to engage with the workers-

To uphold freedom of association of workers, CC, on a regular basis, arranges meetings and discussions with workers and their representatives, in the form of Participation Committees. The worker's representatives are chosen by the workers themselves via election. Such committees have proven to be effective in building a

⁷⁸ UNGC CoP stands for United Nations Global Compact Communication on Progress

fruitful relationship between the management and the workers and also have been instrumental in driving improvements.

According to HoS2-

In the participation committee's meeting, workers can report and discuss their problems directly with the management. Issues related to the improvement and maintenance of safety standards, working condition, holidays, productivity and absenteeism are mainly discussed in this forum. Issues related to wages are not discussed in this forum. However, it is discussed as to whether the workers get their salary on time.

Since management holds greater power in this engagement process, their corporate perspective ultimately dominates in the meeting's agenda – which is apparent from the above comment. Formation of the PC is mandatory as per the Bangladesh Labour Act 2006 and Amendment 2013. In the absence of trade unions, PC acts as an alternative platform for the workers and employers to engage in dialogues.

We do not have a trade union but we have a participation committee – where the management sits with the workers to bridge up the gap. We don't feel the necessity of having trade unions as this committee is more functional than a trade union. HoS1

According to Bangladesh labour law, every factory needs to have a 'participation committee' represented by the elected workers. However, in most cases 'workers backed by the owners' represent the workers' sides in the participation committee. CC is not exceptional in this trend. In the following quote, HoS2 briefly described the election process of PC -

The initial screening of the candidates is performed by us [i.e. CC management]. Workers then vote and elect their representatives from our selected candidates. It is a semi-election process. For example, we select ten candidates and then workers elect five out of those ten candidates.

It is clear from the above quote that workers did not get the chance to freely elect their representatives as the election process of the PC was somewhat controlled by the management. The chairman of CC gave the following logic behind the implementation of such a semi-election process -

I personally think PC should be formed through a selection process rather than an election process [i.e. like our national election]. We are afraid of politicisation of the election process. The external influence will be there if an election takes place. In our case, the names of 3-4 workers are given to the management from each floor and then 1-2 workers get selected from there. We first check the background of the workers and then the workers are given a chance to finalize the selection. We try to create awareness beforehand, among the workers, so that they do not select someone who can create labour unrest.

Besides controlling the agenda of the meeting, the management of CC tends to control the election process of the PC as well. Workers do not consider PC as an effective platform to discuss their concerns with the management.

This committee is not effective in terms of protecting workers' interest as most of the worker representatives are nominated by the management. They [i.e. workers representative] can't take a stand in the crucial moments. The committee has been formed mainly to impress the buyers and government. We want to form a collective bargaining agent in the factory. But the management only allows a participation committee under pressure of the government and labour activists. Workers' FGD

PC is a largely symbolic body made up of management and their nominated workers. Workers do not consider PC as a substitute for trade union. They gave another example of ineffectiveness of this forum in addressing workers' legitimate concerns.

There is a designated officer at CC to note down our suggested topics for discussion in the PC meetings. What I can tell you from my experience is that our submitted topics will not be discussed in the meeting if it has the possibility of reducing owner's profit. For example, there is no childcare centre in our unit. We have repeatedly requested to establish a childcare centre in our unit. It could not grasp the attention of the management as it requires owner's investment both in terms of money and space. Now, if anyone keeps stressing on this issue, the management would target that employee and terminate him/her eventually. Workers' FGD

It seems like CC does not have the willingness to get engaged into dialogue about their workers' real concerns. Since the platform is somewhat dominated by the management and their nominated agents, workers' real concerns do not get discussed properly in the PC meeting. By setting out some criteria, CC prefers to control the participation of highly vocal workers within the engagement process. To get elected as a worker representative of PC, candidates should not have any prior complaint against them. This means that workers who are vocal in protecting workers' interest are tactically left out from the election process as they may have prior complaints for standing or speaking in favour of workers' demands.

According to CC's Compliance Manual (p. 13), workers have to be 24 years old to file their candidature for the election. It is interesting to note that the turnover rate of the young workers in between 18-24 years of age is the highest (almost around 58%) among all other age groups at CC (CC SR 2010-11, p. 29). It seems that young workers who are comparatively more vocal about their rights are the ones who are leaving the company. Because of stringent screening criteria (such as age limit, service length, prior complaints), only the pre-set candidates become the members of CC's PC. In this way, CC controls the participation of highly vocal stakeholders within the engagement process. The vice-chairman talked about a 'complaint box' as an additional engagement mechanism with the workers. According to him -

Besides PC, we have installed 'complaint boxes' in different locations of the factory to listen to their [i.e. workers] concerns. Workers can share their concerns with us through

this mechanism. My own team and sometimes I personally open up the box to look into the issues and take action accordingly.

Through the complaint box, the workers' collective concerns cannot be heard. It is a system which allows workers some sort of flexibility to express their individual grievances. Workers mostly use this mechanism to report their personal issues rather than expressing their collective views on a common concern in an organized way. It seems that management has developed this mechanism so that workers' individual voices do not confront the organization as a united opposition.

Let's look at CC's engagement process with civil society members. For the last report (i.e. 3rd report), CC attended several workshops/ seminars organized by the Bangladesh CSR centre as a part of their direct engagement with the civil society members. The CSR centre organizes workshop/seminars on various CSR related issues and invites corporate managers and NGO officials from different organizations. Participation in these events is considered as engagement with the civil society members by CC-

Over the past year, CC has participated in various workshops, seminars and forums centred on themes such as climate change, sustainability, social standards in the industry, partnerships through the CSR Centre, and other similar events, as well as internal meetings and dialogues, which are held periodically. SR 2011-12 p. 17

The Bangladesh CSR Centre is the principal promoter of the UNGC in Bangladesh. This centre provides corporate consultancy related to CSR policy and strategy. It is primarily led and funded by private sector companies and allegedly promotes CSR in a way that is suitable for the corporate sector. Labour right activists have strong reservations about the role of the CSR Centre. One of them raised a question about the board composition of this centre, which mainly consists of leading private sector companies with a few representatives from the civil society organizations. According to the executive director of a labour rights organization-

The CSR Centre is associated with UNGC but it is not an independent organization. It is an organization which is mainly dominated by the corporate houses. They need to include more members from civil society organizations, trade unions, human and labour right organizations to make a proper balance in their board composition and activities.

One of the officials of the CSR Centre was interviewed for this study. From her interview it seems like that this centre is particularly interested to promote the positive aspects of the corporate houses by highlighting their various CSR activities. Most of the workshops/seminars organised by CSR centre are not industry specific. So, a question arises as to what extent CC gets to know the concerns of its relevant

stakeholders by attending such generic workshops/seminars, bypassing the direct engagement process. Through this process, CC cannot hear the specific concerns of their relevant stakeholder groups. HoS2 defended his adopted approach in the following way -

I don't need to hear each of them [i.e. stakeholders] individually. CSR centre invites participation from all relevant sectors. By attending these events, I get to know the concerns of all stakeholders sitting at one place. One-to-one conversation with every stakeholder may not be possible since the number of our stakeholders could be thousands.

CSR centre does not organize all its events, targeting the RMG sector. Moreover, it is not possible for them to invite specific stakeholders of CC (such as factory workers or adjacent community members) to such events. Workers and local community members have discussed a good number of important issues (all of them have been reported in the 3rd chapter) in the FGDs conducted by the researcher. CC will not be able to know about these concerns unless they are directly engaged with the workers and community people. It is neither possible nor desirable for CC to sit with every individual stakeholder. However, they should have conducted the SE process in such a way that a wide range of stakeholders' views on material issues could have been revealed.

For their already published reports, CC conducted SE through the help of questionnaire and FGDs. They also attended workshops and seminars – organized by the CSR centre as a proxy of their engagement with civil society organizations. However, for their forthcoming report (i.e. 4th report – which has not been published yet), CC did not engage itself into any direct stakeholder engagement process. Rather it completely relied on the CSR centre to get input for their SE process. It seems like over the years, CC has been gradually reducing the scope of its direct stakeholder engagement and becoming increasingly dependent on the CSR Centre as a substitute for direct engagement with different groups of stakeholders. According to HoS2 –

The level of effort behind this year's [i.e. for the unpublished report] stakeholder engagement process is much lower than that of last year's. We are under a lot of pressure and hence the SE process was limited to within the participation of the CSR Centre's events only. This year we are more focused on fulfilling the requirements of the 'Fire Safety Accord'⁷⁹. It is currently on the top of our priority list. This is why we didn't go for any direct stakeholder engagement this year.

⁷⁹The Accord is an independent, legally binding agreement between brands and trade unions designed to work towards a safe and healthy Bangladeshi Ready-Made Garment Industry.

It is important to understand that the different stakeholders tend to think differently. Nothing helps to clarify the position of a stakeholder better than a direct engagement with them, at least with the important stakeholders like workers and community people. CC will surely miss out some very important aspects of their sustainability matrix if they depend too much on indirect sources to listen to their stakeholders' expectations and concerns. Systematic and transparent SE is very crucial for sustainable and win-win development outcomes for business and society (SustainAbility and IFC Report 2002, p. 17). It is an important process for a business, as it can change the behaviour of an organization by using the insights from the stakeholders. According to Sustainability Reporting Guidelines (2000-2011, p.10) -

Failure to identify and engage with stakeholders is likely to result in reports that are not suitable, and therefore not fully credible to all stakeholders. In contrast, systematic stakeholder engagement enhances stakeholder receptivity and the usefulness of the report. Executed properly, it is likely to result in ongoing learning within the organization and by external parties, as well as increase accountability to a range of stakeholders (GRI 2000-2011, p.10).

If an organization initiates their SE process with positive intention, then it has the potential of discharging accountability among its stakeholders, as evident from the above quote. However, the SE seems to be a difficult and unusual process for CC to come to terms with; they felt uncomfortable opening their doors and listening to stakeholders' opinions and views. Since CC did not carry out its engagement process systematically and sincerely, they could not identify, prioritise and report the main concerns of the stakeholders. HoS2 has also admitted that, according to him –

We don't know the concerns of the stakeholders in order to address them or report them in the SR. We only publish positive news about the company in our report and use it as a marketing tool.

He also added that-

SR could have been an effective tool if stakeholder mapping and stakeholder engagement were done properly. Then the reports would have been more meaningful for the company. If more funds were allocated, then we could have produced reports of better quality.

When HoS2 was asked about the fund constraint, he said that if there weren't any budget constraint, he could've prepared a more detailed report containing more pages. From an organizational accountability perspective, holding meaningful SE is more important than publishing a lengthy report. For holding a systematic SE, an organization does not require a hefty amount of money. For example, to organize a FGD with the workers or community members, it cost almost nothing to a company like

CC which has an annual turnover of over \$200 million. When this example was shared with HoS2, he said that –

Frankly speaking, I am not actually concerned about the cost of reporting or cost of conducting the SE process. I am rather concerned about the cost of implementing the decisions coming from the SE process. For example, if we sit down with our workers and listen to their thoughts, then they might come up with hundreds of complaints and suggestions. Maybe in the next meeting, management will be harassed for not taking appropriate action for their complaints. It will open up a Pandora's Box and problems will be further aggravated. It is easy to suggest such practices, but difficult to implement them in a real life situation.

The overriding objective of sustainability reporting is to discharge accountability among stakeholders. In the reporting process, stakeholder engagement plays a key role in achieving stakeholder accountability. If the SE process had been executed properly at CC, then it could have automatically discharged better accountability to a range of stakeholders by improving accountability dynamics within the organization. It appears that CC did not execute its SE process sincerely due to the fear of increased organizational expenditures. Another important purpose of the SE process is to ensure stakeholder participation (especially the weak ones) in the corporate decision making process. Through a selective and superficial SE process, this important purpose of SE has been significantly hampered at CC. The next section discusses CC's compliance with GRI's prescribed reporting principles.

7.3 Compliance with GRI Reporting Principles

CC followed GRI's Sustainability Reporting Guidelines to prepare their sustainability reports. GRI placed major emphasis on the selected 'reporting principles' for defining the report content (e.g. materiality, stakeholder inclusiveness, sustainability context and completeness) and the report quality (viz. balance, comparability, accuracy, timeliness, reliability, and clarity) (GRI 2000-2011, p. 8-13). However, the members of the reporting team, as well as their consultants, mostly failed to understand the significance of core reporting principles of the GRI reporting framework. One of the reporting team members admitted to not reading the GRI guidelines thoroughly while preparing the report. When he was asked about his familiarity with these principles, he stated that -

We didn't have to go that far to prepare the report. During the report preparation phase, we were mainly concerned about the availability of sufficient information to put check marks in the performance indicators' boxes.
Consultant 2

CC has largely violated some important GRI recommended principles. According to 'stakeholder inclusiveness' principle, CC is supposed to explain how they identified their stakeholders and how they responded to their reasonable expectations and interests in their sustainability report. Since CC did not conduct its stakeholder engagement process in a systemic and credible way (as evident from the last section), there was no description of stakeholders' expectations and interests in the report. CC also did not comply with the 'sustainability context' principle as they could not relate their organizational performance with the wider context of sustainability issues.

Perhaps the most serious problem with CC's sustainability reporting is its lack of completeness. The sum of the topics and indicators reported in the SR were not sufficient to capture CC's overall economic, environmental and social impacts. The report was incomplete as CC could not provide detailed information on several 'material' issues such as workplace safety (e.g. number of accidents and casualties), workers' grievance (e.g. number of lodged complaints and cases in the labour courts), formation and functionality of PC, freedom of association, living wage, ground water level depletion, etc. The principles of materiality, stakeholder inclusiveness, sustainability context and completeness are highly overlapping and reliant on each other. Compliance with the principles of 'materiality' or 'completeness' requires careful consideration of stakeholders' input from the engagement process. Systematic execution of the engagement process plays a very important role here in covering 'material' issues and achieving 'completeness'. CC defines 'materiality' in the following way in their SR –

The criteria used to determine materiality for information included in this report was based predominantly on issues that may have a significant impact on our ability to remain competitive within the markets we operate. (SR 2011 -12, p. 2)

It is clear from the above comment that the notion of 'competitiveness' has remained as the ultimate guiding principle in deciding the content of the CC's sustainability report. Since CC's reporting motive is primarily grounded on the notion of 'competitiveness', they only report that information in their SR which they consider 'material' for them to remain competitive in the eyes of their economically powerful buyers. According to HoS2-

We prepare this report on a voluntary basis. We include that information in the report which we consider 100% material for our buyers. For example, one of the buyers instructed us to report on the energy consumption level and we reported on that accordingly.

It seems that the voluntary nature of SR has given CC necessary discretion to prepare their SR according to their own business needs. The report is mainly filled with selective positive news and has been mostly used as a 'public relation' tool to uplift their image. CC did not even mention any of their business related challenges or threats in this report. When HoS2 was asked about this situation, he said -

We could have reported a few negative aspects of CC. We wanted to report on CC's worker turnover rate and water consumption level. These issues were even included in our draft report. However, they were excluded from the final report.

It seems that unfavourable information was deliberately excluded from the report by CC's management. When the Chairman was asked as to why they don't report on CC's negative aspects, he said that -

Whatever downsides we have, we try to resolve those immediately. They don't have any long term consequences.

According to the FAM –

Workers do have grievances and we do have a system in place to deal with it. But most of the time, these are not recorded. Even if they are recorded, we don't want to share these things with our clients because of a fear of bad publicity. We could have discussed these issues in a positive light in our report. Rather than reporting on the number of grievances, we could have discussed the steps that we have taken to prevent the reoccurrence of such events. One of my suggestions was that why not include one or two negative issues in an attempt to make our report credible. But the management was not really confident about this. They were worried about the possible adverse reaction of our target audience. Therefore, negative news was not reported in the SR.

In recent times, CC has become more cautious about the content of its SR. CC used to dedicate a considerable amount of space of their SR to describe their various initiatives in support of UNGC's 10 principles. However, in the last report, CC only listed down the principles. It didn't mention how they work in support of each of the principles in detail as they did in their previous reports. CC particularly didn't provide any information on the UNGC Principle 3 (which is related to freedom of association and right to collective bargain) in any of their sustainability reports. After asking questions about principle 3, Consultant 2 made the following comment -

This [i.e. freedom of association and right to collective bargain] is a very sensitive topic. We don't want to allow a collective bargaining mechanism at CC. But we don't want to tell this to our stakeholders very explicitly. We somehow want them to overlook this issue. Therefore, we prefer not to report on this issue. Even from a legal point of view, formation of trade unions is not obligatory in Bangladesh. So from that angle, it is not compulsory for us to report on this issue in our report.

It is quite clear from the above quote that CC prefers to avoid reporting on challenging issues and in this way they try to reduce the risk of getting exposed negatively among their stakeholders – which is a clear violation against the ‘balanced’ principle of the GRI reporting framework. According to HoS2, the draft copy of CC’s latest sustainability report (for 2011-12) was prepared as per GRI’s ‘Application Level A’ standard. However, when the final report was published, it was at level B standard. When HoS2 was asked about this issue, he reluctantly admitted that some information from the draft report had been removed during the editing process by the top management. He gave the following explanation as the justification–

If we had published our latest SR in accordance to GRI Application Level A, then we would have had to report more comprehensively on various sustainability parameters. Comprehensive reporting can create more problems for the organization as it makes organizations more susceptible to stakeholder scrutiny. This is why we preferred to stick to Level B reporting standard instead of Level A.

CC preferred publishing their report at Level B as they did not want to widen the scope of stakeholder scrutiny. Reporting at Level A requires an organization to report on all listed standard disclosures. Moreover, at level A, an organization also needs to explain the reason for not reporting on a particular disclosure. CC thinks that compliance with these requirements will unnecessarily stir up stakeholders’ attention to more challenging issues and subsequently will open up the doors for greater stakeholder scrutiny. Though all of the above quotations provide strong evidence of CC’s selective reporting practice, CC seems not to be worried about this practice –

This [i.e. sustainability reporting] is a completely voluntary practice for us. As the main promoter of our reporting practice, Puma has not raised any objections about our reporting practice. Currently, the publication of SR at Level B standard is sufficient for us to give necessary exposure among our target audience groups. What extra benefit will we get by publishing our report at Level A standard? It will rather open up more avenues for further scrutiny and criticism. For these reasons, we are reluctant to make any additional effort to upgrade our reporting standard. HoS2

Publication of SR at Level B standard is sufficient for CC to fulfil the demands of their target audience as well as to perform their necessary PR function to sustain their brand image. When the chairman was asked about his plan in relation to the upgrade of reporting standard, he stated that:

I have heard that more critical aspects need to be covered to upgrade our reporting standard from level B to level A. None of these additional efforts would increase my revenue even for a single penny. Therefore, I would like to

maintain my current status quo. We are already ahead of our time in many cases which sometimes can act as a boomerang for us.

CC actually publishes this report as part of their public relation strategy. By publishing this report, CC tries to differentiate themselves from their peers by highlighting their positive sides. CC's business orientated approach has forced them to consider everything from a cost perspective. The publication of SR has not been excluded from this orientation. As a PR tool, CC thinks that they won't be able to derive more economic benefits by upgrading their reporting standard. Thus, CC prefers to provide selective information in their SE report to reduce costs and to escape greater stakeholder scrutiny.

So far we have discussed CC's compliance in relation to GRI's 'reporting content' defining principles (such as materiality, stakeholder inclusiveness, completeness, etc.). Now, we will shift our discussion to CC's compliance to 'reporting quality' defining principles (such as timeliness, comparability, accuracy, reliability, balance, etc.). According to the 'timeliness' principle, the reporting organization should report on a regular schedule to make information available for the stakeholders to take informed decisions (GRI 2000-2011, p.16). CC published their 2011-2012 report in July 2013. They have not published their sustainability report for 2012-2013 yet. What would be the utility of going through this outdated report if information does not have any relevance for the stakeholders to make informed decisions? The GRI has badly failed to regulate these companies in publishing their reports on scheduled time. As CC is using it as a marketing tool, they most probably don't feel the necessity to publish their SR at a regular interval.

CC has also neglected the 'comparability' principle - which requires organisations to select, compile and report information in a consistent manner to enable stakeholders to analyse changes in the organization's performance over time and also relative to other organizations (GRI 2000-2011, p.14). From CC's report, it is difficult to compare CC's performance among its own business units or from one year to another, let alone with other organizations. CC's water, energy and waste data could've been easily compared and reported in their SR in a systematic manner. Since these data weren't presented in a structured manner, it is difficult for the readers to analyse CC's comparative performance. Questions can be raised about the accuracy and reliability of the reported information. One of the employees - who was closely involved with the reporting process, expressed his reservation about the accuracy and reliability of the reported information due to lack of CC's necessary organizational setup.

The biggest challenge that I personally faced during the report preparation phase was related to the accuracy of the collected data. For example, we didn't have any water meter in the factory when we published our 1st report. We set up water meters sometime later. Before setting up these meters, we had to collect water usage data from another department - which we used in the report without cross verification. FAM

Another reporting team member had also expressed his reservations about the validity of the collected data in terms of timeliness. As stated by Consultant 2-

During the 1st report as a member of the reporting team and during the 2nd report as a consultant, I faced this challenge [related to data accuracy]. In some cases, I couldn't substantiate the accuracy of the data. In the other cases, I had some doubt about the validity of the data in terms of timeliness.

Qualitative information constitutes a major part of CC's sustainability report. CC seems to be less concerned about the accuracy of their qualitative data as well. According to Consultant 2 -

We were not too worried about the accuracy of the qualitative information. Maybe an official informed us that CC participated in a meeting with the local community people as part of their engagement process. We did not go for hard-core verification of that information as we didn't have to present this information in the form of facts or figures in the report.

CC does not have any internal control system to review the accuracy and reliability of the reported information independently of the reporting team. Before final printing, the report gets reviewed by the HR director and chairman. However, they mainly check the presentation and content of report to ensure a positive display of CC's sustainability performance to its target audience.

The accuracy and reliability of CC's reported information somehow improved when they took the initiative to implement ISO 14001 certificate. During the implementation phase of ISO 14001 certificate, CC installed water meters in the factory. Third-party verification by an external auditing firm followed by periodic surveillance assessment has forced CC to record and compile their various performance data in a more structured and reliable manner. According to HoS1-

ISO 14001 had a positive influence on our reporting practice in terms of initiating a structured and reliable data collection process. Earlier we had to make a lot of assumptions for calculating the water consumption data. ISO 14001 forced us to install water meters in the factory. Implementation of the ISO 14001 certification required us to maintain extensive documentation process for external auditing purpose - which ultimately ensures more accurate and reliable data collection process.

A number of consultants, HoS and compliance officials worked as members of CC's sustainability reporting team in the last few years. None of them admitted facing any serious challenge during the report preparation process. They also did not engage with some important stakeholder groups in a systematic manner. If they had gone for proper stakeholder engagement, then they would've faced the challenges of prioritizing and reporting stakeholders' material concerns. CC is relaxed about the credibility of their SR as third party audit was not enforced on them as a mandatory mechanism like ISO 14001 certification. HoS2 has also admitted this in the following paragraph-

The reflection of 'accountability' notion is somewhat weak in this report as it was not enforced on us as an obligation. We have the flexibility to report in the way it helps us to improve our image. SRP will only be effective in Bangladesh if it is enforced on us as an obligation with mandatory third party audit requirements. For example, the social compliance requirements were imposed on us by IRs. There are serious consequences for not complying with these requirements as it is audited by an external independent auditor. The GRI reporting framework doesn't have any such independent auditing mechanism like social compliance.

The propensity for selective reporting is one of the major reasons behind CC's non-compliance with GRI's reporting principles. Lack of comprehensive knowledge on the part of the reporting team members about GRI suggested reporting principles is another major reason behind the non-compliance and weak level of reporting. In the following section, the reasons behind CC's reluctance for independent assurance will be thoroughly discussed to get a clear idea about CC's incapacity to provide a transparent view of its corporate social and environmental impacts.

7.4 Lack of External Assurance

GRI has three Application Levels: A, B and C. Application 'Level A' represents the highest number of GRI disclosure items and 'Level C' represents the lowest. CC published its 1st sustainability report corresponding to 'Level C' and its 2nd and 3rd report corresponding to 'Level B' without providing any external assurance. CC could not obtain a plus mark next to its 'Application Level' since their report was not externally assured. The use of an independent external assurance service is critical for increasing the robustness, accuracy and trustworthiness of disclosed information in the sustainability report (GRI, 2013a)⁸⁰. It increases stakeholders' confidence in the quality of the reporting content. When HoS1 was asked as to why they moved from C

⁸⁰<https://www.globalreporting.org/resource/library/GRI-Assurance.pdf>

to B rather than from C to C+, first he mentioned the higher cost of availing external assurance services. The higher cost of an external assurance service is not a convincing reason for a company with \$200 million annual turnover. When he was further questioned about this issue, he made the following comment:

If we go for third party audit, then many loopholes of the system will be revealed. Though we had good intentions, our system was not in the right place. Moreover, after conducting the audit, the auditors might suggest corrective actions for making necessary improvement in our reporting system and organizational processes. We are quite happy with our current state and thus prefer not to go through any third party auditing process. Hos1

It becomes quite clear from the above quote that CC did not go for external assurance largely for two reasons: firstly because of the increased level of scrutiny by the auditors and secondly because of the increased level of investment associated with the implementation of the suggested corrective action plan. The members of the reporting team were very cynical about increased scrutiny due to their reservations about the accuracy and reliability of the reported data. When higher management sought their opinion, they discouraged them from making use of an external assurance service.

We didn't want to go for external assurance because we were not confident about the accuracy and reliability of the data. We could have faced serious challenges if independent auditors would have examined our reported information. When the top management asked for our opinion for third party audit, we did not encourage them. Consultant 2

IRs are the main target audience for CC's sustainability report. It seems that CC is not too much worried about the quality of the report as they consider publication of the report to be sufficient enough to attain the satisfaction of their IRs. According to Consultant 2-

If CC does anything more than this [current reporting level], it won't be practical and cost effective for the company. Puma, being the main promoter of SRP, is not unhappy with our existing reporting quality. They are not even requesting us to make any further improvements – which is creating a win-win situation for both organizations. On the one hand, Puma is getting benefitted by claiming that they got their suppliers to agree to produce sustainability reports to establish transparency in their supply chain operations. On the other hand, we are getting benefitted by promoting our various positive activities through this report. None of the buyers or their stakeholders is going through this report meticulously. They are at best skimming through the graphs and charts of the report. So, extra effort from our side will not bring any additional benefit for the company. Consultant 2

It seems that the publication of the sustainability report has become a mutually beneficial activity for both parties. The buyers can sell it as part of their responsible supply chain management practice, whereas CC can use it as a tool for their relationship building and promotional purposes. Buyers don't have any objection with

CC's current reporting quality and its external assurance feature. Being the main target audience of CC's SR, they are not exerting any positive influence on CC to upgrade its reporting level. Sustainability reporting is gradually becoming more of a symbolic activity for both parties. As CC does not publish this report from a sense of accountability, going for external assurance is purely considered to be a non-value added activity from CC's business point of view. According to HoS2 –

We won't go for an external assurance service as we don't need it. It will incur an additional cost which the management doesn't want to bear. Buyers did not even ask for it. Hence, this is not important for us.

According to the chairman–

I am not interested in external auditing as this will not generate any return for us. Then why should I take all these unnecessary burdens? I am not even a public listed company like company 'Y'.

External assurance is not considered as a value adding activity for CC. By initiating a full-fledged independent assurance process, CC might jeopardize its external face. CC thus prefers to publish a non-assured report to avoid inspection and associated expenditures related to auditors' suggested corrective action plans. Selective reporting of positive aspects without external assurance has facilitated CC's symbolic adoption of the sustainability concept.

7.5 Personal Reflections on CC's adopted GRI Reporting Framework

Over the last 3 years, CC has expanded⁸¹ their reporting coverage by increasing the number of performance indicators (PIs), and as a result they have upgraded their reporting level from C to B. When HoS1 was asked about this upgradation, he stated that -

As long as these reports are not externally assured, it makes no significant difference to prepare the report at A, B or C level. The upgradation from C to B simply means that more performance indicators were reported. We did that for showing an improvement in our reporting quality. However, by reporting more indicators, an organization cannot ensure better reporting quality unless the report is assured by an external independent auditor.

As CC didn't go through the external assurance process, they upgraded their reporting level from C to B without facing any challenge. They even decided to publish their

⁸¹ CC reported on 10, 20 and 30 performance indicators for the year 2009-2010, 2010-2011 and 2011-12 respectively.

latest report at application level 'A'. They abandoned that plan after understanding the potential challenge of facing increased stakeholder scrutiny. From the empirical evidences discussed earlier, it appears that the most crucial sustainability issues were not duly reported by CC in their SR. They particularly put aside the ones (such as living wage, freedom of association, ground water depletion, etc.) that they were uncomfortable with. The in-built flexibility of the GRI reporting framework also helped CC skip reporting on some very important PIs (such as LA 4, LA5, LA7, EN1, EN9, EN 16, EN 17 and EN 28). Among important PIs, LA4 and LA5 are related to collective bargaining agreement whereas LA7 is related to injury rate, absenteeism, occupational diseases and fatalities. On an environmental front, CC did not report on the amount of material usage (EN1), withdrawal of water (EN 9), GHG emissions (EN 16 and EN 17) and non-compliance with environmental law (EN 28).

The GRI has also missed out some important issues in its reporting guideline, especially from the perspective of the RMG sector of a developing country like Bangladesh. For example, the GRI doesn't require reporting on fines or sanctions for non-compliance with labour laws. It also doesn't ask companies to report explicitly on the number of pending cases in labour or environmental courts. It does not also explicitly address the issue of living wages, which is a major concern for the Bangladeshi RMG sector. These issues should be reported as they are considered material by the stakeholders in the RMG industry. However, the GRI does not prescribe disclosures on these issues. As a universal reporting framework, it seems that the GRI has some limitations in catering to the needs of the local context.

As the first GRI reporter of the country, CC could not properly handle the challenge of preparing a balanced and comprehensive report that matches up to their self-declared application label. It is worth mentioning here that GRI offers 'Application Level Check' (ALC) service to the reporting organizations to check their self-declared application level. The most important aspect of GRI's ALC revolves around GRI's content index. This index is the basis on which GRI can determine whether or not an organization has reported on the required number of standard disclosures (PD, DMA and PI) for a particular Application Level (GRI, 2013b, p. 2). For example, for Application Level 'B', an organization should report on all PDs (1.1-4.17), all DMAs, and report fully on at least 20 PIs including at least one from each categories (e.g. economic, environmental, etc.). In case of CC, the GRI can be alleged for not providing their ALC service properly. GRI did not have any system in place to check and monitor the effectiveness of their ALC service.

While CC claimed to publish their report in accordance with the GRI guidelines, some significant nonconformity with the GRI guidelines were observed after examining their report carefully. For example, CC claimed that it reported on profile disclosures 1.2⁸², 4.5⁸³, 4.8⁸⁴, 4.17⁸⁵. When the respective pages mentioned in the content index were examined, no relevant information was found in those pages. At application level 'B', CC cannot skip reporting on any of their profile disclosures. CC did not even offer any explanation for not reporting on those profile disclosures. Just as in the profile disclosures, relevant information on certain PIs such as EC7 (local hiring) and HR5 (right to exercise freedom of association) were not found in the indicated pages mentioned in the content index. Moreover, a good number of disclosures were found very weak in terms of the reporting quality (i.e. partially reported). It is worth mentioning here that if a disclosure is partially reported, then the organization is supposed to identify which part of the disclosure has not been reported and give a reason for that omission. Partial reporting or low quality reporting was found for PD 3.5⁸⁶, 3.13⁸⁷, 4.15⁸⁸ and 4.16⁸⁹ (CC SR 2011-12, p. 43-48). CC did not also offer any explanation for those 'partially reported' disclosures.

According to the GRI, ALC service neither provides any opinion on the sustainability performance of the reporter nor on the quality of the reported information. Instead it focuses on whether or not the disclosure is in the indicated location (GRI, 2013b, p. 3). In the case of CC, some important PDs and PIs were not found at their indicated location. It appears that ineffectual administration of ALC service clearly failed to force CC in ensuring the correct location of the reported information.

If ALC service finds that the content index does not meet the requirements for the application level declared by the organization, a set of corrective action plans is provided to the organization. The misleading claims in CC's report prompted a very weak response from the GRI. Only in 3 places did GRI make 'needs improvement' comments. These were PD 3.13 (external assurance), LA2 (turnover rates) and LA10 (employee trainings). If neither indicated location nor appropriate explanation is

⁸²Description on key impacts, risks, and opportunities

⁸³Relationship between pay and performance including social and environmental

⁸⁴Internally developed business policies regarding EES performance and their implementation status

⁸⁵Key concerns of stakeholder engagement

⁸⁶Process for defining report content

⁸⁷Policy and current practice regarding External Assurance

⁸⁸Stakeholder identification and selection process

⁸⁹Frequency of engagement by type and by stakeholder group

ensured by the ALC service, then what is the purpose of GRI offering this service? For ineffectual ALC service, GRI can be held responsible for diffusing low quality reporting practices among business organizations. It is also widening the scope of CC's selective reporting practice.

Despite undermining major principles for defining the reporting content and governing the reporting quality, CC managed to get the status of 'Organizational Stakeholder (OS)' from GRI. CC did not have to comply with a stringent set of criteria to become the OS of GRI. CC was awarded this membership in exchange for a subscription fee. Being an OS, CC is entitled to enjoy some premium services from the GRI, such as permission to use the exclusive OS logo on its websites, presentations and publications. GRI can be held responsible for arbitrarily endorsing the SRP of their OS without ensuring substantial improvement in their reporting quality. From the following quote, CC's corporate motive behind joining GRI's OS program becomes quite clear. According to the previous HoS⁹⁰ of CC -

We feel that we will receive positive exposure by being a GRI OS. By using the exclusive GRI OS logo, we will be able to show our support for the GRI and highlight the value we obtain from using the GRI Guidelines, which will give the CC Group a competitive edge in the international market....– GRI website

To demonstrate their uniqueness and trustworthiness, CC displays the OS logo and 'GRI checked Application Level B' seal on the cover page of their sustainability reports. Such official endorsement from GRI made CC more relaxed in complying with the core principles of the reporting framework. Due to the ineffective supervisory role of the GRI, CC has been able to garner a good reputation by symbolically adopting a globally recognized reporting system without full compliance to its requirements. It is observed that the purpose of introducing GRI's ALC service has remained grossly ineffectual in the case of CC for indicating the extent of compliance with the suggested GRI application level. Rather, through the ALC service, GRI is giving a wrong perception about the quality and reliability of the report.

⁹⁰ He is appointed before HoS1 and HoS2

7.6 Conclusion

CC started their sustainability reporting practice as part of Puma's drive for promoting sustainability reporting within its supply chain. This reporting practice appears to be more a matter of responding to Puma's requirements than an ambition to discharge accountability. CC has effectively used it as a communication tool for portraying themselves in a positive light amongst their economically powerful stakeholder groups. The corporate motive behind this report and the selection of target audience were done based on the calculation of their pure economic interests.

Selective reporting has been an important feature of CC's sustainability reporting practice. Selective reporting allowed CC to disclose information that is favourable to them. By means of selective reporting, CC disclosed the positive news while carefully withholding information about highly sensitive and controversial issues. These findings do not necessarily imply that CC provided false information (please see Adams, 2004), rather they tried to convey a favourable representation of their activities through their selective reporting practice. In order to make their selective reporting strategy successful, CC did not report on sensitive issues due to the possibility of increased stakeholder scrutiny (Lyon and Maxwell, 2011).

Besides selective reporting, superficial conduction of their stakeholder engagement process has further narrowed the scope of CC's reporting potential. CC did not identify their stakeholders clearly and systematically in a way that would allow them to be involved in the engagement process in a meaningful manner. If reports are to be completed covering all material aspects, then a wide range of stakeholders need to be engaged in the process (Adams and Larrinaga-González, 2007) - which has largely been ignored in the case of CC.

As CC did not conduct its SE process properly, they have failed to report on some important issues that make sense for the business and its stakeholders. Baker (2010) described three distinct characteristics of managerial capture based on a literature review. Most of the suggested characteristics of managerial capture have similarities with CC's SE process. By restricting the diversity of the stakeholders, controlling the agenda and nature of the engagement, CC has failed to operationalize and report the outcomes of engagement. CC mainly conducted the SE process for the sake of fulfilling the GRI's requirement, which has ultimately impaired the promise of sustainability reporting practice in delivering accountability.

Another critical aspect of CC's adopted SRP is that it was implemented without any external assurance. The avoidance of external assurance has largely facilitated CC's selective reporting practice. The inherent flexibility of the GRI made the reporting framework attractive to CC, and simultaneously served the interests of IRs (such as Puma) who desired to see CC's active participation in the program. Ineffectiveness of GRI's supervisory mechanism (i.e. ALC service) has made it easier for CC to continue its weak form of reporting.

The principal goal of sustainability reporting is to ensure transparency and accountability. While the goal is definitely worthwhile, the findings presented in this chapter raise doubts as to whether the reporting practice adopted by CC has any chance of leading the company towards increased transparency and accountability. By adopting the GRI's sustainability reporting framework, CC wants to give a signal to their targeted stakeholder groups that they are paying increased attention to sustainability issues. Use of selective disclosure, non-reporting on the material issues, conduction of superficial SE, avoidance of external assurance process – all have impaired the promise of CC's sustainability reporting practice to a great extent. Even though the sustainability reporting practice adopted by CC may seem quite fascinating, it is purely based on CC's economic rationale.

Chapter 8: Stakeholders' Perceptions about CC and its Reporting Practice

8.0 Introduction

Chapter 7 discussed CC's sustainability reporting process. This chapter examines stakeholders' views about CC and its reporting practice. Whilst majority of the stakeholders had a positive perception about CC, factory workers and labour leaders had some strong reservations about CC's corporate policies and practices. Especially, workers who were independently interviewed outside of the factory premises expressed their grievances in relation to CC's adopted practices; while workers who were interviewed within the factory premises (mainly management nominated) did not express any discontentment about CC. The perceptions of seven stakeholder groups are discussed on the following seven sections.

8.1 Perceptions of Local Community

CC is located in a fast-growing industrial area with high population density. The reason for such high population density can be attributed to the employment opportunities created by the garment owners. There are several other companies apart from CC in this industrial area. As a result, participants from the local community largely failed to identify the association of various externalities (both positive and negative) with the respective companies. Hence, the observations from the focus group discussions (FGDs) were general to a specific area (where CC operates) rather than specific to CC. People from CC's adjacent community were interviewed in two separate FGDs. A former ward councillor, landlords and small businessmen (who mainly supply goods to the local grocery shops) participated in the first FGD. According to them, they had been dependent on agriculture for their livelihood before the establishment of these factories. As one of them put it:

Earlier it was completely a rural area and we were mostly dependent on agriculture for our livelihood. Since these factories were established, our paddy fields have been unusable due to the industrial waste and polluted water. After that, we began to support our means by renting out our houses to the garments workers.CFGD1⁹¹

⁹¹CFGD1 means 1st FGD with local community members

One of the participants of 1stFGD mentioned the environmental problems that they were facing. He stated:

Rooftops (made of iron sheets) get damaged within a few years of their replacement, due to high levels of industrial pollution. We can't use our paddy fields anymore. We are now filling up these lands and constructing houses to generate rental income. CFGD1

As the garments industry started developing there, rental income has turned out to be their main source of income. Hundreds of workers live in the area because of the presence of these factories. Many small businesses have thrived there to fulfil the needs of these workers. As a result, the local community has been content with these direct economic benefits rather than being concerned with the negative externalities created by these factories.

Thousands of workers live in this area. We try to convince them that all of us will be able to earn something if this garment industry exists. There will be more schools, mosques and madrasas etc. Once there was a factory here - which had around 4000 workers. After its closure, landlords did not get the rents and shopkeepers' sales decreased dramatically. The economic growth of the whole area became stunted after the closure of just one factory. This incident helped the locals realized the importance of this industry and they felt the necessity of such factories in their area. This industry has become the backbone of our local economy. CFGD1

The ward councillor and other authoritative personnel (especially the landlords) always prefer to maintain a cordial relationship with the factory owners for the sake of their own interests. During incidents of labour unrest, these very people try to calm the situation down by pacifying the agitated workers.

Local political leaders and we (i.e. councillors and landlords) usually work together on the field-level and try to resolve issues by talking to the workers and owners. We don't let the agitated workers take to the streets as our livelihoods are directly/indirectly dependent on the functioning of these garment factories. CFGD1

It appears from the above quote that the local community does not let the workers gather to place their demands. In fact, workers of CC have complained about this issue to the researcher (please see workers' perception section).

We don't let the workers go on the streets. If workers from one factory get on the streets, then workers from other factories may be influenced to join them. By counselling both workers and owners, we try to reduce the tension. The workers don't understand that millions of taka (local currency) had been invested by the owners to build such factories. We consider this industry as a plate full of food - from which everyone is eating their share. If this industry cannot keep going, then everyone will be affected, including the workers themselves. CFGD1

After hearing the comments of politically and economically powerful members of the community from the 1st FGD, another FGD was organized with another set of locals comprising of a school headmaster, an imam of mosque and a few other residents

within 100 yards distance of CC. The researcher spent a significant amount of time at tea stalls near the factory to overhear the concerns of the workers and other members of the community. However, like the 1st FGD, participants of the 2nd FGD also couldn't clearly identify the direct social and environmental impacts of CC. Due to the collective nature of the externalities; it is really very difficult to isolate the impacts of CC separately. According to them -

We have been experiencing both positive and negative impacts after the establishment of these factories. We used to be dependent on agricultural activities before. Now we have constructed houses on those agricultural lands, and people are earning a good amount of money from rental income, which is more than what they used to earn from rice production and fish cultivation. Before industrialization, there were about 700 voters and now we have around 18000 voters in this neighbourhood alone. The actual number of people could be multiplied to a much higher figure. As a result, crime rate (such as sexual abuse, drug addiction etc.) has increased alarmingly. Previously this place was rich in terms of fish. Now, we have to get fish from other places. The existence of ponds has become very rare nowadays since most of the lands have been used for constructing houses and factories. There are some environmental problems, but income wise we are very happy. CFGD2⁹²

Owners try to stay in good terms with the community members by participating in different CSR activities.

Once we went to an owner and told him that we need a mosque in this area. He handed over a 30,000 taka cheque for constructing the mosque. Whenever the community needs such help (e.g. to construct a graveyard), the owners come forward to help us. CFGD2

Reciprocally, local community members try to help the factory owners in pacifying labour unrest in order to protect the 'business-friendly' status of the area.

For example, there are 10 tenants in my house who have been living here for years. I convince them not to protest as it would make them lose their pay and make me lose my rent. So we'd be all losers at the end of the day. Sometimes owners' representatives come and request us to convince them. CFGD2

Though effluent discharge from these companies have irreversibly destroyed their croplands and polluted their rivers and ponds, they are still in favour of their short term economic gain over the long term adverse impacts. Due to the establishment of these factories, traffic congestion has also increased in the area. According to one of the participants of FGD 2, 'If another tragedy like Rana Plaza happens in this area, it will be very difficult to conduct a rescue operation using these highly crowded roads'. There is a problem of water clogging in the area as well. If it rains heavily, there are instances where people cannot get out of their house for prolonged periods of time.

⁹²CFGD2 means 2nd FGD with local community members

Water clogging is a big problem in this area. The number of houses has increased. Earlier, it used to take 2 hours to decrease the level of water clogged, now it takes around 8 to 10 hours. There was heavy rainfall a few days ago, and the houses behind CC were completely flooded. The water level still hasn't gone down. Previously there were many low-lying lands to absorb the rain water. Now, there is no place for rainwater to move out, as the low-lying lands are occupied to construct the factories. CFGD2

Participants were also concerned about the safety of the factory buildings as many of them were constructed in the low-lying lands and did not follow the 'Bangladesh National Building Code'.

None of these high-rise factory buildings were constructed according to the required set of rules and regulations. Not even 1% of them. The buildings are supposed to have open spaces, escape routes and several exits. CFGD2

The functioning of the Effluent Treatment Plan (ETP) is a major concern of the locals as most of the factories in the neighbourhood do not operate their ETP on a continuous basis.

The dyeing section of the factories is causing severe environmental hazards. Most of the factories have installed ETPs, but they don't operate them on a regular basis due to higher operating costs. There is no marine life in the local water bodies. There are no snakes, frogs or fish. The colour of the water has been blackened by pollution. CFGD2

However, local community members have confirmed the functionality of CC's ETP. According to a participant of FGD2, CC operates their ETP on a regular basis and they understand this by looking at discharged water in the drain.

CC operates its ETP regularly. We can understand this by looking at the colour of the discharged water in the drainage system. A vehicle comes to CC once or twice every month to transport the sludge of the ETP to their spinning mill. If they wouldn't have operated their ETP regularly, then this sludge wouldn't have been produced. CFGD2

CC discharges their treated water into a drain, which finally falls in a river through a canal. According to one of the participants - it is meaningless for CC to treat their water as untreated or partially treated discharged water from other companies fall in the same river. According to him - without strong enforcement of the law, functionality of ETP at individual factory levels would not bring much benefit to the community and environment. Though effluent discharged from these companies (except CC) have irreversibly destroyed their croplands and polluted their rivers and ponds, the community has failed to recognize the severity of these impacts with illiteracy at least partly to blame.

We are being affected but we can't understand the magnitude of these impacts due to a lack of education and awareness. We are having serious health problems but none of us are getting diagnosed properly. If we go to a doctor with a health related problem,

he doesn't even tell us the cause of the problem. Our surrounding environment may be causing this, but we are yet to understand how and why. CFGD2

They were ignorant of CC's stated FGD process (as CC claimed in their SR⁹³ 2011-12, p. 11) with community members. They liked the idea of conducting FGD with the community as part of CC's stakeholder engagement process. But, they had not heard about such practices in the past. The participants of researcher's FGD did not have access to CC's SR. When they were asked if they were interested in getting a copy of the report for their own study, they said –

It will be useful to know about the company, particularly what it is doing for the neighbourhood. But what will we do with this report if it is written in English. CFGD2

In spite of receiving various economic benefits due to the presence of this industry, the community has pointed out some major social and environmental problems, which CC had completely overlooked in their SR. For example, change in the livelihood and lifestyle of the community members, public sufferings due to deterioration of law and order, prolonged water clogging, increased traffic congestion, scarcity of fish, occupation of low lying lands, various health problems, etc. Most of these observations of the FGD participants (FGDs that were conducted by the researcher) were made in relation to CC's adjacent neighbourhood as a whole as the participants could not single out CC's social and environmental impact on an individual basis.

8.2 Perceptions of the Workers

Observations made by the workers in relation to the formation and functioning of participation committees and a third party auditing process were discussed in the 'stakeholder engagement' section of the previous chapter (i.e. 2nd chapter). Other observations of the workers regarding CC and its reporting practice will be discussed in this chapter. In the first stage, six workers were interviewed individually inside the factory. These workers were nominated by CC's management. They seemed to be well-trained for interviews of this kind and none of them mentioned any job-related problem to the researcher. When the researcher inquired about overtime issues, they said that the CC's overtime practice was reasonable as it did not require them to work for more than 2 hours per day. All of them claimed that they can fulfil their basic needs with the salary and overtime payment. They also said that they don't need prolonged overtime duty as they prefer to look after their family in their spare time.

⁹³ SR stands for sustainability report

After these individual interviews, a separate FGD was organized with a different set of workers outside the factory premises. Workers were very relaxed, in their own comfort zone, and discussed different issues very frankly. Out of 5 participants, one had been terminated from the job a few months before for organizing a protest against the management, whereas others were still working for CC. While they appreciated CC for paying their salary and overtime duty on time as well as for providing a good working environment and medical facilities, workers expressed severe dissatisfaction for not being allowed to resolve various industrial disputes through an effective dialogue between workers and management. Workers were also appreciative of CC's lenient 'leave of absence' and 'provident fund' policy. According to the participants-

There is no delay in the monthly salary payment. We receive our salaries on the 6th or 7th of every month. They give us leave when we need it. Pregnant women are given extra medical facility on top of the maternity leave. The working environment is good and the floors are clean. Emergency exits are also in place. Another good thing about this factory is its 'provident fund (PF)⁹⁴' plan. However, many workers cannot say anything against the management because of this provident fund. It restricts workers from leaving the job as they can't get the company's contribution before a 5 year long maturity period. WFGD⁹⁵

It appears that workers are generally satisfied with CC's working environment, including health and safety (H&S) provisions. According to them, doors are not locked, regular fire safety drills are conducted and they are also comfortable in navigating the fire exits. When they were asked about CC's engagement in sub-contracting, they said that-

CC occasionally sub contracts to the outside firms if there is a rush for shipment. The sub-contracting companies are almost of our same standard. The working conditions, facilities and benefits are of a similar type. WFGD

One thing that is important to note here is that CC tries to keep a safe distance from on-going controversial issues such as fire safety and sub-contracting. These are highly visible issues as well. According to one of the participants -

In the recent past, some RMG factories along with their IRs got trapped into these two issues. Labour activists found the labels of renowned IRs at the place of the accidents. CC does not want to take the risk of jeopardizing their reputation by being involved in these highly visible and risky ventures. WFGD

CC workers complained of being spied on and threatened by the management for taking initiatives to form a trade union. However, according to CC's operation manual, workers can get associated with any organization they want (CC Compliance Manual,

⁹⁴ CC has discontinued this scheme recently

⁹⁵ WFGD means FGD with factory workers

p. 30) without having to face any retaliation from the management. However, in reality CC doesn't allow its workers to exercise the right to Freedom of Association (FoA) and terminates workers if their involvement is found in the trade union formation process. In one of the units, a few workers recently got fired for organizing a movement to increase their Tiffin allowance and attendance bonus. They cannot talk to each other freely, let alone have FoA rights.

The company has deployed detectives on each floor. They report to the management against the workers. If someone tries to organize the workers or has the potential to organize or lead a movement, the company fires him or her immediately on the recommendation of these detectives. We took an initiative to form a Collective Bargaining Agent (CBA). Since then workers were put under strict vigilance of these appointed detectives. The moment they understood that we wanted to form a CBA; we could not speak to each other freely. It is not possible for a worker to work in a factory against the will of the management. If they don't want to keep you, they will somehow come up with an excuse to terminate you. WFGD

Workers also alleged that CC is in the process of increasing the number of migrant female workers, as they are considered less threatening to CC's management for organizing any movement due to their docile and timid nature.

In recent times, female workers were recruited in higher numbers in comparison to male workers. This is because male workers can protest and express their dissatisfaction whereas a female worker hardly does that, they tend to bear the sufferings mostly. WFGD

According to both 2010-11 & 2011-12 reports, the male worker turnover rate was higher than that of the female worker turnover rate. The male worker turnover rate was around 9%, while for female workers it was around 5.5%. It was found that almost 85% of the workers who left their job from CC during the year 2010-11 were from the age group of 18-30 (SR 2010-11, p. 29). It appears that not only male workers but also comparatively young working age groups were somehow forced to quit the jobs for being vocal against the management's suppressive policy and practice.

Participants also expressed their deep concern about their salary. They think that their salary is not sufficient to manage their living expenses. As a way out, they need to perform overtime duty to fulfil their basic needs. Workers who were interviewed within the factory said that they don't want to do overtime duty as they prefer to give time to their family members. But the workers who were interviewed outside the factory said that they don't have any option but to perform overtime duty to fulfil their basic needs. Some of them stay apart from their children to manage their living expenses. They suffer from severe mental stress and cannot enjoy their family life by keeping their

children away from them. One day off in a week is not enough for them to visit their family members, living in remote parts of the country.

Most of us find it difficult to keep our children here with us because of the higher living cost. Our children live in the village as it helps us in cost-cutting and managing the family expenses. WFGD

According to Clean Clothes Campaign⁹⁶, “a living wage should be earned in a standard working week (no more than 48 hours) and allow a garment worker to be able to buy food for herself and her family, pay the rent, pay for healthcare, clothing, transportation and education and have a small amount of savings for when something unexpected happens”. Due to the absence of a living wage, CC workers are forced (not by the company) to perform overtime duty to earn extra money, jeopardizing their health and family life. They cannot take time off for their own illness or for visiting their family members. Absence of living wage means that workers often have to rely on overtime just to make ends meet and have no savings to use if they find themselves out of work.

One of the workers showed me her pay-slip, and as per that pay-slip she performed almost 70 hours of overtime (OT) duty in the month of June. According to the labour law, a worker cannot work more than 2 hours of overtime duty per day, so ideally she can work up to 52 hours of OT per month (26 working days x 2 hours of OT per day). This worker worked almost 18 hours more than the government’s recommended OT limit. A worker is supposed to work 8 hours a day. However, during the peak season (generally from October to March/April), workers are legally allowed to work 12 hours a day (4 hours of OT per day instead of 2 hours). By persuading the government, owners can bend working hour regulations very easily for timely delivery of the shipment. After working for 72 hours (12 hours x 6 days) in a week, workers feel absolutely debilitated at the cost of their health and wellbeing.

It is important here to note that the pay slip of the aforementioned worker was for June. That pay slip is the evidence that the company is exceeding the overtime limit beyond the government’s recommended time frame, even during the off-peak season. The overtime hours at CC show the challenge retailers face in trying to stick to their code of conduct (CoC). There are loopholes in their CoC. According to the CoC, working hours cannot be more than 48 hours in a week. However, at the same time they also give companies the flexibility to comply with the over time working hours set

⁹⁶<http://www.cleanclothes.org/livingwage>

by the local government. This practice apparently creates conflict with the IRs' stated policies and a Bangladeshi law that prohibits more than 10 hours of work a day, including two hours of overtime.

CC claims that they don't force the workers to perform overtime duty. In reality, workers want to perform overtime duty willingly as they need this extra pay to cover their living expenses. After performing around 70 hours of overtime duty, the worker was getting around Taka 5000 as her total salary including OT. If the overtime payment (i.e. 1470 taka⁹⁷) had not been taken into consideration, then she would have been left with 3530 taka to run her family, which is quite impossible in the present context of Bangladesh. According to the participants, the house rent alone in that industrial area is around Tk. 2,500. As they cannot meet their household expenses with their monthly salary income, they are forced to perform overtime duty. From these examples, it is quite evident that workers are not sufficiently paid even in a company like CC.

Our wages were so low that we have to perform overtime duty just to make ends meet. The house rent itself is close to 2,500 taka. After paying the house rent, it is not possible to manage our household expenses with rest of the income. We have to work very hard to earn extra money from overtime duty. We barely have a life outside the factory. After returning from the factory, we have to prepare meals, wash our clothes and perform other household tasks. It is almost midnight by the time everything is sorted. Then we have to wake up early in the morning to get prepared for the next day. This takes a huge toll on our health and private life. We do not live, we just simply survive. WFGD

In recent time, labour unrest took place at CC for not providing sufficient amount of tiffin to the workers during the overtime hours. At CC, the standard working hours are from 8 am to 5 pm, with a one hour lunch break. Including four hours of overtime, workers can legally work from 8 am to 9 pm inside the factory. If we take into consideration the amount of time that is needed to get prepared for the job and travel, it appears that they stay out of their home for almost 14-15 hours per day. After having lunch at 1 pm, it becomes very difficult for them to work for another 8 hours without a sufficient amount of snacks. The snacks provided by CC during the overtime hours were not satisfactory both in terms of quality and quantity to give them the required energy to work for long hours.

After working all day, we expect better food. They expect us to work till midnight with just one type of snack. Working almost till midnight with such a poor amount of snacks really worsens our conditions. WFGD

⁹⁷The overtime rate per hour for that worker was around Tk. 21, which is almost equivalent to 25 cents per hour.

CC recruited a few business graduates from one of the best business schools of the country for their Management Trainee (MT) Program. But most of them left CC despite receiving very handsome salaries. When one such management trainee was asked in an interview the reason for his resignation, he said that he simply did not want to work six days a week. Working six days a week is a common practice for both labour and management level employees in the RMG industry. The salaried employees have options to switch to another industry, whereas workers don't have that. Workers have to work six days a week for almost 12 hours each day. After running household errands, workers don't seem to have enough time to sleep, let alone for spending time with family members. The workers said that sometimes they even have to work on national holidays. Though they get paid extra for working on those holidays, it is against their will. Workers also demanded shorter hours during the month of Ramadan.

Workers have expressed their dissatisfaction about CC's strict 'Attendance Bonus' policy. Giving an attendance bonus is a common practice across the RMG sector, and CC is not an exception. However, to get attendance bonus workers need to be present at CC by 8 a.m. on every working day of the month. Workers say that if they are late by one or two minutes, then they can't claim their attendance bonus despite full attendance. Workers think that it is a mean to ensure 100% attendance of the workers by enticing them with an attendance bonus; even though it is denied to them for trivial reasons.

Workers were found to be unaware of CC's sustainability report. According to them, this report could have been useful in getting some idea about CC's business operations if it were written in Bengali. According to them-

We are all blindly working here without having any knowledge about the company. We sit behind machines and earn something at the end of every month. Being unaware of the company's condition, we cannot even convey our problems with valid justification. These reports are written in English but it would be nice if we had access to such reports in our language [i.e. Bengali] so we can understand. Sometimes even some buyers' notices were posted in English; we also want them in Bengali for our own understanding. WFGD

CC reported the findings of their employee satisfaction survey in their SR. Earlier, HoS2 confirmed to the researcher about the inclusion of the workers in that survey. However, workers apparently denied participating in such a survey or hearing about it.

We never had the opportunity to participate in any survey in relation to what we think about the company, its working condition or the way supervisors treat us. WFGD

Many workers of CC live in the CC's adjacent neighbourhoods. They have not seen or heard of CC's stated FGD process with community members-- which raises further questions about CC's stakeholder engagement process. However, participants of the workers' FGD said that the management's nominated agents would rather talk to and try to manage the locally influential political people and landlords. Whenever workers plan to organize any protest, the management disrupts the process through these influential members of the community. According to them-

Elected political leaders of the local area tend to favour the employers. If we protest against anything, we start getting intimidated politically. If a few local goons walk around the work floor or neighbourhood area, then workers start to feel threatened automatically. The politically influential people speak in favour of factory owners because of their business interests (e.g. 'jhut'⁹⁸ business). WFGD

Generally, workers of CC do not seem to be concerned about the working environment and workplace safety. However, workers have specific concerns in relation to low wage rates, long working hours, lack of scope for exercising the FoA right. Regarding all these issues, they want to speak to the owners directly -

We want to talk to the owner directly, but not through his representatives. We want to convey our problems directly to him and at the same time we want to know his expectations from us. Even if he cannot fulfil our demands, we would be happy if he could listen to our concerns. We want to sit inside the factory and prefer to resolve issues mutually through peaceful negotiation, not through any violent confrontation. WFGD

One of the directors of CC claimed that they had an open-door policy for hearing the concerns of workers. According to FGD participants -

This kind of policy doesn't work in reality due to an imbalanced power relationship between workers and management. An individual worker doesn't have the courage to walk up to the door with grievances because there can be consequences. The owner needs to go beyond the supervisors and management level in order to get information about the factory floors in an organized collective manner [indicating collective bargaining mechanisms] straight from the workers. WFGD

Workers are one of the most important as well as largest stakeholder groups for CC. In an earlier section, it was described how community members could not mention their specific concerns in relation to CC due to the concentration of other companies as well as the inseparable nature of the various externalities in that locality. However, in this section we see that workers raised some valid and specific concerns in relation to CC's corporate policy and practice due to their direct personal experience with the factory environment.

⁹⁸Scrap fabrics from garment industries

8.3 Perceptions of Labour Leaders and Activists

Three labour leaders and activists were interviewed to understand their perception about CC and its reporting practice. All of these interviewees appreciated CC for sharing 5% of the profit with workers as well as for giving 20% higher wages than the national minimum wage (CC has however discontinued these 2 schemes in recent times). However, most of them criticized CC both directly and indirectly for suppressing its factory workers. LL1 is one of the labour leaders who has first-hand experience of educating and organizing CC workers for their rights for many years. He also acts as the general secretary of the trade union federation⁹⁹ for garment workers. His organization encourages CC workers to form unions in order to bring necessary changes they want to see inside the factory. According to him-

CC is one of the compliant factories in Bangladesh. It is a very profitable organization. It has transformed itself into a group of companies from a small factory. But, the living standard of the workers has not been enhanced at all. Workers are not paid appropriately for their contribution to the value addition process like other factories in Bangladesh and CC is not an exception in this matter. LL1

Another labour leader (LL2) – who is the executive director of one of Bangladesh's most prominent labour rights organisations, gave a hint of her dissatisfaction about CC in the following paragraph-

CC is a compliant factory. It has achieved many awards for its various social activities. Instead of me speaking as an outsider, CC workers will be able to tell you more about the company. You won't be able to see my wounds if I wear a beautiful dress on it. From outside you will appreciate my beautiful dress. Therefore, it is always better to talk directly to the workers to know the inside story. LL2

LL1, who has been working with CC workers for several years, also criticized CC for not allowing the right to Freedom of Association (FoA).

I have seen workers who went to negotiate with the owners¹⁰⁰ or tried to form a union ending up being dismissed. Owners don't want to keep workers who are conscious of their rights. They try to identify the workers who have relationships with other trade union associations. Owners think that the moment a worker becomes affiliated with a trade union association, he/she becomes aware of his/her rights. That's why they prefer to terminate them immediately based on a false allegation. LL1

He also criticized international audit firms for not highlighting the absence of FoA rights or living wages in their audit report. According to him -

International audit firms have been conducting social audits for a very long time but their reports never highlighted the restricted scope of FoA rights or absence of living

⁹⁹ A workers' federation is comprised of several trade unions

¹⁰⁰ Workers and labour leaders use the words 'owner' and 'management' interchangeably

wage provisions. The scope of these audits is generally demarcated by the IRs – where auditing firms tend to focus mainly on the health and safety aspects of the company and do not cover important issues like FoA and living wage. LL1

He further criticized IRs for maintaining a deliberate gap between their policies and practices:

IRs ask their suppliers to be compliant and environmentally responsible. But when they go for sourcing, they look for the lowest common denominator. IRs have decorated policies on a global level; unfortunately they become forgetful in executing said policies at the individual factory level. LL1

According to the Bangladesh Labour (Amendment) Act 2013, the gross salary of a worker consists of the following components: basic salary, house rent, medical, transportation and food allowance. CC provides extra allowance (e.g. attendance bonus, tiffin allowance) beyond the prescribed gross salary. When LL1 was expressing his frustrations against CC, he was asked about his opinion regarding these extra allowances given by CC. He said that attendance bonus and Tiffin allowance are also given by other companies. These practices have become a norm in the RMG sector, from which CC cannot escape. Regular attendance is very crucial for CC in order to avoid disruption in the production schedule. According to him -

The owner gives them attendance bonuses and Tiffin allowances for their self-interest. If a labourer is absent for one day, the loss it would make is higher than the allowance they give to the labours for 100% attendance. LL1

Labour leaders and activists weren't aware about CC's sustainability report (SR). But, they think that this kind of reporting will be useful for getting an overall idea about CC's business operations and performance. If CC's SR was published in Bengali and workers had the access to the report, then workers could have placed their demands based on the facts. They think it will also help them (labour leaders) to organize their movements in a more responsible manner.

Through such reporting, workers will get more information about a company and its financial capacity. This kind of report will certainly reduce the information gap and will help workers place their demands based on the facts. This report must be prepared in Bengali and should be widely distributed among the workers. Workers have a right to know about the factory that they are working for. Besides workers, this kind of report will help labour activists like us to conduct our advocacy work with additional sincerity. However, the report should contain information about the working conditions, wages and profitability of the firm on a mandatory basis to make it a useful one. LL1

He also expressed his concern about the credibility of the report, given the current management practices at RMG factories. As an example, he state that:

Most of the factories have two salary sheets. One salary sheet shows the actual wages (which includes actual overtime payments) of the workers while the other one is prepared for the buyers (which excludes excessive overtime payment). So, we cannot trust everything that a company discloses unless it is vetted by a third party. LL1

The executive director of a leading labour research institute (LL3) of the country feels hopeful about the potential of SR in assisting labour activists to educate the workers about their rights. He thinks that –

Every worker doesn't need to read and understand this report. If this report is made publicly available and accessible, then we can even hold the company accountable for their policies and actions on behalf of the workers. If this report is published in Bengali, then even workers can hold the company accountable based on the information of the report.

After looking at CC's SR, LL3 became highly critical of both GRI and UNGC frameworks for allowing companies to report issues which are compatible with their corporate interests and skip those which aren't compatible. According to him, this kind of reporting, manipulated with self-interest, cannot deliver accountability to the stakeholders. He also criticized the UN for promoting UNGC. He thinks that the UN should be engaged in state level monitoring of law formulation and the implementation process rather than promoting such principles at the corporate level.

UN should supervise whether a country has formulated its laws in accordance with the standard set by the UN. There is no need for UN to deal with the corporate houses. They should instead deal with the states. And the corporate houses should be compelled to follow the laws of the respective countries wherever it operates. The international organizations such UN, ILO, UNDP should support the states and in return for their support they should demand accountability from the states for their policies and actions. LL3

He further argued that in this capitalist world, where the corporations have accumulated enormous power, it would be unrealistic to hope that the companies will move from a profit seeking motive and prepare reports on the grounds of accountability. He thinks that companies have to be compelled to prepare SR. Corporate entities are not going to discharge accountability until it has been strongly demanded and imposed by the stakeholders. According to him -

Corporates don't have a sense of accountability, but they have to be made accountable - by compelling them to prepare this kind of report. No one would be interested in preparing it voluntarily. Corporate houses have advanced so far by not complying with rules and regulations. Around the world, corporate houses have grown bigger by taking advantages of weaker legal and administrative systems, corruption and existing economic structures. Hence, they will not hold themselves accountable voluntarily; rather we have to hold them accountable through this reporting mechanism. LL3

He suggested the development of a mandatory regulatory framework and simultaneously urged stakeholders to launch a strong movement for transparent corporate disclosures. He also emphasized the importance of addressing core issues such as workplace safety, living wages and FoA in the report. According to him -

The quality of the sustainability report depends on the selection and coverage of the topics. Companies should not be given any flexibility or choice to decide on the reporting topics. A company should report on challenging issues like living wages, workers' rights, and health & safety conditions to make the reporting practice meaningful enough. LL3

According to him, CC shouldn't be given any option in choosing reporting topics or parameters as per their convenience in order to assure that this reporting practice is balanced and meaningful.

8.4 Perceptions of International Retailers (IRs)

Three officials (Country Manager of IR1, Human Rights Director of IR2 and Social Auditor of IR3) of three separate IRs (all direct customers of CC) were interviewed for this study. In general, all of them had positive perceptions about CC's business operations. According to the country manager of IR1 -

CC has a very transparent relationship with us. They pay 20% higher wages than the minimum wages declared by the government. They also share 5% of the profit with their workers. Apart from these, they provide various health care facilities and welfare benefits to their workers. They have achieved many awards for their various social works. IR1

When the Human Rights Director of IR2 was requested to comment about CC's sustainability reporting practice (SRP), he shared his own company's (i.e. IR's) perspective-

We also publish reports for our company and much of these reports highlight what we have tried to accomplish while not over glorifying ourselves as the idea is to sell ourselves. We have to justify and rationalize our actions in accordance with the institutional expectations. Publication of the sustainability report is definitely a value adding exercise for the company. Sincerely speaking, our 'Human Rights Program' exists mainly to protect the name of the brand. Or else why would a company invest in such a program when it is considered as an additional cost from a business point of view? It gives us invaluable intangible returns.

According to him –

The CSR or sustainability report acts as a strategic tool for a company to promote its positive aspects. It is always like that. Or why else would a company be spending its money to produce this kind of report? I am perhaps being a cynic but the SR has always been used as a marketing tool for the company. IR2

From the above comments it is clear that IRs publish SR and get involved in various sustainable business practices (SBP) mainly to comply with the institutional expectations and enhance their brand reputation. IR2 stated that:

It is possible to say a lot of things in the sustainability or CSR report that wouldn't hold up to scrutiny. Impressions are given in those reports that a lot has been done when on the ground it shows very minimum amount of endeavour. Nevertheless, the whole idea is that we want to give the audience something good to read through a sustainability or

CSR report. We don't like to focus on the negative aspects. Even if we mention a challenge, we try to put it in a different context; we try to put it on a positive note. IR2

The above quote clearly depicts what IRs actually think about the purpose of SR and how they symbolically manage the content of the report according to their business interests. IRs are aware of ineffectual stakeholder scrutiny and prefer to use SR as a promotional tool. IRs' reporting practices and mind-set have a great influence on CC's reporting practices. Following in the footsteps of IR, CC also avoided reporting their negative aspects. Both prepared this report ceremonially without having any intention to discharge accountability to the stakeholders. When the director was asked about CC's sustainability reporting, he said -

It is not a mandatory requirement for CC but we do encourage them to publish it. It creates a positive image for both of us. It is also an indicator of CC's commitment level towards us. Sometimes, a lot of the things are done from a marketing point of view. That's why we prefer to evaluate this kind of activity with a grain of salt. With all due respect to all supplying factories; I don't have the intention to put up the name of any factory for public shaming. The original idea behind sustainability reports is to promote some accountability. The symbolic fixes won't mean much unless there is substance behind it. IR2

IRs are happy as long as their suppliers produce this SR, as it helps both of them improve their image. However, in the above comment, IR2 has expressed his reservation about the trustworthiness of these reports prepared by suppliers like CC. Earlier he admitted using such reports as a promotional tool by his own company by focusing mainly on the positive aspects of the business operations. He argued that without making alignment with the company's strategic vision, such quickly produced sustainability reports would not bring necessary positive changes in corporate behaviour. From their own experience, they don't have much confidence in the credibility of their suppliers' reports. When he was asked about his level of trust in such reports prepared by their suppliers, he said-

As an individual, I would like to depend more on the company's track record. If I were looking at Wal-Mart, I would be highly sceptical about this company based on their past operations and media reports. Reports prepared by the suppliers would probably be treated in the same way as at Wal-Mart, with a fair amount of scepticism unless it really draws on the problems and resonates with the reader's perception. IR2

IR2 preferred to rely more on the company's track record (i.e. performance) than its report. Earlier he admitted evading negative news skilfully in his own report. However, as a part of the general audience, he expects that an organization would reflect on its problems in their SR – which ultimately reiterates the importance of giving a balanced view of the company's overall performance in a SR. Interview participants from IRs were aware of CC's SR. However, they did not go through it carefully. They preferred

to rely on the first party¹⁰¹ and third party¹⁰² auditing mechanisms to get an idea about their areas of concerns. However, they simultaneously expressed their concern about the effectiveness of a third party audit because of its technical difficulties, and in some cases superficiality. In the following paragraph, IR2 shared his views on the issue-

It is hardly to be expected that an external agency [i.e. audit firm] will have the same mind-set and approach that you have. They won't understand our philosophy and will see things from their own point of view and sometimes particularly from their own commercial point of view. If a factory fails in an audit, they need to go there again – which generates more business for them. The element of corruption can enter here as well. A transaction might take place between two parties which we can be totally unaware of. IR2

In the following quote, the social auditor of an IR3 expressed his frustration over the scope of even a first party audit in terms of reporting corporate malpractice outside of the auditing scope and specified time frame of his/ her auditing task.

Auditors cannot report anything beyond their auditing scope or the specified time period during a factory visit. For example, maybe I spotted workers working till midnight before the day of the formal audit. The next morning when I ask about the incident, all the workers might deny working till midnight, and as an auditor it is very difficult for me to raise this issue in the audit report. IR3

As these kinds of audits take place within the factory premise, workers cannot always tell the truth to the auditors from the fear of losing their jobs. However, he admitted that auditors like him (i.e. 1st party auditor) tend to have better control over company's activities due to their higher bargaining power and close surveillance.

First party auditors like us tend to have better control over factories as we enjoy a wider scope for auditing in comparison to the third party auditors. In the case of the third party audit, they are mostly involved in the fact-finding process and not involved in the implementation process; whereas we are involved in the entire course of fact-finding and implementation process. IR3

As we saw earlier, FoA rights and living wages are the two most burning issues of the RMG sector. IRs have clear direction regarding FoA in their Code of Conduct (CoC) and guidelines. The following quotes describe IRs' stance on FoA and Collective Bargaining (CB) rights–

Our business partners are required to recognize and respect the right of their employees to freedom of association and collective bargaining. Employees should be free to join organizations of their choice. Employees should not be subjected to intimidation or harassment in the exercise of their rights to join or to refrain from joining any organization (PVH Code of Conduct, p. 2)

PUMA guarantees that all employees in its manufacturing sites shall have the right to freedom of association and the right to organize or join unions or other work or industry

¹⁰¹First party audit is conducted by the international retailers themselves.

¹⁰²Third party audit is conducted by an independent audit agency on behalf of the IRs.

related associations as well as the right to collective bargaining. (Puma Handbook Social Standards 2013, p. 36)

Despite having a clear stance on FoA & CB, IRs have failed to protect these workers' rights. It was found from workers' FGD that workers were subjected to intimidation and harassment for making attempts to exercise their FoA and CB rights. Unfortunately, IRs don't have any effective monitoring mechanism to oversee the proper execution of these rights. When the country manager of IR1 was asked about this issue, he said -

According to our code of conduct, workers do have the right to join a union or to organize among themselves within the factory. Our supplying factories give us the guarantee of not restricting the workers from forming trade unions. However, we are not aware of such demands from the workers' side. Perhaps the workers don't feel the necessity to form such unions – which has been proved in our factory audit as well. They are probably comfortable with their current organizational set up [i.e. Participation Committee (PC)].

In the earlier part of this section, IRs frankly admitted the limitations of both 1st and 3rd party audit. IRs are also aware of the fact that workers in many occasions cannot express their opinions freely in those audits. The most important thing for a worker is his job. When they are being fed with the idea that if they form trade unions they would be fired, of course they wouldn't be interested in forming trade unions. IRs cannot simply dismiss the necessity of forming trade unions based on the opinions collected from flawed auditing processes. IR3 admitted to keep a deliberate gap between their policy and actual practice in relation to trade union rights. According to him–

One of main reasons of IRs for coming to Bangladesh is to avoid trade unionism. IRs talk about various 'labour rights' because of a strong legal framework as well as public sensitivity about these issues in their home countries. They don't have any choice but to give lip service to the standard legal practice due to various institutional pressures.

It is clear from the above comment that IRs maintain a double standard in terms of sanctioning FoA rights to the workers. According to their suspicion, if workers are given the opportunity to form a trade union, they will spearhead successful strikes in cases of disagreement with management over various demands. In such cases, major disruption will take place in the production line. IRs know it very well that workers' FoA rights will significantly reduce management's bargaining power, which will ultimately put factories in trouble in meeting the shipment deadlines. Hence, IRs deliberately want to overlook the issue of FoA rights as a potential threat to both of their [i.e. IRs and factory owners] bargaining power and profit. To divert the researcher's attention from this sensitive topic, IR3 mentioned PC as an alternative platform for trade unions, as well as questioned the maturity level of the workers in forming and handling trade union related activities-

Our supplying factories don't have registered trade unions but they've participatory committees through which workers can resolve their problems alternatively. Workers do require a certain psychological maturity to go for a formal trade union mechanism. If trade union rights are given to them, the question of whether they have the capacity to handle this in the right way arises. Many business sectors in Bangladesh have been destroyed because of allowing these rights.

IRs and RMG factories tend to blame 'trade unionism' for the failure of some nationalized industries and use it as justification for not allowing 'trade union' rights further. Right after the independence of the country, some of the nationalized industries were bankrupt and all blame was placed on trade unions. According to labour leaders, trade unionists were partly responsible for the failure, but the role of endemic corruption and mismanagement in the process was not considered. It appears from the above quote that IRs do have certain reservations in relation to FoA and CB rights, where they prefer to accept symbolic PC as an alternative platform for exercising rights.

The next issue is the living wage. IRs have good but conflicting views on living wages. On one hand, they say that workers should be paid enough to meet their basic needs and provide some discretionary income. On the other hand, they suggest that their suppliers should choose the higher one between the prevailing market wage and the government set minimum wage. By doing so, IRs give justified excuses to their suppliers (which includes CC) to provide minimum wages to the workers.

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Our business partners must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, and it must comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. (PVH Code of Conduct, p. 3)

As a floor, payment of at least the minimum wage was required by local law or the prevailing industry wage, whichever is higher (Puma Code of Conduct)

Like FoA, IRs also try to avoid the issue of 'fulfilling basic needs and providing discretionary income' despite having their clear policy on the issue. In reality, neither the government set minimum wage nor the prevailing industry wage are anywhere comparable to the living wage. In 2013, The Centre for Policy Dialogue (CPD)¹⁰³ conducted a study on living wages based on a model diet. According to the study, a worker's income needs to be Tk.14856 per month¹⁰⁴. They did not, however, recommend that (i.e. Tk.14856) for the minimum wage. Rather, they proposed a minimum wage of Tk. 8200 (CPD Report 2013, p. 8) based on the poverty line. Trade

¹⁰³CPD is a premier think-tank and leading civil society institution in Bangladesh

¹⁰⁴file:///C:/Users/kabirm1/Downloads/estimating_a_living_minimum_wage_for_the_rmg_sector_in_bangladesh_september_2013.pdf

union leaders and worker representatives were calling for an increase in the wage of at least 8,000 taka (€76.08). But from November 2013, the new monthly minimum wage for entry-level workers was set to 5,300¹⁰⁵ taka (€50.32). This pay increase followed international pressure on Bangladesh after a string of fatal factory accidents that thrust poor working conditions and pay into the spotlight. From the above data, it appears that there is a huge gap between the required level of monthly income and the current minimum wage received by the workers.

In the above context, a CC official argued that if CC had received a fair price for their exported products, then it could have provided fair/living wages to its workers. They offer market determined wages to the workers as they get market determined prices from their IRs, as a function of demand and supply of the market. According to him, IRs want sustainable products but they are not willing to pay an extra price for those sustainable products. They prefer to go bidding among the suppliers to get the cheapest possible price. When IR2 was asked about the above allegation, he said-

If you listen to the buzz in the industry, you would see that most of the fingers are pointed towards the brands. A common accusation is that the brands aren't paying enough to the suppliers. The fact is that suppliers negotiated a deal with the brands. It is a very crude analogy; but assume that you are going to a shopping mall to buy a product. You will buy your desired product from a shop that offers you a competitive price for a certain quality. Brands are also shopping around. If I hold you responsible after finalizing the deal, then how would you feel about it? IR2

The above comment shows how business interests (i.e. cost, profit etc.) get prioritized in the IRs' decision making process. IR3 tried to justify their stance on the issue of wages, based on the following argument-

We have to compete with other companies in the international market. The concept of sustainability and CSR sounds really nice. But if my competitors start charging a lower price due to their lower manufacturing cost, then I have to cut my costs as well. In this situation, I do not have any choice other than selecting manufacturers based on the offering price. In this condition, it becomes very difficult for the company to spend money on sustainability related activities. However, we don't mind if a factory offers some additional benefits (like attendance bonus or medical benefits) to its workers as part of their sustainability or CSR program, without further increasing their offering price. IR3

In most of the cases, the economics of a garment business is such that IRs award contracts to the lowest bidder. In the face of such cut-throat competition, it becomes difficult even for a best-practicing factory like CC to pay living wages and or to follow standard working hour policies. In real life, business interests always come way before sustainability agendas. IRs have serious concerns about workers' increased wages as

¹⁰⁵<http://www.reuters.com/article/2013/11/21/bangladesh-garments-wages-idUSL4N0J627820131121>

it has direct impact on their suppliers' production cost - which in turn affects IRs' FOB price¹⁰⁶. IRs would not mind if suppliers offer some symbolic benefits to the workers as the cost of providing these symbolic benefits (e.g. attendance bonus or medical benefits) is much less than providing substantive benefits (e.g. living wage). By providing these extra symbolic benefits, they rather prefer to be identified as a sustainable company by incurring minimum expenditure.

All interview participants identified CC as one of the best-practicing companies of Bangladesh. However, one of them (IR3) expressed his discontentment about CC's safety measures -

If you get a chance, then please try to observe the crowd on the main road in front of CC during their lunch hour. The road is about 30 feet in breadth. Almost 7000-8000 workers work in that factory. Would you consider it a safe passage during a fire incident? CC claims that they paid a 20% higher wage than the minimum wage to their workers. When life is at risk, it is meaningless to pay higher wages or provide extra benefits to the workers. IR3

He also expressed his dissatisfaction about CC's number of exit points. He said that this is a very important safety issue, but CC has avoided taking any steps to resolve this issue by giving them repetitive excuses of infrastructural constraints. It is difficult for 7000-8000 workers to leave the factory premise safely and quickly using only two exits in the event of a fire accident. He also mentioned the lack of required space for a fire assembly point.

CC has limited space for conducting the fire drill. It has less than the required number of fire exits. The fire exits are narrow and cannot ensure a safe passage for the workers during a fire incident. IR3

He also expressed his reservation about CC's use of a shared building for one of its garment units. According to him, it is very challenging to maintain necessary health & safety standards (such as conducting fire drills) in a shared building. According to him

-

There are a few other problems with CC's factory layout and design. Getting awards is one thing; whereas addressing these practical challenges is another thing. There are some positive aspects of CC and particularly for those positive aspects we are still working with them. Competitive prices and a quality product are the two most notable positive aspects of CC. IR3

Despite having better bargaining power, IR did not force CC to rectify some of its non-compliant activities. IRs compromised with CC's failures (particularly on safety issues)

¹⁰⁶FOB means Freight On Board or Free On Board. If a term of delivery of a transaction is on a FOB basis, the cost of movement of goods on board airlines or on board ships is borne by the seller. The rest of all expenses to receive the goods at the buyer's premise have to be met by the buyer.

due to their mutual business interests. IR3 also mentioned the dilemma of prioritizing between business interests and compliance issues.

It is not only applicable for IR3 but also for other IRs - there is a challenge to make an alignment between business interests and compliance issues. For example, you know that there is a compliance issue in a particular factory. But this factory offers a competitive price, quality product and on-time delivery according to the opinion of your commercial or technical team. It then becomes very difficult for us to conduct social auditing in that factory as well as to make alignment between these two conflicting interests. At the end of the day, this is all about business and IR3 is not a charitable organization. This is a commercial entity where we need to somehow balance between our different activities. IR3

IR3 is a highly reputed international retailer which is globally famous for working in the area of sustainability. Despite their explicit concern over CC's various compliance related problems (e.g. use of shared building, lack of enough exits, and lack of enough space for a fire assembly point); they have been continuing a business relationship with CC for almost one decade. They did not raise any objections about CC's various symbolic activities (such as sustainability reporting, formation and functionality of PC etc.); rather, they extended necessary support for continuing these activities, which eventually made CC's decoupling strategy successful. At the end of the day, it appears that the business interests of both parties prevail over various critical sustainability issues.

8.5 Perceptions of International Agencies (IAs)

Three officials (a trade advisor of a supranational institute¹⁰⁷, a program manager of an international financial institution of World Bank Group¹⁰⁸ and a senior program officer of UN labour agency¹⁰⁹) of three separate International Agencies (IAs) were interviewed for this study. All these officials were familiar with the case company and particularly two of them had the experience of working on a 'collaborative project' with CC. CC was known to them as one of the BPCs of the country; however they did not have a clear idea about CC's reporting practice. One of the IAs had a hard copy of CC's SR, which is evidence of CC's accomplishment in hitting the target audience. The official skimmed through the report after receiving it via postal service. According to the official of IA1-

¹⁰⁷ Trade Advisor is denoted as IA1

¹⁰⁸ Program Manager of financial institution of World Bank Group is denoted as IA2

¹⁰⁹ Senior Program Officer of UN labour agency is denoted as IA3

CC is one of the top RMG factories of Bangladesh. Getting various awards is proof of that. The management is educated as well as socially sensitive. They have already addressed core labour standards and now they are aiming higher - which is sustainability. The majority of the Bangladeshi factories don't even maintain core labour standards. So what CC is doing is exceptional- can't be expected from other factories as they haven't reached the basic level yet. I am not worried about CC and its reporting practice as it is already operating above the industry standard. I am rather worried about the companies that are operating below the industry standard and I am interested to know about them more. IA1

IA2 is well-known for promoting the 'business case of sustainability' through one of their projects, which primarily emphasizes the economic benefits of adopting a sustainability concept, mainly focusing on the environmental aspects. One of the CC officials mentioned the name of IA2 for influencing CC in adopting the 'business case of sustainability' approach. This approach is primarily economic benefit driven rather than responsibility driven. According to IA2-

CC is a forward-looking company. It knows exactly how to deal with compliance issues. Moreover, they know it very well that being sustainable in addition to their compliant status - adds value to their brand image, gives them opportunity to charge premium price and lets them have access to more premium buyers. That is what they are doing now. They know that this is not an expense rather an investment – which will bring further business opportunities for them. The company has already received many awards as recognition of their good works. IA2

The senior program officer of IA3 was somewhat sceptical about the credibility of CC's SR. According to him, CC is a profit driven commercial entity. Why would CC be interested to disclose its negative aspects voluntarily? He thinks that -

CC prepares this report for their self-interest. This report has to be prepared independently if it is to be credible. If a company prepares its own report, it won't be credible enough. I don't think any company will prepare this kind of a report voluntarily if it does not bring any benefit to them. In my opinion, it is not wise to rely on a report which is prepared by their management. I am not saying this only for CC; it is actually applicable for all companies that prepare such reports. IA3

To address the above concern, IA1 shared their plan for developing a website where stakeholders will get necessary information related to a company's compliance status. IA1 will upload all kinds of audit reports to that website (e.g. 1st and 3rd party audit report as well as reports prepared by different government agencies such as DOL¹¹⁰ & DOE¹¹¹). They want to make these reports publicly available for the stakeholders' scrutiny. According to him, stakeholders don't have easy access to relevant information for holding RMG companies accountable for their actions. Through this website, different advocacy groups and civil society organizations will be able to monitor the progress of RMG companies very closely.

¹¹⁰ Department of Labour

¹¹¹ Department of Environment

It would be better if the audit reports of the buyers and government agencies can be posted on a public domain [i.e. website] through which stakeholders would get to know the actual status of the companies. Accessibility to relevant information is very crucial for holding companies accountable for their policies and actions. Reports made by companies only contain positive aspects of the companies as they always try to hide their flaws. IA1

According to IA2, the Bangladeshi RMG sector is not yet ready to adopt an advanced reporting practice. He thinks that-

Sustainability reporting is an advanced level practice. Companies need to start their journey from local-compliance. They first need to comply with the parameters set by DoL, DoE and other regulatory agencies. After fulfilling the local compliance requirements, companies can then think of embracing an advanced level corporate practice like sustainability reporting. IA2

In Bangladesh, the majority of the RMG companies struggle to comply with basic compliance requirements. Even when they comply with the basics, they operate in an environment where the enforcement of the law is almost non-existent due to a massive corruption culture and complete apathy of people in regard for law. In such a context, CC has established itself as a compliant company in Bangladesh by complying with local rules and regulations. By undertaking additional sustainability related activities, it has further established itself as one of the BPCs of Bangladesh, and in that way it has built up a positive image among IAs. They considered SBPR as an extra effort from CC's side, and thus they are not worried about CC and its reporting practice.

8.6 Perceptions of Industry Peers (IPs)

Six garment owners and officials of listed and private firms¹¹² were interviewed for this study. Most of the industry peers consider CC as one of the best-practicing companies in Bangladesh as evident from their award list and exposures. A former president of a garment owners' association¹¹³ (IP1) praised CC for being one of the very few RMG companies for sharing 5% profit with workers. He also explained the reason behind CC's sustainability practices-

CC has high-end customers in their portfolio and that's why they undertake these kinds of activities. Maybe they were able to attract high-end customers because of undertaking these activities. I am not sure which came first but the whole process has now come under a positive framework. At present time, high-end customers are extending more support to CC to continue these practices. IP1

¹¹² Owners and officials of 2 listed firms are denoted as IP2 and IP3; whereas owners and officials of 3 private firms are denoted as IP4, IP5 and IP6 respectively

¹¹³ Former president of garment owners' association is denoted as IP1

The above interviewee clearly indicated the role of CC's sustainability related practices in attracting and sustaining business relationship with IRs. According to a manager of a competing private firm (IP2) -

CC's sustainability practices are an example of a coordinated branding effort. In the same country and under the same regulations, why are people specifically talking about CC? CC has taken itself to a certain level by not compromising with basic operational facilities. They also do struggle with overtime issues but they try to keep that within a manageable limit.

Industry peers didn't have any idea about CC's reporting practice. The researcher kept hard copies of CC's SR with him most of the time for reference and cross verification purposes. Upon the request from the interviewees, he let them skim through the report for 5-10 minutes before commencing the interview. Listed firms were not found interested in publishing SR unless the government forced them to do so by imposing a new regulation. After going through the report, a director of a listed firm (IP3) termed it as an extended corporate profile. According to him –

Most of the RMG companies prepare a corporate profile for their buyers. They mainly use it for their marketing purposes. We also have a company profile like CC's SR. Maybe that is not exactly like this [i.e. CC's report] but there are lots of similarities. CC's profile has been prepared in a more professional manner. Besides a corporate profile, we publish a yearly annual report. I think companies like CC can combine these two reports into one in order to give a complete view of their business operations to their stakeholders. IP3

CC has included some economic information in their SR, but IP3 particularly suggested including a detailed economic section along with year-wise performance to improve the quality of the report. CC is a private company and it doesn't publish any annual report, which raises a new question for CC as to whether they need to publish an integrated report, combining the content of an annual report and the SR to give a holistic view of the company. He also had certain reservations regarding the credibility of the report just like IRs and IAs.

CC is not a public limited company like us and hence they are not obligated to submit their reports to multiple regulatory agencies for cross examination. As a public limited company, we have to follow certain rules and regulations for preparing the annual report. We can't manipulate or hide many things due to the auditing regulations. CC does not have to comply with these regulations. We operate under a much stronger accountability framework than CC. IP3

The director (IP4) of another private company was highly interested in CC and its reporting practices. Before the interview, he borrowed all three hard copies of CC's SRs from the researcher for his own observation. He was interviewed a few days later according to his convenient time. According to him -

It is not difficult to prepare a sustainability report like CC, as this was not audited by any party. There is much scope for manipulation in a report of this kind. A voluntary report doesn't go through much scrutiny like a listed firm's annual report and hence it is not prepared with due diligence. IP4

According to him, CC reported two different figures for their yearly turnover in two different pages of their SR (\$180 million on page 5 and \$144 million on page 22 in their 2011-2012 report). The annual net revenue given on page 22 was in taka. If the figure in taka gets converted into US Dollar, then the annual revenue stands at around \$144 million¹¹⁴. He said that such discrepancy shows that the report was not prepared with enough sincerity. He also suggested that CC enhance the credibility of the report by providing necessary information in the form of notes or an appendix to back up their claims.

Whatever information they provide, they must give valid references in the notes or provide official data in the appendix. For example, if CC claims to reduce energy usage by 25%, then they should attach relevant documents in the appendix to back up their claims. This report looks fine but I have some doubts about its credibility as it did not go through any auditing process. IP4

He praised CC for sharing 5% of profit with their workers. However, he expressed his disappointment about the quality of the report.

CC is a very good company and I have gone through three of their reports quite thoroughly. I haven't seen any substantial improvement in their reporting over the last 3 years. Though CC's reporting level has been upgraded from C to B, its reporting quality remained almost the same. IP4

According to him, customers of CC (e.g. M&S, Puma, and PVH) provide statistics on workers' grievances in their reports. They even report on the number of grievances they've been able to mitigate and the ones they couldn't; whereas CC maintains complete silence on this important issue. He also criticised CC for exaggerating information in their report. As an example, he said -

CC claimed that they gave 20% higher wages to their workers and highlighted it in different forums in various ways. But this is a kind of standard practice for the entire industry. It is very difficult to get workers just by offering the government's minimum wage. As a result, most of the factories tend to offer wages above the minimum wage. CC is paying 20% higher wages only to retain their workers. IP4

He said that if there isn't any news on the challenging issues and if CC provides all positive news, then what sort of accountability is CC discharging? He had reservations in considering this report as a tool for discharging accountability.

¹¹⁴The US Dollar to Bangladesh Taka exchange rate on 30 June 2012 was 1 USD = 81.8662 BDT as per http://www.exchangerates.org.uk/USD-BDT-30_06_2012-exchange-rate-history.html

CC mentioned about their workers' participation committee but did not provide any details on the formulation and functionality of this committee. In addition, CC remains silent on the issue of FoA while a strong movement is brewing in this country for allowing trade unions in the RMG industry. Moreover, it is not impossible to have workers' grievances in a company like CC, but nothing has been mentioned on this issue in the entire report. I don't think this kind of reporting practice is playing its due role in discharging stakeholder accountability. When you run a company, then both good and bad things go hand in hand. But, CC's report only contains positive news about the company. IP4

The above interviewee completed his graduation from the United Kingdom and had a fairly good idea of contemporary business ethics and accountability issues. Except for him, management personnel in most of the competing firms do not have a clear idea about the purpose of sustainability reporting, and thus, most of them confuse it with their corporate profile. They consider SR as a marketing tool like their corporate profile and that's why they do not see any problem in using it for marketing and promotional purpose. According to IP3 –

I don't see any problem in using it as a promotional tool. We all prepare corporate profiles like this [CC's report] which we use for our promotional purpose. CC has achieved a lot of awards and recognition because of their better marketing skills– in which their SR might have played an important role.

One of the CC officials also admitted sending the hard copy of SR along with other required information to different award giving bodies. Another private RMG company (IP5, which is a SA8000 certified company) commented on CC's excessive exploitation of its SBPR -

A few days back, a high official of CC was demonstrating their rainwater harvesting process in a forum. But the reality is that you won't go into the factory and check whether they have a rainwater harvesting system or not. Of course, CC does have it and I am not undermining their efforts. It seems like they have over-utilized these initiatives by promoting the same initiatives in different forums. As a result, CC has won many awards and certificates. My company participated in two competitions. My company was shortlisted but it didn't get the award, maybe due to the shortage of required marketing skills. IP5

He thinks that his company is addressing more important sustainability related issues (like living wage and freedom of association) in comparison to CC because of their SA8000 accreditation.

CC is a good company. They are better than ours in term of articulating and presenting their sustainability related activities in different forums - which we are lagging behind in. But, I don't think our company is any way inferior to CC. We have SA8000 accreditation which CC doesn't have. They cannot even think about it as it is not so easy to obtain such accreditation as it includes challenging provisions of living wages, freedom of association and external auditing. IP5

There are five companies in Bangladesh which are SA8000 certified. Despite being one of the best-practicing companies in the industry, CC has not taken any initiative to

attain SA8000 certification mainly for issues related to living wages, FoA and external audit. Living wages and FoA are the two most burning issues in the RMG industry. These two issues could have been addressed and rectified to a great extent if CC were certified by SA8000. The director of another listed company (IP6) feels pessimistic about the potential of SR. According to him –

The idea of sustainability reporting is a far-fetched concept. It has been more than a decade and we haven't yet been able to act in accordance with local labour and environmental laws properly. When compliance is substantially poor, one cannot be optimistic about the improvement in the reporting system which is secondary in itself. IP6

Given the current socio-economic situation, the above comment to some extent reiterated the concern of IAs regarding the preparedness of the Bangladeshi RMG sector (including CC) in disclosing corporate information in a transparent and systematic way.

8.7 Perceptions of Members of Civil Society

Seven prominent members from renowned civil society organizations were interviewed for this study. Most of them simply do not believe that corporations are self-enlightened entities which will automatically discharge accountability to their stakeholders from a sense of social responsibility without strong demand or pressure from the stakeholder groups. After skimming through the report, the executive director (CS1) of a leading Bangladeshi civil society think-tank said that–

The important issue is whether the stakeholders are interested in this kind of report and whether they want to dig in deeper. If stakeholders are interested, then the company has to report more explicitly. And if stakeholders aren't interested in digging in deeper, then comprehensive disclosure is not required. So, there has to be a match for this report both from the supply and the demand side. Very few companies publish sustainability reports in our country because there isn't enough demand for it. If I take the broader view of corporate social responsibility then this kind of reporting is desirable, but I am sceptical about its feasibility. If there isn't any strong demand from the stakeholders' side then I have doubt whether this self-enlightened responsibility would work in the corporate sector. CS1

A professor of the University of Dhaka (CS2) shared his thought on the notion of 'stakeholder accountability' from the perspective of Bangladesh. According to him -

The notion of 'stakeholder accountability' remains problematic in Bangladesh. I personally think that upward accountability is more effective than the downward accountability in the context of Bangladesh. Companies here in Bangladesh are not very willing to deliver downward accountability. They mainly prefer to remain accountable to their legally defined stakeholders only. CS2

Another former bureaucrat and renowned member of the civil society (CS3) criticizes the role of RMG companies for discharging restricted accountability to a very limited number of economically powerful stakeholders.

Companies' accountability lies to their buyers only. They don't feel accountable to their workers, state, or environment. Some factories provide lunch or childcare facilities to their workforce. But, the driving force for undertaking these initiatives is to impress the foreign buyers. CS3

Public awareness about stakeholders' rights is very low in Bangladesh, and hence accountability is not being demanded by the stakeholders. Moreover, they do not have the necessary power to hold companies accountable for their policies and practices. In a similar context, another professor of the University of Dhaka (CS4), who is very much involved with various civil society movements, said that –

In Bangladesh, the stakeholder awareness level about their rights is low and hence they do not demand this kind of information or reporting from the companies. They have taken for granted that they cannot hold companies accountable for their various harmful practices. CS4

For this study, the researcher had interviews with officials from ICAB¹¹⁵ and ICMAB¹¹⁶, two major professional accountancy bodies. The council (i.e. governing body) member of ICMAB, who is also a commissioner of the BSEC¹¹⁷, expressed his reservations about the prospect of SR due to the lack of its demand. According to him (CS5) -

There is barely any demand for this kind of report from regulatory bodies or from stakeholder groups. Rather, all the focus is on the annual reports, where the investors' interests get the highest priority in deciding the content of the report. CS5

The above comment again highlights the lack of demand for sustainability reporting in Bangladesh. His comment also pointed to managerial preference for the legally defined stakeholders in terms of corporate reporting. Above and beyond demand, the majority of the Bangladeshi people also have a *weak understanding* of the concept of 'sustainability'. According to GRI Report (2011, p.14)-

Public awareness of sustainability is very low, mainly due to the high level of poverty and low levels of education in the Bengali society. Only a small percentage of educated people are acquainted with sustainability issues and reporting.

It seems even the small percentage of educated people do not have a good understanding about the purpose and scope of sustainability reporting in Bangladesh. Let's consider a quote from an ICAB director (CS6) -

¹¹⁵The Institute of Chartered Accountants of Bangladesh (ICAB)

¹¹⁶The Institute of Cost and Management Accountants of Bangladesh (ICMAB)

¹¹⁷ Bangladesh Security Exchange Commission

When we give awards for 'Best Annual Report', we allocate separate points for 'sustainability' or 'CSR' sections of the annual report. The main problem is that most of the corporate houses lack the required amount of contribution in social and environmental areas. If the companies don't make enough social and environmental contributions, they wouldn't find enough materials to produce a quality report. CS6

The above comment from a qualified professional accountant is somewhat disappointing. The interviewee thinks that a company needs to have sufficient amounts of corporate activities in order to report on CSR or sustainability issues. His above comment has overlooked the 'stakeholder accountability' approach and rather took a marketing approach to the whole idea. According to the executive director (CS7) of an international civil society organization, public sector companies feel more pressure to deliver accountability in comparison to private sector companies due to the activism of civil society organizations and media.

In the public sector, there are media, NGOs, IGOs, etc. who demand accountability. Hence, accountability is quite established in that sector. However, this accountability is missing to a great extent among the private sector companies and it is also an under-researched area. I will confess that our emphasis has overwhelmingly been on public sector primarily for two reasons. Firstly, a deficit of 'good governance' is more acute in the public sector -which affects the common people more directly due to its non-transparent nature. Secondly, a huge proportion of the resources are still controlled by the public sector. Hence, we put more emphasis on the public sector in comparison to the private sector. However, what is missing is business as a separate sector. This is our failure and we are apologetic for it. CS7

He stressed the role of civil society organizations in demanding and ensuring better accountability. He emphasized the importance of reporting in delivering meaningful accountability to the stakeholders of private sector companies.

Disclosure is needed in the private sector, not only for the sake of reporting, but also for the sake of improvement in governance, transparency and accountability. If these elements are ensured, then accountability in the private sector will improve and disclosure and reporting will be more useful and meaningful. CS7

Executive directors of two organizations (CS1 and CS7) stressed the importance of regulation for forcing companies to disclose certain mandatory issues. According to CS1 -

By formulating new laws, we can regulate these companies to report on certain mandatory issues. If they don't report or deny to report, then we could use the 'Right to Information Act' to demand specific information from them. CS1

CS7 was associated in the drafting process of the 'Right to Information Act'. However, his experience with the process was not a pleasant one –

During the drafting process, the private sector was very resistant about the Act and very hostile towards us. Finally, they [i.e. private sector] were successful in remaining outside the ambit of this act. Government needs to put more focus on these aspects so that in future private sector becomes legally obligated to disclose information on certain particular issues. CS7

When he was asked about the feasibility of imposing reporting regulations on private sector companies, he became somewhat dispirited because of the growing evidence of the intimate relationship between business and politics in mutually steering the course of government policies.

There is evidence of a stronger bonding between business and politics. In our country, business is increasingly dissolving into politics and politics into business. Politics is seen as an office of making profit. Businessmen invest money into the politics and by doing so they want to shift the balance of power in their favour. In this way, they protect and prioritize their business interests in the policy formulation process. CS7

According to a prominent citizen and human rights activist (CS4)-

The state, whose duty is to ensure compliance, has become subservient to business and has a compromising attitude towards the factory owners, and therefore they constantly remain far away from addressing fundamental labour rights issues. CS4

He further explained the reason behind the reluctance of business and government in adopting a true form of a sustainability concept.

Business and government have reluctance in following the true path of sustainability. The mind-set is that sustainability would hinder the country's economic growth. They think that during the stage of economic growth, if all stakeholders are treated just and fairly (e.g. workers, community, environment), then it would disturb the capital formation as well as the rapid economic development of the country. CS4

Bangladesh is a developing country with per capita income of \$1,190 (source: Bangladesh Bureau of Statistics¹¹⁸). Bangladesh is trying to achieve the status of a middle income country by 2021, for which it is planning to increase average annual GDP growth rate from the current 6 percent to 7.5-8 percent¹¹⁹. If the concept of sustainability gets incorporated into the corporate decision making process, it may hinder the economic growth of the country. The annual per capita CO₂ emission of Bangladesh is quite low (0.4 metric tons during 2010-2015)¹²⁰ in comparison to other countries. Because of the economic reality as well as for low per capita CO₂ emission, companies in Bangladesh are not being pressured by the stakeholder groups to operate in a sustainable manner. When he was requested to make a comment about CC's reporting practice, he said that –

I am not interested about CC's reporting practice. Living wage and trade union rights are far more important issues than sustainability reporting. Companies like CC first need to address these crucial sustainability related issues with an open mind before getting on with their reporting practice. CS4

¹¹⁸<http://bdnews24.com/economy/2014/05/21/bangladesh-s-per-capita-income-1190>

¹¹⁹<http://blogs.worldbank.org/endpovertyinsouthasia/what-will-it-take-bangladesh-become-middle-income-country>

¹²⁰<http://data.worldbank.org/indicator/EN.ATM.CO2E.PC>

As a company, CC largely complies with local labour and environmental laws. It has also received a good number of awards by different prestigious national and international bodies for taking various social and environmental initiatives. These recognitions and their coverage on local media, as well as affiliation with various global bodies, have established CC as one of best-practicing companies (BPC) in the Bangladeshi RMG sector. In Bangladesh, a company is considered to be a 'good' one if it pays minimum wage according to the revised 2013 guideline, and if it has a risk-free working environment with a functional ETP. In the Bangladeshi context, the majority of the stakeholders are not worried about a BPC like CC, which has extra social and environmental activities in addition to the required ones.

Although most of the observations of the civil society members were not specific to CC, their comments on the necessity of having strong stakeholder demand and an essential regulatory framework for ensuring better transparency and accountability from the private sector companies were very relevant in the context of CC and its reporting practices. They also clearly admitted to their inactiveness in demanding accountability from private sector companies. All of these views have significance in understanding CC's ceremonial conformity to SBPR adoption.

8.8 Conclusion

A good number of stakeholder groups (e.g. community, IRs, IAs and IPs) had positive impressions about CC. Many of them came to know about CC's various SBP after CC had won several awards. However, the majority of them were not familiar with CC's sustainability reporting practice (SRP). Two groups, particularly workers and labour leaders/activists, had predominantly negative perceptions about CC. Also, a number of stakeholders expressed serious concerns about the credibility of CC's sustainability reports. They also alleged that CC used it as a marketing tool. CC prepares this SR primarily for its IRs. IRs do not have any objections regarding the use of this report for promotional purposes since they also use it in the same way. But at the same time, they do not fully trust the report prepared by CC.

Industry peers pointed out a few more limitations of the report and referred to it as a professionally prepared extended corporate profile. One of the IPs suggested that CC should attach the evidence of their various claims with the report, whereas another IA suggested that the report should be prepared by an independent party instead of the

management of the company. Labour activists and IPs particularly raised concerns about the comprehensiveness of the report. According to them, the report is mainly full of positive news, and prepared in such a way that it intentionally skips reporting on challenging issues (e.g. freedom of association, living wages etc.). Some major stakeholders were worried about CC's selective disclosure strategy; nevertheless they did not make any attempt to scrutinize CC further. As a matter of fact, examining the SR requires much more effort and sophistication from the stakeholders' side than judging some other corporate practices. Among all CC's stakeholders, IRs have the necessary resources and power to do so. However, IRs seem to be satisfied with observing whether or not CC issued a report, while other stakeholders were not too interested in probing into further details. Because of the lack of demand from the stakeholders' side, CC did not have to face the pressure or scrutiny of the stakeholders to discharge accountability through their SR.

A few stakeholders (e.g. IPs, IAs, and some civil society members) think that the Bangladeshi RMG sector is not yet ready to embrace a sustainability reporting practice. In Bangladesh, factories are still facing difficulty in satisfying the basic compliance requirements. In this situation, they consider SR as a higher level corporate activity. The members of the civil society admitted their inactive role in demanding accountability from private sector companies because of their undivided attention to the public sector. They were doubtful of the potential of 'downward accountability' in the Bangladeshi context. The stakeholders broadly suggested a few things to improve reporting practices. First of all, they suggested bringing the private sector under the radar of stakeholders' scrutiny, and to do so they urged stakeholders to launch strong movements for demanding transparent corporate disclosures. Secondly, they (along with labour rights activists) emphasized developing a regulatory framework in parallel with stakeholder activism to ensure mandatory corporate reporting on certain critical issues.

Notwithstanding the above limitations relating to CC's SRP, some major stakeholder groups (workers, labour activists) seemed to be hopeful about the usefulness of SRP in the public domain. They think that it will give them the necessary tools and apparatus to hold organizations accountable for their policies and actions. However, among all stakeholders, only officials of IR and IA had access to CC's SR. It also appears from the stakeholder interviews that if this report were published in Bengali and widely circulated, then other stakeholders could see and read it. In that case, it could work as a catalyst in improving CC's sustainability related performance. Higher

levels of visibility and readability would lead to more scrutiny of CC's corporate policy and practices and as a result stakeholders (such as labour leaders/activists and civil society organizations) could demand better accountability from CC. This chapter has provided a rich description of the evidence obtained from the stakeholder interviews. The issues raised here will be discussed in more depth through the lens of the theoretical framework in Chapter 9.

Chapter 9: Discussion

9.1 Introduction

The previous three chapters provide detailed description of empirical evidence of CC's corporate motives, reporting processes and stakeholders' perceptions. Sections 9.2, 9.3 and 9.4 revisit the main evidenced-based findings of the last three empirical chapters in a concise manner. Whilst section 9.5 explains the empirical findings of the study with the help of proposed theoretical framework, the concluding section (9.6) integrates and synthesizes the major findings of the study in order to evaluate the effectiveness of CC's adopted SBPR practice in its pursuit of sustainable development.

9.2 Corporate Motive

Rising stakeholders' concerns about inhumane and dangerous working conditions and superficial environmental protection regimes have raised serious questions about the unsustainable sourcing strategies of IRs (Islam and Deegan, 2008; Islam and Wise, 2012; McKinsey Report, 2013). With the aim of tackling the criticisms with respect to sourcing strategies, IRs have started promoting various SBPR practices amongst their supply chain partners, as is shown by empirical evidence. By promoting SBPR practices, they are seeking to assure their stakeholders that they (including their partners located in different developing countries around the world) are conducting business in a responsible manner. As a supply chain partner of high profile IRs, CC decided to adopt IRs' promoted SBPR practices in order to address the concerns of the wider institutional environment with respect to their sustainability performance.

Findings from this study suggest that intense competition in the Bangladeshi garment sector forced CC to adopt some cost-saving practices in the initial years (such as installation of various energy efficient technologies, reuse of waste steam, re-cycling and reuse of effluent water, use of a co-generation chiller etc.). CC adopted these practices in a bid to reduce their costs and increase their operational efficiency, with the aim of increasing their overall competitiveness. CC did not undertake these practices with the intention of contributing to the solution of societal or environmental problems. Before building up direct relationship with IRs, CC was more concerned

about their individual competitiveness within the industry and were not familiar with the concept of SBPR practices.

In the next phase, CC decided to remove intermediaries from the supply chain in order to offer lower price quotations to their buyers. Elimination of intermediaries not only improved CC's business relationship with IRs, but it also forced CC to take into account IRs' expectations in a more comprehensive way. By observing the preferences of leading IRs, CC rebranded some of their cost-saving environment-friendly practices under the banner of SBPR practices, primarily to fulfil their IRs' expectations. They undertook some additional SBPR practices in association with IRs and IAs, mainly to meet the expectations of their reputed IRs. Whilst supply-chain risk mitigation due to institutional pressure remains a key rationale from IRs' perspective, competitiveness improvement and relationship development remain key drivers from CC's perspective, behind SBPR practice promotion and adoption respectively.

In this regard, CC's corporate managers particularly drew attention to the cascaded-down institutional pressures behind CC's SBPR adoption, in a bid to avoid criticisms of IRs' sourcing practices from developing countries like Bangladesh. The main motivation behind CC's SBPR adoption was not the desire to improve their sustainability performance through meaningful institutional reforms and changes in their corporate policies and practices. As argued by Islam and Deegan (2008) and Belal and Owen (2007), CC's SBPR adoption was initiated with the encouragement of its IRs to legitimise their [i.e. IRs'] activities in line with the broader institutional expectations. CC helped their IRs to secure/protect their institutional legitimacy while addressing their [i.e. IRs] expectations.

Prior studies (e.g. Rivera and de Leon, 2004, Sam and Innes, 2005) have found that highly visible firms are more likely to participate in voluntary practices. In line with prior studies, this study argues that high-profile firms like CC and their IRs (which serve high-end customers and have a higher-brand image) are subject to greater institutional pressure, and hence have more incentive to adopt and implement voluntary practice like SBPR in response to the expectations of the institutional environment (see, Kim and Lyon 2012). The endeavour to mitigate supply-chain risk through SBPR practices is at its strongest for reputed IRs owing to the volatile nature of the RMG sector. IRs like Puma and M&S have been identified as pioneers in preaching and driving the sustainability agenda within CC. While investigating the motivation of Bangladeshi companies in their approach to CSR, Belal and Owen (2007), Islam and Deegan

(2008) and Belal and Roberts (2010) also produced findings similar to those of this study.

Belal and Owen (2007) expressed their concern about passive compliance to such imposition and argued that it would not bring any effective change on the ground in terms of ensuring better corporate accountability and transparency. Their concern has proven to be correct in the case of CC. Passive compliance to IRs' suggested SBPR practice neither brought any significant changes in CC's corporate behaviour nor improved their associated accountability function. In recent times, the scope of SBPR practice became even more limited due to a change in Puma's focus on sustainability issues. Therein lies the danger of passive adoption to an outside requirement. Since CC's SBPR adoption was initiated at the request of an outside agency rather than in the notion of responsibility and accountability, it has gradually become increasingly subordinated to CC's economic rationales. Top officials of CC have on several occasions reiterated the importance of gaining either tangible or intangible commercial benefits from their adopted SBPR practice.

The concept of sustainability is a broad term and thus numerous issues can be subsumed under this term. The majority of CC's SBPR practices address the environmental impact of their operations, whereas very few have an effective strategy in place to deal with the most challenging sustainability issues, such as the living wage, Freedom of Association (FoA), ground water depletion etc. CC has carefully aligned their choices on issues that are commercially beneficial, whilst bypassing some important sustainability issues that are most critical and have the highest potential payoffs for people and the planet. Wherever practices conflict with CC's business interests (i.e. either increased cost or reduced profit), CC has avoided that intentionally. CC has taken the approach of doing the bare minimum to maintain the appearance of a sustainable company with the help of various symbolic and substantive activities in order to keep their business interests unharmed. By circumventing the core elements of sustainability, such as eco-efficiency, eco-justice and eco-effectiveness, CC has ceremonially adopted SBPR practices to serve the mutual business interest of both IRs and CC.

From CC's perspective, the benefits of adopting the SBPR came primarily in the form of tangible benefits, such as cost reduction, efficiency improvement, low-cost financing and better market access; secondarily in the form of intangible benefits, such as improved relationships with IRs, elevated brand image and positive stakeholder

perception. IRs are also benefitted by promoting different SBPR practices of their suppliers as a means of managing their operational risk and maintaining their institutional legitimacy. CC's adopted SBPR practices were often reported in IRs' annual and sustainability reports as examples of their responsible supply-chain management practice. This helped IRs to demonstrate visibly their commitment to critical stakeholders, while it also helping CC to secure better access to resources by strengthening their relationship with IRs.

The way the concept of 'SBPR' has been adopted and implemented by CC is very different from the way the concept of sustainability has been propagated by noted academicians like Bebbington (2001), Gray and Milne (2002) and Gray and Bebbington (2007). The decision to adopt SBPR practices was purely business-case-driven rather than responsibility-driven. Most of the SBPR practices are connected either to the preferences/requirements of their international retailers or to CC's own business interests. From outside, it may appear that CC has undertaken these activities as part of their commitment to SBPR, but in reality they have a strong business rationale behind the initiation and implementation of said activities. CC's adopted SBPR practice reflects a weak form of sustainability (Laine, 2005; Bebbington, 2001) where CC's business growth continued without facing any challenge in the current business environment. The ceremonial adoption of SBPR is helping CC to attain carefully considered positive business outcomes by undermining the true spirit of SBPR to a great extent.

9.3 Sustainability Reporting Process

In Bangladesh, neither formal nor informal regulation requires RMG companies to publish sustainability reports (Belal and Cooper 2011). In the local context, there is therefore no incentive to publishing sustainability reports. CC started publishing sustainability reports at the request of Puma to demonstrate their commitment to Puma's supply-chain transparency project (i.e. GANTSCH project). Puma diffused sustainability reporting practice (SRP) among their selected suppliers as an important part of their supply-chain risk-mitigation strategy. Puma's promoted SRP offered significant inducements to CC to disclose positive information about their adopted SBPR practices to their economically powerful stakeholders such as IRs, IAs, diplomatic missions etc. CC is not interested in discharging accountability through this report to a wide range of stakeholders, as is evident from their target audience list.

They did not consider economically weak stakeholders (such as workers, community members and labour activists) as their target audience, because of their inability to influence CC's economic interest. CC's careful selection of target audiences for their SR has had a strong influence on the way it conducted its SE process, which subsequently had major influence on defining the content of the report.

The publication of the sustainability report has remained as a mutually beneficial practice for both CC and their IRs. For CC, the decision to publish sustainability reports mainly appears to be sparked by a desire to sustain its business relationship with Puma, as well as to gain positive exposure among their targeted stakeholder groups. For Puma, the decision to promote sustainability reporting practice amongst suppliers was driven by their desire to demonstrate their commitment to the transparency of their supply-chain management practice to interested stakeholders, which have been criticized for lax implementation of labour laws and environmental standards in developing countries. However, as the main target audience of CC's SR, Puma or other IRs remained very relaxed about the quality of the report. Puma's expectation from participating suppliers like CC was very simple and straight-forward. They wanted only to see a published sustainability report from CC with basic reporting standards (i.e. 'Application Level C'¹²¹). They did not exert any positive influence on CC to improve the quality or application level of the published report.

CC prepared their sustainability report in accordance with GRI reporting guidelines. Even in those guidelines, the importance of 'stakeholder identification and prioritization (SIP)' and 'stakeholder engagement (SE)' has been over-emphasized in several places. CC's sincerity on these two aspects can be questioned in the absence of clear identification of stakeholders and clear description of employed stakeholder engagement mechanisms. In the case of CC, stakeholders were not identified clearly and systematically in a way that would allow them to be involved in the engagement process in a meaningful manner. The SE also seemed to be a difficult process for CC to come to terms with; they felt uncomfortable opening their doors and listening to the reasonable expectations and interests of stakeholders. Since CC did not carry out their engagement process sincerely and systematically, they could not identify, prioritise and report the main concerns of the stakeholders.

¹²¹Application Level C is the lowest of three levels (i.e. A, B and C) and is intended for entry-level reporting organizations.

For example, workers who participated in a FGD outside the factory premises raised very specific concerns in relation to CC's corporate practices. However, CC failed to capture those concerns in their sustainability report (SR) owing to their weak SIP and SE processes. CC's SE process was highly biased and ensured planned exclusion of important stakeholders. Baker (2010) described some distinct characteristics of managerial capture based on a review of past research. Most of his suggested characteristics of managerial capture have similarities with CC's SE process with the workers. By limiting the diversity of the workers selected, by controlling their election process and by dominating the meetings' agenda, CC did not report and operationalize the outcomes of their SE process.

The consultant appointed for supervising CC's sustainability report did not have clear ideas about the purpose of the SE process. He admitted conducting the process in a superficial manner just to fulfil the requirements of the GRI reporting guidelines. Leading researchers in the SEAR area have strongly emphasized the importance of holding dialogue/engagement with all types of stakeholders, especially with the less powerful and vulnerable ones (e.g. Gray et al., 1996; Owen et al., 2001; O'Dwyer 2005; Belal et al., 2013; Belal et al., 2015a). This has grossly been neglected in the case of CC. The consultant advised the reporting team to choose easy stakeholders in order to receive less challenging views from them. By the term 'easy stakeholders', the consultant actually tried to refer to those stakeholders whose expectations and interests are compatible, instead of those conflicting with CC's business interests. This kind of prejudiced selection of so called 'easy stakeholders' on the basis of corporate interest and convenience surely misses the overriding requirements of sustainability reports, namely accountability and transparency (Medawar, 1976).

CC was motivated to use the SE process only to the extent that is sufficient to meet the requirements of GRI reporting guidelines. In recent years, CC has decided to discontinue their direct SE process by becoming increasingly dependent on the CSR Centre as a substitute. Besides the SE process, CC's officials also could not give sufficient attention to the core reporting principles suggested by GRI. The lack of completeness of the report and the way the materiality principle was handled by CC remains highly questionable (Owen et al., 2000; Adams, 2004; Adams and Evans, 2004). CC did not carry out GRI's suggested materiality assessment to decide which issues to focus on in their SR. CC has not published their sustainability report for 2012-13 yet. Both corporate managers and stakeholders expressed their reservations about the timeliness and accuracy of reported information.

Another critical aspect of CC's adopted SRP is that it was implemented without any external assurance. Going for external assurance was considered as a non-value added activity from CC's point of view. CC were unwilling to expose the weakness of their reporting system and internal process by subscribing to an independent external assurance service. They thus prefer to publish non-assured reports largely for two reasons: firstly to avoid increased level of scrutiny by the auditors and secondly to evade a high level of investment associated with the implementation of the auditors' suggested corrective action plan. CC's business-orientated approach has forced them to consider everything from a cost perspective. Due to the fear of increased expenditure, they also failed to execute their SE process systematically. It seems that in future they might discontinue SR publication if the economic rationales behind SR publication become less appealing for CC (see Belal and Owen, 2015).

Gray and Milne (2002) have defined 'sustainability reporting (SR)' as a complete and transparent statement about the extent to which the organization had contributed to, or more likely diminished, the sustainability of the planet. They argued that organizations should not only report what they had contributed but they should also report how much they had diminished the sustainability of the planet. In another research paper, Gray and Milne (2004) highlighted the need for full-scale reporting on (un)sustainability issues of the organization to ensure better transparency and accountability. CC has largely failed to address the above set objectives of SRP. CC's report did not include any information about the negative impacts of the organization on society and the environment. Their report only highlighted their positive achievements in relation to their adopted SBPR practices.

However, evidence presented in the second empirical chapter do not necessarily imply that CC provides false or misleading information about their SBPR practices; rather they provide selective positive information in the report to convey a favourable representation of these practices. In order to make their selective reporting strategy successful, CC omitted reporting on sensitive issues (e.g. living wage, freedom of association, workers' grievances, work place safety, overtime, ground-water depletion, ETP sludge management etc.). By means of selective reporting, CC only disclosed positive information, while carefully withholding sensitive information in order to reduce the possibility of facing increased stakeholder scrutiny (Lyon and Maxwell, 2011). CC once decided to publish their sustainability report at application level 'A' standard, but subsequently abandoned that plan and later downgraded their reporting standard from

A to B after becoming aware of the potential danger of facing increased stakeholder scrutiny. This example indicates that a firm's reporting practice can be monitored and that there is a risk of facing criticism for revealing unsatisfactory performance.

The in-built flexibility of the GRI reporting framework helped CC evade reporting on important sustainability issues. It also helped CC to present the issues in the best possible light. It has widened the scope of CC's selective reporting practice. While CC claims to publish their report in accordance with the GRI reporting guidelines, careful examination of their report by the researcher has revealed significant nonconformity with the guidelines. Despite undermining major principles governing definition of the reporting content and the reporting quality, CC managed to acquire the status of 'Organizational Stakeholder (OS)' from GRI. This status gives a misleading perception of the quality and reliability of the report. Moreover, as a universal reporting framework, GRI has exposed its weakness in catering the needs of the local context. For example, the GRI does not require companies to report explicitly on the number of pending cases in labour, or environmental courts or to report on fines or sanctions for non-compliance with labour and environmental laws. It also does not explicitly address the issue of living wages. Because of the GRI's ineffectual ALC service, CC was able to garner a good reputation by ceremonially adopting a globally recognized reporting system without full compliance to its requirements.

For CC, the decision to introduce a stand-alone sustainability report mainly appears to be sparked by a desire to sustain its business relationship with Puma. The adopted reporting practice appears to be more a matter of responding to Puma's requirements than an ambition to discharge accountability. Adoption of SRP practice has remained mutually beneficial for both parties. While IRs can sell it as part of their responsible supply chain management practice, CC can use it for relationship building and promotional purposes. By adopting the GRI's sustainability reporting guidelines, CC wanted to give a signal of paying increased attention to the concept of accountability and transparency.

However, the use of selective reporting practice, the superficial conduct of SIP and SE processes and avoidance of the external assurance process have ultimately impaired the promise of their adopted reporting practice. The knowledge gap of the reporting team members, together with the GRI guidelines' limitations, has further facilitated CC's ceremonial reporting practice. The principal goal of sustainability reporting is to ensure transparency and accountability (Medawar, 1976). While the goal is definitely

worthwhile, the empirical findings presented in chapter seven raise doubts as to whether the reporting practice adopted by CC has any chance to lead the company towards increased transparency and accountability. From outside the sustainability reporting practice adopted by CC may seem quite attractive. However, it was adopted by CC purely based on their business rationale instead of a means of extending corporate accountability and transparency (Owen et al., 2001).

9.4 Stakeholders' Perception

CC enjoys a positive perception among most of the stakeholder groups, particularly among their economically powerful stakeholders. Most of them considered CC as one of the best-practicing companies in Bangladesh, based on their various organizational achievements and affiliations. Among seven stakeholder groups, only factory workers and labour leaders/activists have a predominantly negative perception of CC's corporate policies and practices. In particular, workers who participated in a FGD outside of CC's factory premise expressed their specific concerns in relation to low wage rates, long working hours, restricted scope of Freedom of Association (FoA) rights, poor social life etc. .Workers were able to raise specific concerns in relation to CC's corporate policies and practices due to their first-hand experience with the factory environment. The local community members also shared few concerns in a separate FGD in relation to the change of their livelihood and lifestyle, deterioration in the law and order situation, prolonged water clogging and environmentally induced health-related problems. Like workers, community members could not identify specific concerns in relation to CC due to the inseparable nature of the corporate impacts on the environment of that locality. As a result of their superficial application of the SE process CC failed to capture and subsequently report all these important stakeholders' concerns in their SR.

Despite CC's overall positive image, a good number of stakeholders particularly expressed their reservations about CC's sustainability reporting practice. As most of them did not have access to CC's SR, the researcher gave them a copy of the report for a quick look. After going through the report, industry peers described CC's sustainability report as a professionally prepared corporate profile, i.e. the report was prepared for promotional purposes. Neither IRs nor IPs objected to the usage of the report for promotional purposes, since they also use it for the same purpose. However, labour activists, along with IPs, expressed concerns about the comprehensiveness of

the reported information. According to them, the sum of the topics and indicators reported in the SR were not sufficient to capture CC's overall economic, environmental and social impacts. They viewed CC's SRP practice with some scepticism, owing to the absence of any reporting on important sustainability issues. They also raised questions about the credibility and accuracy of the reported information. One suggested that CC should attach evidence for their various claims to the report, whereas another proposed that the report should be prepared by an independent party rather than by CC's own management.

It seems that the catalyst for advancing the SBPR agenda is more likely to come from civil society organizations and labour rights groups, who were found in their interviews to be more in favour of emerging sustainability reporting practice. If comprehensive sustainability performance data were made available to them, then they would be more motivated to demand 'surrogate accountability' (Rubenstein, 2007) on behalf of weak and vulnerable stakeholders. However, it is unlikely that such performance data would be voluntarily made available to the stakeholders by the businesses in an open and transparent manner (Belal et al., 2015a, p. 12). In this context it is interesting to note that a good number of interviewees appeared to be in favour of mandatory reporting on specific sustainability issues, with a view to enhancing corporate accountability and transparency (see Belal and Roberts, 2010).

Members of civil society organizations and labour activists also emphasized the importance of developing a mandatory reporting framework in parallel with stakeholder activism. They believe that corporate entities are not going to discharge accountability until it is strongly demanded by the stakeholders. They criticized IRs for maintaining a deliberate gap between their policies and practices. They further criticized international audit firms for not highlighting important sustainability issues in their audit report. CC officials surprisingly suggested mandatory subscription to an external assurance service for their SRP, in order to bring about meaningful changes in the corporate practices. They also drew attention to the third-party social auditing mechanism. According to them, not meeting IRs' suggested social compliance requirements could have serious consequences, if the audit were conducted by an independent auditor. They think that if external assurance mechanisms were made mandatory for SRP, then it could bring positive changes to corporate practices.

This study argues that mandatory reporting on specific sustainability issues is essential if the unsustainable behaviour of business organizations is to be made

visible (see, Belal et al., 2013; Belal et al., 2015a). Although the policy shift towards mandatory reporting on specific sustainability issues is imperative in order to achieve accountability, given the limits of voluntary reporting achieving such accountability will not be easy due to the fear of bad publicity, increased scrutiny and higher associated expenditures (also see Belal and Cooper, 2011). Increased expenditure may jeopardize the cost competitiveness of companies like CC and will eventually mean they will lose business to other companies (Belal et al., 2013). In the absence of effective legal enforcement mechanisms (Khan and Belal, 1999), it is doubtful to what extent formal regulation would be sufficient to overcome the selective reporting tendency practices of companies like CC.

Whilst the majority of stakeholders broadly agreed on the need for SRP, a number of interviewees from IAs, IRs and IPs appeared to be sceptical about the merits of the emerging SRP agenda in Bangladesh. They expressed their reservation regarding the willingness of the Bangladeshi RMG companies to disclose sustainability information in a transparent and systematic way. They think that the Bangladeshi RMG sector is not yet ready to embrace such an advanced level of corporate practice like SRP. Due to this perception, they were not interested in scrutinizing CC's SRP practice. Among all stakeholders, only IRs and IAs had access to CC's SR. From stakeholder interviews it appears that if this report were published in Bengali and widely circulated, then a wide range of stakeholders could access and read it. In that case, it could work as a catalyst in improving CC's sustainability-related performance. Higher levels of visibility and readability would lead to more scrutiny of CC's corporate policy and practices and as a result stakeholders (such as labour leaders/activists and civil society organizations) could demand better accountability from CC.

Some stakeholders were found to be highly critical of GRI and UNGC reporting frameworks for allowing companies to report issues which are compatible with their corporate interests and skip those which are not. According to them, this kind of flexible reporting practice is very prone to manipulation and cannot deliver accountability to stakeholders. Labour activists emphasized the importance of reporting on challenging issues like living wages, workers' rights, and health and safety conditions etc. In their view CC should not be given the option of selecting its own reporting topics or parameters at its own convenience in order to ensure a balanced and meaningful reporting practice.

Bangladesh's garment sector has a long culture and history of non-compliance in relation to both social and environmental regulations and standards. In Bangladesh, a good number of RMG factories struggle to comply with basic compliance requirements. Even when they comply with the basics, they operate in an environment where enforcement of the law is almost non-existent, owing to a culture of widespread corruption and people's complete apathy in general with regard to the law. In such a context, CC has established itself as a compliant company in Bangladesh by complying with local rules and regulations. It has also received a good number of awards from various prestigious national and international bodies for undertaking voluntary SBPR practices. Positive coverage on local and international media and strong affiliation with various reputed global bodies have established CC as one of best-practicing companies (BPC) in the Bangladeshi RMG sector.

In such a scenario, a majority of the interviewed stakeholders were not worried about CC's overall SBPR practice adoption. Only a few expressed dissatisfaction with CC's SRP; but they made no attempt to scrutinize it further. Of all CC's stakeholders, only IRs have the necessary resources and power to scrutinize CC's SRP. However, they seem to be satisfied with observing simply whether or not CC issued a report. Most stakeholders considered SRP as an optional 'add-on' on CC's part, and thus are not interested in closely scrutinizing the reporting practice.

This study did not interview any journalists directly. However it visited and scrutinized the online portal of two leading Bangladeshi newspapers of the last few years before finalizing the interview protocol (i.e. topic guideline). Absence of negative reporting on CC in the media indicates that CC's performance is considered satisfactory by the journalists. It could also mean that poor performance is widespread and therefore that CC in particular has not been singled out. Owing to CC's favourable reputation and lack of stakeholders' demand and awareness, the majority of the stakeholders were not interested to scrutinize CC's SBPR, which in turn helped CC to continue unchecked with their ceremonial SBPR practice adoption.

9.5 Theoretical Analysis

Findings from this study suggest that CC adopted SBPR primarily for two reasons: in the initial phase, they adopted SBPR practices for their technical-competitive¹²² reasons, whereas in the following phase, they adopted it because of their IRs' concerns around legitimacy. In the initial phase, CC was simply cognizant of the savings that can be realized by operating efficiently and cost effectively. At that time, they undertook SBPR practices (which were mostly environment-friendly practices) to reduce their operational expenditure with the aim of increasing their own business competitiveness. In the following phase, CC explicitly adopted SBPR practice with a view to managing the expectations of powerful IRs. In this phase, they undertook carefully designed SBPR practices because of their high level of dependency on the IRs. IRs through their preferential sales orders and other forms of organizational supports (e.g. by financing joint initiatives, providing training, sharing knowledge etc.) encouraged CC to undertake SBPR practices. By complying with IRs' expectations, CC secured priority access to important resources and ensured business stability through their improved relationships with IRs.

The overall findings of the study suggest that CC's SBPR adoption was not motivated by the desire to contribute to the solution of sustainability problems. Rather CC conformed ceremonially to desirable societal practice, i.e. SBPR, in response to the cascaded down institutional pressure, while continuing their on-going business activities according to their practical considerations (Meyer and Rowan, 1977). Whilst helping their IRs to achieve institutional legitimacy through SBPR adoption, CC displayed a high level of inconsistency between some features of SBPR practices and technical-competitive pressures. This situation has led to a highly complex situation where CC was forced to strike a balance between institutional and technical-competitive pressures. CC explicitly adopted SBPR practice with a view to managing the cascaded down institutional pressures.

CC did not encounter much difficulty when implementing the environmental dimension of SBPR practice. This aspect was actually highly compatible with CC's technical-competitive pressures/business interests, as it helped CC to reduce costs and increase operational efficiency. For example, environment-friendly SBPR practices enabled CC to save roughly 35% of its energy costs and about 2 million US dollars

¹²² In this chapter, some terms, such as technical-competitive pressure, and business interests have been used interchangeably.

each year. However CC faced much difficulty with the social and economic dimensions of SBPR practice, as the process required significant changes in the core business practices and created direct conflict with CC's competitiveness. CC was unable to adopt SBPR practice whole-heartedly as it required substantive deployment of organizational resources and also entailed certain operational risks (Berrone et al., 2009).

For example, the acquisition of SA 8000 was very much compatible with the social and economic dimension of SBPR practice. However, CC made no effort to gain SA 8000 certification due to its direct conflict with their technical-competitive pressure. The concept of a living wage is central to the SA 8000 certification. According to a study conducted by Centre for Policy Dialogue (CPD), a worker's living wage is estimated to be Tk.14856 per month; whereas the minimum wage set by the government is only 5300 taka. CC paid the minimum wage rather than the living wage demanded by workers. If all the workers were paid living wages, the financial implications for CC would be very significant. CC spent 1.67 crore taka in a year to implement its all SBPR practices. To pay living wages to their workers they would need an additional 70.7 crore taka .In addition CC would also need to charge a higher price to IRs – which might cause CC to become less competitive in the market. Market conditions for garment manufacturing are characterized by intense price competition among the suppliers, mainly on the basis of labour costs. Acquiring highly expensive SA 8000 certification may support CC's SBPR adoption and subsequently improve their sustainable image, but it creates direct conflict with CC's technical-competitive pressures, i.e. cost competitiveness. Therefore, CC was unwilling to attain SA 8000 certification because of the fear of losing cost competitiveness and profitability.

In the same way, CC did not allow proper functioning of trades unions in their factories and failed to conform strictly to government-stipulated 'overtime' standards, since these practices entail certain competitive risks, such as losing operational flexibility. CC did not construct green factories in all of their business units, as that would have required substantial investment in the latest environmental technologies and building structures. Similarly, it did not implement the ISO 14001 certified environmental management system in all of their business units, as this would have required substantial changes in inputs, systems and processes (see, Aragon-Correa and Sharma, 2003). Instead of implementing ISO 14001 in all business units, CC decided to obtain the requisite certification for only one business unit, simply to maintain the sustainable image of the company. If CC were a truly sustainable company, it would

have obtained the ISO 14001 certificate for at least two other major business units (i.e. woven and spinning units), where it generates 54% of its total revenue.

Whilst CC partially implemented the ISO 14001 in one business unit, they were resolutely reluctant to implement SA 8000, even symbolically in one business unit. As mentioned earlier, the provision of a living wage and freedom of association are central to SA 8000 certification. If CC had implemented SA 8000 in one business unit, then it would have created huge labour unrest in other business units who would have also demanded the provision of a living wage. Technical-competitive criteria, i.e. costs are a major factor in CC's business decision-making processes. Most of the business decisions are first evaluated from a technical-competitive point of view; the issue of sustainability or SBPR comes later.

In this study, substantive conformity to SBPR practices presented a challenge for CC, as it conflicted sharply with their technical-competitive criteria i.e. business interests. By the term 'substantive conformity' this study means a high level of implementation, along with a high level of internalization of SBPR practice. In this respect, CC was engaged in what is referred to in institutional theory as 'ceremonial conformity' or ceremonial adoption (Meyer and Rowan 1977) in order to make a balance between indirect (or cascaded down) institutional demands (i.e. adoption of SBPR practice) and practical considerations (i.e. cost competitiveness). In ceremonial conformity, a firm delivers symbolic compliance with institutional demands without making sufficient significant substantive changes. Ceremonial adoption of SBPR gave both CC and IRs a very good opportunity to display their responsible image in the highly competitive RMG sector. The next few sections of this chapter will describe how, with the help of decoupling and logic of confidence, CC ceremonially adopt SBPR practices in an effort to manage its relationship with IRs, whilst making ceremonial compliance with the cascaded down institutional demands.

9.5.1 The Concept of Decoupling

The first important element needed for successful implementation of ceremonial conformity is Decoupling. Decoupling is considered a useful organizational strategy that allows firms to address institutional demands through the separation of appearance from actual implementation (Berrone et al., 2009). By the term 'appearance', this study puts specific emphasis on an organization's external appearance, such as its public portrayal on the company website or in a sustainability

report. This study addresses how decoupling has enabled CC to maintain its sustainable appearance without changing their existing operations to any significant degree. Let us consider the example of CC's participation committee (PC). CC portrayed PC as an effective engagement platform for workers in the absence of trades unions. According to the workers, this platform has been created largely to tackle international criticism related to the restricted scope of collective bargaining mechanisms in Bangladeshi factories. Workers do not consider PC an effective platform for discussion and bargaining with management about their demands. According to workers, PC is a largely symbolic body made up of management-nominated workers. Through the creation of PC as an alternative platform to trades unions, CC was able to make symbolic compliance with institutional demands without implementing meaningful changes in the restricted scope of collective bargaining mechanisms. Because of CC's technical-competitive pressures, CC made PC an ineffective platform by limiting the diversity of workers selected, controlling their election process and dominating the meetings' agenda.

CC also tried to portray the installation of complaints box in the workers' bathrooms as an additional engagement mechanism to demonstrate their sincere and positive attitude to workers' concerns. Workers mostly use this mechanism to report their personal issues/grievances, rather than their collective views on a common concern in an organized fashion. Workers' collective concerns cannot be conveyed through a complaints box.. From the outside, however, it appears to be an effective platform to secure engagement with a key stakeholder group like workers. CC has symbolically developed this mechanism simply to comply with institutional expectations, while in reality seeking to continue their regular work activities without having to confront workers as a united opposition.

Several examples of CC's SBPR practices can be given where they have effectively applied a decoupling strategy. In most of the cases, CC's compliance with institutional expectations in relation to SBPR practice adoption was symbolic, and therefore not effective (Fiss and Zajac, 2006). For example, by adopting the GRI's sustainability reporting guidelines, CC wanted to give a signal of paying increased attention to the concepts of accountability and transparency. However, the use of selective reporting practice, the superficial conduct of SIP and SE processes and the avoidance of the external assurance process have ultimately impaired the promise of their adopted reporting practice. The principal goal of sustainability reporting is to ensure transparency and accountability (Medawar, 1976). While the goal is definitely

worthwhile, the empirical findings presented in chapter seven raise doubts as to whether the reporting practice adopted by CC has any chance of leading the company towards increased transparency and accountability. From outside the sustainability reporting practice adopted by CC may seem quite attractive. However, it was adopted by CC purely based on their business rationale, instead of as a means of extending corporate accountability and transparency (Owen et al., 2001).

CC has also published a carbon footprint report, as well as undertaken a carbon neutral program (CNP) in order to demonstrate their commitment towards SBPR practice adoption. Growing companies like CC have several business projects to pursue. Holding everything else constant, their total carbon emissions are likely to increase over time. However, CC decided to exclude their electricity generation business from both the carbon footprint report and the CNP program. The voluntary nature of the reporting regime gave CC extraordinary flexibility in deciding the scope and content of the carbon footprint report. It allowed selective disclosure of successful emission-reduction projects, while remaining silent about projects that increase carbon emission. By adopting the rainwater-harvesting technique, CC was able to give a positive impression of their seriousness about the issue of water conservation. The rainwater-harvesting technique helped CC to portray their sustainable image while diverting stakeholders' attention to the groundwater depletion issue. While CC prepared their second carbon footprint report, they failed to prepare a second water footprint report, despite operating in a water-intensive industry, as well as facing problems in relation to groundwater depletion.

The majority of CC's SBPR practices do not have an effective strategy in place to deal with the most crucial sustainability issues, such as the living wage, Freedom of Association (FoA), ground water depletion etc. CC has carefully aligned its choices on issues that are commercially beneficial, whilst bypassing some important sustainability issues that are most critical and have the highest potential payoffs for people and the planet. CC particularly prefers to undertake those activities that minimize their costs and increase their operational efficiency i.e. are consistent with their business interest (such as environment friendly initiatives), while carefully avoiding highly expensive activities due to possible negative impact on its cost competitiveness. For example, the introduction of a living wage scheme or approval for trades unions entails certain competitive risks, such as losing price competitiveness and limiting operational flexibility.

From the above examples, it appears that wherever practices conflict with CC's business interests (i.e. either increased cost or reduced profit), CC has avoided such situations intentionally. CC has taken the approach of doing the bare minimum to maintain the appearance of a sustainable company with the help of various symbolic and substantive activities in order to keep their business interests unharmed. By circumventing the core elements of sustainability, such as eco-efficiency, eco-justice and eco-effectiveness, CC has ceremonially adopted SBPR practices to serve the mutual business interests of both IRs and CC. By means of decoupling strategy, CC adopted certain SBPR practices thought to be consistent with the value of sustainability (e.g. such as attaining ISO 14001 certification, LEED certification, constructing eco-factories, forming workers' participation committee and targeting carbon neutrality by 2016), leaving little effect on actual sustainability issues (such as the living wage, FoA, water depletion etc.). It appears that CC wants to adopt SBPR only to the extent that it is essential in maintaining the image of a sustainable company, mainly for advancing their business success.

Previous studies of decoupling have shown that the implementation of symbolic activities is typically not monitored by stakeholders (Zajac and Westphal 2004). Marquis and Qian (2014) disputed this view and argue that decoupling may actually cause severe reputational damage if organizations respond only symbolically to stakeholders' demands by introducing the idea of 'decoupling risk'. The threat of this decoupling risk discouraged CC from relying completely on symbolic practices. To reduce the magnitude of decoupling risk, CC maintained a safe distance from highly controversial business practice such as sub-contracting. These cautionary activities have decreased CC's decoupling risk and helped them to continue with ceremonial adoption of SBPR.

This study departs from the traditional decoupling perspective that suggests implementation is not scrutinized (Zajac and Westphal 2004), and instead focuses on what Marquis and Qian (2014) term decoupling risk. This study believes that the application of a decoupling strategy with the help of symbolic actions is in isolation not sufficient (Berrone et al., 2009). If decoupling gets exposed, then there is a high chance of getting punished severely. To reduce decoupling risk, CC did not subscribe to the external assurance service for their SR. The members of the reporting team were very sceptical about the accuracy and reliability of the reported data. When higher management sought their opinion, reporting team members discouraged them from subscribing to the external assurance service, preferring rather to publish a non-

assured report with the aim of avoiding inspection and associated expenditure related to auditors' suggested corrective action plans.

One of the important assumptions of institutional theory is that minimum compliance with institutional expectations can help an organization to obtain legitimacy, whilst taking care of practical considerations (Berrone et al., 2009). To reach that minimum compliance threshold and simultaneously to reduce the decoupling risk, CC had to undertake a modicum of substantive SBPR practices (such as gaining ISO 14001 certification, constructing green factories, setting up a child care centre) to credibly convey information about their practice adoption to their intended audience as well as to publish positive information in their sustainability report. This thesis argues that, in order to engage in ceremonial SBPR adoption in a credible manner, it was essential for CC to undertake some substantive practices by incurring some expense. This study believes that application of a decoupling strategy with the help of symbolic actions in isolation is not sufficient (Berrone et al., 2009). Therefore, this study questions whether complete decoupling (reliance solely on symbolic actions) can be an effective strategy to achieve ceremonial conformity.

If we consider the pattern of CC's SBPR practices, then it becomes abundantly clear that not all SBPR practices were conflicting with CC's business interests. Some SBPR practices (especially energy-efficiency-related practices) were aligned with CC's business interests or with their technical-competitive pressures, and these they adopted without much difficulty. Some practices (such as gaining SA 8000 and OHSAS 18001 certifications, allowing FoA right, managing ETP sludge and ground water depletion etc.) were not aligned with technical-competitive pressures, which they avoided very cleverly. On the other hand, CC undertook some selective substantive practices (implementation of ISO 14001, constructing of green factories, setting up child-care centres etc.) to manage the decoupling risk in a bid to handle the pressure from IRs to conform to the institutional demands. The next section describes the role of 'logic of confidence' in CC's ceremonial adoption of SBPR.

9.5.2 The Concept of Logic of Confidence

The second important element needed for successful implementation of ceremonial conformity is the logic of confidence. According to Meyer and Rowan (1977), successful execution of a ceremonial conformity strategy depends on the level of

stakeholders' confidence and on inspection capacity. These important boundary conditions have not received much attention in the subsequent management literature (Kim and Lyon, 2012). According to Meyer and Rowan (1977), stakeholders do not usually undertake verification of the firm's practice adoption; rather they believe firm's claims based on the logic of confidence. In order to maintain successfully ceremonial compliance with institutional prescription, CC had to maintain a high level of stakeholders' confidence in order to reduce the decoupling risk and the possibility of inspection.

It is argued that a carefully chosen display of symbolism can increase stakeholders' confidence and subsequently circumvent the need for substantive conformity (DiMaggio and Powell, 1983; Meyer and Rowan, 1991; Pfeffer, 1981). To secure this, CC underwent some changes in their corporate outlook. For example, they changed the design and colour of their corporate logo to reflect a high level of commitment to SBPR practice. They revamped their website by focusing heavily on different sustainability rhetoric. They frequently used buzzwords such as "environment," "green" and "sustainable" in their website and reports, in order to provide an appearance of conformity to the concept of SBPR practice (Ashforth and Gibbs, 1990; Pfeffer and Salancik, 1978).

CC provided periodical assurance to their stakeholders by attaining various prestigious awards (e.g. the HSBC-The Daily Star Climate Award, the Social and Environmental Excellence Award etc.). CC's strong association with various legitimate actors, values, or symbols (e.g. GRI, UNGC, UNIDO and UNEP) has further reinforced their reputation and confidence among their stakeholders. CC was covered by world-leading broadcasting organizations such as CNN, BBC, and Bloomberg for their achievements. The chairman of CC was invited to speak at Harvard University (April, 2013), the UN Private Sector Forum (September 22, 2010), UNIDO's conference (December 2011) and the Paris Forum (April 2013). None of the Bangladeshi RMG suppliers had previously received such exposure in international media and publications. All these prestigious awards, affiliations and participation have helped CC to bolster its corporate image at home and abroad.

Besides the above activities, CC undertook some symbolic activities to associate themselves with the prominent features of adopted SBPR practice. The formation of the separate sustainability department, the creation of extravagant official designation like HoS, the installation of complaint boxes in the workers' toilets (without giving them

the right to exercise Freedom of Association), the formation of a participation committee without a proper election process, publication of sustainability reports without proper stakeholder engagement and third party audit, installation of ETP without proper management of its sludge –these are all examples CC’s adopted SBPR practices, undertaken to build up positive perception among stakeholders, whilst lacking efficacy. All these above activities and practices have created ‘sedative effects’ (Ashforth and Gibbs 1990) on the stakeholders of CC, in the process lowering CC’s decoupling risk and subsequently helping them successfully to execute their ceremonial adoption of SBPR practice. This display of symbolism was important for CC to strengthen their stakeholders’ confidence level. By displaying important elements of SBPR practice, CC convinced their stakeholders to act in good faith.

When stakeholders have confidence in an organization (i.e. a positive perception) , then it becomes comparatively easy for that organization to sustain its ceremonial conformity strategy. Otherwise sceptical stakeholders may view adoption of new practices as an indication of purely symbolic management. For example, by obtaining an ISO 14001 certificate, CC gave a signal to its stakeholders that it is using an suitable environmental management system. In this way, stakeholders are encouraged to believe in a ceremonial façade based on the exhibited credentials of the organizations. CC preferred to employ ceremonial evaluation criteria (such as awards, audit reports, accreditation, certification etc.) in place of inspection and evaluation by the stakeholders. CC has also effectively used their sustainability report to highlight positive aspects of the company among their targeted stakeholder groups. CC synchronized the content of their sustainability report and website in such way that all signal CC’s labours in pursuit of the goal of becoming a sustainable company. By not reporting on challenging sustainability issues (such as a living wage, FoA, water depletion, ETP sludge, workers’ grievances), CC maintained a positive outlook among stakeholders.

Among all stakeholder groups, IRs have the necessary power and economic muscle to demand substantive SBPR practices from CC. Despite strong institutional expectations, IRs did not demand substantive SBPR practices from CC owing to the fear of diluting their mutual economic interests. IRs have serious concerns about workers’ increased wages, as they have direct impact on the suppliers’ production costs - which in turn affects IRs’ FOB price. One of the IRs shared his reservation about the living wage provision of SA 8000, saying it has a negative impact on the bottom line and competitiveness of both firms. Rather than providing workers with a

costly 'living wage' (as a means of maintaining their sustainable image), IRs would prefer suppliers to offer them some other form of cost-effective benefit (e.g. an attendance bonus or medical benefits)..

Empirical evidence indicates that due to institutional pressures IRs mostly prefer to provide lip service to CC's SBPR practice adoption,; while in reality discouraging substantive adoption of SBPR practice for their mutual business interests. Sometimes by turning a blind eye to their suppliers' operations, IRs try to avoid their responsibility with very weak oversight (Saxena, 2014, p. 7). For example, one of the IRs (which is globally famous for working in the area of sustainability) expressed his clear discontentment to the researcher about CC's SBPR practices. He criticized CC for sharing factory buildings with other RMG companies, for not having a sufficient number of exits and enough space for fire assembly. He expressed his resentment at CC for not taking any meaningful steps to resolve these non-compliance issues after receiving repetitive notice from them. However, this IR did not dare to terminate his business relationship with CC, even after registering their repeated violations. Rather they colluded with CC's lapses in a bid to save their mutual business interests. The social auditor of an IR hesitantly admitted their dilemma in prioritizing business interests over important sustainability issues such as workplace safety.

The above example shows how a failed system of inspection from IRs' side has eventually allowed CC to implement successfully their ceremonial SBPR adoption. As the main promoter of SBPR, IRs failed to raise any objections when CC decided to discontinue its 20% higher wage and gratuity scheme. According to Meyer and Rowan (1977), stakeholder groups whose interests are not well-aligned with those of the firm may not be satisfied with ceremonial adoption and thus in those cases ceremonial adoption may backfire. In this study, IRs interests were closely aligned with CC, which is why the process did not backfire. IRs preferred to rely on periodic ceremonial evaluation criteria, such as a social audit report, to facilitate CC's ceremonial SBPR practice adoption process.

CC's ceremonial SBPR adoption helped IRs to convince their stakeholders to justify their sourcing decision from developing countries like Bangladesh. In an interview quote, Vice-Chairmen mentioned attending a summit and discussing the role of CC as a supplier of Puma in maintaining labour standards in the supply chain operations. By sourcing from so-called 'sustainable' companies like CC, IRs want to show their stakeholders that they are managing their supply chain operations responsibly.

Through ceremonial adoption of SBPR practice, suppliers like CC actually help their IRs to demonstrate responsible business practices to their stakeholders. In this way, ceremonial adoption of SBPR practice creates a win-win situation for both parties.

As argued by Ashforth and Gibbs (1990), stakeholders are not simply passive consumers in the ceremonial adoption process. They can recognize symbolic management and subsequently discount such practices. CC operates in the highly monitored RMG sector and thus is more susceptible to such discounting. However, it is also important to note that recognition of symbolic management and subsequent such discount is to a great extent dependent on the monitoring capacity of the stakeholders (see Dobbin et al., 2009; Short and Toffel, 2010). In Bangladesh, SBPR has not reached the status of widely held practice. A good number of stakeholders consider SBPR as an advanced level corporate practice while others were found to be completely unfamiliar with the concept. It seems that stakeholders are mostly concerned about the non-compliance prevalent in the local RMG industry. Due to unfamiliarity and in-built vagueness of the SBPR concept, CC proved less subject to stakeholder scrutiny. Moreover, in the Bangladeshi RMG sector, CC is perceived as one of the best compliant companies. It operates above the current industry standard, which has further reduced the chances of stakeholders' frequent scrutiny.

9.6 Conclusion

From above discussion it appears that CC embraced a pragmatic approach for its management of conflicting pressures (between institutional and technical-competitive) by adopting a ceremonial conformity strategy. In accordance with this approach, CC made some changes to their external appearance to signal conformity (Scott, 2008), but decided to respond in a ceremonial manner to their adopted SBPR practice (as is evident from their superficial SE process, selective reporting practice, ineffective participation committee, un-integrated purchase policy and performance appraisal system). This study argues that substantive conformity is difficult to expect, given the absence of widespread adoption of SBPR practice. In the context of Bangladesh, SBPR has not yet reached the taken-for-granted status as an institutional practice. SBPR is generally perceived to be at the pre-institutionalized stage – as opposed to semi-institutionalized and full-institutionalized stages (see Tolbert and Zucker, 1996). The findings of this study suggest that CC adopted SBPR practice in the pre-institutionalized stage in an attempt to couple their external appearance with desirable

societal practice (i.e. SBPR), in order to manage their relationship with IRs. By making ceremonial compliance with the indirect (or cascaded down) institutional pressures, CC helped their IRs to achieve institutional legitimacy in the global context.

According to Meyer and Rowan (1977) the survival of some organizations depends more on managing the demands of the institutional context, while the survival of others depends more on managing the demands of the relational context. In this study, the institutional context has less impact on CC and more impact on the IRs, owing to their direct exposure to institutional pressures. CC's exposure to the institutional context and its associated pressures came as a result of their business dealings with IRs. In this study, the relational context exerts more influence on CC owing to their high level of dependence on IRs. As a supply-chain partner of high profile IRs, CC decided to adopt IRs' promoted SBPR practices in order to address the concerns of the wider institutional environment with respect to their sustainability performance.

The resource-dependence perspective (Pfeffer, 1981; Pfeffer and Salancik, 1978) has a strong influence on CC's SBPR practice adoption process. CC is heavily dependent on their IRs since 85-90% of their business orders come from a very limited number of IRs. In contrast, IRs themselves are less dependent on CC because there are often numerous suppliers of their desired products, even in the local market of Bangladesh, let alone in other global markets. Asymmetry exists in the CC-IRs' relationship, as the exchange is not equally important to both parties. The limited presence of high-end IRs in the Bangladeshi RMG market has further increased CC's dependence level on its IRs.

IRs exercise strong influence on CC due to the highly enforceable contractual relationships between them. If they desire to see their promoted SBPR practices become successful, then as a supplier CC has no option but to adopt the practice. Participation in IRs' promoted SBPR served as a cooperative signal to IRs, which helped CC to improve their relationship with IRs and allowed them to secure better access to resources (Aldrich and Fiol, 1994; DiMaggio and Powell, 1983; Oliver, 1991; Pfeffer and Salancik, 1978). For example, CC became a strategic partner of Puma and, for conforming to their stipulated SBPR requirements (Puma SR, 2012, p. 59), was rewarded by Puma with more stable businesses. Failure to conform to Puma's requirements could have jeopardised CC's business relationship, which might eventually have led to losing their continuous supply of resources (i.e. business orders) from IRs. The impact of this failure would probably be more pronounced for

suppliers like CC because of its strong dependence on a limited number of high and mid-range IRs.

Despite their dependency on IRs, CC could not achieve substantive conformity to SBPR practices as it required substantive deployment of organizational resources and also entailed certain operational risks (Berrone et al., 2009). Substantive conformity to SBPR practices creates conflict with CC's technical-competitive criteria. To avoid such conflicts CC ceremonially adopts SBPR practice, in order to conform to institutional expectations whilst also meeting technical-competitive pressures. Among all stakeholder groups, IRs have the necessary power and economic muscle to demand substantive SBPR practices from CC. Despite strong institutional expectations, IRs did not demand from CC substantive conformity to their promoted SBPR practices, because of the fear of diluting their mutual economic interests. The interdependent relationship between IRs and CC was expected to influence CC positively in ensuring substantive conformity to SBPR practice. However the relaxed attitude of IRs seems to have encouraged CC to adopt SBPR practice ceremonially.

The concept of sustainable development, or sustainability, is widely considered as a multi-level global concept (Gray and Milne, 2002). Being a global concept, its application at the organizational level is often problematic (Lamberton, 2005). Since the concept does not clearly outline what is required to become a sustainable organization, it became quite easy for CC to adopt SBPR practices ceremonially. CC's privately held company status has further helped them a good deal to succeed with their ceremonial adoption, as they were less exposed to public scrutiny in comparison to publicly held companies.

Kostova and Roth (2002) used two constructs, namely 'implementation' and 'internalization', to define ceremonial adoption. According to them, ceremonial adoption implies a relatively high level of implementation accompanied by a low level of internalization. In the study context, CC's implementation level was relatively high, as is evident from their various substantive and symbolic SBPR practices. However, CC's internalization level was fairly low, due to a weak level of integration of their adopted SBPR practices with their internal organizational processes. Although CC tried to present itself as a sustainable company in terms of its external appearance, they did not include 'sustainability consideration' as a Key Performance Indicator (KPI) in their performance appraisal system, and there is no dedicated committee or director to monitor CC's own sustainability performance. Although they have recently

implemented a balanced scorecard system, they have not set any sustainability-related target for their employees or business units in that scorecard system. CC has also installed an Enterprise Resource Planning (ERP) system but they have not bought any 'Environmental Accounting & Reporting' modules to enable monitoring and communication of its sustainability performance data.

Every month CC purchases 100 million taka worth of non-production related materials, but they do not consider sustainability issues in their purchase decisions. There is also minimal involvement of their accounting and finance professionals in their sustainability reporting process, apart from providing some financial information on an ad hoc basis for the economic section of the report. CC has no internal control system to review the accuracy and reliability of the reported information independently of the reporting team. CC had to hire a consultant to prepare their second sustainability report, which indicates their lack of commitment to integrate its sustainability reporting process within the organization.

CC's SBPR practices have been largely restricted and side-lined within its 'S&C' department. According to HoS2, one of the main reasons for CC's failure to publish sustainability reports on time can be attributed to the shortage of necessary manpower in the S&C department. HoS2 also reported that the S&C department is inadequately staffed to manage CC's SBPR practices. Over the years, the size of the dedicated workforce for SBPR practices has gradually decreased at CC. Currently just one person (i.e. HoS2) is responsible for the management of CC's entire 'SBPR practices'. The scope of SBPR practices has now been squeezed from group level to a particular business-unit-level due to IRs' diminishing interest in this issue. HoS2 raised the question of the level CC's commitment towards the adoption of the 'sustainability' concept. All of these examples clearly indicate that the level of internalization is low, a factor that ultimately facilitated CC's ceremonial adoption of SBPR practice. Most of CC's adopted SBPR practices can be criticized as mostly ceremonial with very limited meaningful practices.

This thesis takes a broad view of what it means to be 'sustainable'. In its broader sense, the concept of 'sustainability' simply indicates corporate commitment to achieve three objectives: environmental protection; social wellbeing; and economic development (IISD, 1992). Based on its findings, this study is pessimistic about the chances of solving crucial sustainability-related problems in the prevailing social order (Gray 2002b, p.372). This study indicates that the concept of sustainability has lost it

radical edge due to ceremonial SBPR adoption, and has been modified into a comfortable notion that serves CC's business interests as well as satisfying the expectations of their IRs emerging from the institutional environment.

CC's ceremonial SBPR adoption was primarily driven by their concern for their economic sustenance, rather than for the needs of society and the environment. It does not correspond to the spirit of the Brundtland Commission's report. In CC's case, the social dimension of the sustainability concept has been reduced mainly to workplace safety issues, ignoring other important sustainability issues such as the living wage and freedom of association. The environmental dimension has also been reduced to a level where achieving energy efficiency or installing ETPs are considered sufficient for achieving sustainability, thereby completely ignoring the implications of CC's gradual expansion of business operations. CC did not explain how its continuous growth in garments and other businesses keeps the ecological balance intact at both local and global level. CC has compartmentalized their SBPR practices within various environment-friendly practices (e.g. energy efficient equipment, building and technologies), while leaving the accumulative severity of its social and economic impacts unaddressed.

This study adopts a sceptical approach to the potential of CC's sustainability reporting practice (SRP) in ensuring organisational transparency and delivering stakeholder accountability. CC's SRP has extremely limited ability to act as a catalyst in improving its sustainability performance. For example, CC failed to report its performance in relation to the number of complaints received by its workers or the number of work-related injuries that occurred in its factories. Their sustainability report was primarily prepared at the request of Puma, and was mainly distributed among CC's targeted stakeholder groups for the purpose of positive image building. In their report, CC selectively published positive news, whilst ignoring material sustainability issues. Superficial conduct of stakeholder engagement, avoidance of external assurance practice, and the GRI reporting framework's limitations have further helped CC to prepare this report in a predominantly ceremonial manner.

Besides the above limitations of CC's SRP, this study does not completely support the critical school's total rejection of the efficacy of the SRP as a vehicle of social change (Owen et al., 1997). This study believes in evolutionary, rather than revolutionary change and argues that SRP has some potential to illuminate injustices and give voice to local stakeholders (Gallhofer et al., 2011) and that it can enhance organisational

accountability and transparency (Spence, 2009; Gray et al., 1996). According to some stakeholder interviewees SRP can, by taking into consideration local socio-economic factors, play a more effective role, if reporting on specific sustainability issues were made mandatory by the government. Whilst this suggestion of a mandatory reporting framework holds considerable promise, it does require increased stakeholders' awareness and close monitoring to make it properly effective.

The role of business is important for sustainable development, since business is as much a part of the solution as a part of the problem (de Lardereel Aloisi, 2009). The need for business organizations to be socially and environmentally responsible is fundamentally important when following the path of sustainable development. A committed thrust is needed from companies like CC to contribute effectively to building a more inclusive sustainable society. CC should not have adopted and implemented SBPR practice ceremonially simply to manage its institutional and relational context, as well as to strengthen its profit base. To contribute to a proper path of sustainable development, CC should have accepted its wider social responsibilities at a level appropriate to sustain the viability of society and the environment.

CC's SBPR adoption was bound to create conflict with CC's technical-competitive pressures, since the core spirit of SBPR practices is not compatible with the profit-seeking nature of business. The unrestrained drive for business success and sustainable development cannot co-exist successfully. Certain dynamics of a dominant free-market economy are inherently antagonistic to some of the fundamental imperatives of sustainable development (Citizens' Perspective on Sustainable Development, 2002, BUP). The concept of the latter is based on social equity and environmental protection, whereas the former is driven by economic imperative and efficiency considerations. In this situation, it is difficult for a company like CC to operate in accordance with the true notion of sustainability, or to adopt and implement SBPR practices substantively, when the prevailing economic system largely ignores the value of humane morality and does not encourage decision making aimed at ensuring inclusive growth and environmental justice. Such an economic system appears to provide very limited incentives for a company like CC to adopt and implement SBPR practice sincerely.

This research concludes that there is an urgent need for a widespread awareness campaign to intensify an accountability-seeking culture among all stakeholder groups. Stronger participation of NGOs, civil society organizations and labour rights groups in

the sustainability movement is urgently required. Gallhofer and Haslam (2006, p. 921) have argued in favour of 'counter-hegemonic accounting information' to raise awareness within broader stakeholder groups in order to create pressure on business organizations to adopt socially responsible business practices. Belal et al., (2013) have also requested SEAR researchers to deliver more empirical evidence to provide alternative accounts of social and environmental impacts arising from corporate activities. A key role for academic researchers in this context is to provide high-quality evidence to facilitate an effective critique of SBPR practices, in order that innovative and more socially responsible and effective policies and practices can be developed (Unerman 2007).

Chapter 10: Conclusions

10.1 Introduction

The last chapter discusses the theoretical framework of the study with the help of empirical findings. Section 10.2 outlines the research contributions made by this study. Section 10.3 and 10.4 offer some policy implications and recommendations for corporate managers and stakeholders respectively. Finally, Section 10.5 highlights the limitations of the study and provides some direction for future research.

10.2 Contributions of the Study

This study makes important contributions to the SEAR literature by providing theoretical offerings based on a rich empirical dataset. SEAR researchers have extensively applied institutional theory in their previous studies (see Milne and Patten, 2002; Kolk 2005; Ball, 2005, 2007; Larrinaga, 2007; Laine, 2009b; Bebbington et al., 2009; Contrafatto, 2014). Most of the above studies have used the 'isomorphism' concept of institutional theory to explain how the influence of social context affects organisational decisions to produce social reports. None of the previous SEAR studies has explicitly utilized the 'ceremonial conformity' concept of institutional theory suggested by Meyer and Rowan (1977), to explain the adoption and implementation of a business practice such as SBPR. This study provides necessary clarity on the practice adoption and implementation process by clearly articulating the connections between the concepts of ceremonial conformity, decoupling and logic of confidence.

This study further explains how careful mixing of substantive and symbolic practices can provide necessary support to an organization in operationalising a decoupling strategy whilst maintaining stakeholders' confidence. This study argues that when symbolic practices are properly balanced with substantive practices, the combined effects of these two practices help organizations to achieve necessary balance between conflicting pressures (between institutional and technical-competitive) in the form of ceremonial conformity. The findings of the study are useful, given the limited number of empirical investigations of organizational responses in pre-institutionalized environments (Tolbert and Zucker, 1996), revealing that organizations are aware of

their latitude for manoeuvre and can engage in calculative responses, whilst taking into consideration of their technical-competitive reasons (Jamali 2010).

Meyer and Rowan (1977) argued that variation in ceremonial conformity depends on the intensity of inspection and confidence among the firm's stakeholders. These important boundary conditions have not received much attention in subsequent literature. This study separately emphasized the notion of 'logic of confidence' for understanding successful implementation of the ceremonial conformity concept. Relying on the logic of the confidence concept, CC sought to influence the perception of stakeholders positively and subsequently increased their confidence in the organization, so as to minimize the level of inspection and evaluation by the stakeholders (Meyer and Rowan, 1977). Previous studies have mainly concentrated on decoupling strategy to explain ceremonial conformity, while ignoring the logic of confidence concept. Previous studies also tend to mix up the concept of ceremonial conformity with decoupling. Without the logic of confidence, ceremonial conformity strategy cannot be implemented solely by application of the decoupling concept. This important argument has also been overlooked in the past literature.

The findings of this study also argue that a decoupling strategy cannot be effectively implemented with the sole deployment of symbolic activities (see Berrone et al., 2009). Therefore, complete decoupling (by relying only on symbolic actions) as an effective strategy has been called into question by this study. In line with Scott (2005), this study has argued that the extent and degree of decoupling were overstated in early studies (e.g. Meyer and Rowan, 1977; Meyer et al., 1981). While organizations can and do decouple, the extent to which this occurs varies greatly, depending on the level of decoupling risk and stakeholders' confidence-monitoring capacity. In case of CC, their ceremonial SBPR adoption received sympathetic responses from IRs (Scott, 2005). IRs compromised with their monitoring system in order to facilitate CC's ceremonial adoption.

Explanations of practice adoption have two major perspectives which have generated strong debate in studying organizational behaviour: one views organization as rational actors (Thompson, 1967; Blau and Schoenherr, 1971); while the other views organizations as captives of the institutional environment (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Zucker 1982, 1983). Both approaches have some important implications to help explain the practice adoption process, the first pointing

to the need for utility or efficiency for adoption, the latter pointing to the need for institutional legitimacy of the organization (Tolbert and Zucker, 1983).

In Institutional studies, organizations are mainly considered as passive players (e.g., Meyer and Rowan, 1977; Tolbert and Zucker, 1983; Zucker, 1983; Tolbert, 1985), where their ability to respond rationally to institutional influences has been largely undermined (Oliver, 1991; Scott, 1995; Jamali, 2010). These studies argue that organizations passively adapt to institutional practice due to their taken-for-granted nature. This approach has invoked criticism for its relative lack of attention to the role of technical-competitive reasons in the practice adoption process. This study contributes to institutional theory literature by challenging such a rationalization that assumes that practices are adopted intact by the organizations (Sahlin-Andersson, 1996; Zilber, 2002, 2006). In this study, the adoption and implementation of SBPR clearly reflects tensions between institutional legitimacy and business interests. CC sought to accommodate relevant institutional expectations owing to their dependency on IRs, without disrupting their technical-competitive interests (see Delmas, 2002; Greenwood and Hinings, 1996). The findings of this thesis suggest that organizations do not blindly conform to the expectations of the institutional environment; rather they prefer to engage in a calculative response by taking into consideration various technical-competitive, institutional, and relational factors.

According to Scott and Meyer (1983, p. 17), all organizations become exposed to conflicting types of pressures, and the strength of these pressures varies across organizational sectors. The IRs discussed in this study, were more exposed to the institutional pressure. This study did not make any attempt to understand the dynamics of the IRs' response to the institutional pressures. Rather it tries to understand the dynamics of a supplier's response to IRs' pressure emerging from the wider environment. It seems that the interdependent relationship between IRs and suppliers affects suppliers' ceremonial compliance with IRs' expectations and subsequently IRs' institutional legitimacy within their wider environment (Zucker, 1987; Meyer and Zucker, 1988; Rosenzweig and Singh, 1991). This study has helped us to understand the dynamics of the exchange relationship between IRs and suppliers when assessing the nature of suppliers' responses to institutional expectations. This study argues that institutional pressures can operate in concert with other forces, such as technical-competitive pressures, to influence the practice adoption process in a dynamic system of exchange relationships (Dacin 1997, p. 47).

The resource-dependence perspective (Pfeffer, 1981; Pfeffer and Salancik, 1978), particularly has considerable impact on CC's SBPR practice adoption processes. IRs have strong influence on CC due to highly enforceable contractual relationships between them. If they desire to see their promoted SBPR practices become successful, then as a supplier CC has no option other than to adopt the practice. Participation in IRs' promoted SBPR served as a cooperative signal to IRs, which helped CC to improve their relationship with IRs and allowed them to secure better access to resources (Aldrich and Fiol, 1994; DiMaggio and Powell, 1983; Oliver, 1991; Pfeffer and Salancik, 1978). For example, CC became a strategic partner of Puma and, for conforming to their stipulated SBPR requirements (Puma SR, 2012, p. 59), was rewarded by Puma with more stable businesses. Failure to conform to Puma's requirements could have jeopardised CC's business relationship, which might eventually have led to losing their stable businesses from Puma. The impact of this failure is likely to be more pronounced for suppliers like CC because of its strong dependence on a limited number of high and mid-range IRs.

Despite CC's high level of dependency on IRs, CC could not achieve substantive conformity to SBPR practices, as it required substantive deployment of organizational resources and also entailed certain operational risks (Berrone et al., 2009). Substantive conformity to SBPR practices creates sharp conflict with CC's technical-competitive criteria. To avoid such conflict CC ceremonially adopt SBPR practice to conform to institutional expectations, whilst meeting technical-competitive pressures. Among all stakeholder groups, IRs have the necessary power and economic muscle to demand substantive SBPR practices from CC. Despite strong institutional expectations, IRs did not require from CC substantive conformity to their promoted SBPR practices, due to the fear of diluting their mutual economic interests.

This study argues that substantive conformity is difficult to expect in the absence of widespread adoption of SBPR practice. In the context of Bangladesh, SBPR has not yet reached the taken-for-granted status as an institutional practice. SBPR is generally perceived to be in the pre-institutionalized stage – as opposed to semi-institutionalized and full-institutionalized stages (see Tolbert and Zucker, 1996). The findings of this study suggest that CC adopted SBPR practice in the pre-institutionalized stage in an attempt to couple their external appearance with desirable societal practice (i.e. SBPR), in order to manage their relationship with IRs. By making ceremonial compliance with the indirect (or cascaded down) institutional pressures, CC helped their IRs to achieve institutional legitimacy in the global context. Ceremonial adoption

of SBPR gave both CC and IRs an excellent opportunity to display their responsible face in the highly volatile RMG sector.

The findings of this study point to a very complex organizational process – where several factors (such as economic imperative i.e. technical-competitive reasons, institutional pressures, the relational context, the level of stakeholders' confidence and their inspection capacity, the stage of institutionalization) – were identified as responsible for influencing the ceremonial adoption and implementation process of SBPR practice at CC. The above mentioned factors played an important role in determining the degree of decoupling and subsequent deployment of substantive and symbolic activities by the company. This study makes an important contribution to the literature by being one of the first empirical studies to identify the major factors responsible for organizational the practice adoption and implementation processes. It argues that the practice adoption of SBPR in response to the institutional pressure can become customized depending on the characteristics of the institutional context and interdependent relationships along with technical-competitive reasons. This study also particularly shows how the preferences of powerful IRs shape the practice adoption of a supplier and how that supplier responds to those preferences when taking into consideration technical-competitive, institutional and relational factors.

Tsang (1998) has warned against the danger of generalising and applying the research findings of developed countries to developing countries, given the differences in their stages of economic development. There are differences between developed and developing countries in terms of stakeholder awareness level, corporate responsibility culture and socio-economic conditions (Reed, 2002; Perera and Mathews, 1990; Mathews, 1993; Belal and Roberts 2010). Gray et al., (1997) called for a deeper explanation of reporting and accountability practices that take full account of the socio-cultural and political context of the developing countries (see also Gray and Kouhy, 1993). This study answers the above call with a unique set of interviews and FGD data by capturing the alternative views of both corporate managers and stakeholders in a single case study. Such deep insights are very important, but limited within the current SEAR literature from the perspective of a developing country with regard to their SBPR practice adoption (see, Belal et al., 2015a).

This study has made significant contributions to the existing body of literature in several ways. After Rahaman et al. (2004), Belal et al., (2015b) and Belal and Owen (2015), this latest study employs a case-study-based research design (Creswell, 1998;

Silverman, 2011) based on intensive field work, using multiple sources of evidence from a series of in-depth interviews, focus group discussions and documentary analysis to validate its findings. With the exception of the above studies, there has been a distinct lack of case-study-based research within the context of developing countries. While Hopwood (2009) acknowledged the difficulties of gaining research access to the case company, he urged researchers to make serious attempts to undertake challenging case studies. It is important to note here that Belal et al.,’s (2015b) and Belal and Owen’s (2015) study were based on a commercial bank and a tobacco company respectively, whereas this case-study-based research focused on an RMG company. A review of prior studies shows that RMG companies have been mostly omitted from the SEAR research field (exception, Belal and Owen 2007, Islam and Deegan 2008, Kamal and Deegan 2013). No known comprehensive study has so far been undertaken to obtain a detailed understanding of RMG companies’ SBPR practices. By adopting a rigorous research design like this case study, this research has contributed to existing SEAR literature from the context of developing countries in general and the RMG sector in particular.

The study conducted by Belal and Owen (2007) provided an overall view of corporate motivation underpinning social reporting, based on interviews from a wide variety of industrial sectors in Bangladesh. The RMG sector was just one of several industrial sectors in that study. Islam and Deegan (2008) interviewed senior executives from BGMEA¹²³ to determine the pressures exerted on them by stakeholders. In that study, BGMEA was at the centre of their analysis. Therefore, it is not clear from this study to what extent pressure perceived by BGMEA actually drives the reporting practice of an individual garment company (Belal and Momin 2009). Finally, the recent study by Kamal and Deegan (2013) looked at the social and environment-related governance disclosure practices of selected garment companies, using a content analysis method. Rather than focusing on industry-level analysis exemplified by Islam and Deegan (2013) and Kamal and Deegan (2013), this thesis has restricted its investigation to a particular garment-manufacturing company in order to delve more deeply into the SBPR practice adoption and implementation process. Most of the previous studies tend to focus on the reporting practice. This is one of the first empirical studies to systematically investigate overall business practices of a company, whilst still including reporting practice. The significance of undertaking this kind of study is profound: to expose the unsustainable nature of current RMG companies (Belal et al., 2015a, p. 2)

¹²³BGMEA is a business association which represents the export-oriented garment companies in Bangladesh.

and to highlight their failures in contributing to the main aspects of the sustainability concept.

Investigating managerial motivations for disclosure has remained the most popular research area in the SEAR literature. Although researchers have provided different explanations behind the adoption of reporting practice, they have devoted relatively less attention to the internal processes underpinning reporting practice (Adams and Larrinaga-Gonzales, 2007). Only a few studies have explored such processes (see O'Dwyer, 2005, Bebbington et al., 2009, Contrafatto, 2014). For example, stakeholder engagement is considered a crucial element of sustainability reporting practice; however very few studies have explored the contribution of this exercise to the report preparation process (please see Owen et al. 2001; O'Dwyer 2005; and O'Dwyer et al. 2005a). This lack of research is particularly apparent in the extant literature from developing countries. This study responds to this gap by exploring the stakeholder engagement process of the case company thoroughly. In this study, the researcher explored the motive behind undertaking such engagement plus examined their effectiveness in the report preparation process.

Most previous empirical studies have a focus on examining the views of managerial stakeholders. Very few researchers have explored non-managerial stakeholder perceptions by using interview methods (for exceptions, see Deegan and Islam 2009, Belal and Roberts 2010, Momin 2013, Belal et al., 2015a). None of these studies contain direct insights from the vulnerable stakeholder groups. Given the vulnerabilities of the developing economies, Belal et al., (2013) and Belal et al., (2015a) called for further academic research to gain insights from vulnerable stakeholder groups. This study responds to the above call with a unique set of interviews and FGD data by capturing the views of susceptible community members and workers. This is one of the few studies that directly survey the views of stakeholder groups that are critical to sustainability issues. The study also captures the views of powerful managerial stakeholders such as IRs and IAs, in addition to non-managerial stakeholders. Islam and Deegan (2008) demonstrate that managerial stakeholders (such as IRs) were able to influence the disclosure practices of a major business association (i.e. BGMEA) in Bangladesh. However, their study could not directly explore the views of powerful managerial stakeholders by using interview methods. This is the first study which examines the views of leading IRs and IAs in an endeavour to understand the motivation behind promoting such practices.

One common limitation of previous studies is that they only captured the general concerns of the stakeholders. None of these studies examined specific expectations or concerns of stakeholders in relation to a particular company or industrial sector. In contrast to the above studies, it is one of the first empirical studies that systematically investigate multiple key stakeholders' perceptions related to a specific company or industrial sector. Moreover, none of the above studies examined the perceptions of managers and stakeholders conjointly in a single empirical study in order to evaluate the usefulness of corporate sustainability reporting and other sustainable business practices in relation to respective stakeholders' expectations. This study responds to that research gap by capturing direct insights from both managers and stakeholders in the same study. This research has important practical significance for corporate managers, policy makers and other stakeholders. The following section discusses that practical significance and suggests some policy recommendations.

10.3 Implications of the Findings for Corporate Managers

It is found by this study that some stakeholders (e.g. workers, labour activists, community members) had limited access to CC's sustainability report (SR), as it was not widely distributed among them. CC officials informed the researcher about the availability of their report on their website. But there are many stakeholders who do not have access to the internet and some stakeholders particularly wanted to get hard copies of these reports, written in Bengali, to gain a better understanding of the company. They thought that if they had been given the hard copies of the report written in Bengali, they would have been able to monitor the performance of the company closely and hold companies to account for their policies and practices. If, in the context of Bangladesh, sustainability reports were written in Bengali and some of the stakeholders could have read the report, then they would have demanded better accountability from the companies. Corporate managers should pay proper attention to the preferences of the stakeholders and take necessary steps to publish the report in the local language and to make the report available in hard copy for easy comprehensibility, access and distribution, particularly for the poor and less powerful stakeholders.

IRs have real power to create positive changes, and thus this study argues that this power should be used in a manner that provides real benefits for the workers and communities (Islam and Deegan 2008). Corporate managers of IRs need to assume

greater responsibility for ensuring that basic labour rights are respected throughout their supply chain. This should be visible both in their policies and practices (SOMO & ICN, 2012). A concerted effort on the part of IRs is required to push suppliers to undertake substantive SBPR. They should form effective partnerships with suppliers and help them contribute to the path of sustainable development.

In this study, stakeholders' perceptions about social auditing efforts have largely been found to be negative. This is due to counter balancing pressure by business interests. There is not much hope either in IRs' driven first-party audit or their controlled third-party auditing system. Auditors are mainly accountable to the suppliers or to the IRs that contract their services. The cost of social audits is mostly paid by the suppliers to appease brands. This business model conflicts with the requirements for credible social auditing, as it is unlikely that an auditor or auditing firm that consistently registers violations will be commissioned on a repeat basis (BAPPG, 2013, p. 33). On most occasions, these auditing companies keep their audit reports confidential and walk away from non-compliant factories without notifying the workers about workplace hazards (Alam and Johnson, 2013). The above flaws within the social audit regime clearly need to be addressed by corporate managers. For example: audit fees need to be paid for by the IRs rather than by the suppliers, workers need to be consulted off-site by the independent auditor, the members of the participation committees and unions should be given access to the audit process, and cases of non-compliance should be shared with workers and their representatives (BAPPG, 2013).

10.4 Implications of the Findings for Stakeholders

In future, the government and GRI should consider requiring companies to publish the SR in the local language for better comprehensibility of the report for a wide range of stakeholders. For better stakeholder scrutiny, the reports need be available in the public domain, so that any stakeholders, like labour activists, environmental activists or civil society organizations can access information easily and be better equipped to demand accountability on behalf of the vulnerable stakeholders. The government should devote increased attention to the possibility of stakeholder access to reporting. One possibility would be for international agencies, in collaboration with the government, to create a platform for companies to upload their sustainability reports on easily accessible government websites for higher stakeholder scrutiny. A higher level of visibility and readability would lead to increased scrutiny of corporate policies

and practices, and in that case sustainability reports could have worked as a catalyst in improving the company's sustainability performance.

The selective reporting propensity and avoidance of an independent process of verification of the reported information made apparent CC's failure to fulfil the required transparency and accountability imperative of SRP. By means of selective reporting, CC prefers to disclose positive news, whilst carefully withholding sensitive information due to its perceived threat of increased stakeholder scrutiny. To mitigate this problem, and to advance the notion of corporate accountability a number of stakeholders suggested introducing mandatory reporting on specific sustainability issues (such as the living wage, freedom of association, workers' grievances, depletion of water level etc.); whilst others supported the need for an externally assured sustainability report to enhance the credibility of reported information. The government should consider requiring companies to report on specific sustainability issues to ensure minimum coverage of the material issues in the sustainability report. To improve credibility of the process, government might also carefully assess the value of engaging external assurance providers to give their opinion of the report.

The findings of this study found very little evidence of an effective SE process, particularly with workers and community members. The SE process with workers, conducted through a participation committee (PC) meeting, was mostly controlled by CC's management. In order to make this kind of engagement process effective; it should be made independent of management influence. Because of the unequal power relationship, weak and vulnerable stakeholders cannot discuss their concerns freely. Therefore, the SE process should be facilitated by an independent moderator. Most importantly, all SE processes should allow stakeholders to express their collective views on their chosen topic without restricting their diversity, or controlling the meeting agenda and nature of the engagement. Government and IAs should come forward with effective policy guidelines to make the SE process functional and effective. In case of PC, government and BGMEA need to think about how election procedures for election of PC members can be made more transparent. To achieve this, PC elections could be held in the presence of government officials and labour representatives so that such elections could be freed from the management's prejudice. Moreover, government can formulate regulation requiring companies to record and preserve the minutes of the SE process so as to increase the efficacy of such an important exercise.

In the sustainable development-related current policy documents (see, MoEF, 2012), the role of the business sector has not been clearly specified. The RMG sector is the backbone of the Bangladeshi economy and a crucial source of employment, and the government should develop a mandatory reporting guideline on specific sustainability issues for major industrial sectors, including RMG. Changes are also required in companies' governance structures. Like mandatory reporting, government intervention is needed to include the voice of less powerful stakeholders in the corporate decision-making process.

Business-government relationship is one of the key factors behind weak enforcement of law and lack of good governance in the country's RMG sector. A number of stakeholders have therefore expressed their reservations about the prospect of government regulations bringing desired changes in corporate reporting and accountability practice (see Belal et al., 2013). In Bangladesh, nearly 10% of Members of Parliament have ownership stakes in garment industry (Yardley, 2012). These policy makers are major donors of the political parties. They have strong influence on the policy development process. In this situation, policy shifts towards mandatory reporting will not be easy, given the powerful influence of factory owners. The policy makers should in future take these influences into consideration when relevant legislation is being revised or formulated.

If mandatory reporting fails, alternative paths for ensuring better accountability should be sought. Interviewees from labour rights organizations and civil society organizations often demonstrate better knowledge of corporate accountability than other stakeholder groups. They can be engaged to create social movements to promote corporate accountability and a transparency agenda. Due to their limited capacity and resources, desirable change has not occurred in the corporate accountability practices of the Bangladesh (Belal and Owen 2007). A good number of capacity building programs need to be launched to increase awareness and the capacity of these stakeholder groups, to enable them to demand greater accountability and transparency in a more effective way. IAs can play an important role here. By providing necessary training and resources to the local activists groups, IAs can increase their knowledge level and make them better equipped to demand better accountability from the companies in the long term.

As an international body, in some cases GRI failed to capture various local and industry-specific contextual factors (e.g. living wage, FoA) in their reporting framework.

In line with Belal and Roberts (2010), this study suggests that GRI should develop customized guidelines for major industrial sectors by taking into consideration the relevant socio-economic and industry-specific contexts of developing countries.

A serious lack of knowledge on the part of the reporting team members regarding the GRI reporting framework was also observed by the researcher. To resolve this problem, GRI should also prepare and upload on to their websites a list of their certified reporting consultants for every country to ensure basic compliance with their major reporting principles. These consultants should provide comprehensive training to the reporting team members and offer necessary support during the report preparation process. Non-compliance with profile disclosure requirements was another big problem in CC's sustainability report. To address this problem, GRI needs to launch a special campaign for the reporting entities to highlight the importance of strict compliance to their profile disclosure requirements. In recent years, CC has decided to rely exclusively on the indirect SE process by bypassing their face-to-face SE process. GRI also needs to reflect carefully on how to encourage companies to be more involved in systematic and meaningful SE processes as a means of extending corporate accountability and transparency to their stakeholders. This next section identifies some limitations of this study and offers a number of avenues for further research.

10.5 Limitations of the Study and the Direction for Future Research

This research has provided a considerable contribution to academic literature and has practical significance for both policy makers and corporate managers. In this section, some possible avenues for future research are suggested based on the findings and limitations of this study.

First of all, the study was restricted to a single case company. Future researchers may include multiple similar or dissimilar cases in their studies to further examine the applicability of empirical findings and theoretical explanations in different circumstances. It is also important to note here that this thesis focuses on the activities of a privately held RMG company, which is obviously not the only possible way of organizing economic activity. Around 40 RMG companies are listed on the Dhaka Stock Exchange. Further studies can be conducted on these listed firms to evaluate their corporate policies and practices on the most crucial sustainability issues.

Moreover, there is a large number of unlicensed factories in the Bangladeshi RMG sector which cater for the needs of the domestic market. They are not members of either BGMEA or BKMEA and largely remain outside of any accountability framework. Working conditions and wages are often much lower in these factories compared to the licensed factories that export to the international market (BAPPG, 2013, p. 44-45). Besides these, there are eight special economic zones known as Export Processing Zones (EPZs) in Bangladesh – which have been kept out of the purview of existing labour law and ILO conventions, particularly that of the freedom of association. Future researchers could undertake detailed study of these factories to make injustice and inequalities more visible, in order to counter them successfully (Gallhofer and Haslam, 1997).

This study was particularly focussed on the Bangladeshi RMG sector. Future researchers might consider undertaking further studies on the adoption and diffusion of SBPR in other industrial sectors. For example, as part of their suggested Green Banking Policy (2011)¹²⁴, the central bank of Bangladesh (known as Bangladesh Bank) has been actively encouraging commercial banks and other financial institutions to engage in sustainability reporting practice, following GRI reporting guidelines. Few banks and financial institutions have published sustainability reports in response to the encouragement of the central Bank. Future researchers can provide deeper insight into the motivation, adoption and diffusion of SRP, based on detailed case studies on the Bangladesh Bank and other financial institutions. The institutionalization process, along with key factors affecting its nature and form, is an important research area when any practice adoption and diffusion is viewed through the lens of institutional theory. The issue of institutionalization was not discussed in this study, as it was beyond its scope. However, the above example gives future researchers a perfect setting to explore in detail the institutionalization process of SRP.

In recent times, fifty-seven different Bangladeshi organizations (such as universities, NGOs, and SMEs) have become signatories of the UN Global Compact (UNGC). Annual publication of the Communication on Progress (CoP) report is an important requirement of the UNGC Compact. In the CoP, signatory companies are required to outline their strategic directions in relation to the ten UNGC principles. Future researchers can explore the drivers behind such adoption and diffusion and seek to

¹²⁴<https://www.bb.org.bd/mediaroom/circulars/brpd/feb272011brpd02e.pdf>

assess the extent of their commitment in advancing the UNGC principles, particularly in relation to the principles related to labour standards. Their findings could facilitate understanding of whether the UNGC framework has been adopted as an ethical choice, as a mandated obligation or simply as a symbolic gesture to demonstrate signatories' commitment to responsible business practice.

Future researchers can also undertake further studies on the IRs' indirect sourcing practice known as 'subcontracting'. The routine practice of subcontracting often takes place through the help of intermediaries and suppliers in a manner that is not transparent to IRs' stakeholders (Labowitz and Baumann-Pauly, 2014). The indirect sourcing has been an essential, albeit poorly understood feature of the Bangladeshi garment sector (Labowitz and Baumann-Pauly, 2014). Robust research studies are needed to understand the full implications of this unsustainable business practice.

It is evident from the findings of the study that IRs play an important role in facilitating CC's ceremonial SBPR adoption. Despite having strong economic and bargaining power, IRs were found less vigilant in enforcing substantive SBPR practices on CC, due to their mutual business interests. This study was able to capture the views of only three corporate managers from IRs. More comprehensive study through direct research methods such as interviews is required to understand their involvement in ceremonial adoption.

It is also clear from the study's findings that CC took advantage of flexible GRI guidelines in ways that presented them in the best possible light, and avoided reporting on critical and challenging sustainability issues. Too much flexibility from GRI significantly compromised the credibility of CC's reporting practice. Future researchers should propose new policy guidelines to enable further refinement of the GRI reporting framework.

After the recent industrial accidents, labour leaders and activists were often invited to participate in live talk shows and round-table meetings to express their views. Whilst this kind of informal consultation/engagement clearly at a very early stage of development, it has good potential in empowering vulnerable stakeholder groups to express their views on important issues. This alternative engagement process can be a very interesting area for conducting future research – where researchers can compare the effectiveness of this alternative platform with those controlled by corporate managers. Future researchers can undertake studies to explore the

potential of demanding 'surrogate accountability' (Gallhofer and Haslam, 2006) via this alternative platform.

This study has managed to interview a wide range of stakeholders, revealing differences in stakeholders' perceptions. Full examination of these perceptions is beyond the scope of this thesis. More in-depth studies are needed to capture the views of different stakeholder groups such as journalists, environmental and trade unions activists, in order to extend the applicability of findings and theories (see Mitchell et al. 1997). This study also does not contain direct insights from top policy makers from government (such as member of the parliament and government officials) and representatives of powerful owners' association (i.e. BGMEA, BKMEA). Future studies can capture the views of these stakeholder groups to unravel their latest thinking on the SBPR practice adoption by the Bangladeshi RMG companies.

The report published by Transparency International Bangladesh (2013) found that there is a governance deficit in the garment sector. In this situation, sustainability reporting practice is unlikely to play its due role, unless the corporate governance structure of the RMG companies is reformed, taking into full consideration the sustainability factors (also see, Kamal and Deegan 2013; Cooper and Owen, 2007; Roberts 2003). Research on the internal governance structure of the RMG companies is an interesting area for future researchers looking to explore possible ways to strengthen stakeholders' participation in the corporate decision-making process.

External assurance plays a prominent role in ensuring the credibility of sustainability reports (see, Perego and Kolk 2012, Cooper and Owen 2014). A debate has arisen in the accounting and business ethics literature focusing on the structural deficiencies of such assurance practices (Ball et al. 2000; Deegan et al. 2006). However, there has not been much empirical research on the external assurance reporting practice within the context of developing countries. A number of stakeholders expressed their strong reservations about the credibility of CC's sustainability report. They were unanimous in their call for external assurance service to verify the credibility of information included in sustainability reports. More research in this area is needed to strengthen the external assurance practice and to improve the credibility of SRP.

There has been limited research by SEAR researchers in the garments sector that investigates the scope and independence of the social auditing process in great detail. Whilst the researcher was able to conduct an interview with just one of IRs' appointed

social auditors, he was unable to secure an interview with any third party social auditor for this study. Although this study has provided some indication of the challenges associated with the social auditing process, it has not been able to provide detailed information on the third-party social auditing process. From the interview quotes it seems that the social auditing process has largely been ineffective, owing to the counter-balancing pressure of business interests. Future researchers need to undertake comprehensive studies of the social auditing process in order to expose the loopholes of the current auditing regime and to propose necessary reforms for the improvement in the system.

List of Reference

- ACCA and AccountAbility (2004). *The Future of Sustainability Assurance*, ACCA Research Report No. 86, *Certified Accountants Educational Trust*, London, Available from: <http://www.accountability.org/images/content/1/2/121/FOSA%20-%20Full%20Report.pdf> [Accessed: 28 July, 2014]
- ACCA (2005). "Improving Stakeholder Engagement Reporting: An ACCA and the Environment Council Workshop". *Certified Accountants Educational Trust*. London.
- AccountAbility (2011). *AA1000 Stakeholder Engagement Standard 2011 Final Exposure Draft*, AccountAbility. Available from: <http://www.accountability.org/images/content/3/6/362/AA1000SES%202010%20PRIN T.PDF> [Accessed at: 25 June 2015]
- Adams, C.A. (1999). "The Nature and Processes of Corporate Reporting on Ethical Issues", *CIMA*, London, pp. 1-64.
- Adams, C. A. (2001). "A critique of reporting on ethical, social and environmental issues: the case of ICI". *Internet Proceedings of Third APRIA Conference*. Adelaide: Adelaide University School of Commerce.
- Adams, C. A. (2002). "Internal organizational factors influencing corporate social and ethical reporting", *Accounting, Auditing & Accountability Journal*, Vol.15 No.2, pp.223–250.
- Adams, C. A. (2004). "The ethical, social and environmental reporting-performance portrayal gap", *Accounting, Auditing & Accountability Journal*, Vol.17 No.5, pp.731-757.
- Adams, C.A. and Harte, G. (1998). "The changing portrayal of the employment of women in British banks' and retail companies' corporate annual reports". *Accounting, Organization and Society*, Vol. 23 No.8, pp. 781–812.
- Adams, C. A., Coutts, A. and Harte, G. (1995) "Corporate equal opportunities (non-) disclosure". *The British Accounting Review*, Vol. 27 No.2, pp. 87-108.
- Adams, C. and Evans, R. (2004), "Accountability, Completeness, Credibility and the Audit Expectations Gap", *Journal of Corporate Citizenship*, Issue 14 (Summer), pp. 97-115.
- Adams, C. A. and Larrinaga-González, C. (2007). "Engaging with organizations in pursuit of improved sustainability accounting and performance", *Accounting, Auditing & Accountability Journal*, Vol. 20 No.3, pp. 333-355.
- Adams, C.A. and McNicholas, P. (2007). "Making a difference: Sustainability reporting, accountability and organizational change". *Accounting, Auditing and Accountability Journal*, Vol. 20 No. 3, pp. 382–402.

- Alam, J. and Johnson, K. (2013). "Big brands rejected Bangladesh factory safety plan". *AP News*. [Online] 26 April. Available from: <http://news.yahoo.com/big-brands-rejected-bangladesh-factory-safety-plan-122206229.html> [Accessed: 28 June, 2015]
- Aldrich, H. E. and Pfeffer, J. (1976). "Environments of organizations." *Annual Review of Sociology* Vol. 2, pp.79-105.
- Aldrich, H. E. and Fiol, C. M. (1994). "Fools rush in? The institutional context of industry creation." *Academy of Management Review* Vol.19 No.4, pp. 645-670.
- Al-khater, K. and Naser, K. (2003). "Users' perceptions of corporate social responsibility and accountability: Evidence from an emerging economy". *Managerial Auditing Journal*, Vol. 18 No.6/7, pp. 538–548.
- Allwood, C. K., Laursen, S. E., De Rodriguez, C. M. and Bocken, N. M. P. (2006). *Well Dressed? The Present and Future Sustainability of Clothing and Textiles in the United Kingdom*. [Online] IFM, Available from: <http://www.ifm.eng.cam.ac.uk/resources/sustainability/well-dressed>. [Accessed 23 July, 2014]
- Anderson, T. R. and Warkov, S. (1961). "Organizational size and functional complexity: A study of administration in hospitals." *American Sociological Review* Vol. 26, pp. 23-28.
- Andrew, B.H., Gul, F.A., Guthrie, J.E. and Teoh, H. Y. (1989). "A Note on Corporate Social Disclosure Practices in Developing Countries: The Case of Malaysia and Singapore", *British Accounting Review*, Vol. 21 No.4, pp. 371–76.
- Aragon-Correa, J. A. and Sharma, S. (2003). "A contingent resource-based view of proactive corporate environmental strategy." *Academy of Management Review*, Vol. 28 No.1, pp. 71-88.
- Arnold, P. (1990). "The State and Political Theory in Corporate Social Disclosure Research: A Response to Guthrie and Parker", *Advances in Public Interest Accounting*, Vol.3 No.2, pp. 177–81.
- Ashforth, B. E. and Gibbs, B. W. (1990). "The double-edge of organizational legitimation." *Organization Science*, Vol. 1, No.2, pp. 177-194.
- Atkinson, A. A. and Shaffir, E. (1998). "Standards for field research in management accounting." *Journal of Management Accounting Research*, Vol. 10, pp. 1–39.
- Azzone, G., Brophy, M., Noci, G., Welford, R. and Young, W. (1997). "A stakeholders' view of environmental reporting" *Long Range Planning*, Vol. 30 No.5, pp 699.
- Baker, M. (2010). "Re-conceiving managerial capture", *Accounting, Auditing & Accountability Journal*, Vol. 23 No.7, pp. 847 – 867.
- Ball, A. (2005). "Environmental accounting and change in UK local government", *Accounting, Auditing & Accountability Journal*, Vol. 18 No. 3, pp. 46-373.

- Ball, A. (2007). "Environmental accounting and change: exploring the institutional toolkit", *Proceedings of the 5th Asian-Pacific Interdisciplinary Research in Accounting Conference*, Auckland, July 8-10, pp. 8-10.
- Ball, A., Owen, D.L. and Gray, R. (2000). "External transparency or internal capture? The role of third-party statements in adding value to corporate environmental reports", *Business Strategy and the Environment*, Vol. 9 No. 1, pp. 1-23.
- Ball, A. and Milne, M. J. (2005). Sustainability and Management Control. In Berry, A. J., Broadbent, J. and Otley, D. T. eds. *Management Control: Theory, issues and practices*, London: Macmillan.
- Banerjee, S.B. (2007). "Corporate social responsibility: the good, the bad and the ugly". Cheltenham: Edward Elgar.
- Banerjee S. B. (2008). "Corporate social responsibility: the good, the bad and the ugly". *Critical Sociology*, Vol. 34 No.1, pp. 51–79.
- BUP (2002). "Bangladesh Citizens' Perspective on Sustainable Development" [Online] *Bangladesh Unnayan Parishad (BUP)*, August 2002 Available from: http://ipcc-wg2.gov/njlite_download.php?id=5923 [Accessed: 26 April 2013]
- MoEF (2008). *Bangladesh Climate Change Strategy and Action Plan 2008* [Online] Bangladesh. Ministry of Environment And Forests, September 2008, Available from: <http://www.sdnbd.org/moef.pdf> [Accessed: 22 June 2015]
- MoEF (2012). *Rio + 20: National Report on Sustainable Development* [Online] Bangladesh. Ministry of Environment And Forests May 2012. Available from: <https://sustainabledevelopment.un.org/content/documents/981bangladesh.pdf> [Accessed: 14 January 2014]
- Baron, D. P. (1995). "Integrated strategy: Market and nonmarket components." *California Management Review* Vol. 37 No.2, pp. 47-65.
- BDNews24.com (2014). "Bangladesh's per capita income \$1,190". [Online] *BDNews24*, Available from: <http://bdnews24.com/economy/2014/05/21/bangladesh-s-per-capita-income-1190> [Accessed: 11 November, 2014]
- Bebbington, J., (1997). "Engagement, Education and Sustainability: a review essay on environmental accounting" *Accounting, Auditing and Accountability Journal*, Vol. 10 No. 3, pp. 365-381.
- Bebbington, J. (2001). "Sustainable development: A review of the international development, business and accounting literature". *Accounting Forum*, Vol. 25 No. 2, pp. 128–157.
- Bebbington, J. and Gray, R. (2001). "An account of sustainability: Failure, success and a reconceptualization". *Critical Perspectives on Accounting*, Vol. 12 No.5, pp. 557-588.
- Bebbington, J., Higgings, C. and Frame, B. (2009) "Initiating sustainable development reporting: Evidence from New Zealand", *Accounting, Auditing and Accountability Journal*, Vol.22 No.4, pp. 588–625

- Beddewela, E. and Herzig, C. (2013). "Corporate social reporting by MNCs' subsidiaries in Sri Lanka". *Accounting Forum*, Vol. 37 No.2, pp. 135–149.
- Beder, S. (2002) "*Global Spin – The Corporate Assault on Environmentalism*", Dartington, Devon: Green Books.
- Belal, A. R. (1997). "Green reporting practices in Bangladesh". *The Bangladesh Accountant* January-March, pp. 107-115.
- Belal, A. R. (2000). "Environmental reporting in developing countries: Empirical evidence from Bangladesh". *Eco-Management and Auditing*, Vol. 7 No.3, pp. 114–121.
- Belal, A. R. (2001). "A study of corporate social disclosures in Bangladesh" *Managerial Auditing Journal* Vol. 16 No.5, pp. 274-289.
- Belal, A. R. (2002). "Stakeholder Accountability or Stakeholder Management: A Review of UK Firms' Social and Ethical Accounting, Auditing and Reporting (SEAAR)", *Corporate Social Responsibility and Environmental Management*, Vol. 9 No.1, pp. 8–25.
- Belal, A. R. (2008). "Corporate social responsibility reporting in developing countries: The case of Bangladesh", London: Ashgate.
- Belal, A.R., Khan, N.A. and Alam, S.A. (1998) "Industrial Pollution and the Environment in Bangladesh: An Overview" *Asian Journal of Environmental Management*, Vol. 6 No.2, pp.115-123.
- Belal, A. R. and Owen, D.L.(2007) "The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh", *Accounting, Auditing & Accountability Journal*, Vol. 20 No. 3, pp. 472 – 494.
- Belal, A. R. and Momin, M. (2009). "Corporate social reporting (CSR) in emerging economies: a review and future direction". *Research in accounting in emerging economies*, Vol. 9, pp. 119-143.
- Belal, A. and Roberts, R. (2010). "Stakeholders' perceptions of corporate social reporting in Bangladesh". *Journal of Business Ethics*, Vol. 97 No.2, pp. 311–324.
- Belal, A., Kabir, M. R., Cooper, S., Dey, P., Khan, N., Rahman, T. and Ali, M. 2010). "Corporate Environmental and Climate Change Disclosures: Empirical Evidence From Bangladesh". *Research in Accounting in Emerging Economies*, Vol. 10, pp. 145-167.
- Belal, A. R. and Cooper, S. (2011) "The Absence of Corporate Social Responsibility Reporting in Bangladesh", *Critical Perspectives on Accounting*, Vol. 22 No. 8, pp. 654-667.
- Belal, A. R., Cooper, S. M. and Roberts, R. W. (2013) "Vulnerable and exploitable: The need for organisational accountability and transparency in emerging and less developed economies". *Accounting Forum* Vol. 37 No. 2, pp. 81 – 91.

Belal, A. R., Cooper, S. M. and Khan N. A. (2015a) "Corporate environmental responsibility and accountability: What chance in vulnerable Bangladesh?" *Critical Perspectives on Accounting* Vol. 33, pp. 44–58

Belal, A. R., Abdelsalam, O. and Nizamee, S. S. (2015b) "Ethical Reporting in Islami Bank Bangladesh Limited (1983–2010)" *Journal of Business Ethics* Vol. 129 No. 4, pp. 769–784

Belal, A. and Owen, D. (2015). "The rise and fall of corporate social responsibility reporting in a multinational subsidiary in Bangladesh: a longitudinal case study." *Accounting, Auditing & Accountability Journal*, Vol. 28 No.7

Berrone, P., Gelabert, L. and Fosfuri, A. (2009). "The impact of symbolic and substantive actions on environmental legitimacy" *Working paper*, January, IESE Business School, University of Navarra.

BGMEA (2011). *Factory Growth in BD [Graphic Presentation]*. [Online] Available from: [http://www.bgmea.com.bd/chart test/factory growth in bangladesh](http://www.bgmea.com.bd/chart_test/factory_growth_in_bangladesh) [Accessed: April 16, 2015]

Birchall, J. and Kazmin, A. (2010). "Western Brands in Bangladesh Safety Push", *The Financial Times* [Online] 19 December, Available from: <http://www.ft.com/cms/s/0/128667c4-0b21-11e0-9b58-00144feabdc0.html#axzz3yHdTkR00> [Accessed: 29 October, 2013]

Blau, P. M. (1970). "A formal theory of differentiation in organizations." *American Sociological Review*, Vol. 35, pp. 201-218.

Blau, P. M. and Schoenherr, R. A. (1971). *The structure of organisations*, Basic Books New York.

BAPPG (2013) *After Rana Plaza: A report into the readymade garment industry in Bangladesh*. [Online] *British Bangladesh All Party Parliament Group*, Available from: [http://www.annemain.com/pdf/APPG Bangladesh Garment Industry Report.pdf](http://www.annemain.com/pdf/APPG_Bangladesh_Garment_Industry_Report.pdf) [Accessed: 6 May, 2015]

Broadbent, J., Jacobs, K. and Laughlin, R. (2001). "Organisational resistance strategies to unwanted accounting and finance changes: the case of general medical practice in the UK." *Accounting, Auditing & Accountability Journal* Vol. 14 No. 5, pp. 565-586.

Brockhoff, K. (1979). "A note on external social reporting by German companies: A survey of 1973 company reports". *Accounting, Organizations and Society*, Vol. 4 No.1–2, pp. 77–85.

Brown, G. (2011). *Corporate Social Responsibility: What is it good for?* [Online] 2 May, Available from: <http://www.ishn.com/articles/90824-corporate-social-responsibility-what-is-it-good-for>. [Accessed 29 June 2015]

Brown, N. and Deegan, C. (1999). "The Public Disclosure of Environmental Performance Information – a Dual Test of Media Agenda Setting Theory and Legitimacy Theory", *Accounting and Business Research* Vol. 29 No.1, pp. 21–41.

- Bryman, A. (2008). *Social research methods*. Oxford university press. Incorporated, Oxford
- Bryman, A. and Bell, E. (2007) *Business research methods*, 2nd Edition, Oxford university press: UK
- Buccina, S., Chene, D., and Gramlich, J. (2013). "Accounting for the environmental impacts of Texaco's operations in Ecuador: Chevron's contingent environmental liability disclosures". *Accounting Forum* Vol. 37 No.2.
- Buhr, N. (1998). "Environmental performance, legislation and annual report disclosure: the case of acid rain and Falconbridge", *Accounting, Auditing & Accountability Journal*, Vol.11 No.2, pp.163-190.
- Buhr, N. (2002). "A structuration view on the initiation of environmental reports". *Critical Perspectives on Accounting*, Vol. 13 No.1, pp. 17–38.
- Buhr, N. (2007). Histories of and rationales for sustainability reporting. In: Unerman, J., Bebbington, J. and O'Dwyer, B. eds. *Sustainability accounting and sustainability*. Oxon: Routledge, pp. 57-69.
- Buhr, N. and Reiter. S. (2006), "Ideology, the environment and one worldview: A discourse analysis of Noranda's environmental and sustainable development reports", *Advances in Environmental Accounting and Management*. Vol. 3, pp. 1-48.48
- Burrell, G. and Morgan, G. (1979) *Sociological Paradigms and Organizational Analysis*. London: Heinemann.
- Burritt, R. (2004). "Environmental Management Accounting: Roadblocks on the Way to the Green and Pleasant Land". *Business Strategy and the Environment*, Vol. 13, pp. 13-32.
- C & A (2014) "Corporate Responsibility Report: Everyday, everywhere, everyone". [Online] C & A, Available from: https://www.c-and-a.com/de/de/corporate/fileadmin/user_upload/Assets/2_Sustainability/2.1.6/C_A_Euro_pcan_CR_Report_2014_web.pdf [Accessed: 3 April, 2015]
- Caleca, A. R. (2014). "The Effects of Globalization on Bangladesh' s Ready-Made Garment Industry: The High Cost of Cheap Clothing" *Brooklyn Journal of International Law* Vol. 40 No. 1, pp. 281-320.
- Campbell, D. (2003). "Intra-and inter-sectorial effects in environmental disclosures: evidence for legitimacy theory?" *Business Strategy and the Environment* Vol. 12, pp. 357–371.
- Campbell, D. (2004). "A longitudinal and cross-sectional analysis of environmental disclosure in UK companies – a research note". *The British Accounting Review* Vol. 36 No.1, pp.107–17.
- Campbell, J. L. (2004). *Institutional change and globalization*, Princeton, NJ: Princeton University Press

- Campbell, J. L. (2007). "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility." *Academy of Management Review* Vol. 32 No.3, pp. 946-967.
- Carpenter, V. L. and Feroz, E. H. (2001). "Institutional theory and accounting rule choice: an analysis of four US state governments' decisions to adopt generally accepted accounting principles." *Accounting, Organizations and Society* Vol. 26 No.7, pp. 565-596.
- CC (2009-10). *Corporate Sustainability Report 2009-10*. CC.
- CC (2010-11). *Corporate Sustainability Report 2010-11*. CC.
- CC (2011-12). *Corporate Sustainability Report 2011-12*. CC.
- CC (2010). *Carbon Footprint Report 2009-10*. CC.
- CC (2014). *Carbon Footprint Report 2014*. CC.
- CC (2010). *Corporate Profile*. CC.
- CC (2011). *Environmental Manual: Environmental Policy and Objective*. CC.
- CPD (2013) *Annual Report 2013* [Online] *Centre for Policy Dialogue* Available from: <http://cpd.org.bd/index.php/about-us/5> annual-reports/ [Accessed: 11 November, 2015]
- Chan, C. C. and Milne, M. J. (1999). "Investor reactions to corporate environmental saints and sinners: An experimental analysis". *Accounting and Business Research*, Vol. 29 No.4, pp. 265-9.
- Chapman, C. S., Cooper, D. J. and Miller, P. (2009). Linking accounting, institutions and organizations, In: Chapman, C. S., Cooper, D. J. and Miller, P. eds. *Accounting, Organizations, and Institutions: Essays in Honor of Anthony Hopwood*. Oxford, UK: Oxford University Press, pp. 1-29.
- Cho, C. H. (2009). "Legitimation Strategies Used in Response to Environmental Disaster: A French Case Study of Total S.A.'s Erika and AZF Incidents". *European Accounting Review*, Vol. 18 No.1, pp. 33-62.
- Chua, W. F. (1986). "Radical developments in accounting thought", *The Accounting Review*, Vol.61 No.4, pp. 601-32.
- CIA (2014). *The World Factbook* [Online] *Central Intelligence Agency*, Available from: <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html> [Accessed: 21 June, 2015]
- CCC (2012). "Hazardous workplaces: Making the Bangladesh Garment industry safe" [Online] *Clean Clothes Campaign* Available from: <http://www.cleanclothes.org/resources/publications/2012-11-hazardousworkplaces.pdf> [Accessed: 3 February, 2015]

CCC (2013) *Bangladesh Minimum Wage* [Online] *Clean Clothes Campaign* Available from: <http://www.cleanclothes.org/livingwage/bangladesh-minimum-wage> [Accessed: 11 November, 2015]

CCC (2015) *A Living Wage = A Human Right* [Online] *Clean Clothes Campaign* Available from: <http://www.cleanclothes.org/livingwage> [Accessed: 11 November, 2015]

Coburn, C. E. (2004). "Beyond decoupling: Rethinking the relationship between the institutional environment and the classroom". *Sociology of Education*, Vol. 77 No.3, pp. 211–244.

Collins, E., Kearins, K. and Roper, J. (2005). "The risks of relying on stakeholder engagement for the achievement of sustainability", *Electronic Journal of Radical Organization Theory*, Vol. 9 No. 1, pp. 1-20.

Collison, D. J. (2003). "Corporate propaganda: its implications for accounting and accountability". *Accounting Auditing and Accountability Journal*, Vol. 16 No.5, pp. 853-886.

Contrafatto, M. (2009). *Il social environmental reporting e le sue motivazioni: Teoria, analisi empirica e prospettive*. Milan: Giuffrè.

Contrafatto, M. (2014). "The institutionalization of social and environmental reporting: An Italian narrative". *Accounting, Organizations and Society*, Vol. 39 No.6, pp. 414-432.

Cooper, C., Neu, D., and Lehman, G. (2003). "Globalisation and its Discontents: A Concern about Growth and Globalization". *Accounting Forum*, Vol. 27 No.4, pp. 359-64.

Cooper, S. and Owen, D. (2014), Independent Assurance of sustainability reports. In: Bebbington, J., Unerman, J., O'Dwyer, B. eds. *Sustainability Accounting and Accountability*, pp. 72.

Ball, A., Owen, D.L. and Gray, R. (2000), "External transparency or internal capture? The role of third-party statements in adding value to corporate environmental reports", *Business Strategy and the Environment*, Vol. 9 No. 1, pp. 1-23.

Cooper, S. M., and Owen, D. L. (2007). "Corporate social reporting and stakeholder accountability: The missing link". *Accounting, Organizations and Society*, Vol. 32 No.7, pp. 649-667.

Coopers and Lybrand (1995). "Environmental management services: A survey of major Australian organizations". Sydney: coopers and Lybrand Consultants.

Creswell, J. (1998). *Qualitative inquiry and research design: Choosing among five traditions*. London: Sage Publications.

Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches*. SAGE, Thousand Oaks.

- Dacin, M. T. (1997). "Isomorphism in context: The power and prescription of institutional norms." *Academy of Management Journal* Vol.40 No.1, pp. 46-81.
- Daly, H. E. (1977). *Steady-State Economics*, San Francisco: Freeman.
- Darnall, N., Seol, I. and Sarkis, J. (2009). "Perceived stakeholder influences and organizations' use of environmental audits", *Accounting, Organisations and Society*, Vol. 34 No. 2, pp. 170-187.
- Dawkins, J. and Lewis, S. (2003). "CSR in stakeholder expectations and their implication for company strategy". *Journal of Business Ethics*, Vol. 44 No.2-3, pp. 185-93.
- De Lardereel Aloisi, J. (2009). Sustainable Development: The Role of Business, In: Krishna, K. T eds. *Public Administration and Public Policy*, Eolss Publishers Co Ltd, Vol. II, pp. 276-297.
- de Loo, I., and Lowe, A. (2012). "Authoritative interpretation in understanding accounting practice through case research." *Management Accounting Research*, Vol. 23 No.1, pp. 3-16.
- de Villiers, C. (1999). "Corporate social reporting in South Africa". *Social and Environmental Accounting*, Vol. 19 No.2, pp. 5–7.
- de Villiers, C., and van Staden, C. J. (2006). "Can less environmental disclosure have a legitimizing effect? Evidence from Africa". *Accounting, Organizations and Society*, Vol. 31 No.8, pp.763–781.
- Deegan C. and Islam, M. (2009). "NGO's Use of the Media to Create Changes in Corporate Activities and Accountabilities: Evidence from a Developing Country", *European Accounting Association Conference*, Tampere, 12-15 May, Accounting & Finance Association of Australia and New Zealand (AFAANZ), Adelaide, 5- 7 July.
- Deegan, C. (1996). Environmental reporting for Australian corporations: An analysis of contemporary Australian and overseas environmental reporting practices. *Environment and Planning Law Journal*, Vol. 13 No.2, pp. 120-32.
- Deegan C. (2002). "The legitimising effect of social and environmental disclosures – a theoretical foundation". *Accounting, Auditing and Accountability Journal*; Vol. 15 No. 3, pp. 282–311.
- Deegan, C. (2007), *Australian Financial Accounting*, 5th edition, McGraw Hill Australia Pty Ltd, Sydney.
- Deegan, C. (2008). "Environmental Costing in Capital Investment Decisions: Electricity Distributors and the Choice of Power Poles". *Australian Accounting Review*, Vol. 18 No.1, pp. 2-15.
- Deegan, C. and Rankin, M. (1997). "The materiality of environmental information to users of annual reports". *Accounting, Auditing and Accountability Journal*, Vol. 10 No.4, pp. 562-83.

- Deegan, C. and Soltys, S. (2007). "Social accounting research: An Australasian perspective". *Accounting Forum*, Vol. 31 No.1, pp. 73–89.
- Deegan, C., Rankin, M. and Voght, P. (2000). "Firms' disclosure reactions to major social incidents: Australian evidence". *Accounting Forum*, Vol. 24 No.1, pp. 101-30.
- Deegan, C., Rankin, M., and Tobin, J. (2002). "An Examination of the Corporate Social and Environmental Disclosures BHP from 1983-1997: A Test of Legitimacy Theory". *Accounting, Auditing & Accountability Journal*, Vol. 15 No.3, pp. 312-43.
- Deegan, C. and Blomquist, C. (2006). "Stakeholder Influence on Corporate Reporting: An Exploration of the Interaction between WWF-Australia and the Australian Minerals Industry", *Accounting, Organizations and Society*, Vol. 31, pp.343–72.
- Deegan, C., Cooper, B. J., and Shelly, M. (2006). "An investigation of TBL report assurance statements: UK and European evidence". *Managerial Auditing Journal*, Vol. 21 No.4, pp. 329–371.
- Delmas, M. (2002). "The Diffusion of Environmental Management Standards in Europe and the United States: An Institutional Perspective", *Policy Sciences* Vol. 35, pp. 91–119.
- Delmas, M. and Montes-Sancho, M. (2010). "Voluntary Agreements to Improve Environmental Quality: Symbolic and Substantive Cooperation". *Strategic Management Journal*, Vol. 31 No.6, pp.575-601.
- Denzin, N. K. (1970). "*The research act in Sociology*." Chicago :Aldine.
- Dey, C. (2007). "Social accounting at Traidcraft plc: A struggle for the meaning of fair trade". *Accounting, Auditing and Accountability Journal* Vol. 20, pp. 423–445.
- Dickson, M. A., Waters. Y. and Lopez-Gydos, D. (2012). "Stakeholder Expectation for Environmental Performance within the Apparel Industry-The Urgency of Business Response". *Journal of Corporate Citizenship* Spring 2012, pp. 37-51.
- Dierkes, M. and Preston, L.E. (1977). "Corporate Social Accounting and Reporting for the Physical Environment: A Critical Review and Implementation Proposal", *Accounting, Organizations and Society*, Vol. 2 No.1, pp. 3–22.
- DiMaggio, P. J. (1988). "Interest and agency in institutional theory." *Institutional patterns and organizations: Culture and environment* Vol.1 No. 3, pp-22.
- DiMaggio P. J. and Powell W. W. (1983). "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields". *American Sociological Review*, Vol.48 pp.147–160.
- DiMaggio, P. J. and Powell, W. W. (1991). *The new institutionalism in organizational analysis*, University of Chicago Press Chicago, IL.
- Disu, A., and Gray, R. (1998). "An exploration of social reporting and MNCs in Nigeria". *Social and Environmental Accounting*, Vol. 18 No.2, pp. 13–15.

- Dobbin, F., Schrage D. and Kalev, A. (2009). "Someone to watch over me: Coupling, decoupling, and unintended consequences in corporate equal opportunity", *Working Paper*, Department of Sociology, Harvard University, Cambridge, MA.
- Dowling, J. and Pfeffer, J. (1975). "Organizational legitimacy: Social values and organizational behavior." *Pacific sociological review*: Vol.18, pp.122-136.
- Downey P. R. (2002). "The essential stakeholder dialogue". *Corporate Social Responsibility and Environmental Management* Vol. 9, pp.37–45.
- Dryzek, J. S. (1997). *The politics of the Earth. Environmental discourses*. New York: Oxford University Press.
- Dutta, P. and Bose, S. (2007). "Corporate social and environmental reporting on corporate websites: A study on listed companies of Bangladesh". *The Cost and Management* Vol. 35 No.4, pp. 31–49.
- Dyllick, T. and Hockerts, K. (2002). "Beyond the business case for corporate sustainability", *Business strategy and the environment*, Vol. 11, No.2, pp. 130-141.
- Easterby-Smith, M., Thorpe, R. and Lowe, A. (1991). *Management Research: An Introduction*, Sage: London.
- Eccles, R. G. and Krzus, M. P. (2010). *One report: Integrated reporting for a sustainable strategy*, New Jersey: John Wiley & Sons.
- Economist (2012). Bangladesh: Out of the basket. [Online] *Economist*, 3 November. Available from: <http://www.economist.com/news/leaders/21565627-lessons-achievements%E2%80%94yes-really-achievements%E2%80%94bangladesh-out-basket> [Accessed: 28 June, 2015]
- Eden, S. (1994). "Using sustainable development: The business case", *Global Environmental Change*, Vol. 4, No. 2, pp.160–167.
- Eden, L. and Lenway, S. (2001). "Introduction to the symposium multinationals: The Janus face of globalization". *Journal of International Business Studies*, Vol. 32, No.3, pp. 383-400. [Online] Available from: <http://www.voxprof.com/eden/Publications/eden-lenway-intro-JIBS-symposium-JANUS.pdf> [Accessed: 30 June, 2015]
- Elsbach, K. D. and Sutton R. I. (1992) "Acquiring -organizational legitimacy through illegitimate actions: A marriage of institutional and impression management theories." *Academy of Management Journal*, Vol. 35, pp. 699-738.
- Ernst and Ernst (1978), Social Responsibility Disclosure: 1978 Survey, *Ernst and Ernst*, Cleveland, Ohio.
- Feldman, S. (1992). Crisis, Islam, and Gender in Bangladesh: The Social Construction of a Female Labor Force. In: *Unequal Burden: Economic Crises, Persistent Poverty, and Women's Work* eds. Beneria, L. and Feldman, S. Boulder: Westview Press.
- FIDH (2008) *Bangladesh Labour Rights in the Supply Chain and Corporate Social Responsibility* [Online] International Federation for Human Rights, June 2008.

Available from: <https://www.fidh.org/IMG/pdf/bq062008en.pdf> [Accessed 1 April, 2013].

Fiss, P. and Zajac, E. J. (2006). "The symbolic management of strategic change: Sense giving via framing and decoupling." *Academy of Management Journal* Vol. 49 No.6, pp. 1173–1193.

Fogarty, T. J. (1996). "The imagery and reality of peer review in the US: Insights from institutional theory." *Accounting, organizations and society* Vol. 21 No.2, pp. 243-267.

Fortanier, F., Kolk, A. and Pinkse, J. (2011). "Harmonization in CSR reporting MNEs and global CSR standards". *Management International Review*, Vol. 51 No.5, pp. 665–696.

Freeman, J. H. (1973). "Environment, technology, and the administrative intensity of manufacturing organizations." *American Sociological Review*: Vol. 38, pp. 750-763.

Friedman, A. L. and S. Miles (2001), "Socially Responsible Investment and Corporate Social and Environmental Reporting in the UK: An Exploratory Study", *The British Accounting Review* Vol.33 No.4, pp. 523–548.

Gallhofer, S. and Haslam, J. (1997) "The direction of green accounting policy: critical reflections". *Account Audit Accountability Journal* Vol.10 No.2, pp.148–74.

Gallhofer, S. and Haslam, J. (2006). "The accounting–globalisation interrelation: An overview with some reflections on the neglected dimension of emancipatory potentiality". *Critical Perspectives on Accounting*, Vol. 17 No.7, pp. 903-934.

Gallhofer, S., Haslam, J., and vander Walt, S. (2011). "Accountability and transparency in relation to human rights: A critical perspective reflecting upon accounting, corporate responsibility and ways forward in the context of globalization". *Critical Perspectives on Accounting*, Vol. 22, pp. 765–780.

Gao, S. S., Heravi, S. and Xiao, J. Z. (2005). "Determinants of corporate social and environmental reporting in Hong Kong: A research note". *Accounting Forum*, Vol. 29 No.2, pp. 233–242.

Gaskell, G. (2000) Individual group interviewing. In: Gaskell, G. and Bauer, M. W. eds. *Qualitative Researching with Text, Image and Sound: A Practical Handbook*, London: Sage, pp. 38-56.

Geddes, M. (1992) The social audit movement, In *Green Reporting: Accountancy and the Challenge of the Nineties*. In: Owen D eds. Chapman and Hall: London, pp. 215–241

Georgakopoulos, G. and Thomson, I. (2008). "Social reporting, engagements, controversies and conflict in an arena context". *Accounting, Auditing and Accountability Journal*, Vol. 21 No.8, pp. 1116–1143.

Gladwin T. N. (1993). The meaning of greening: A plea for organizational theory. *In: Fischer K. and Schot J. eds. Environmental strategies for industry.* Washington, DC: Island Press, pp. 37–62.

Gladwin, T.N., J.J. Kennelly and T.S. Krause (1995), "Shifting paradigms for sustainable development: Implications for management theory and research", *Academy of Management Review*, Vol. 20, pp. 874–907

GRI (2011) *GRI Technical Protocol* [Online] Global Reporting Initiative Available from: <https://www.globalreporting.org/resourcelibrary/GRI-Technical-Protocol.pdf> [Accessed: 12 September, 2015]

GRI (2013a) *The external assurance of sustainability reporting* [Online] Global Reporting Initiative Available from: <https://www.globalreporting.org/resourcelibrary/GRI-Assurance.pdf> [Accessed: 2 September, 2015]

GRI (2013b) *GRI Application Level Check Methodology* [Online] Global Reporting Initiative Available from: <https://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf> [Accessed: 7 October, 2015]

GRI (2000-11) *Sustainability Reporting Guideline.* [Online] Global Reporting Initiative Available from: <https://www.globalreporting.org/resourcelibrary/G3.1-Guidelines-Incl-Technical-Protocol.pdf> [Accessed: 3 July, 2015]

GRI (2011) *Annual Report 2011/2012* [Online] Available from: <https://www.globalreporting.org/resourcelibrary/GRI-Annual-Report-2011-2012.pdf> [Accessed: May 22, 2015]

Goffman, E. (1967) *Interaction ritual: Essays on face-to-face behavior.* Garden City, NY: Doubleday/Anchor.

Goldman Sachs (2005) *How solid are BRICs?* [Online] Global Economics Paper No: 134, Available from: <http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/how-solid.pdf> [Accessed: 22 April 2013]

Goodrick, E. and Salancik, G. (1996), "Organizational Discretion in Responding to Institutional Practices: Hospitals and Cesarean Births", *Administrative Science Quarterly* Vol. 41 No.1, pp. 1–28.

Gopinath, C. (2012) "A systems framework for globalization". *International Journal of Business and Globalization*, Vol.8 No.3, pp. 316-330.

Gouldner, A. W. (1954). "*Patterns of industrial bureaucracy*". Glencoe, IL: Free Press.

Granovetter, M. (1985). "Economic action and social structure: the problem of embeddedness." *American Journal of Sociology*, Vol.91, pp. 481-510.

Gray, R. (2000). "Current developments and trends in social and environmental auditing, reporting and attestation: a review and comment". *International Journal of Auditing*, Vol. 4, pp. 247-268.

Gray, R. (2002a), "The Social Accounting Project and Accounting Organizations and Society: Privileging Engagement. Imaginings, New Accountings and Pragmatism over Critique". *Accounting Organizations and Society*, Vol. 27 No. 7, pp. 687-708.

Gray, R. (2002b). "Of messiness, systems and sustainability: Towards a more social and environmental finance and accounting". *British Accounting Review*, Vol. 34, pp.357–386.

Gray, R. (2006a) "Does sustainability reporting improve corporate behavior? Wrong question? Right time?" *Accounting and Business Research*, Vol. 36 No. 1 (Special issue), pp. 65–88.

Gray, R. (2006b) "Social, environmental and sustainability reporting and organizational value creation? Whose value? Whose creation?" *Accounting, Auditing and Accountability Journal*, Vol. 19 No.6, pp. 793-819.

Gray, R. (2010). "Is accounting for sustainability actually accounting for sustainability.... and How would we know? An exploration of narratives of organizations and the planet." *Accounting, Organizations and Society*, Vol. 35 No.1, pp. 47–62.

Gray, R., Owen, D. and Maunders, K.T. (1987) *Corporate social reporting: accounting and accountability*. Hemel Hempstead: Prentice Hall.

Gray R., Owen D. and Maunders K. (1988). "Corporate social reporting: emerging trends in accountability and the social contract". *Accounting, Auditing and Accountability Journal* Vol. 1 No.1, pp. 6–20.

Gray, R. and Kouhy, R. (1993). "Accounting for the environment and sustainability in lesser developed countries: An exploratory note". *Research in Third World Accounting*, Vol. 2, pp. 387–399.

Gray, R., Kouhy, R. and Lavers, S. (1995a). "Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure". *Accounting, Auditing and Accountability Journal*, Vol. 8 No.2, pp. 47–77.

Gray, R., Kouhy, R., and Lavers, S. (1995b). "Methodological themes: Constructing a research database of social and environmental reporting by UK companies". *Accounting, Auditing and Accountability Journal*, Vol. 8 No.2, pp. 78–101.

Gray, R., Owen, D. and Adams, C. (1996) *Accounting and accountability: Changes and challenges in corporate social and environmental reporting*. London: Prentice-Hall.

Gray, R., Dey, C., Owen D., Evans, R. and Zadek, S. (1997). "Struggling with the praxis of social accounting: stakeholders, accountability, audits and procedures" *Accounting, Auditing and Accountability Journal*, Vol. 10 No.3, pp. 325-364.

Gray, R., Collison, D. and Bebbington, J. (1998). "Environmental and social accounting and reporting". *Financial Reporting Today*, pp. 179-214.

Gray, R. and Bebbington, J. (2000) *Environmental Accounting, Managerialism And Sustainability: Is The Planet Safe In The Hands Of Business And Accounting? In:*

- Jaggi, B. and Frrredman, M. eds. *Advances in Environmental Accounting and Management*, Bingley: Emerald, pp. 1 – 44
- Gray, R., and Milne, M. J. (2002). “Sustainability reporting: who's kidding whom?” *Chartered Accountants Journal of New Zealand*, Vol. 81 No.6, pp. 66-70.
- Gray, R. H. and Milne, M. J. (2004) Towards Reporting on the Triple Bottom Line: Mirages, Methods and Myths. In: A. Henriques and J. Richardson eds. *The Triple Bottom Line: Does it all Add Up?* London: Earthscan, pp. 70–80.
- Gray, R. and Bebbington, K. J. (2007) Corporate sustainability: Accountability and the pursuit of the impossible dream. In: Atkinson Dietz, G. S. and Neumeyer, E. eds. *Handbook of Sustainable Development*. London: Edward Elgar.
- GreenGrade (2014) “*GreenGrade Stories - The unspoken reality of two garment hubs – Bangladesh & Cambodia*” [Online] GreenGrade, 27 January, Available from: <https://www.greengrade.co.uk/blogs/the-unspoken-reality-of-two-garment-hubs-bangladesh-cambodia> [Accessed: 19 September, 2015]
- Greenwood, R. and Hinings, C. (1996) “Understanding Radical Organizational Change: Bringing Together the Old and the New Institutionalism”, *The Academy of Management Review* Vol. 21 No.4, pp. 1022–1054.
- Guthrie, J. (1982). “Social Accounting in Australia: Social Responsibility Disclosure in the Top 150 Listed Australian Companies’ 1980 Annual Reports”. *Unpublished Masters Dissertation*, West Australian Institute of Technology.
- Guthrie, J. (1983), “Corporate Social Accounting and Reporting: An Empirical Study”, paper presented at the *AAANZ Conference*, 31 August–3 September, Griffith University.
- Guthrie, J. and Parker, L. (1989), “Corporate Social Reporting: A Rebuttal of Legitimacy Theory”, *Accounting and Business Research*, Vol. 19 No.76, pp. 343–52.
- Habib, R. I. (2009) “Backward Linkage in Readymade Garments Industry of Bangladesh: Appraisals and Policy Implications”. *Journal of Textile and Apparel Technology and Management*, Vol. 6 No. 2, pp. 1-11.
- Hajer, M. A. (1997). *The Politics of environmental discourse. Ecological modernization and the policy process*. Oxford: Clarendon Press.
- Haniffa, R. M., and Cooke, T. E. (2005). “The impact of culture and governance on corporate social reporting”. *Journal of Accounting and Public Policy*, Vol. 24 No.5, pp. 391–430.
- Harte, G. and Owen D. (1987) “Fighting de-industrialization: the role of local government social audits”, *Accounting, Organizations and Society*, Vol. 12 No.2, pp. 123–141.
- Hartley, J. (2004). *Case Study Research. An Essential guide to qualitative methods in organizational research*. eds. Casell, C. and Symon, G. London: Sage

- Hasanat, K. M. R. (2010) "The Viyellatex Business Model: Emphasis on Corporate Social Responsibility to Attain Long Run Sustainability", In - *Corporate Responsibility Research Conference 2010 "Sustainability Management in a Diverse World"* Euromed Management School, Marseille, France, 15-17 September 2010.
- Hegde, P., Bloom, R., and Fuglister, J. (1997). Social financial reporting in India: A case. *The International Journal of Accounting*, Vol. 32 No.2, pp. 155–172.
- Hesse-Biber, S. N. and Leavy, P. (2006). *The practice of qualitative research*, Sage, London
- Hidayah, N. N. (2014). "Religious Compliance In Islamic Financial Institutions". *PhD Dissertation*, Aston University. Available from: [http://eprints.aston.ac.uk/24762/1/Hidayah Nunung N. 2014.pdf](http://eprints.aston.ac.uk/24762/1/Hidayah_Nunung_N._2014.pdf) [Accessed: 1 July, 2015]
- Hillman, A. J. (2003). "Determinants of political strategies in US multinationals." *Business & Society* Vol. 42 No.4, pp. 455-484.
- Hillman, A. J., Keim G. and Schuler D. (2004). "Corporate political activity: A review and research agenda." *Journal of Management* Vol. 30 No.6, pp. 837-857.
- Hilson, A. E. (2014). "Resource Enclivity and Corporate Social Responsibility in Sub-Saharan Africa. The Case of Oil Production in Ghana." *PhD Dissertation*, Aston University. Available from: [http://eprints.aston.ac.uk/24545/1/Hilson Abigail 2014.pdf](http://eprints.aston.ac.uk/24545/1/Hilson_Abigail_2014.pdf) [Accessed: 1 July, 2015]
- Hogner, R.H. (1982), "Corporate Social Reporting: Eight Decades of Development at US Steel", *Research in Corporate Performance and Policy*, Vol.4, pp. 243–50.
- Hohnen, P. (2012) "*The future of sustainability reporting*", EEDP Programme Paper. Chatham House, London.
- Holliday, C. O., Jr., Schmidheiny, S. and Watts, P. (2002) *Walking the Talk: The Business Case for Sustainable Development*, Sheffield: Greenleaf.
- Hopper, T. and Powell, A. (1985). "Making sense of research into the organizational and social aspects of management accounting: A review of its underlying assumptions". *Journal of Management Studies*, Vol. 22 No.5, pp. 429-465.
- Hopwood, A. G. (2009). "Accounting and the environment". *Accounting, Organizations and Society*, Vol. 34 No.3-4, pp. 433-439.
- Hossain, D. M. (2005). "Voluntary disclosure on corporate social responsibility: A study on the annual reports of Bangladeshi companies". *The Bangladesh Accountant* Vol. 47 No.20, pp. 28–34.
- Hoyle, R. H., Harris, M. J. and Judd, C. M. (2002) *Research Methods in Social Relations*, Thompson: London
- Human Rights Watch (2013) *Bangladesh: Tragedy Shows Urgency of Worker Protections*. [Online] 25 April. Available from: <https://www.hrw.org/news/2013/04/25/bangladesh-tragedy-shows-urgency-worker-protections> [Accessed: 30 June, 2015]

Huq, R. (2014a) "We have grown indeed", *The Daily Star*. [Online] 14 July. Available from: <http://www.thedailystar.net/we-have-grown-indeed-33195> [Accessed: 10 May, 2015]

Huq, R. (2014b) "Pennies for his thought", *The Daily Star*. [Online] 3 December. Available from: <http://www.thedailystar.net/pennies-for-his-thought-53048> [Accessed: 27 June, 2015]

IISD (1992) "Business Strategy for Sustainable Development", *International Institute for Sustainable Development*, Winnipeg, MN.

Imam, S. (1999). "Environmental reporting in Bangladesh". *Social and Environmental Accounting*, Vol. 19 No.2, pp. 12–14.

Imam S. (2000). "Corporate social reporting in Bangladesh". *Managerial Auditing Journal* Vol. 15 No.3, pp. 133–141.

IFC (2002) *Annual Report 2002: Investing in Sustainable Private Sector* [Online] International Finance Corporation , Available from: <http://documents.worldbank.org/curated/en/2002/01/11171657/investing-sustainable-private-sector-2002-annual-report-vol-1-2-invertir-en-un-sector-privado-sostenible-informe-anual-2002> [Accessed: 27 August, 2015]

IISD (2010) *Sustainable Development: From Brundtland to Rio 2012* [Online] International Institute for Sustainable Development , United Nations Headquarters, New York September 2010 Available From: http://www.un.org/wcm/webdav/site/climatechange/shared/gsp/docs/GSP1-6_Background%20on%20Sustainable%20Devt.pdf [Accessed: 22 March 2013]

ILO (2014) *Wages and working hours in the textiles, clothing, leather and footwear industries*. Geneva: Sectoral Activities Department [Online] International Labour Organization Available from: http://www.ilo.org/wcmsp5/groups/public/@ed_dialogue/@sector/documents/publication/wcms_300463.pdf [Accessed: 18 July, 2015]

IMF (2014) *World Economic Outlook Database* [Online] International Monetary Fund, Available from: <http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/weorept.aspx?pr.x=83&pr.y=5&sy=2005&ey=2019&scsm=1&ssd=1&sort=country&ds=.&br=1&c=513&s=NGDPDP C%2CLP&grp=0&a=> [Accessed: 2 November, 2015]

IPCC (2001). *Climate Change 2001: Synthesis Report. Summary for Policymakers*. Intergovernmental Panel on Climate Change, Geneva. Available from: http://www.grida.no/publications/other/ipcc_tar/ [Accessed : 18 July 2015]

IPCC (2007) *Climate Change 2007. Synthesis Report* Contribution of Working Group I, II and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. Geneva, Switzerland. pp 104. Available from: http://www.ipcc.ch/publications_and_data/ar4/syr/en/contents.html [Accessed : 9 March 2013]

IPCC (2014) Climate Change 2014: Synthesis Report A Report of the Intergovernmental Panel on Climate Change. Available from: <http://www.ipcc.ch/report/ar5/syr/> [Accessed : 27 February 2015]

ISDF (2011) Islamic Development Bank Group *Bangladesh Islamic solidarity fund for development country poverty assessment poverty profile for IDB intervention*, [Online] Available from: <http://isfd.isdb.org/EN/publications/Documents/Other%20Publications/Bangladesh%20Country%20Poverty%20Assessment%20Report.pdf> [Accessed: 22 June, 2015]

Islam, M.A. (2010), "Social and environmental accounting research: Major contributions and future directions for developing countries", *Journal of Asia-Pacific Centre for Environmental Accountability*, Vol. 16, No. 2, pp.27-43

Islam, S. (2012) *Experts seek ways to avert water crisis in Dhaka*. [Online] 16 July. Available from: <http://www.trust.org/item/?map=experts-seek-ways-to-avert-water-crisis-in-dhaka> [Accessed: 29 June, 2015]

Islam, R. (2013) "Addressing the challenge of economic inequality", *The Daily Star* [Online] 19 March. Available from: <http://archive.thedailystar.net/beta2/news/addressing-the-challenge-of-economic-inequality/> [Accessed: 23 June, 2015]

Islam, M. N. (2015) "Review of Research Studies on Corporate Social and Environmental Accounting in Bangladesh". *International Journal of Exclusive Management Research* Vol. 5 No. 1, pp. 1-17.

Islam, A.M. and Deegan, C. (2008). "Motivations for an organization within a developing country to report social responsibility information: evidence from Bangladesh", *Accounting, Auditing & Accountability Journal*, Vol.21 No.6, pp. 850-874.

Islam, M. and Deegan, C. (2010). "Media pressures and corporate disclosure of social responsibility performance: A case study of two global clothing and sports retail companies". *Accounting and Business Research*, Vol. 40 No.2, pp.131-148.

Islam, M.A. and Wise, V. (2012), "Online reporting of sustainability: A study of global clothing suppliers", *Developments in corporate governance and responsibility*, *Business Strategy and Sustainability* Vol. 3, pp. 97-114.

Jacobs, M. (1991). *The green economy: Environment, sustainable development and the politics of the future*. London: Pluto Press.

Jamali, D. (2010a). "MNCs and international accountability standards through an institutional lens: Evidence of symbolic conformity or decoupling". *Journal of Business Ethics*, Vol. 95 No.4, pp. 617-640.

Kamla, R. (2007). "Critically appreciating social accounting and reporting in the Arab Middle East: A postcolonial perspective". *Advances in International Accounting*, Vol. 20, pp. 105–177.

Kamal, M. Y. (2013) "Corporate social and environment-related governance disclosure practices in the textile and garments industry: evidence from Bangladesh." *PhD*

Dissertation, Royal Melbourne Institute of Technology. [Online] Available from: <http://researchbank.rmit.edu.au/eserv/rmit:160697/Kamal.pdf> [Accessed: 1 July, 2015]

Kamal, Y. and Deegan, C. (2013). "Corporate Social and Environment-related Governance Disclosure Practices in the Textile and Garment Industry: Evidence from a Developing Country". *Australian Accounting Review*, Vol. 23 No.2, pp. 117-134.

Khan, M. H. U. Z., Halabi, A. K. and Samy, M.(2009). "Corporate social responsibility (CSR) reporting: a study of selected banking companies in Bangladesh". *Social responsibility journal* Vol. 5 No.3, pp. 344-357.

Khan, M. H., Islam M.A. Fatima, J.K. and Ahmed, K. (2011) "Corporate sustainability reporting of major commercial banks in line with GRI: Bangladesh evidence", *Social Responsibility Journal*, Vol. 7 No. 3, pp.347 – 362.

Kibert, C. J., Thiele, L., Peterson, A. and Monroe, M. (2012) *The Ethics of Sustainability* [Online] Available from: <http://rio20.net/wp-content/uploads/2012/01/Ethics-of-Sustainability-Textbook.pdf>[Accessed: 27 November, 2014].

Kim, E.H. and Lyon, T. P. (2012). "Beyond the dichotomy of symbolic versus substantive actions: Evidence from corporate environmental management", *Working paper*, University of Michigan.

Kisenyi, V. and Gray, R. (1998)."Social disclosure in Uganda". *Social and Environmental Accounting*, Vol. 18 No.2, pp. 16–18.

Khan N.A. and Belal A.R. (1999)"The politics of the Bangladesh Environmental Protection Act". *Environmental Politics* Vol. 8 No.1, pp.311–7.

Klassen, R. D. and Whybark, D. C. (1999). "The impact of environmental technologies on manufacturing performance. " *Academy of Management Journal*, Vol. 42 No. 6, pp. 599-615.

Kolk, A. (2003) "Trends in sustainability reporting by the Fortune Global 250", *Business Strategy and The Environment*, Vol. 12 No. 5, pp. 279-291

Kolk, A. (2004) "A decade of sustainability reporting: developments and significance", *International Journal of Environment and Sustainable Development*, Vol. 3, No. 1, pp.51-64.

Kolk, A. (2005). "Corporate social responsibility in the coffee sector". *European Management Journal*, Vol. 23, pp. 228–236.

Kolk, A. (2010). "Trajectories of sustainability reporting by MNCs". *Journal of World Business*, Vol. 45 No.4, pp. 367–374.

Kolk, A., Van Tulder, R. and Welters, C. (1999), "International Codes of Conduct and Corporate Social Responsibility: Can Transnational Corporations Regulate Themselves?" *Transnational Corporations* Vol. 8 No.1, pp. 143–180.

Kostova, T. and Roth, K. (2002). "Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects." *Academy of Management Journal*, Vol. 45 No. 1, pp. 215-233.

KPMG (2002) "KPMG International Survey of Corporate Responsibility Reporting 2002", *KPMG Global Sustainability Services*, De Meem, The Netherlands. Available from: <http://old.gppi.net/fileadmin/gppi/KPMG2002.pdf> [Accessed: 13 September, 2013]

KPMG (2005) "KPMG International Survey of Corporate Responsibility Reporting 2005", *KPMG Global Sustainability Services*, Amsterdam, The Netherlands. Available from: https://commdev.org/files/1274_file_D2.pdf [Accessed: 22 April, 2013]

KPMG (2008) "KPMG International Survey of Corporate Responsibility Reporting 2008", *KPMG Global Sustainability Services*, Amsterdam, The Netherlands. Available From: [https://www.kpmg.com/EU/en/Documents/KPMG International survey Corporate responsibility Survey Reporting 2008.pdf](https://www.kpmg.com/EU/en/Documents/KPMG%20International%20survey%20Corporate%20responsibility%20Survey%20Reporting%202008.pdf) [Accessed: 5 January, 2013]

KPMG (2011) "KPMG International Corporate Responsibility Reporting Survey 2011". *KPMG*: Amsterdam. Available From: <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/corporateresponsibility/pages/2011-survey.aspx> [Accessed: 23 October 2013]

KPMG (2013). Corporate Responsibility Reporting Survey 2013. *KPMG*: Available From: <http://www.kpmg.com/au/en/issuesandinsights/articlespublications/pages/corporateresponsibility-reporting-survey-2013.aspx> [Accessed: 3 April 2014]

KPMG (2015). Corporate Responsibility Reporting Survey 2015. *KPMG*: Available From: <https://home.kpmg.com/au/en/home/insights/2015/11/corporate-responsibility-reporting-survey-2015.html> [Accessed: 13 September 2015]

Krauss, S. E. (2005) "Research Paradigms and Meaning Making: A Primer", *The Qualitative Report*, Vol. 10 No.4, pp. 758-770.

Kuasirikun, N. (2005) "Attitudes to the development and implementation of social and environmental accounting in Thailand", *Critical Perspectives on Accounting*, Vol. 16 No. 8, pp. 1035-1057.

Kuasirikun, N. and Sherer, M. (2004) "Corporate social accounting disclosure in Thailand", *Accounting, Auditing & Accountability Journal*, Vol. 17 No.4, pp. 629-660.

Kvale, S. and Brinkmann, S. (2009) "Interviews: Learning the craft of qualitative research interviewing", Sage: Thousand Oaks, California.

Labowitz, S. and Bauman-Pauly, D. (2014) *Business as Usual is Not an Option: Supply Chains and Sourcing after Rana Plaza* [Online] April, 2014 Available from: https://www.stern.nyu.edu/sites/default/files/assets/documents/con_047408.pdf [Accessed: 2 March, 2015]

Lamberton, G. (2005), "Sustainability accounting —a brief history and construal framework". *Accounting Forum*, Vol.29 No. 1, pp. 7-26.

Laine.M. (2005)."Meanings of the term 'sustainable development' in Finnish corporate disclosures". *Accounting Forum*, Vol. 29. pp. 395-413.

Laine, M. (2009a). " AWay of Seeing Corporate Sustainability Reporting". PhD dissertation, University of Tampere, Available From: https://scholar.google.com/scholar?hl=en&q=Laine%2C+M.+%282009%29.+A+Way+of+Seeing+Corporate+Sustainability+Reporting.+PhD+dissertation&btnG=&as_sdt=1%2C5&as_sdt=1 [Accessed: 1 July, 2015]

Laine, M. (2009b) "Ensuring legitimacy through rhetorical changes? A longitudinal interpretation of the environmental disclosures of a leading Finnish chemical company", *Accounting, Auditing & Accountability Journal*, Vol. 22 No. 7, pp. 1029-1054.

Laine, M. (2010)"Towards Sustaining the Status Quo: Business Talk of Sustainability in Finnish Corporate Disclosures 1987–2005", *European Accounting Review*, Vol. 19 No. 2, pp. 247-274

Langlois, R. N. (1986). *Economics as a Process: Essays in the New Institutional Economics*. New York: Cambridge University Press.

Larrinaga, C. (2007), Sustainability reporting: insights from neo-institutional theory. In: Unerman, J., Bebbington, J. and O'Dwyer, B. eds. *Sustainability Accounting and Accountability*, London : Routledge.

Larrinaga-Gonza'lez, C. and Bebbington, J. (2001), "Accounting change or institutional appropriation? A case study of the implementation of environmental accounting", *Critical Perspectives on Accounting*, Vol. 12 No. 3, pp. 269-92.

Larrinaga-González, C., Carrasco-Fenech, F., Caro-Gonzalez, F. J., Correa- Ruiz, C., and Páez-Sandubete, M. (2001) "The role of environmental accounting in organizational change: An exploration of Spanish companies". *Accounting, Auditing & Accountability Journal*, Vol. 14 No. 2, pp. 213–239.

Larrinaga, C., F. Llana, J. M. Moneva, F. C. and Correa, C. (2002), "Accountability and Accounting Regulation: The Case of the Spanish Environmental Disclosure Standard", *European Accounting Review*, Vol. 11 No.4, pp.723–740.

Laughlin, R. (1995) "Empirical research in accounting: alternative approaches and a case for 'middle-range' thinking", *Accounting, Auditing and Accountability Journal*, Vol.8 No.1, pp. 63-67.

Lee, N. and Lings, I. (2008) *Doing Business Research: A Guide to Theory and Practice*. London: Sage.

Lee, R. M. and Fielding, N. G. (2009) Tools for qualitative data analysis. In: Hardy, M. and Bryman, A. eds. *Handbook of Data Analysis*, :London:Sage, pp. 529-546.

- Lehman, G. (1995). "A Legitimate Concern with Environmental Accounting". *Critical Perspectives on Accounting*, Vol. 6 No.5, pp. 393-413.
- Lehman, G. (1999). "Disclosing New Worlds: a Role for Social and Environmental Accounting and Auditing". *Accounting, Organizations and Society*, Vol. 24 No.3, pp. 217-42.
- Lehman, G. (2001). "Reclaiming the Public Sphere: Problems and Prospects for Corporate Social and Environmental Accounting". *Critical Perspectives on Accounting*, Vol. 12 No. 6, pp. 713-33.
- Lehman G. (2002) "Global accountability and sustainability: research prospects". *Accounting Forum* Vol. 26 No.3, pp. 219–32.
- Lehman, G. (2004) "Social and environmental accounting: Trends and thoughts for the future". *Accounting Forum*, Vol. 28, pp. 1–5
- Levine, S. and White, P. E. (1961). "Exchange as a conceptual framework for the study of interorganizational relationships." *Administrative Science Quarterly*, Vol. 5 pp. 583-601.
- Levy, D. L. (1997) "Environmental management as political sustainability", *Organisation and Environment*, Vol. 10 No.2, pp. 126–147.
- Lewis-Beck, M. S., Bryman, A. and Liao, T. F. (eds.), (2004) *Encyclopedia of Social Science Research Methods*, Vols. 1-3, Sage Publications: Thousand Oaks, CA.
- Liedtka, J. M. (1992) "Exploring ethical issues using personal interviews", *Business Ethics Quarterly*, Vol.2 No.2, pp.161-181.
- Livesey, S. (2002) "The discourse of the middle ground: Citizen shell commits to sustainable development", *Management Communication Quarterly*, Vol. 15 No.3, pp. 313-49.
- Livesey, S. and Kearins, K. (2002) "Transparent and caring corporations? A study of sustainability reports by the body shop and royal Dutch/shell". *Organisation and Environment*, Vol. 15 No.3, pp. 233–258.
- Lo"ding, T., Schulze, K. and Sundermann, J. (2006), *Konzern, Kritik, Kampagne! Ideen und Praxis fu" r soziale Bewegungen (Big trusts, Critique, Campaign! Ideas and Practices for Social Movements)*, VSA Verlag, Hamburg.
- Locke, K. and Golden-Biddle, K. (1997) "Constructing opportunities for contribution: Structuring intertextual coherence and "problematizing" in organizational studies". *Academy of Management Journal*, Vol. 40 No.5, pp. 1023-1062.
- Lodhia, S. K. (2000). "Social and environmental reporting in Fiji: A review of recent corporate annual reports". *Social and Environmental Accounting*, Vol. 20 No.1, pp. 15–18.

- Lodhia, S. K. (2003). "Accountants' response to the environmental agenda in a developing nation: an initial and exploratory study on Fiji". *Critical Perspectives on Accounting* Vol. 14 No.7, pp. 715-737
- Lord, M. D. (2000). "Corporate Political Strategy and Legislative Decision Making the Impact of Corporate Legislative Influence Activities." *Business & Society* Vol. 39 No.1, pp. 76-93.
- Lyon, T. and Maxwell, J. (2011) "Greenwash: Corporate Environmental Disclosure under Threat of Audit", *Journal of Economics and Management Strategy*, Vol. 20, pp. 3-41
- Mahadeo, J., Oogarah-Hanuman, V. and Soobaroyen, T. (2011). "Changes in social and environmental reporting practices in an emerging economy (2004–2007): Exploring the relevance of stakeholder and legitimacy theories." *Accounting Forum*, Vol. 38, pp. 1–18.
- Making it (2012) Good Business: CC, *Making It*. CC.
- March, J.G. and Olsen, J.P. (1989). *Rediscovering Institutions*. New York: Free Press.
- Marquis, C. and Qian, C. (2014). "Corporate social responsibility reporting in China: Symbol or substance?" *Organization science* Vol. 25 No.1, pp. 127-148.
- Mathews, M. R. (1984). "A suggested classification for social accounting research". *Journal of Accounting and Public Policy*, Vol. 3, pp.199-221.
- Mathews, M.R. (1993), *Socially Responsible Accounting*, Chapman and Hall, London.
- Maykut, R. and Morehouse, R. (1994) *Beginning qualitative research: a philosophical and practical guide*. London: The Falmer Press.
- Mathews, M. R. (1997). "Twenty-Five Years of Social and Environmental Accounting Research: Is there a Silver Jubilee to Celebrate?" *Accounting, Auditing, & Accountability Journal*, Vol. 10 No.4, pp. 481-531.
- Mckinsey Report (2011) *Bangladesh's ready-made garments landscape: The challenge of growth*. [Online] Available from: http://www.mckinsey.de/sites/mck_files/files/2011_McKinsey_Bangladesh.pdf [Accessed: 11 February, 2015]
- Mckinsey Report (2013) *The global sourcing map – balancing cost, compliance, and capacity: McKinsey's apparel CPO survey 2013*. [Online] Available from: http://www.mckinsey.de/sites/mck_files/files/2013mckinsey_apparelcpoosurvey.pdf [Accessed: 27 June, 2015]
- McNamara, K. (2008) *The Global Textile And Garments Industry: The Role Of Information and Communication Technologies (ICTs) in Exploiting the Value Chain*. [Online] Available from: www.infoDev.org. [Accessed: 8 December, 2015]
- Medawar, C. (1976). "The social audit: a political view". *Accounting, Organizations and Society*, Vol. 1 No.4, pp. 389-394.

- Merriam, S. (1995). "What Can You Tell From an N of 1? Issues of validity and reliability in qualitative research." *PAACE Journal of Lifelong Learning*, Vol.1, pp. 50-60.
- Meyer, J. W. and Rowan, B. (1977), "Institutionalized Organizations: Formal Structure as Myth and Ceremony," *American Journal of Sociology*, Vol. 83, pp. 440-463.
- Meyer, J. W. and Rowan, B. (1978).The Structure of Educational Organizations. In: Meyer, M. W. and Associates, *Environments and Organizations: Theoretical and Empirical Perspectives*. San Francisco: Jossey – Bass.
- Meyer, J. W., Scott, R. and Deal, T. E. (1981). Institutional and Technical Sources of Organizational Structure: Explaining the Structure of Educational Organizations. In: Herman, D. S.ed. *Organization and the Human Services*, Philadelphia: Temple University Press, pp.151-78.
- Meyer, J. W. and Scott, W.R. (1983).Centralization and the legitimacy problems of the local government. In; Meyer, J. W. and Scott, W. R. eds. *Organizational Environments: Ritual and Rationality*, Beverly Hills, CA: Sage, pp. 199–215.
- Meyer, A., and Zucker, L. (1988).*Permanently failing organizations*. Huntington Park, CA: Sage
- Meyer, J. W. and Rowan, B. (1991). Institutionalized organizations: Formal structure as myth and ceremony. In: Powell, W. W. and DiMaggio, P. J. eds. *The new institutionalism in organizational analysis*. Chicago: University of Chicago Press, pp. 41-62.
- Meyer, J.W., Boli, J. and Thomas, G.M. (1994), Ontology and rationalization in the western cultural account, In: Thomas, G.M., Meyer, J.W., Ramirez, F.O. and Boli, J. eds. *Institutional Environments and Organizations: Structural Complexity and Individualism*, Thousand Oaks, CA: Sage, pp. 9-27.
- Miles M. B and Huberman A. M. (1994) *Qualitative data analysis*, Sage: California
- Miles, S., Hammond K. and Friedman A. L. (2002) ACCA Research Report No. 77: *Social and Environmental Reporting and Ethical Investment*. Certified Accountants Educational Trust: London.
- Miller, D. and Williams, P. (2007) "What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector". *Global Social Policy* Vol. 9, pp. 99-125.
- Mline, M. J., Owen, D. L. and Tilt, C. A. (2000) "Environmental reporting in Australia and New Zealand: corporate reactions to best practice". *School of Commerce Research Paper Series*, Flinders University, no. 00-21, www.ssn.flinders.edu.au/commerce/researchpapers/#00, accessed 15 September 2005.
- Milne, M. J. (1996) "On sustainability; the environment and management accounting", *Management accounting research*, Vol. 7 No. 1, pp. 135-161.

Milne, M.J., Owen, D.L. and Tilt, C.A., (2001), "*Corporate Environmental Reporting: How New Zealand Companies Need to Improve*", University of Auckland Business Review, forthcoming.

Milne, M. and Patten, D. (2002), "Securing organizational legitimacy: an experimental decision case examining the impact of environmental disclosures", *Accounting, Auditing and Accountability Journal*, Vol. 15 No. 3, pp. 372-405.

Mline, M. J., Tregidga, H. M. and Walton, S. (2005a) "Actions not words: Companies 'doing sustainability' in New Zealand?" *Working paper*, University of Otago, www.business.otago.ac.nz/accy/research/working_paper.html.

Mline, M. J., Ball, A. and Gray, R. (2005b) "From soothing palliatives and towards ecological literacy: A critique of the triple bottom line". *Working paper*, University of Otago, www.business.otago.ac.nz/accy/research/working_paper.html.

Milne, M. J. Kearins, K.N. and Walton, S. (2006). "Creating adventures in wonderland? The journey metaphor and environmental sustainability". *Organization* Vol. 13 No. 6. pp. 801-839.

Mline, J. M. and Gray, R. (2007) *Future prospects for corporate sustainability reporting*. In: Unerman, J., Bebbington, J. and O'Dwyer, B. eds. *Sustainability accounting and sustainability*. Oxon: Routledge, pp. 184-208

Mintoo, A. A. (2006).) "SMEs in Bangladesh". *Journal of Commerce and Industry*, Vol. 1, pp. 1-19. Available from: [http://pdf.steerweb.org/From%20Katalyst%20pc/SMEs%20in%20Bangladesh%20\(2\).pdf](http://pdf.steerweb.org/From%20Katalyst%20pc/SMEs%20in%20Bangladesh%20(2).pdf) [Accessed: 28 June, 2015]

Mirdha, R. U. (2008) "Promoting Bangladeshi garments". *The Daily Star*. [Online] May 19, Special Supplement. Available from: <http://archive.thedailystar.net/suppliments/businessawards2007/person.htm> [Accessed: May 22, 2015]

Mirdha, R. U. (2013) *Bangladesh Eyes \$20bn In Garment Exports*. [Online] Available from: <http://dawn.com/2013/01/07/bangladesh-eyes-20bn-in-garment-exports>. [Accessed: 1 July, 2015]

Mitchell, R. K., Agle, B. R. and Wood, D. J. (1997) "Towards a Theory of Stakeholder Identification and Saliency: Defining Who and What Really Counts", *Academy of Management Review*, Vol. 22 No.4, pp. 853-87.

Mizruchi, M. S. (1992). *The structure of corporate political action: Interfirm relations and their consequences*, Harvard University Press.

Mizruchi, M. S. and L. C. Fein (1999). "The social construction of organizational knowledge: A study of the uses of coercive, mimetic, and normative isomorphism." *Administrative Science Quarterly* Vol.44 No.4, pp. 653-683.

Momin, M. (2013). Social and environmental NGOs' perceptions of corporate social disclosures: The case of Bangladesh. *Accounting Forum*, Vol. 37 No. 2, pp.150–161.

- Moneva, J.M., Archel, P. and Correa, C. (2006) GRI and camouflaging of the corporate unsustainability. *Accounting Forum*. Vol. 30, No. 2.pp.121-37
- Morgan, G. and Smircich, L. (1980) "The case for qualitative research", *Academy of Management Review*, Vol.5 No.4, pp. 491–500.
- Morgan, J.P. (2007) *From Ho Chi Minh Trail to Mexico* [Online] April 2007, Available from: <https://www.addressbangladesh.com/images/JP-Morgan-Frontier-Five.pdf> [Accessed: 22 June]
- Naeem, M. A. and Welford, R. (2009)."A Comparative Study of Corporate Social Responsibility in Bangladesh and Pakistan". *Corporate Social Responsibility and Environmental Management* Vol. 16, pp. 108-122.
- Naser, K., Al-Hussaini, A., Al-Kwari, D., and Nuseibeh, R. (2006) "Determinants of corporate social disclosure in developing countries: The case of Qatar". *Advances in International Accounting*, Vol. 19, pp. 1–23.
- Naser, K. and Baker, N. (1999)"Empirical evidence on corporate social responsibility reporting and accountability in developing countries: The case of Jordan". *Advances in International Accounting*, Vol. 12, pp. 193–226.
- Newson, M. and Deegan, C. (2002)"Global expectations and their association with corporate social disclosure practices in Australia, Singapore, and South Korea". *The International Journal of Accounting*, Vol. 37 No.2, pp. 183–213.
- Nova, S. (2012) "Apparel industry outsourcing costs garment workers' lives in Bangladesh" *The Guardian*. [Online] 13 December. Available from: <http://www.theguardian.co.uk/m/commentisfree/2012/dec/13/apparel-industry-outsourcing-garment-workers-bangladesh> [Accessed: 28 June, 2015]
- O'Dwyer B. (2004) "Qualitative Data Analysis: Illuminating a Process for Transforming a 'Messy' but 'Attractive' 'Nuisance'", In Humphrey C, Lee B, (Ed.) *The Real Life Guide to Accounting Research*, Oxford: Elsevier; pp. 391–407.
- O'Dwyer, B. (2002) "Managerial perceptions of corporate social disclosure: an Irish story", *Accounting, Auditing & Accountability Journal*. Vol.15 No.3, pp.406-436.
- O'Dwyer, B. (2003) "Conceptions of corporate social responsibility: The nature of managerial capture". *Accounting, Auditing & Accountability Journal*, Vol. 16, pp. 523–557.
- O'Dwyer, B. (2005), "The construction of a social account: a case study in an overseas aid agency", *Accounting, Organizations and Society*, Vol. 30 No. 3, pp. 279-96.
- O'Dwyer, B., Unerman, J., and Bradley, J. (2005a). "Perceptions on the emergence and future development of corporate social disclosure in Ireland: Engaging the voices of non-governmental organizations". *Accounting, Auditing and Accountability Journal*, Vol. 18 No.1, pp. 14-43.

- O'Dwyer, B., Unerman, J. and Hession, E. (2005b) "User needs in sustainability reporting: perspective of stakeholders in Ireland", *European Accounting Review*, Vol. 14 No. 4, pp. 759–87.
- O'Dwyer, B. and Unerman, J. (2008). "The paradox of greater NGO accountability: A case study of Amnesty Ireland." *Accounting, Organizations and Society* Vol. 33 No.7, pp. 801-824.
- Oliver, C. (1990). "Determinants of inter organizational relationships: Integration and future directions." *Academy Of Management Review* Vol. 15 No.2, pp. 241-265.
- Oliver, C. (1991) "Strategic responses to institutional processes." *Academy of Management Journal*, Vol. 16, pp. 145-179
- Owen. D. L. (2004). "Adventures in social and environmental accounting and auditing research: a personal reflection", in Humphrey, C. and Lee. B. (eds.). *The real life guide to accounting research: a behind—the—scenes view of using qualitative research method*, Elsevier, Oxford.
- Owen, D. L. (2006) "Emerging Issues in Sustainability Reporting", *Business Strategy and the Environment*, Vol. 15, No. 4, pp. 217-218.
- Owen, D. L. (2008). "Chronicles of Wasted Time? A Personal Reflection on the Current State of, and Future Prospects for, Social and Environmental Accounting Research". *Accounting, Auditing & Accountability Journal*, Vol. 21 No. 2, pp. 240-67.
- Owen, D., Gray, R. and Bebbington, J. (1997) "Green accounting: cosmetic irrelevance or radical agenda for change?" *Asia-Pacific Journal of Accounting*, Vol. 4 No. 2, pp. 175-198.
- Owen, D. L., Swift, T. A., Humphrey, C. and Bowerman, M. (2000). "The new social audits: accountability, managerial capture or the agenda of social champions?" *European Accounting Review* Vol. 9 No.1, pp. 81–98.
- Owen, D. L., Swift, T. and Hunt, K. (2001) "Questioning the role of stakeholder engagement in social and ethical accounting, auditing and reporting", *Accounting Forum*, Vol. 25 No. 3, pp. 264 – 282.
- Pachauri, R. K. (2004) *The rationale for corporate social responsibility in India*, India: The Financial Express
- Pachauri, R.K. (2006) *Enhancing Energy Security in Asia: The Role of Governments*, in Singapore Energy Conference 2006, Singapore: Institute of Southeast Asian Studies
- Parker, L. D. (2005) "Social and environmental accountability research: A view from the commentary box". *Accounting, Auditing and Accountability Journal*, Vol. 18 No.6, pp. 842–860.
- Patton, M. Q. (1990) *Qualitative evaluation and research methods*, Sage: Beverly Hills, California

- Paul-Majumder, P. (2001), "Occupational hazards and health consequences of the growth of garment industry in Bangladesh", in P. Paul-Majumder, B. Sen (Eds), BIDS Publication, Dhaka, pp.172 - 207.
- Perego, P. and Kolk, A. (2012) "Multinationals' Accountability on Sustainability: The Evolution of Third-Party Assurance of Sustainability Reports", *Journal of Business Ethics*, Vol. 110 No. 2, pp. 173-190.
- Perera, M. H. B. and Mathews, M. R. (1990) "The cultural relativity of accounting and international patterns of social accounting". *Advances in International Accounting* Vol. 3, pp. 215–251.
- Pfeffer, J. (1981). *Management as symbolic action: The creation and maintenance of organizational paradigms*, Graduate School of Business, Stanford University.
- Pfeffer, J. and Salancik, G. R. (1978). "The external control of organizations: A resource dependence approach." NY: Harper and Row Publishers.
- Pfeffer, J. and Salancik, G. R. (2003). *The external control of organizations: A resource dependence perspective*, Stanford University Press.
- PVH (2006) *Code of Business Conduct and Ethics* [Online] Phillips – Van Heusen Corporation. Available from: <http://www.pvh.com/investor-relations/governance/code-of-conduct> (Accessed: 11 November, 2015)
- PVH (2010) *A report on Corporate Social Responsibility*, [Online] Phillips – Van Heusen Corporation Available from: http://pvhcsr.com/content/pdf/pvh_csr_2010.pdf (Accessed: 17 January, 2015)
- Porritt, J. (2005) *Capitalism as if the World Matters*, London: Earthscan
- Poullaos, C. (2004). "Globalisation, accounting critique and the university". *Critical Perspectives on Accounting*, Vol. 15, pp. 715–730.
- Prasad, P. (1993) "Symbolic processes in the implementation of Technological change: A symbolic interactionist study of work computerization", *Academy of Management Journal*, Vol.36 No.6, pp. 1400-1429.
- Proksch, M. (2013) *From CSR to Corporate Sustainability: Moving the CSR agenda to the next level in Asia and the Pacific*. [Online] Available from: <https://business.un.org/en/documents/11132> [Accessed: 30 June, 2015]
- Puma (2007) *Puma Sustainability Report 2007* [Online] Puma. Available from: http://about.puma.com/damfiles/default/sustainability/reports/puma-s-sustainability-reports/annual-reports/PUMANachhaltigkeitsbericht2007-8_en-5ef147a9767e72159a34cee169b9b5e0.pdf [Accessed: 16 February, 2015]
- Puma (2012) *Puma Sustainability Report 2012* [Online] Available from: http://about.puma.com/damfiles/default/sustainability/reports/puma-s-sustainability-reports/annual-reports/PUMAGeschaeftsbericht2012_en-fa5c581a05cc3e5dd5502fa62a0ad4c2.pdf [Accessed: 16 February, 2015]

Puma (2010) *Puma Sustainability Report 2010* [Online] Puma. Available from: http://about.puma.com/damfiles/default/sustainability/reports/puma-s-sustainability-reports/annual-reports/PUMANachhaltigkeitsbericht2010_en-eb5b90b93d845a49e546aef7814fdf8d.pdf [Accessed: 16 February, 2015]

Puma (2012) *Business and Sustainability Report 2012* [Online] Available from: http://www.puma-annual-report.com/GB/2012/pages/en/pdf/PUMAGeschaeftsbericht2012_en.pdf (Accessed: 2 June, 2015)

Puma (2012) *Handbook of Environmental Standards Volume 1 - Environmental Management* [Online] Available from: <http://about.puma.com/damfiles/default/sustainability/environment/environmental-KPIs/PUMASafeEnvironmentalHandbookVol1-7d7c317782dd612e77380c5e6896b133.pdf> [Accessed: May 22, 2015]

Puma (2013) *Handbook Social Standards* [Online] Available from: http://about.puma.com/damfiles/default/sustainability/standards/PUMA-s-handbooks/2013_HANDBOOK_SOCIAL_V2_071113-740d803177ca1851a8f57ac7c94ab8ce.pdf [Accessed: 11 November, 2015]

Puma (n.d.) *Code of Conduct* [Online] Available from: <http://about.puma.com/en/sustainability/standards/coc> [Accessed: 11 November, 2015]

Puxty, A. G. (1986). "Social accounting as immanent legitimation: a critique of a technicist ideology". *Advances in Public Interest Accounting*, Vol. 1, pp. 95-111.

Puxty, A.G. (1991). "Social accountability and universal pragmatics". *Advances in Public Interest Accounting*, Vol. 4, pp. 35-46

Quasney, T. J. (2003). *Competitive interaction: A study of market, nonmarket and integrated competitive behavior*, University of Maryland, College Park.

Rahaman, A. S., Lawrence, S. and Roper, J. (2004) "Social and environmental reporting at the VRA: Institutionalized legitimacy or legitimation crisis?" *Critical Perspectives on Accounting*, Vol. 15No.1, pp. 35–56.

Rahman, A. (2013) "We stand ashamed!" *The Daily Star*. [Online] 28 April. Available from: <http://archive.thedailystar.net/beta2/news/we-stand-ashamed/> [Accessed: 30 June, 2015]

Rahman, M., Khanam, R. and Absar, N. (1999), "Child labor in Bangladesh: A critical appraisal of Harkin's bill and the MOU-type schooling program", *Journal of Economic Issues*, Vol. 33 pp.985 - 1003.

Rahman, M. A. and Muttakin, M. B. (2005) "Corporate environmental reporting practices in Bangladesh – A study of some selected companies". *The Cost and Management* Vol. 33 No. 4 pp.13–21.

Rahman, Z. (2009) *Bangladesh: Failure of the Trade Unions To Defend Workers Rights*. [Online] 3 May. Available from: <http://sacw.net/article889.html> [Accessed: 30 June, 2015]

- Rashid, R.B. (1998), *Women employment: change and choice for women workers in Bangladesh*, Available from: www.oneworld.org/ips2/mar98 [Accessed 30 July, 2012].
- Reed, D. (2002), "Employing Normative Stakeholder Theory in Developing Countries: A Critical Theory Perspective", *Business & Society* Vol. 41 No.2, pp. 166–207.
- Reuters (2013) *Bangladesh approves wage hike for garment factory workers* [Online] 7 October. Available from: <http://www.reuters.com/article/2013/11/21/bangladesh-garments-wages-idUSL4N0J627820131121> [Accessed: 11 November, 2015]
- Roberts, J. (2003) "The manufacture of corporate social responsibility: Constructing corporate sensibility". *Organization*, Vol. 10, pp. 249–265.
- Robins, N. and Trisoglio, A. (1995) Restructuring Industry for Sustainable Development. In: Kirby. et al., *Earth scan Reader Sustainable Development*. London: Earthscan.
- Rosenzweig, P. M. and Singh, J. V. (1991)."Organizational environments and the multinational enterprise." *Academy of Management Review* Vol.16 No.2, pp. 340-361.
- Rowan, B. and Miskel, C. G. (1999)."Institutional theory and the study of educational organizations. " *Handbook of Research on Educational Administration* Vol.2, pp. 359-383.
- Rivera, J. and de Leon, P. (2004). "Is Greener Whiter? Voluntary Environmental Performance of Western Ski Areas". *The Policy Studies Journal*, Vol. 32 No.3, pp. 417-437.
- Rubenstein, J. (2007)."Accountability in an unequal world". *Journal of Politics*, No. 69, pp. 616–632.
- Russo, M. V. and Fouts, P. A. (1997)."A resource-based perspective on corporate environmental performance and profitability. " *Academy of Management Journal* Vol. 40 No.3, pp.534-559.
- Ryan, B., Scapens, R. and Theobald, M. (2002) *Research Method and Methodology in Finance and Accounting*. London: Thomson.
- Sahlin-Andersson, K. (1996). Imitating by editing success. The construction of organizational fields and identities. In: Czarniawska B.and Sevon G. eds. *Translating organizational change*: 69–92. Berlin: de Gruyter.
- Sam, A. and Innes, R. (2005) "Voluntary Pollution Reductions and the Enforcement of Environmental Law: An Empirical Study of the 33/50 Program." *Working Paper*, University of Arizona.
- Sama, L. M., Welcomer, S. A., and Gerde, V. W. (2004). Who speaks for the trees? Invoking an ethic of care to give voice to the silent stakeholder. In: Sharma, S. and Starik, M. eds. *Stakeholders, the environment, and society*. Cheltenham, UK: Edward Elgar, pp.140-165.

- Sammeck, (2012). *A New Institutional Economics Perspective on Industry Self Regulation*. Wiesbaden: Wiesbaden GablerVerlag.
- Saunders, M., Lewis, P. and Thornhill, A. (2000) *Research Methods for Business Students*, Essex: Financial Times Prentice Hall.
- Saxena, S. B. (2014) *Made In Bangladesh, Cambodia, And Sri Lanka: The Labor Behind The Global Garments And Textiles Industries* [Online] Available from: http://southasia.berkeley.edu/sites/default/files/shared/documents/Made_in_Bangladesh.pdf [Accessed: 27 June, 2015]
- Saxena, S. B. and Salze-Lozac'h, V. (2010) *Competitiveness in the Garment and Textiles Industry: Creating a supportive environment: A Case Study of Bangladesh* (Occasional Paper Published by The Asia Foundation) [Online] Available from: <http://www.asiafoundation.org/resources/pdfs/1OccasionalPaperNo.1BGGARMENTwithCover.pdf>
- Scapens, R. (2006). Understanding management accounting practices: A personal journey. *The British Accounting Review*, Vol. 38, pp.1-30.
- Schaltegger, S., Lüdeke-Freund, F., and Hansen, E. G. (2011) *Business cases for sustainability and the role of business model innovation: developing a conceptual framework*. Centre for Sustainability Management (CSM), Leuphana Universität Lüneburg, Available from: http://www2.leuphana.de/umanagement/csm/content/nama/downloads/download_publicationen/Schaltegger_Luedeke_Freund_Hansen_Business_Case_Sustainability.pdf [Accessed: 23 July 2013]
- Schmidheiny, S. (1992) *Changing Course: A Global Business Perspective on Development and the Environment*, Cambridge, MA: MIT Press.
- Schuler D. A. and Rehbein K. (1997) "The filtering role of the firm in corporate political involvement". *Business and Society* Vol. 36 No.2, pp. 116–139
- Schultz, F. and Wehmeier, S. (2010). "Institutionalization of corporate social responsibility within corporate communications: Combining institutional, sense making and communication perspectives." *Corporate Communications: an International Journal* Vol. 15 No.1, pp. 9-29.
- Scott, W. R. (1983). *The organization of societal sectors. In organizational environments: ritual and rationality*, edited by John W. Meyer and W. Richard Scott. Beverly Hills, CA: Sage.
- Scott, W. R. (1995). *Institutions and Organizations*. Thousand Oaks, CA: Sage.
- Scott, W. R. (2001). *Institutions and Organizations*. Thousand Oaks, CA: Sage, 2nd ed.
- Scott W. R. (2005). "Institutional theory: Contributing to a theoretical research program." In: Smith K. G. and Hitt M. A. eds. *Great minds in management* Oxford, U.K.: Oxford University Press, pp. 460–484.

- Scott, R. W. (2008) *Institutions and Organizations: Ideas and Interests*. Sage, Thousands Oaks, CA.
- Scott, W. R. and Meyer, J. W. (1983). "The organization of societal sectors." In: Meyer, J. W. and Scott, R.W. eds. *Organizational Environments: Ritual and Rationality*, Beverly Hills, CA: Sage, pp. 129-53.
- Selznick, P. (1949). *TVA and the grass roots: A study of politics and organization*. Berkeley, University of California Press.
- Selznick, P. (1996). "Institutionalism" old" and "new"." *Administrative Science Quarterly* Vol.41, pp.270-277.
- Shamir, R. (2004). "Between Self-Regulation and the Alien Tort Claims Act: On the Contested Concept of Corporate Social Responsibility", *Law & Society* Vol. 38 No.4, pp. 635–664.
- Shearer, T. (2002). "Ethics and accountability: From the for- itself to the for-the-other". *Accounting, Organizations, and Society*, Vol. 27, pp. 541–573.
- Shil, N. C. and Iqbal, M. (2005) "Environmental disclosure – A Bangladesh perspective". *The Cost and Management* Vol. 33 No.4, pp. 85–93.
- Short, J. L. and Toffel, M. W. (2010) "Making self-regulation more than merely symbolic: The critical role of the legal environment." *Administrative Science Quarterly* Vol. 55 No.3, pp. 361-396.
- Siegle, L. (2013) "Ethical shopping: how the high street fashion stores rate" *The Guardian*. [Online] 17 May. Available from: <http://www.theguardian.com/fashion/2013/may/17/ethical-shopping-high-street-fashion> [Accessed: 26 June, 2015]
- Silverman, D. (2011). *Interpreting qualitative data*. 4th Edition, London: Sage Publications.
- Silverman, D. (2013) *Doing qualitative research: A practical handbook*, London: Sage.
- Simon, H. (1956) *Administrative Behavior*. New York: Macmillan.
- Singh, D.R. and Ahuja, J.M. (1983), "Corporate Social Reporting in India", *The International Journal of Accounting*, Spring, pp. 151– 69.
- Smith, S. (2013) "Is Bangladesh's new minimum wage enough?" [Online] *Ethical trading Initiative*. 15 November, Available from: <http://www.ethicaltrade.org/news-and-events/blog/stirling-smith/is-bangladesh%27s-new-minimum-wage-enough> [Accessed: 26 June, 2015]
- Sobhani, F. A., Amran, A. and Zainuddin, Y. (2009) "Revisiting the practices of corporate social and environmental disclosure in Bangladesh." *Corporate Social Responsibility and Environmental Management* Vol. 16 No.3, pp. 167-183.

Soin, K., Seal, W. and Cullen, J. (2002)“ABC and organizational change: an institutional perspective”. *Management Accounting Research* Vol. 13, pp. 249–271

SOMO and ICN (2012).Made in India: Young Dalit Women continue to suffer exploitative working conditions while making garments for Western brands. Amsterdam SOMO: (Center for Research on Multinational Corporation) & ICN (Indian Committee of the Netherlands) Available from: <https://www.pinterest.com/pin/322288917064719017/> [Accessed: 28 June 2015]

Soobaroyen, T. and Ntim, C. G. (2013)“Social and environmental accounting as symbolic and substantive means of legitimation: The case of HIV/AIDS reporting in South Africa”. *Accounting Forum*, Vol.37 No.2, pp. 92–109.

Spence, M. (1973).“Job market signaling.” *The Quarterly Journal of Economics*: pp. 355-374.

Spence, C. (2009) “Social accounting's emancipatory potential: A Gramscian critique”, *Critical Perspectives on Accounting*, Vol. 20 No. 2, pp. 205-227.

Springett, D. (2003) “Business conceptions of sustainable development: a perception from critical theory”, *Business Strategy and the Environment*, Vol. 12 No.2, pp. 71–86.

Strauss, A. and Corbin, J. (1998) Basics of qualitative research: Procedures and techniques for developing grounded theory eds. Thousand Oaks, CA: Sage.

Suchman, M. C. (1988). *Constructing an institutional ecology: notes on the structural dynamics of organizational communities*. Atlanta, GA: Annual Meeting of the American Sociological Association.

Suchman, M. C. (1995). "Managing legitimacy: Strategic and institutional approaches." *Academy of Management Review* Vol. 20 no.3, pp. 571-610.

Sultana, Z., Ali, M. E., Uddin, M. S. And Haque, M. (2013) “Implementation of Effluent Treatment Plants for Waste Water” Treatment. *Journal of Environmental Protection*, Vol.4 No. 3, pp. 301-308

Swift T. (2001)“Trust, reputation and corporate accountability to stakeholders”. *Business Ethics: A European Review* Vol. 10, pp. 16–26.

Swift, T. A. and Owen, D. L. (1999). “Accountability 1000: how a leading edge reporter measures up”. *Accountability Quarterly* 4th quarter: pp. 8–10.

Swift, T., Owen, D. L. and Humphrey, C. (2001) *The management information systems dimensions of social accounting and accountability*, CIMA Research Report. London: Chartered Institute of Management Accountants.

Tan, J. (2010), “Grounded Theory in Practice: Issues and Discussion for New Qualitative Researchers”, *Journal of Documentation*, Vol. 66, No. 1, pp. 93-112.

Taslim, M.A. and Haque, M.S. (2011) “Export Performance of Bangladesh Global Recession and After”, Working Paper 11/0887, *Bangladesh Foreign Trade Institute* , Dhaka, March 2011 [Online] Available from: <http://www.theigc.org/wp->

<content/uploads/2015/02/Haque-Taslim-2011-Working-Paper.pdf> [Accessed: 7 March, 2014]

Taylor, F. W. (1911). "*The principles of scientific management*." New York & London: Harper Brothers.

Teoh, H.Y. and Thong, G. (1984), "Another Look at Corporate Social Responsibility and Reporting: An Empirical Study in a Developing Country", *Accounting, Organizations and Society*, Vol. 9 No.2, pp. 189–206.

Terrien, F. W. and D. L. Mills (1955) "The effect of changing size upon the internal structure of organizations." *American Sociological Review* Vol.20, pp. 11-13.

The Daily Star (2013) "Safe workplace: Recent experience and way forward" [Online] 25 August. Available from: <http://www.thedailystar.net/news/safe-workplace-recent-experience-and-way-forward> [Accessed: 5 January, 2014]

The Daily Star (2014) Garment exporters plead for lower interest rates [Online] *The Daily Star* 4 December. Available from: <http://www.thedailystar.net/garment-exporters-plead-for-lower-interest-rates-54066> [Accessed: 8 May, 2015]

CCC and SOMO (2013) *Fatal Fashion: Analysis of recent factory fires in Pakistan and Bangladesh: A call to protect and respect garment workers' lives*. [Online] Clean Cloths Campaign and Centre for Research on Multinational Corporations, Amsterdam: Available from: http://www.somo.nl/publications-en/Publication_3943 [Accessed: 26 June, 2015]

Thompson, J. D. (1967). *Organisation in action*. New York: MacGrow-Hill.

Thomson, I., and Bebbington, J. (2005). Social and environmental reporting in the UK: a pedagogic evaluation. *Critical Perspectives on Accounting*, Vol. 16 No.5, pp. 507-533.

Tilling, M., and Tilt, C. (2010). "The edge of legitimacy: Voluntary social and environmental reporting in Rothmans' 1956-1999 annual reports". *Accounting, Auditing and Accountability Journal*, Vol. 23 No.1, pp. 55 - 81.

Tilt, C. A. (1994) "The influence of external pressure groups on corporate social disclosure: Some empirical evidence". *Accounting, Auditing and Accountability Journal*, Vol. 7 No. 4, pp. 47-72.

Tilt, C. A. (1997) "Environmental policies of major companies: Australian evidence". *British Accounting Review*, Vol. 29 No.4, pp. 367-94.

Tilt, C. A. (2004) "Influences on corporate social disclosure: A look at lobby groups ten years on". *School of Commerce Research Paper Series*, Flinders University, no. 01-01,

Tilt, C. A. (2007) External stakeholders' perspectives on sustainability reporting, In: Unerman, J., Bebbington, J. and O'Dwyer, B. eds. *Sustainability Accounting and Accountability*, London and New York: Taylor and Francis Group.

- Tinker, A., Merino, B., and Neimark, M. (1982) "The Normative Origins of Positive Theories: Ideology and Accounting Thought". *Accounting, Organizations and Society* Vol. 7 No.2, pp. 167-200.
- Tinker, T. and Gray, R. (2003), "Beyond a critique of pure reason", *Accounting, Auditing & Accountability Journal*, Vol. 16 No. 5, pp. 727-61.
- Tolbert, P. S. (1985) "Institutional environments and resource dependence: Sources of administrative structure in institutions of higher education." *Administrative Science Quarterly* Vol. 20, pp.229–249.
- Tolbert, P. S. and Zucker, L. G. (1983) "Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880-1935." *Administrative Science Quarterly*. Vol. 28, pp.22-39.
- Tolbert P. and Zucker L. (1996) "The institutionalization of institutional theory". In Clegg S., Hardy C., Nord W. (Eds.), *Hand of organization studies*: 175–190.
- TIB (2013) *The Readymade Garment Sector: Governance Problems and Way Forward*. [Online] Dhaka: Transparency International Bangladesh. Available from: http://www.ti-bangladesh.org/beta3/images/max_file/es_rmg_en_07112013.pdf [Accessed: 27 June, 2015]
- Tregidga, H. and Milne, M. (2006) "From sustainable management to sustainable development: a longitudinal analysis of a leading New Zealand environmental reporter". *Business Strategy and the Environment*, Vol. 15, pp. 219-241.
- Trotman, K. (1979) "Social Responsibility Disclosures by Australian Companies", *The Chartered Accountant in Australia*, March: 24–8.
- Tsamenyi, M., Cullen, J. and Gonzalez, J.M.G. (2006), "Changes in accounting and financial information system in a Spanish electricity company: a new institutional theory analysis", *Management Accounting Research*, Vol. 17, pp. 409-32.
- Tsang, E. (1998) "A longitudinal study of corporate social reporting in Singapore". *Accounting, Auditing and Accountability Journal*, Vol. 11 No.5, pp. 624–635.
- Tsoi, J. (2010) "Stakeholders' Perceptions and Future Scenarios to Improve Corporate Social Responsibility in Hong Kong and Mainland China", *Journal of Business Ethics* Vol. 91 No.3, pp. 391–404.
- Tuttle, B. and Dillard, J. (2007). "Beyond competition: Institutional isomorphism in US accounting research." *Accounting Horizons* Vol. 21 No.4, pp. 387-409.
- Uddin M. A., Uddin, M. M. and Ahmed, S. (1999) "Disclosure of social performance in the corporate reports of Bangladesh". *The Cost and Management* Vol. 27 No.1, pp.18–22.
- Ulrich, D. and Barney, J. B. (1984) "Perspectives in organizations: Resource dependence, efficiency, and population." *Academy Of Management Review* Vol. 9 No.3, pp. 471-481.

- UNDP (2004). *Reducing disaster risk: A challenge for development*. New York: United Nations Development Programme (UNDP). Available from: <http://www.undp.org/content/undp/en/home/librarypage/crisis-prevention-and-recovery/reducing-disaster-risk--a-challenge-for-development.html> [Accessed: 12 February 2013]
- UNDP (2014) *Human Development Report 2014: Bangladesh* [Online] Available from: http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/BGD.pdf [Accessed: 9 August 2015]
- Unerman, J. (2007). *Stakeholder engagement and dialogue*. In: Unerman, J., Bebbington, J. and O'Dwyer, B. eds. *Sustainability accounting and accountability*. London and New York: Routledge, pp. 86–103.
- Unerman, J. and Bennett, M. (2004) "Increased stakeholder dialogue and the internet: Towards greater corporate accountability or reinforcing capitalist hegemony?" *Accounting, Organizations and Society*, Vol. 29 No.7, pp. 685-707.
- UNESCAP Report (2013) *Global Compact Principles in Action* [Online] UNESCAP ,29 November, Available from: <http://www.unescap.org/sites/default/files/P1-casestudies.pdf> (Accessed: 13 July, 2015)
- UNICEF (2009) *Child and Maternal Nutrition in Bangladesh* [Online] UNICEF, April 2009, Available from: http://www.unicef.org/bangladesh/Child_and_Maternal_Nutrition%281%29.pdf [Accessed: 23 June, 2015]
- UNICEF (2013) *Improving Child Nutrition: The achievable imperative for global progress* [Online] UNICEF , April 2013, Available from: http://www.unicef.org/gambia/Improving_Child_Nutrition_-_the_achievable_imperative_for_global_progress.pdf [Accessed: 23 June, 2015]
- UNGC CoP Report (2013) *UN Global Compact Communication on Progress Report 2013* [Online] CC Available from: <http://www.greenindustryplatform.org/wp-content/uploads/2014/05/CC-UNGC-Communication-on-Progress-2013.pdf> [Accessed: 7 June, 2015]
- Vaivio, J. (1999) "Exploring anon-financial' management accounting change. *Management Accounting Research*, Vol. 10, pp. 409-437.
- Vámosi, T. S. (2000) "Continuity and change; management accounting during processes of transition". *Management Accounting Research*, Vol. 11, pp. 27-63.
- Vickers, B. (2012) *Pessimism of Intellect or Optimism of Will* [Online] June 2012. Available from: <http://library.fes.de/pdf-files/iez/global/09169.pdf> [Accessed: 24 June, 2015]
- Vogel, D. (2010) "The Private Regulation of Global Corporate Conduct: Achievements and Limitations", *Business and Society* Vol. 49 No.1, pp. 68–87.
- Vowe, G. (2001), "Feldzüge um die öffentliche Meinung: Politische Kommunikation in Kampagnen am Beispiel von Brent Spar und Mururoa" ("Campaigns to win the public

opinion: political communication in campaigns – the cases of Brent Spar and Muroroa”), in Röttger, U. (Ed.), PR-Kampagnen. Über die Inszenierung von Öffentlichkeit (PR Campaigns: About the Making of Public Opinion), Westdeutscher, Wiesbaden, pp. 121-40.

War on Want (2012) *Up Front*. [Online] London: War on Want Organization, Available from: http://media.waronwant.org/sites/default/files/Up%20Front%20-%20Sweatshops%20and%20the%20Olympics.pdf?_ga=1.252452302.619139644.1436537058 [Accessed; 24 May, 2015]

Weber, F. M. (1946) *Essays in Sociology*. Gerth, H. H. and Mills, C. W. eds. and Trans. New York: Oxford University Press.

Welford, R. (Ed.). (1997) *Hijacking environmentalism. Corporate responses to sustainable development*. London: Earthscan.

Westphal, J. D. and Zajac, E. J. (1994) “Substance and symbolism in CEOs’ long-term incentive plans *Administrative Science Quarterly*, Vol. 39 No.3, pp.367–390.

Williams, S. (1999) “Voluntary environmental and social accounting disclosure practices in the Asia-Pacific region: An international empirical test of political economy theory”. *The International Journal of Accounting*, Vol. 34 No.2, pp. 209–238.

Wirthman, L. (2013) *In Wake of Tragedy, New Reforms for Bangladesh Garment Industry*. *Forbes* [Online] 18 September. Available from: <http://www.forbes.com/sites/ups/2013/09/18/in-wake-of-tragedy-new-reforms-for-bangladesh-garment-industry/#6d693b2dd7d9> [Accessed 1 April, 2013].

World Bank, (2005), *End of MFA Quotas: Key Issues and Strategic Options for Bangladesh Readymade Garment Industry*, Bangladesh Development Series – paper no 2, Available from: http://siteresources.worldbank.org/BANGLADESHEXTN/Resources/MFA_Final_Report-print_version.pdf , [Accessed: 9 October, 2014]

World Bank Report (2013a) *Bangladesh Poverty Assessment: Assessing a Decade of Progress in Reducing Poverty, 2000-2010* [online] Bangladesh Development Series Paper No. 31, Available from: www.worldbank.org.bd/bds [Accessed: 21 June, 2015]

World Bank Report (2013b) *Diagnostic Trade Integration Study, Volume 3: Sector Studies*. Washington DC: The World Bank [Online] Available from: <http://www.mincom.gov.bd/doc/dtisvoleom03.pdf> [Accessed: 27 June, 2015]

World Bank (2015) *World Development Indicators, Country: Bangladesh* [Online] Available from: <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators#> [Accessed: 21 June]

WCED (1987). *Our common future*. [Online] World Commission on Environment and Development, Oxford: Oxford University Press, pp. 8.

Xiao, J. Z., Gao, S. S., Heravi, S., and Cheung, Y. C. Q. (2005) “The impact of social and economic development on corporate social and environmental disclosure in Hong Kong and the UK”. *Advances in International Accounting*, Vol. 18, pp. 219–243.

- Yardley, J. (2012) "Export Powerhouse Feels Pangs of Labor Strife", *The New York Times*. [Online] 23 August. Available from: http://www.nytimes.com/2012/08/24/world/asia/as-bangladesh-becomes-export-powerhouse-labor-strife-erupts.html?_r=0 [Accessed: 28 June, 2015]
- Yardley, J. (2013) "Bangladesh Pollution, Told in Colors and Smells", *The New York Times*. [Online] 14 July. Available from: http://www.nytimes.com/2013/07/15/world/asia/bangladesh-pollution-told-in-colors-and-smells.html?_r=1 [Accessed: 29 June, 2015]
- Yee, A. (2013) "Conservation Pays Off for Bangladeshi Factories", *The New York Times*. [Online] 21 March. Available from: <http://www.nytimes.com/2013/03/22/business/energy-environment/conservation-pays-off-for-bangladeshi-factories.html> [Accessed: 26 June, 2015]
- Yin, R. K. (1994) *Case Study Research: Design and Methods*, 2nd ed., London: Sage
- Yunus, M. and Yamagata, T. (2012) *The Garments Industry in Bangladesh*. [Online] Japan: Institute of Developing Economies, Japan External Trade Organization, Available from: http://www.ide.go.jp/English/Publish/Download/Report/2011/pdf/410_ch6.pdf [Accessed: 28 June 2015]
- Zajac, E. and Westphal, J. (2004) "The Social Construction of Market Value: Institutionalization and Learning Perspectives on Stock Market Reactions". *American Sociological Review*, Vol. 69 No.3, pp.433-457.
- Zilber, T. B. (2002). "Institutionalization as an interplay between actions, meanings, and actors: The case of a rape crisis center in Israel." *Academy of Management Journal* Vol. 45 No.1, pp. 234-254.
- Zilber, T. B. (2006). "The work of the symbolic in institutional processes: Translations of rational myths in Israeli high tech." *Academy of Management Journal* Vol. 49 No. 2, pp. 281-303.
- Zucker, L. G. (1977). "The role of institutionalization in cultural persistence." *American Sociological Review* Vol. 42, pp.726-743.
- Zucker, L. G (1982) "Institutional structure and organizational processes: The role of evaluation units in schools." In: Bank, A. and Williams, R. C. eds. *Studies in Evaluation and Decision Making. CSE Monograph Series in Evaluation*, Los Angeles, CA: Center for the Study of Evaluation, No. 10, pp. 69-89.
- Zucker, L. G. (1983). "Organizations as institutions." *Research in the Sociology of Organizations* Vol. 2 No.1, pp. 1-47.
- Zucker, L. G. (1987). "Institutional theories of organization." *Annual Review of Sociology* Vol.13, pp. 443-464.

Appendix 1: Corporate Interviewee List

Corporate Interviewees		
Serial	Acronym	Designation
1	Chairman	Chairman, Chief Executive Officer and Sponsor Director of CC
2	Vice chairman	Vice-Chairman and Sponsor Director of CC
4	COO1	Chief Operating Officer of business unit 1
3	COO2	Chief Operating Officer of business unit 2
5	HSD	Head of Sales & Distribution of a business unit
6	CM	Compliance Manager of Group Human Resource Division
8	HoS1	Former Head of Sustainability, Compliance & Sustainability Department, Group Human Resource Division
7	HoS2	Current Head of Sustainability, Compliance & Sustainability Department, Group Human Resource Division
9	Consultant 1	GRI Reporting Consultant
10	Consultant 2	Former Management Trainee, Compliance & Sustainability Department, Group Human Resource Division. In the first sustainability report, he worked as a member of the reporting team. Then he left CC and later worked as an independent consultant for the second sustainability report.
11	FAM	Former Assistant Manager, Compliance & Sustainability Department, Group Human Resource Division. He worked as a member of the reporting team.

Appendix 2: Stakeholder Interviewee List

Stakeholder Interviewees		
Serial	Acronym	Designation
1	LL1	General Secretary of a trade union federation. He has extensive experience in educating CC workers for their labour rights
2	LL2	Executive Director of one of the Bangladesh's most prominent labour rights organization
3	LL3	Assistant. Executive Director of leading labour research institute
4	IR1	Country Manager of an international retailer, particularly famous for sustainability reporting practices
5	IR2	Regional Director of an international retailer for their Global Human Rights and Social Responsibility Program
6	IR3	Social Compliance Manager of an international retailer
7	IA1	Trade advisor of a super-national organization
8	IA2	Program manager of an international financial institution of world bank group
9	IA3	Senior Program Officer of an international labour organization
10	IP1	Former President of a garment owners' association
11	IP2	Compliance Manager of a private garment company
12	IP3	Director of a listed garment company
13	IP4	Director of a private garment company
14	IP5	General manager of Compliance and Legal Affairs of a SA8000 certified company
15	IP6	Director of a listed garment company
16	CS1	Executive Director of a leading Bangladeshi civil society think-tank
17	CS2	University Professor
18	CS3	A leading economist and educationist who served as the cabinet secretary of Bangladesh government. He also worked as the chairman of regulatory reforms commission.
19	CS4	University Professor
20	CS5	Member of a regulatory body for capital market, Cost & Management Accountant, CFA, Council Member of a professional accountancy body
21	CS6	Chartered Accountant and Senior Deputy Director of a professional accountancy body
22	CS7	Executive Director of Bangladesh chapter of a global civil society organization leading the fight against corruption

Appendix 3: Participants of Focus Group Discussion

Participants of Focus Group Discussion		
Serial	Acronym	Participants
1	WFGD	5 workers participated in a FGD organized outside of the factory premise
2	CFGD1	First FGD was organized with people from CC's adjacent community. 6 people participated in that FGD – which includes local ward councillor with few landlords and shop owners
3	CFGD2	Second FGD was organized with another set of adjacent community. 5 people participated in that FGD comprising of school headmaster, imam of a mosque and 2 other residents within 100 yards distance of CC

Appendix 4: Consent Form

Consent Form for Participation in the Research project

Title of the Project: Corporate Sustainability Reporting: Evidence from Bangladeshi Readymade Garments (RMG) Industry

Name and contact address of Doctoral Researcher: Md. RezaulKabir, Accounting and Finance Group, Aston Business School, Aston University, Birmingham B4 7ET, UK. E-mail: kabirm1@aston.ac.uk; Cell (UK): +44 7717 310860; Cell (BD): 0191-7737788

Alternatively, you may also contact my supervisor: Dr. Ataur Rahman Belal, Accounting and Finance Group, Aston Business School, Aston University, Birmingham B4 7ET, UK. Email: a.r.belal@aston.ac.uk; Phone: +44(0)121 204 3031

Supervisory Team: Dr. Atatur Belal & Dr. Stuart Cooper

Please put a check mark (✓) in the boxes:

- I have read and understood the attached information sheet giving details of the project.
- I have had the opportunity to ask the researcher my questions that I had about the project and my involvement in it and understand my role in the project.
- I understand that my participation in this project is voluntary and I will not be paid for my participation. I am free to withdraw and discontinue participation at any time without giving any reason.
- I understand that taking part in this project will include being interviewed and audio recorded. If I don't want to be taped, then notes will be taken during the interview.
- I understand the data gathered in this project may form the basis of a doctoral dissertation to other form of academic publication or presentation.
- I understand that the data I provide will be treated as confidential, my anonymity will be protected and the researcher will not identify me or my organization by name in any reports, publication or presentation using information obtained from this interview.
- I have been given a copy of this consent form.

Participant's Signature: _____

Date:

Participant's Name (BLOCK CAPITALS):

Researcher's signature: _____

Date:

Attachment: Participant Information Sheet

Appendix 5: Participation Information Sheet

PARTICIPANT INFORMATION SHEET

You are being invited to take part in a research study. This is being carried out by a doctoral student from Aston University, UK. Before you decide whether or not to take part, it is important for you to understand why the research is being done and what it will involve.

Please take time to read the following information carefully. Please feel free to ask us if there is anything that is not clear or if you would like more information about it.

Title of the Project:

Corporate Sustainability Reporting: Evidence from Bangladeshi Readymade Garments (RMG) Industry

What is the purpose of the study?

The issue of sustainability has come to the forefront of discussion and attention amongst the governments and non-government quarters in the recent times and they are increasingly putting pressure on companies to incorporate sustainable practices into their business operations. This study will make an attempt to understand the sustainability reporting process from the context of a developing country, through case study approach. It will particularly focus on the reporting integration process (i.e. integration of external reporting with organizational internal system), stakeholder engagement and the influence of adopting particular reporting framework to evaluate the capacity of sustainability reporting in discharging accountability to its stakeholders.

Why have I been invited to participate?

You have been identified as someone who has a great deal to share about sustainability related organizational policies, processes and practices. The objective of organizing all these interviews is to develop a deep understanding of corporate sector's response towards sustainability issues.

Do I have to take part?

Taking part in the study is entirely voluntary. It is up to you to decide whether or not to take part. If you do decide to take part then I will describe the whole study to you. You will be given this information sheet to keep and be asked to give your formal consent to start the interview. If you agree to take part and later change your mind, you are free to withdraw from the study at any time and without giving a reason. Your data will no longer be used in the study.

What is involved if I decide to take part?

If you decide to take part in the interview, you will be asked to discuss your point of views about organizational policies, processes and practices related to sustainability issues. The face-to-face semi-structured interview will not take more than 1 hour.

Will I be recorded, and how will the recorded media be used?

The interview will be recorded as I don't want to miss any of your comments. Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down. All responses will be kept confidential. This means that your interview responses will only be shared with my doctoral supervisors which will be eventually destroyed after they are transcribed. No other use will be made of them without your written permission, and no one will be allowed access to the original recordings. If you want you can review the transcript to check its accuracy or to remove any incautious remarks.

What are the possible disadvantages and risks of taking part?

There are no known risks associated with your participation in this interview. Every care will be taken to ensure that you are comfortable with the content of the interview. However, if you feel uncomfortable at any time, you may withdraw or skip questions and no questions will be asked. Taking part in the study will mean that we take up a little of your time asking certain questions about sustainability related issues.

What are the possible benefits of taking part?

Although you will receive no direct benefits, this project may help corporate managers and their stakeholders to understand the importance of tackling sustainability related issues in a proactive manner. The research provides you with an opportunity to contribute to a process of sharing knowledge, experiences and also reveals the best practices for adoption by other organizations.

Will what I say in this study be kept confidential?

All information gathered during the course of the research will be kept strictly confidential. None of the reports or publications from this study will include any information identifiable to you as an individual. In fact, the data will be anonymous so that even if it could be accessed, it would not be attributable to any individuals.

The interviews will be recorded on a digital recorder which will then be uploaded to a password-protected computer at Aston University and the digital recording will be deleted from the recording device. All paper documents will be kept in a locked cabinet on secure premises in accordance with the Data Protection Act. All data will be kept for up to 5 years after which it will be destroyed securely. Electronic copies of the transcripts will be stored securely and confidentially: access to these will be limited to me and will be password protected.

What will happen to the results of the research study?

The research findings will be used in a thesis to be submitted at Aston University as part of my PhD degree in Management. Results will be presented in academic conferences, and may be published in peer reviewed journals, as well as seminars and workshops with academics, professionals and policy-makers in Bangladesh and the UK. You will not be identified in any report/publication unless you have consented to release such information.

I would be happy to share the findings (may be in Bengali or English, whichever you prefer) of the study with you and other participants if you are interested. I will also provide you with information of where to access the published study if there is any. Or I may possibly invite all participants to attend a workshop where the preliminary findings will be presented and feedback from you sought as to the implications of these findings for practice.

Who is organizing and funding the research?

The study is being conducted by me and I am a full time doctoral student in Accounting and Finance Group of Aston Business School, UK. My doctoral program is currently funded by the Commonwealth Scholarship Commission of the United Kingdom.

Who has reviewed the study?

The study has been approved by the Aston University's Research Ethics Committee to ensure that the study meets ethical standards.

Further information and contact details:

If you have a concern about any aspect of this study or if you wish to get more information about the study at any point please contact me:

Md. RezaulKabir
Doctoral Researcher
Finance and Accounting Group
Aston Business School
Aston University
Birmingham B4 7ET, UK
E-mail: kabirm1@aston.ac.uk
Cell (UK): +44 07717 310860
Cell (BD): 0191 7737788

Or if you have any concerns about the way in which the study has been conducted then you can contact my doctoral supervisor:

Ataur Rahman Belal Ph.D. MBA FCCA FHEA FCA FCMA
Finance and Accounting Group
Aston Business School
Aston University
Birmingham B4 7ET, UK
Email: a.r.belal@aston.ac.uk
Phone: +44(0)121 204 3031

Thank you for your time!