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CSR and the Social Sustainability of Bangladesh's RMG Industry

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<p>The main objective of this thesis to understand the Corporate Social Responsibility (CSR) and Social Sustainability of Bangladesh garment industries in the context of the Rana plaza Complex collapse. Similarly, it is intended to answer the research question "What is the status of the CSR practice and reporting in the RMG industry in Bangladesh in the context of the case study of the Rana Plaza collapse?" And "How can the regulation of CSR reporting and practice be improved to enhance social sustainability and create a sustainable supply chain in the RMG industry in Bangladesh?" This research uses an extensive literature-based approach and a case study based on the qualitative method.</p> <p>The key findings/results of this research are the poor conduct of CSR practice and social sustainability which included poor basic wages, poor safety and violation of workers' rights which led to the collapse of Rana plaza Complex. The global fashion industries should take full responsibility in creating a line of ethical production in Bangladesh through CSR reporting and implementation of social sustainability. This includes collaboration with International Labour Organization (ILO), local and international organization such as Awaj Foundation, Clean Campaign Organization, National Garment Workers' Federation for establishing better working environment, safety, basic living wages and workers' rights for the garment factories workers.</p>	
Keywords	Corporate social responsibility, Social sustainability, Fashion Companies, Rana plaza Complex, Bangladesh Garment.

Table of Contents

<u>1. INTRODUCTION.....</u>	<u>5</u>
<u>2 LITERATURE REVIEW.....</u>	<u>7</u>
2.1 CORPORATE SOCIAL RESPONSIBILITY (CSR):.....	7
2.2 SOCIAL SUSTAINABILITY AND MORAL RESPONSIBILITY THEORY OF SUSTAINABLE SUPPLY CHAIN:.....	8
2.3 ETHICAL CONSUMERISM:.....	11
<u>3 INTERNATIONAL GARMENT BUSINESS.....</u>	<u>13</u>
3.1 TOP MANUFACTURER OF GARMENT IN THE GLOBAL MARKET.....	13
3.2 GLOBAL OUTSOURCING OF GARMENTS.....	14
<u>4 BANGLADESH'S GARMENT INDUSTRY.....</u>	<u>16</u>
4.1 RISE OF READY-MADE GARMENT INDUSTRY IN BANGLADESH'S ECONOMY.....	16
4.2 CONTRIBUTION OF RMG INDUSTRY IN BANGLADESH EXPORTS AND MAJOR COUNTRIES FOR EXPORTS	18
4.3 INDUSTRIAL POLICIES AND GOVERNANCE AROUND BANGLADESH'S GARMENTS:.....	20
4.4 ROLE OF BGMEA.....	22
4.5 IMPACT OF CORRUPTION IN THE BANGLADESH GARMENT INDUSTRY'S GROWTH.....	23
4.6 BANGLADESH GARMENT WORKERS' WAGES, SAFETY AND RIGHTS.....	24
4.7 NATIONAL AND INTERNATIONAL ORGANIZATIONS FOR BANGLADESH GARMENT WORKERS.....	26
<u>5 RESEARCH METHODOLOGY.....</u>	<u>28</u>
5.1 RESEARCH APPROACH:.....	28
5.2 DATA COLLECTION:.....	29

<u>6 CASE STUDY OF RANA PLAZA INCIDENT</u>	<u>30</u>
6.1 BACKGROUND:	30
6.2 WEAK FACTORY COMPLIANCE, POOR GOVERNMENT GOVERNANCE, CSR REPORTING FAILURE AND WEAK LABOUR UNION THAT LED TO RANA PLAZA COLLAPSE.....	31
6.3 RESPONSIBLE BRANDS INVOLVED THE COLLAPSE OF RANA PLAZA	33
6.4 INITIAL RESPONSE OF TOP FASHION BRANDS INVOLVED IN RANA PLAZA.....	34
6.5 ACTIONS TAKEN POST RANA PLAZA’S ACCIDENT FROM RESPONSIBLE FASHION BRANDS.....	36
6.6 MAJOR CHANGES IN POLICIES AND AGREEMENTS IN BANGLADESH GARMENT INDUSTRY	36
<u>7 IMPROVING OVERALL CULTURE OF CSR DISCLOSURE AND PRACTICE IN BANGLADESH RMG INDUSTRIES:</u>	<u>37</u>
<u>8 WAYS OF IMPLEMENTING SOCIAL SUSTAINABILITY IN BANGLADESH:.....</u>	<u>42</u>
8.1 CONFLICT RESOLUTION BETWEEN THE BUYERS AND SUPPLIERS:	42
8.2 EDUCATION AND TRAINING FOR SUPPLIER:	43
8.3 FREEDOM OF ASSOCIATION IN BANGLADESH GARMENT INDUSTRIES:	44
8.4 CSR REPORTING AND CREATION OF MORE TRANSPARENT SUPPLY CHAIN:	45
8.5 ETHICAL PRODUCTION AND CONSUMERISM:	46
8.6 COLLABORATION WITH INTERNATIONAL AND NATIONAL NGO’S WORK:	47
<u>9 CONCLUSION:.....</u>	<u>47</u>
<u>10 LIST OF REFERENCES:</u>	<u>49</u>

List of Figures:

Figure 1: Top manufacturers in the global garment industry (Textile Today, 2018).

Figure 2: Annual percentages of exports of garments by country or region (WTO, 2019).

Figure 3: Number of garment factories (BGMEA, 2019).

Figure 4: Workforce size of the garment industry from 1984 to 2015(BGMEA, 2019).

Figure 5: Bangladeshi RMG exports to the world (Textile Today, 2018).

Figure 6: Major government policies for industries in 1970–2012(Yunus & Yamagata, 2012).

Figure 7: Countries with the lowest wages for clothing production (Statista, 2019)

1. Introduction

On the 24th of April 2013, in the suburban town of Savar in Dhaka, Bangladesh, the Rana Plaza complex collapsed, killing more than 1,100 people and injuring over 2,500 others with permanent wounds and disabilities (Tarek & Mak, 2017, pp. 135–141). The Rana Plaza complex comprised an eight-story building with apartments, shops, banks and five garment factory divisions for major European and North American retailers (Comyns & Franklin-Johnson, 2018, pp. 159–183). The collapse of Rana Plaza, the largest factory accident in history, was the most deadly, but not one of a kind. During the period 2005–2013 in Bangladesh, approximately 1,496 workers lost their lives in different accidents through factory collapse and factory fire. These incidents occurred in factories that had poor worker safety, and more generally poor commitment to corporate social responsibility (CSR) (Tarek & Mak, 2017, pp. 135–141).

The ready-made garment (RMG) industry is involved in the mass production of finished textile products of the clothing industry (Tis, 2018). The global outsourcing of garments from the fashion industry has created the issue of the inferior line of production in poor countries such as Bangladesh, Indonesia and China to produce a cheap line of clothes with improper safety compliance and working conditions. The RMG industry of Bangladesh is the second largest exporter of textiles across the globe, with \$29 billion worth of exports in 2017, accounting for more than 6.5% of the global apparel market. It is the major industry in Bangladesh, which provides employment for more than 4 million workers (of whom 80% are women) in more than 6,000 factories all over the country (Mirdha, 2018, p. 1). Bangladesh's RMG industry has been highly criticized for having poor CSR reporting, unsustainable production lines and poor safety compliance in the factories (Tarek & Mak, 2017, pp. 135–141).

The collapse of Rana Plaza intensified the awareness of the issue of the safety compliance of RMG factories in the world among fashion consumers and organizations. Therefore, many international organizations such as Clean Clothes Campaign and Greenpeace, along with national organizations such as Awaj Foundation and JAAGO Foundation, protested against the fashion brands that were associated with the

collapse and demanded better safety compliance and facilities for Bangladesh garment workers.

This thesis focuses on the corporate social responsibility practices in Bangladesh, which encompass worker safety, sustainable supply chains and consumers' ethical purchasing. Its main goals are to examine the reasons underlying the poor corporate social (responsibility) practices of factories in Bangladesh and fashion brands, identify some approaches for solving problems related to factory workers' safe working conditions and fair compensation and benefits, among others. Such solutions would need to be designed in a way that prevents the recurrence of accidents (e.g. the Rana Plaza tragedy) in textile factories in Bangladesh. This research also focuses on social sustainability and sustainable supply chains and a means of effectively implementing the sustainability perspective in Bangladesh's RMG industry. It covers the timeline from 1971 until 2020, spanning the history of Bangladesh's industry, the Rana Plaza collapse and the present year. The demographics of people from various fashion industries, the Bangladesh garment industry and fashion consumers in general are included as well (Rahman and Moazzem, 2017).

This thesis presents the past situation of CSR and the social sustainability of the garment industry of Bangladesh and compares it with the situation of CSR, sustainability after the Rana Plaza collapse with many policy changes and how it can be made more sustainable in the future, providing the solution. The research aims to improve the practice of corporate social responsibility and social sustainability of garment factories in Bangladesh. It tackles the establishment of CSR reporting and implementation, creating social sustainability and ethical consumerism for Bangladesh's RMG industry. It aims to answer the following research questions:

1. What is the status of CSR practice and reporting in the RMG industry in Bangladesh in the context of the case study of the Rana Plaza collapse?
2. How can the regulation of CSR reporting and practice be improved to enhance social sustainability and create a sustainable supply chain in the RMG industry in Bangladesh?

This dissertation is organized into several chapters. Chapter 2 is the literature review. Chapters 3 and 4 describe the international garment business and the Bangladeshi garment industry, respectively. Chapter 5 explains the research methodology. Chapter 6 focuses on the case study of the Rana Plaza incident. Chapter 7 deals with the improvement of the overall culture of CSR disclosure and practice in Bangladeshi RMG industries. Chapter 8 suggests approaches for implementing social sustainability in Bangladesh. Finally, Chapter 9 presents the conclusion.

2. Literature Review

This chapter reviews three topics in the literature: corporate social responsibility, moral responsibility theory of sustainable supply chain, and ethical consumerism. It also explains the relevance of these topics for this study.

2.1 Corporate Social Responsibility

American economist Howard Bowen, regarded as the father of CSR, sparked the interest in modern CSR with his seminal book *Social Responsibilities of the Businessman* (1953). Meanwhile, the Committee for Economic Development of the US introduced in 1971 the model of social bond between businesses and society. This social agreement obliged businesses to contribute to the needs of society. In late 1991, the publication of 'Corporate social performance revisited' by University of Pittsburgh Professor Donna J. Wood broadened and improved the CSR models with an assessment tool for evaluating the effects and outcomes of CSR. Furthermore, the pyramid of corporate social responsibility developed by University of Georgia Professor Archie B. Carroll expanded its coverage to regions that were vital for the implementation of CSR in modern organizations. In the 2000s, multi-million-dollar companies such as Coca-Cola and Walt Disney integrated CSR into their practices (Thomas, 2019).

Corporate social responsibility relates to business ethics, corporate citizenship and corporate social performance. These topics contain underlying themes such as community, morals and accountability (Schwartz & Carroll, 2008). The concept of CSR

underscores corporate self-regulation that is mainly associated with ethical issues, human rights, health and safety, environmental protection, social and environmental reporting, and voluntary endeavours involving support for community projects and philanthropy (Carroll & Shabana, 2010).

Corporate social responsibility pertains to 'the obligation of a firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company' (Kok et al., 2001, p. 287). Its multiple definitions, which have evolved in the past two decades, reflect common concerns that consider the influence of company actions on others, the obligation of managers to protect and continue the welfare of society, and the fulfilment of economic and legal responsibilities and activities that extend beyond this obligation (Visser, Matten, Pohl and Tolhurst, 2010). In one key definition, CSR is denoted as the 'social responsibility of business [as] encompassing the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time' (Carroll, 1979).

This paper uses the concept of CSR focusing on the social aspects of garment factory workers in Bangladesh where safety compliance is poor, wages are low and worker rights are lacking, all of which violate the ethical component of CSR. The main goal of the paper is to provide a perspective of CSR in Bangladesh garment factories, how it is practised, what has changed since the Rana Plaza collapse and how ethical production can be beneficial for both the large garment workforce and the fashion industry of Bangladesh. This study uses the case of Rana Plaza as an example, such that the fashion industry would realize and rectify its mistakes and accordingly modify its role and responsibility in the ethical production of garments.

2.2 Moral Responsibility Theory of Sustainable Supply Chain

Social sustainability is a key component of the triple bottom line concept, which comprises the economic, environmental and social performances of a corporation. It focuses on the control of the human and societal capital of the entire corporation,

including the outsourced suppliers and other supply chain partners. This aspect of the corporation forms and preserves the impartial management towards labour, societies and regions in the supply chain. In considering social sustainability as a universal theory, economic and environmental performances should be involved, the stakeholders outside the supply chain should be identified and long-term benefits for society should be ensured (Huq, Stevenson & Zorzini, 2013, p. 612). The sustainability issues faced by the garment industry in Bangladesh are pertinent to social challenges such as child labour in sweatshops, poor working conditions, low wages and long working hours, workers' rights, and health and safety risks in apparel factories (Pedersen and Andersen, 2015; Pedersen and Gwozdz, 2014).

A supply chain is 'a network of materials, information, and services handling links with the features of supply, transformation and demand' (Chen & Paulraj 2004). Therefore, the supply chain is crucial for connecting cheap production in countries such as Bangladesh, China and Indonesia. Its most problematic phase is the production unit of the RMG industry in developing nations that use cheap labour and child labour with poor working conditions and low basic wages and the absence of security. The moral responsibility theory of sustainable supply chains (MRSSC) explores the idea of how a corporation could be truly or just occasionally sustainable. According to MRSSC, six principles govern sustainable supply chains: corporations must be able to demonstrate that their supply chains are (1) truly sustainable, (2) occasionally unsustainable, (3) occasionally sustainable, (4) consistently sustainable in selective areas, (5) occasionally unsustainable in selective areas and (6) occasionally sustainable in selective areas (Ha-Brookshire, 2015, pp. 232–234).

In truly sustainable supply chains, the end contractor relies on the success of its units or partners' sustainability. Furthermore, sustainability is viewed as an absolute duty, and a truly sustainable supply chain provides clear and convergent goals towards sustainability. A truly sustainable supply chain consists of units or members that are genuinely sustainable to achieve such objective, thereby rendering the genuine sustainability of the entire corporation. Meanwhile, occasionally unsustainable supply chains share the view that sustainability is a perfect duty and that it defines clear and

convergent goals; furthermore, if each supply chain partner is not perfectly sustainable, then the supply chain is not truly sustainable. This paper further explains the meaning and practice of both truly sustainable and occasionally unsustainable supply chains because these concepts are the most relevant to the case study of Bangladesh's garment industry.

The MRSSC is applicable to global fashion companies such as Primark, Inditex, Benetton, Mango and Walmart and many more firms, the suppliers of which are not vertically integrated but rather fragmented and dependent on supply chain partners to form a sustainable supply chain. These garment retailers/buyers purchase their supplies from outsourcing factories based in Bangladesh, Cambodia and Indonesia. These companies' supply chains are deemed unsustainable due to the poor practice of CSR and codes of conduct by such outsourced factories, as illustrated by the Rana Plaza collapse.

For instance, taking the Bangladesh textile industry into consideration, the production units of companies such as Primark predominantly outsource to many factories (e.g. main suppliers such as Fakir Apparels Ltd., Hop Lun Apparel Ltd. and Far East Knitting & Dyeing Industries Ltd.) located in Dhaka and Chittagong, Bangladesh. London-based Primark declares itself as truly sustainable with all commitments as well as clear and common objectives, and with precise structures that are geared towards the achievement of a sustainable supply chain (Primark, 2020). Nevertheless, this 'sustainable' supply chain depends on the unethical or unsustainable mode of operation in the manufacturing factories of suppliers. Several textile manufacturing suppliers for Primark and other fashion companies have been accused of having poor working conditions, frequent incidence of factory fires and accidents, inadequate work safety measures, low wages, child labour and many more unsustainable practices. These fashion companies with unsustainable suppliers in Bangladesh belong to the category of occasionally unsustainable supply chains (Ha-Brookshire, 2015, pp. 232–234).

2.3 Ethical Consumerism

Ethical consumerism refers to a concern about how the purchasing behaviours or decisions of consumers contribute to the problems of countries such as Bangladesh, China and Indonesia and many Third World countries; in these countries, producers receive low wages and live in poor conditions to manufacture products for the European and western countries and to increase the volume of profits of multinational companies. Ethical consumers are those people who buy products that are produced in Third World countries by workers who receive fair wages, work in favourable working conditions and directly benefit from the profits made (Strong, 1996, p. 5).

Ethical consumption has many implications of apprehension in consumption, ranging from political, religious and spiritual to environmental and other social intentions for selecting one product over another (Harrison et al., 2005). Among the elements of ethical manufacturing practices are recyclable packaging, organic production and fair trade. In the context of the fashion industry, fair trade has become a symbol of anti-exploitation, and its functionality of fairly paying the producer suggests that end customers typically pay more for fair-trade products than for non-fair trade ones. Fairtrade Foundation, an international organization, works in collaboration with different companies to improve working conditions in garment industries and monitors the entire production process in every factory. Among the many garment companies that collaborate with Fairtrade Foundation are Apolis, Sica and People Tree.

The behaviour of a consumer while purchasing a product comes with a consideration for quality, price, convenience and availability (Coddington, 1993). In ethical consumption, a space exists between the belief and preference towards the social component feature and the intention to buy and willingness to pay (Carrigan and Attalla, 2001; Carrigan et al., 2004; Shaw and Shiu, 2002; Olson and Zanna, 1993). According to Auger et al. (2003), consumers from developed countries are inclined to purchase and pay more for products with an ethical component compared to consumers from developing countries. Consumers have different forms of purchasing consciousness (i.e. environmental, societal and health). These attributes can determine

the willingness to pay more for an ethical product. Therefore, manufacturers and retailers that use ethical augmentation have to decide an acceptable price range for these products, which aligns with the consumers' willingness to pay in consideration for the various forms of purchasing consciousness. Dickson (2001) identified the probability of purchase among those who could recognize the 'no sweat' level as one of the most important issues in the apparel industry; on the contrary, minority of buyers were influenced by the attributes. This finding implies that despite being conscious or mindful about the ethical markers, the large majority of consumers do not take into account these ethical attributes and express an unwillingness to pay a higher price (Mai, 2014).

Mai (2014) surveyed 208 respondents in the UK about different ethical attributes such as organic production, use of recyclable packaging and promotion of fair trade in the purchase of a box of premium chocolates; the top three factors that emerged in the survey were taste, brand name and packaging/appearance', with an average score of 4.2 out of 5. By contrast, ethical attributes were considered less important, obtaining an average score of 3 out of 5. Furthermore, on average, half of the 208 respondents were ready to pay more for the ethical attributes that came with the product. Despite the small sample size of 208 respondents, Mai's (2014) study indicated that consumers are more likely to pay more for a product due to its famous brand and attractive packaging rather than the aforementioned ethical attributes.

3. International Garment Business

The garment industry is one of the most vital industries in the commerce sector, and it has further grown through globalization. According to the International Labour Organization (ILO), 60 to 75 million people worldwide have been employed in the garment industry until 2014 compared to 20 million people in 2000. The rapid growth of this industry signifies more market capital value; the global garment market value is expected to increase to \$1.5 trillion in 2020 from \$1.3 trillion in 2015 (Statista, 2019).

3.1 Top Garment Manufacturers in the Global Market

The current leading manufacturers of garments in the world are China, Bangladesh, Vietnam, India, Turkey, Indonesia and Cambodia, accounting for a global market share of 59% and export earnings of \$262 billion in 2017 (Textile Today, 2018). Figure 1 presents the major manufacturers in the global garment industry.

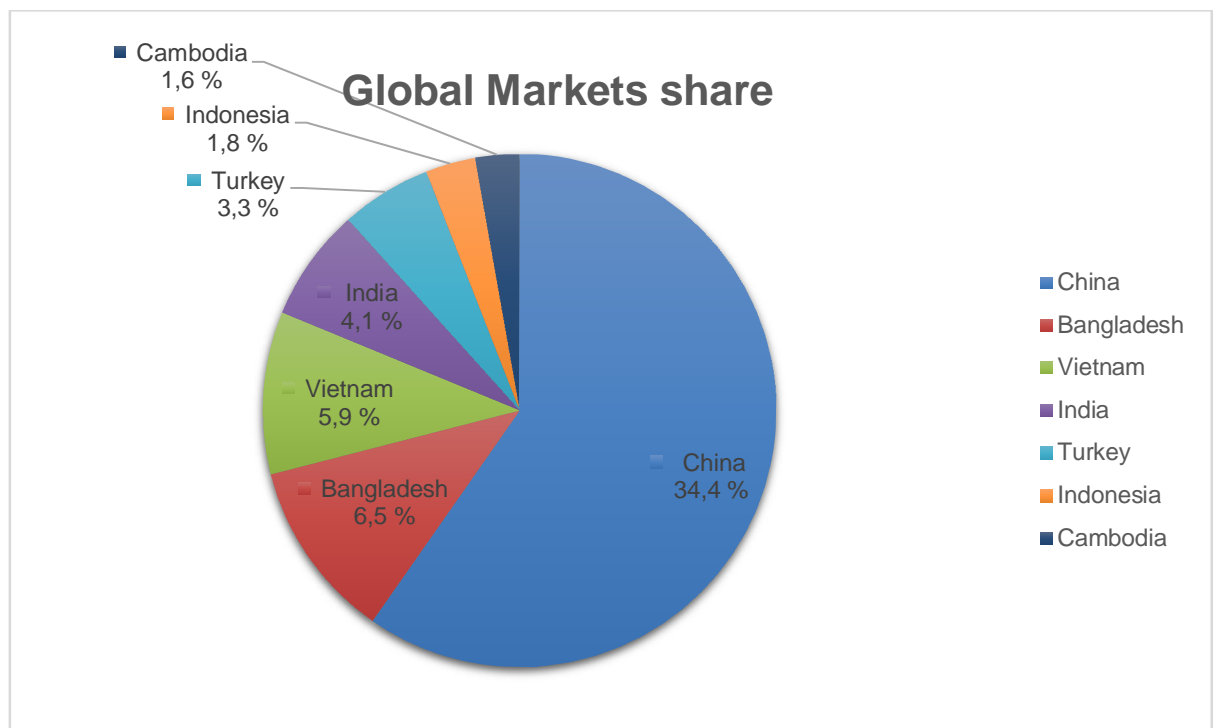


Figure 1: Top manufacturers in the global garment industry (Textile Today, 2018)

As depicted in Figure 1, China was the largest garment manufacturing country in the world in 2017, with a market share of 34.4% and export earnings of \$158 billion, followed by Bangladesh, with a market share of 6.5% and export earnings of \$29 billion (Textile Today, 2018). The next five countries with the highest export earnings in the garment industry included Vietnam (\$27 billion), India (\$18 billion), Turkey (\$15 billion), Indonesia (\$8 billion) and Cambodia (\$7 billion) (Textile Today, 2018).

3.2 Global Outsourcing of Garments

Outsourcing pertains to the strategic use of external specified service providers to execute and manage activities that are normally viewed as non-core to the business (Rushton & Walker, 2007). It is practised in different industries such as software, high-tech, pharmaceuticals and retail/garment/apparel. The rationale that underlies the outsourcing of these industries includes the reduced and controlled operating costs, huge machinery and advance technology and large pool of skilled and unskilled workers with low labour costs. However, among the downsides of outsourcing particularly in the apparel industry relate to the quality control of products, communication gaps due to the language barrier, long-line logistics and poor working conditions (Lewy, 2012).

Some of the top hubs for the future outsourcing of garments are Vietnam, Bangladesh, EU (28), Indonesia, Turkey and the US. The annual percentages of garment exports by

country or region are presented in Figure 2.

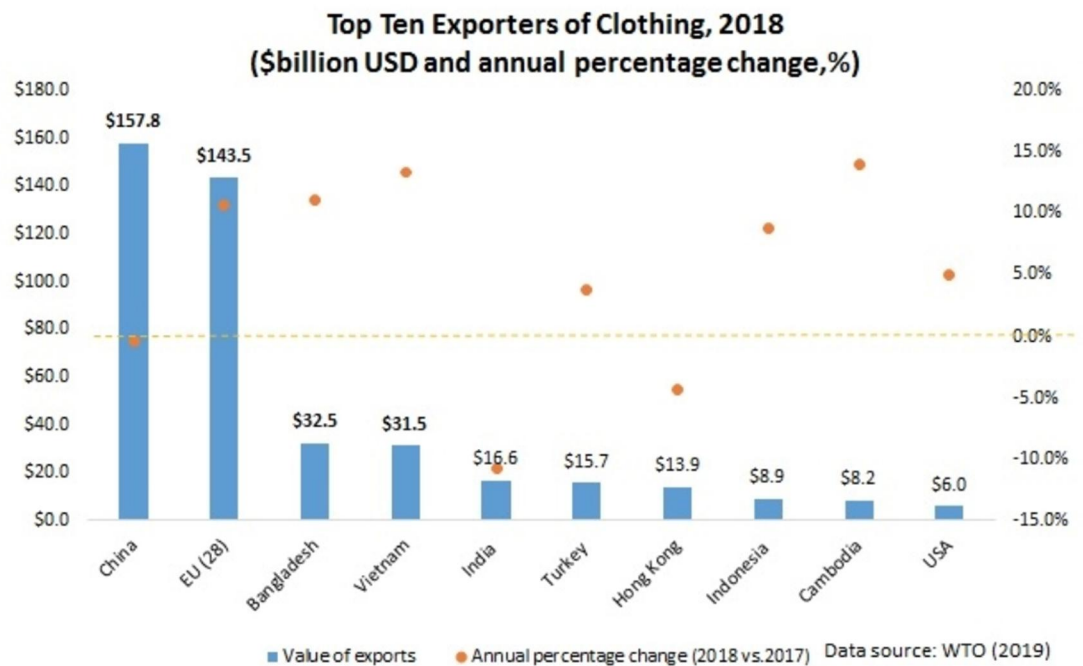


Figure 2: Annual percentages of exports of garments by country or region (WTO, 2019)

As depicted in Figure 2, China has a 0% change in the annual percentage in exports from 2017 to 2018. Meanwhile, Vietnam has gained the change of 11.3%, and Bangladesh's annual growth increased to 13.2% from 2017. Other potential countries for outsourcing are Cambodia (up 15%) and Indonesia (up 9%). These countries can become the new top outsourcing hubs for apparel manufacturing, given the declining market share and growth rate of China (Sheng Lu, 2019).

Similarly, Bangladesh has been one of the top apparel outsourcing spots for many fashion clothing companies worldwide. The country has more than 5,600 garment factories employing approximately 4 million workers out of 74 million workers nationwide. According to McKinsey, exports amounted to \$15 billion in 2010 and \$29 billion in 2019. Despite being the second largest garment exporter in the world, Bangladesh confronts different challenges such as lack of infrastructure, shortages of power in the factory, non-compliance due to the poor working conditions, shortage of

raw materials such as natural or artificial fibres, and political and economic instability (Berg, Hedrich and Tochtermann, 2012).

4. Garment Industry of Bangladesh

This chapter includes seven sections. The first section describes the emergence of the ready-made garment industry in the Bangladeshi economy. The second section discusses the contribution of the RMG industry to Bangladesh exports and major importing countries. The third section covers the industrial policies and governance of the Bangladesh RMG industry. The fourth section details the role of the Bangladesh Garment Manufacturers and Exporters' Association. The fifth section explains the effect of corruption on the growth of the Bangladeshi garment industry. The sixth section tackles the wages, safety and rights of Bangladeshi garment workers. Finally, the seventh section describes the national and international organizations for Bangladeshi garment workers.

4.1 Rise of the Ready-made Garment Industry in the Bangladesh Economy

Bangladesh gained its independence from Pakistan in 1971; at the time, Bangladesh exported approximately \$540 million worth of goods and services, which accounted for 6.3% of its GDP. The infant ready-made garment industry was launched in 1977, with Riaz Garments and Jewel Garments exporting \$40,000 worth of products (Rashid, 2006). Additionally, South Korean firm Daewoo played a major role in the growth of the garment industry when it partnered with a Bangladeshi firm, Desh Garments, specifically providing training and equipment (Kabeer & Mahmud, 2004, pp. 93–109).

The history of the Bangladeshi economy itself can be divided into three periods: early years (1972–1976), de-nationalization and deregulation (1976–1990) and economic reform (1990–present) (Kurpad, 2014, p. 81). In early years, the industries in Bangladesh were nationalized with strict trade controls imposed on exports and imports. As a result, the RMG industry could not expand due to the excessive price control and restricted trade policies. In 1976–1990, the period of denationalization and

deregulation of trade reforms and trade liberalisation contributed to the expansion of many industrial enterprises in Bangladesh. In particular, the garment sector benefitted from the free trade environment in the country. The garment industry evolved in the period of economic reform from 1990 when the trade reforms of Bangladesh were established with a substantial scaling down and rationalizations of tariffs and the removal of trade-related quantitative restrictions. The unification of exchange rates and elimination of import licensing provided the impetus for the worldwide expansion of Bangladesh's garment industry (Kurpad, 2014, p. 81).

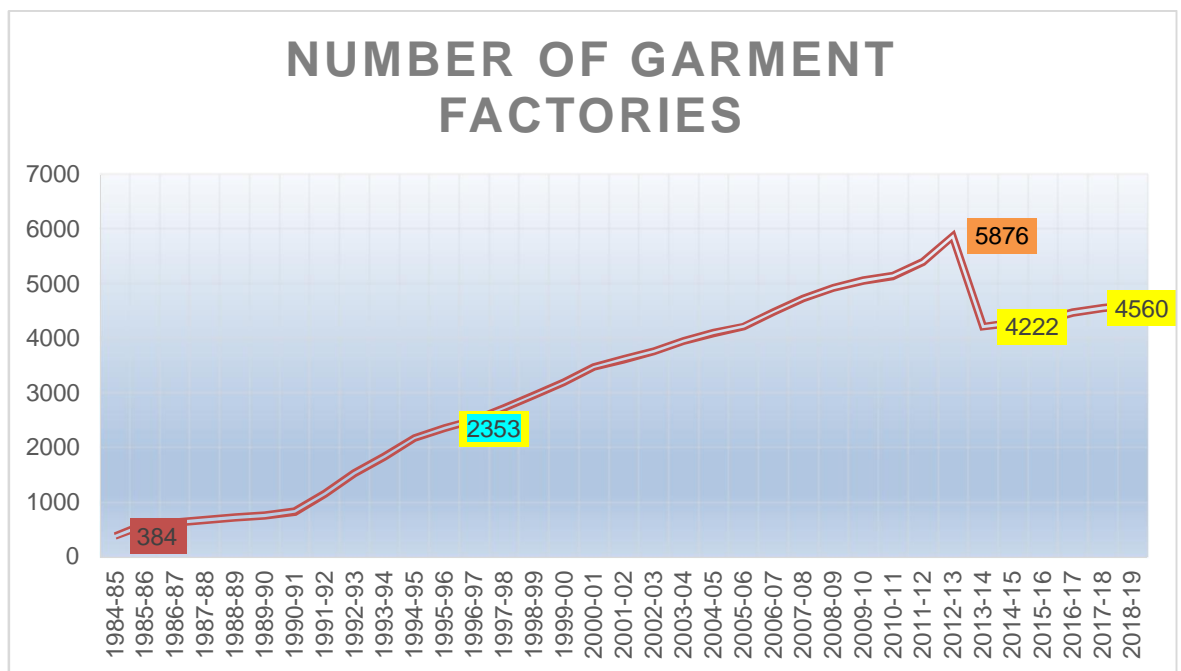


Figure 3: Number of garment factories (BGMEA, 2019)

Figure 3 illustrates the rapid growth in the number of RMG factories in Bangladesh. In a span of 10 years between 1985 and 1995, the number of factories increased four times due to the new economic reform in trade after 1990 and the participation of Bangladesh in the World Trade Organization (WTO) in 1995. In 2012, Bangladesh registered the highest number of factories in the history of the garment industry. However, the tragic incident of Rana Plaza in 2013 caused the shutdown or bankruptcy of more than 1,500 factories. This case thus explained the major decrease in the number of factories in 2013–2014 (BGMEA, 2019).

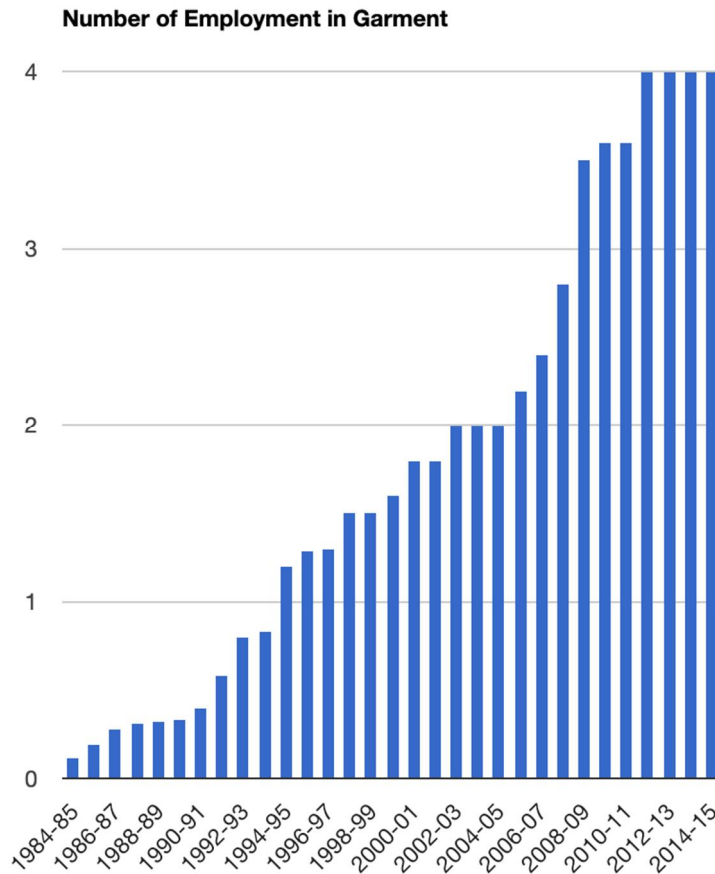


Figure 4: Workforce size of the garment industry from 1984 to 2015 (BGMEA, 2019)

Figure 4 displays the workforce size of garment factories in Bangladesh from 1984 to 2015. In 2015, the RMG industry provided employment to more than 4 million workers in Bangladesh (BGMEA, 2019).

4.2 Contribution of the RMG industry to Bangladesh Exports and Major Countries for Export

In 1983–1984, the RMG industry contributed 3.89% of the total exports of Bangladesh. When Bangladesh joined the WTO in 1995, the export rate through the RMG industry increased to 65.71% of the total exports of Bangladesh. The RMG industry contributed the highest amount of exports in 2018–2019, accounting for 84.7% of the total exports. Most of the RMG products from Bangladesh are exported to the EU countries (65%), the US (17%) and Canada (3%) (BGMEA, 2019), as depicted in Figure 5.

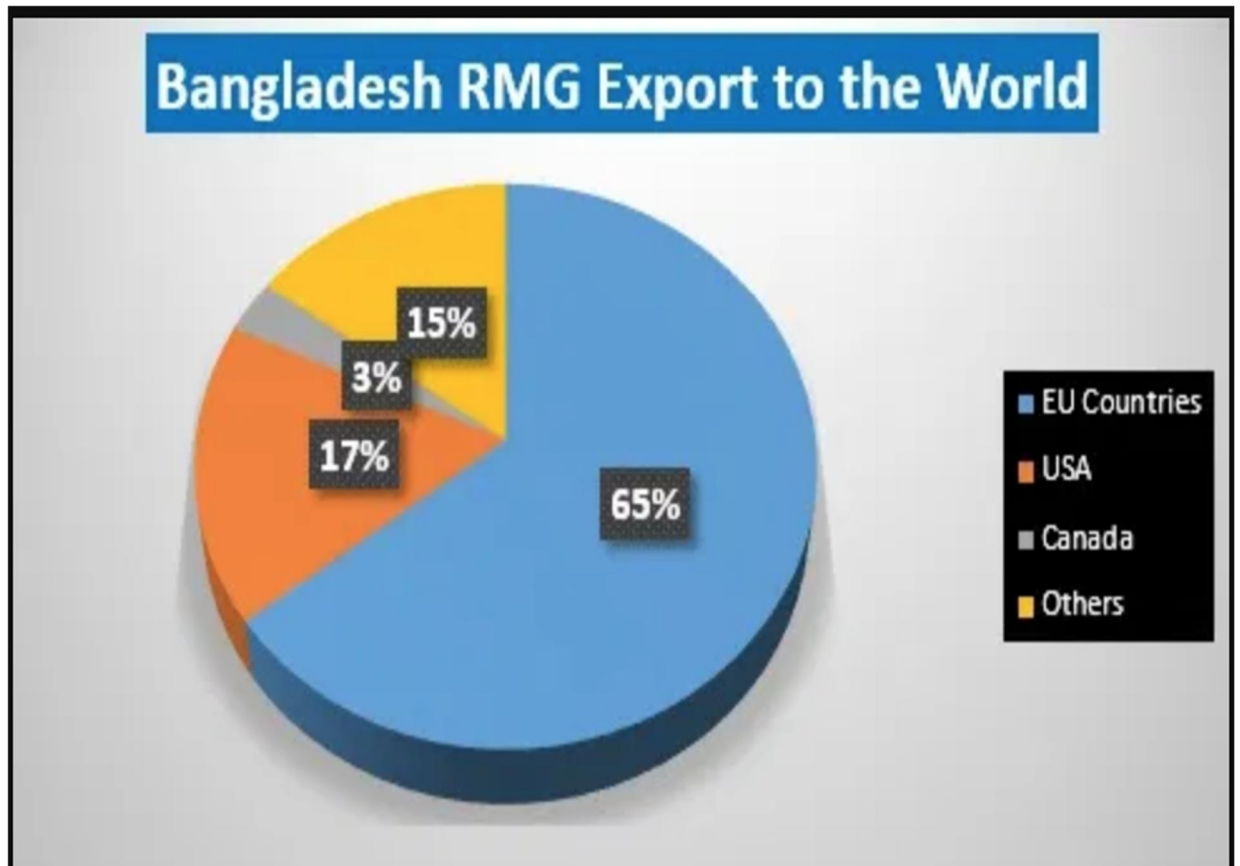


Figure 5: Bangladeshi RMG exports to the world (Textile Today, 2018)

Foreign direct investment (FDI) boosted the rapid growth of the RMG industry of Bangladesh; in 2017, the FDI in the country's garment and textile industry totalled \$421 billion. This investment helped to increase the Bangladeshi GDP growth rate, as the RMG industry contributed 11.17% to the total GDP (Textile Today, 2018).

4.3 Industrial Policies and Governance of Bangladesh's Garment Industry

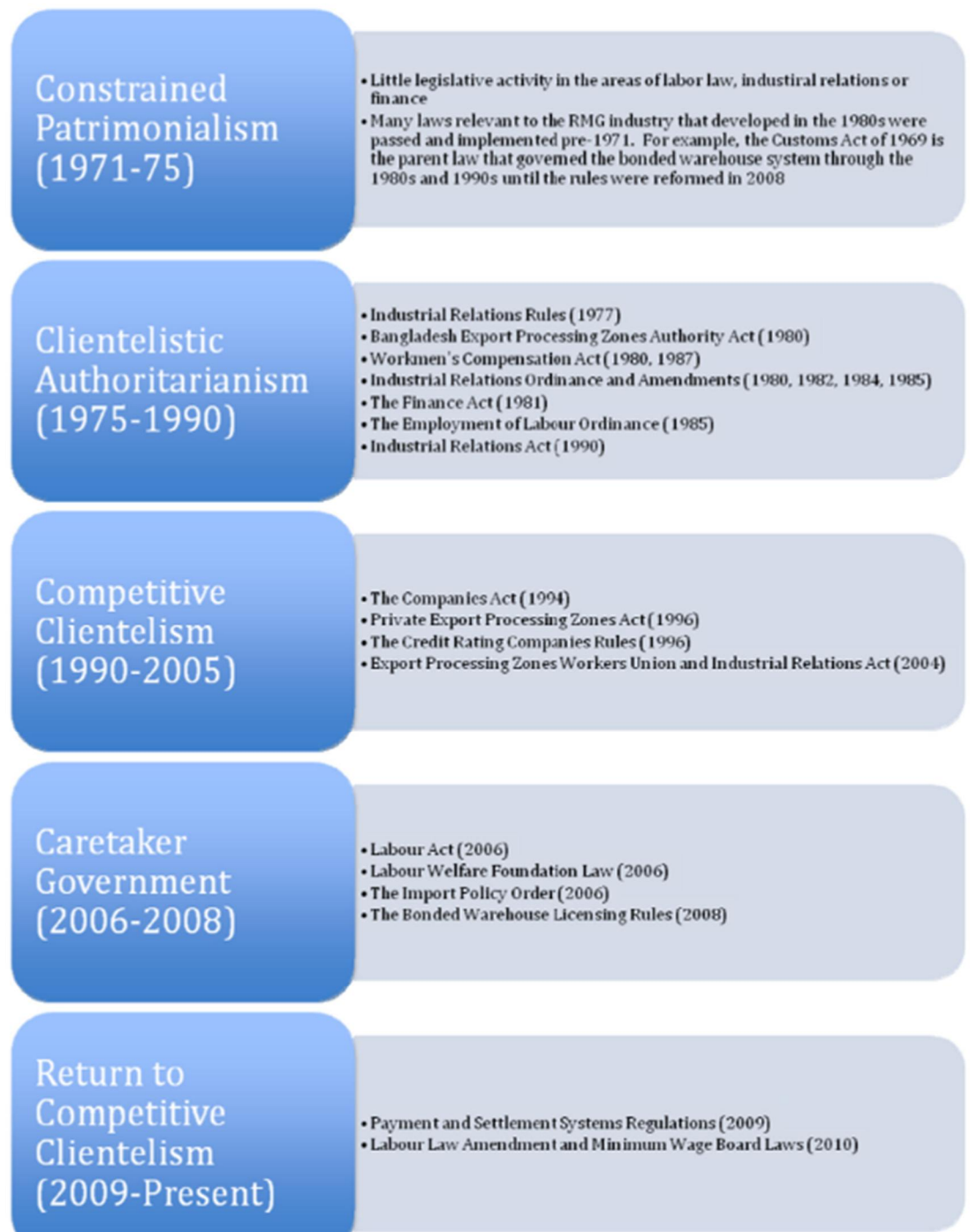


Figure 6: Major government policies for industries in 1970–2012 (Yunus & Yamagata, 2012).

A few years after Bangladesh gained its independence, the public sector led an import-substitution industrialization strategy. Similarly, in the late 1970s, the industrialization philosophy of the government drastically changed: the emphasis shifted to export-

oriented growth, spearheaded by the private sector. In 1982, the military government issued a new industrial policy comprising significant policy reforms, which drove the industrial development through the private sector. The policy reforms of economic liberalization and a commitment to export-led growth through competition among the domestic firms influenced the rise of the RMG industry in Bangladesh (Parnini, 2009; Rahman, 1992).

The first bright sign for the Bangladesh garment industry emerged in the early 1980s with the liberalization of import licensing. The government relinquished its control over import policy, signifying that the RMG sector could import key inputs (raw materials) at a cheaper price. Furthermore, the decentralization of the administration simplified and liberalized the investment sanction procedure. For example, non-government projects or private projects could acquire the automatic 'free sectors' with own individual funds without a need for government authorization, thereby encouraging many new investors to enter the RMG sector (Parnini, 2009; Rahman, 1992).

From 1986 to 1991, the industrial policy was revised twice, gaining encouragement from foreign donors and multilateral organizations to pursue neoliberal economic policies to further strengthen the private sector process. This development helped to shift the Bangladesh's garment industry towards a more competitive market economy. The Multi-Fibre Arrangement (MFA) for textiles and ready-made garments exported from developing nations to developed nations in 1974–2005 stimulated the growth of the RMG industry in Bangladesh. The MFA restricted the sale of Chinese textiles and garments in particular, which benefitted in the initial phase entering into the international garment market (Razz-aque, 2005; Siddiqi, 2004; World Bank, 2005). Additionally, import licensing was abolished in 1986; thus, the designated banks allowed imports against the letter of credit. This situation provided opportunity garment exporters with a significant opportunity in terms of back-to-back letters of credit, which ensured that nearly 70% of the working capital could be borrowed (Yardley, 2013).

One of the most favourable policies was the introduction of the special bonded warehouse (SBW) that was administered through a passbook, hence permitting the

speedy administration of import procedures and guaranteeing the duty-free imports of garment businesses' import requirements. With the assistance of the letter of credit and SBW and despite the weak governance, the Bangladesh garment industry generated a considerable amount of profit (Yunus & Yamagata, 2012).

4.4 Role of the Bangladesh Garment Manufacturers and Exporters' Association

The Bangladesh Garment Manufacturers and Exporters' Association (BGMEA) was established in 1983. The concept behind its founding was to encourage and facilitate the apparel industry through the advocacy of government policy, provision of services to associates and the guaranteeing of workers' rights and social compliance at factories. Although the BGMEA was established in 1983, it came into action only in the early 1990s, when the democratically elected government delegated to the association the authority to issue import customs certificates and streamline the garment manufacturers' process of acquiring raw materials and technology. This delegation of authority allowed the creation of a lobbying system and increased the share of Bangladeshi exports, as the government enforced a relatively 'hands-off' policy with respect to the RMG sector (Yardley, 2013).

The mission of BGMEA is twofold: first, 'to safeguard and promote the interests of the industry, thus ensuring a sustained growth in the foreign exchange earnings of the country, and second, 'to ensure all [the] legitimate rights and privileges of garment workers. The association also strives toward the betterment of the society and environment'. Currently, the association has more than 4,500 member factories, of which 40% manufacture knitwear and sweaters and 60% produce woven garments. The member factories account for 100% of the woven garment exports, 95% of sweater exports and 50% of light knitwear exports of Bangladesh (BGMEA, 2019).

The main responsibility of BGMEA is policy advocacy for the smooth functioning of trade and industries, upholding a harmonious industrial relationship to explore new

markets and to assist trade in existing markets, holding seminars for recommendations on key policies and participating in bilateral and multilateral trade negotiations. The key initiatives undertaken by BGMEA relate to human resources development: job-placement programme for people with disabilities and training programme for enhancing productivity and quality at work. Other endeavours cover workplace safety and monitoring of member factories' safety compliance. The BGMEA also organizes its member factories' training on social and environmental standards, including the increased practice of energy efficient production, establishment of green industrial buildings and proper use of natural resources (BGMEA, 2019).

4.5 Influence of Corruption on the Growth of the Bangladeshi Garment Industry

In a list of the most corrupt countries in the world, Bangladesh is the 149th least corrupt one out of 180 nations (Transparency International, 2018). The growth of the garment industry in Bangladesh has been stable and thriving despite the corruption. According to Kang, Malesky and Samphantharak (2008), constant and predictable corruption in a nation does not pose a major threat to industries. Many stakeholders in the Bangladeshi garment industry believe that corruption is a foreseeable yet manageable cost of doing business in the country. For example, the shipment of a standard container requires six official documents and takes 25 days to process at a cost of \$965, and these transactions are facilitated through informal payments to government agents (Kang, 2002; Malesky & Samphantharak, 2008).

Given the low labour costs in Bangladesh results in paying a small number of bribes for the production line transporting goods from Dhaka to Chittagong. Therefore, the predictable nature of this type of corruption in Bangladesh would help to reduce the potential effect on economic development. Corruption in Bangladesh has been consequently treated as a tax, arguably when it is not very high or unpredictable. According to McKinsey, corruption in Bangladesh's garment industry has been indicated as a minor concern for the future of the sector. Additionally, chief purchasing officers of apparel companies in the EU and US view corruption in Bangladesh as costly yet

manageable with experience working with Bangladesh Garment factories. (McKinsey, 2012).

4.6 Bangladeshi Garment Workers' Wages, Safety and Rights

The Bangladesh garment industry is the second largest exporter of garments in the world; however, as of 2018, the wage of \$95 (BDT 8,000) is the second lowest monthly minimum pay in the world, which is way less than the living wage in Bangladesh (see Figure 7). The statutory minimum wage of low-skilled garment workers in Bangladesh from 1985 until the Rana Plaza collapse in 2013 was \$38 (BDT 3000). After the Rana Plaza tragedy, domestic and international communities petitioned to raise the garment workers' minimum wage, particularly seeking a 'living wage' of BDT 9,500 (\$120). The factory owners argued that a large wage adjustment would hamper their competitiveness; nonetheless, the minimum wage was finally increased to BDT 8,000 (\$95) in December 2018 (Laurent Bossavie Yoonyoung Cho Rachel Heath, 2019). The bargaining power of workers to defend their rights has been excessively low, as the freedom of association restricted the formation of trade unions under the 2006 Bangladesh Labour Act before the Rana Plaza collapse era.



Figure 7: Countries with the lowest wages for clothing production (Statista, 2019)

Bangladeshi garment workers have been confronted with the challenge of forced labour for several years. Due to the political influence of factory owners on the inspection and reporting from the auditors, the garment workers have been forced to work seven days a week and up to 19 hours a day without the mandatory breaks of two hours for every eight-hour work shift, which is evidently in violation of the labour law and the code of conduct. The most common practice is journaling two different time sheets for the garment workers' working hours, such that the fake time sheet is provided to the buyers and auditors. Other deceptive acts relate to the Bangladeshi local law's stipulation that factories with more than 350 employees are required to employ a full-time doctor and a nurse. Many suppliers acknowledged that the medical staff are called in only for the audit day. The main reason for the practical irrelevance of the codes of conduct of these factories is the corruption among Bangladeshi government officials and within the labour agency (Huq, Stevenson & Zorzini, 2013, pp. 623–625).

The safety standard and the overall fire prevention law of garment factories in Bangladesh had been a concern even before the Rana Plaza accident in 2013. Previous labour and safety acts such as the Fire Prevention and Fire Fighting Law of 2003, the Fatal Accidents Act of 1855, the Bangladesh National Building Code of 2006, and the Labour Act of 2006 had been criticized for their lack of effectiveness, overall vagueness, narrow definition, deficient focus on the subject and absence of technical

expertise and enforcement from the authorities. The inspection of these factories was the major concern, as garment factories with violations of the code of conduct only needed to be revisited in a span of three years (Rahman and Moazzem, 2017). Five months before the Rana Plaza collapse, a fire in the nine-story Tazreen Fashions building in Dhaka killed more than 112 workers and wounded about 125 others; this incident demonstrated the authorities and fashion companies' negligence of labour safety, rights and laws (Clean Clothes Campaign, 2015).

4.7 National and International Organizations for Bangladeshi Garment Workers

Many national and international organizations such as Awaj Foundation, National Garment Workers' Federation, JAAGO Foundation and Clean Clothes Campaign have been working for the rights of garment workers in Bangladesh for more than 30 years. These organizations' brief profiles are described below.

Awaj Foundation, which was established in 2003, is a woman-led organization that advocates gender equality and fights against the gender-based violence that women encounter in garment factories (awaj means 'voice' in the Bengali language). The organization, which consists of more than 740,000 members in Dhaka, Chittagong and 12 other major industrial clusters, seeks to mobilize collective action and solidify the voices of workers to create the best working environment in their factories. As women comprise more than 85% of workers in the garment industry, Awaj Foundation emphasizes in the skill development of women the creation of awareness of sexual harassment in the workplace, thereby training them on their rights and responsibilities under national and international legal frameworks. Additionally, Awaj Foundation strives to safeguard the welfare of workers in terms of their reproductive health, protection from domestic violence and promotion of education and other basic needs for the members' families.

The National Garment Workers' Federation (NGWF), which was established by Amir Haque Amin in 1984, upholds the labour act in practice in multiple garment factories in Bangladesh. It consists of over 95,413 members in more than 87 registered factory

unions and 1,261 factory committees across the country. It helps to create more trade unions in Bangladesh and promote the trade union rights by providing physical, psychological, spiritual and moral support. Furthermore, the NGWF offers legal aid for defending its members' fundamental worker rights to a basic living wage, a safe working environment and job security, among others.

Established in 2007 by the youth of Bangladesh, JAAGO Foundation aims to break the cycle of poverty by providing basic education to the people in need, the economically disadvantaged and especially women across Bangladesh. JAAGO Foundation upholds women empowerment in the garment industry by creating employment opportunities through education, ensuring that every child of a family in Bangladesh would obtain an equal opportunity in education through improved living standards. The other projects of JAAGO Foundation include the establishment a highly ethical and sustainable sewing centre for the adult community, the high-end boutique products of which are exported to Australia and the UK.

Established in 1989, Clean Clothes Campaign (CCC) works towards the development of a sustainable fashion supply chain around the world. It shares the vision of global garment workers to consistently improve their rights and advocates the supply chains' increased compliance with regulations. The CCC has been working in Bangladesh to put pressure on the government and fashion companies to take responsibility for various factory accidents such as the Tazreen Fashions fire and the Rana Plaza collapse, and to create consumer awareness of the transparency of the supply chain and garment factories. In addition, the CCC has been promoting women empowerment in the Bangladeshi garment industry and fairness and equality in wages and speaking against women-related abuse in the workplace.

These national and international organizations have been providing the impetus for the better compliance and more sustainability of the supply chain in Bangladesh. This paper's case study of Rana Plaza further explains the role of these organizations in increasing the transparency and boosting the garment workers' awareness of the situation in Bangladesh

5 Research Methodology

This chapter describes the research methodology adopted in this thesis. It specifically explores the research approach, data collection method, search strategy, quality assessment and analysis of the collected data.

5.1 Research Approach

This research employed an extensive literature-based approach and a case study based on the qualitative method. Qualitative methods are useful for describing, interpreting, evaluating a subject or topic into specific concepts or phenomena. The research questions for this paper as mentioned on p.5 are:

1. What is the status of the CSR practice and reporting in the RMG industry in Bangladesh in the context of the case study of the Rana Plaza collapse?
2. How can the regulation of CSR be improved to enhance social sustainability and create a sustainable supply chain in the RMG industry in Bangladesh?

The literature-based approach provides a theoretical framework and an explicit and methodical meaning to the synthesis, evaluation and identification of the existing literature of various researchers and academic scholars. In this study, the literature-based approach was adopted to explore the topics of corporate social responsibility, social sustainability and sustainable supply chain. Additionally, the case study is a type of research design that helps in obtaining specific, contextual and in-depth information about a real-world issue. In this regard, this method helped to derive some comprehensive details of the collapse of Rana Plaza in Bangladesh in 2013. The combination of the literature-based and case study approaches constituted the most convenient method for answering the research questions. Furthermore, the case study approach was selected because it would offer the most definite solution for the research topic.

5.2 Data Collection

To reiterate, this research aims to analyse the practices of CSR, social sustainability and sustainable supply chain in Bangladesh and how those practices can be improved in the context of the case study of the Rana Plaza tragedy. All the relevant articles, journals, websites and peer-reviewed publications regarding CSR, social sustainability and sustainable supply chain in Bangladesh and the case study of the Rana Plaza collapse were identified through the following search engines:

1. MetCat Metropolia (an international e-materials search engine)
2. Search.proquest.com
3. Google search engine (including Google Scholar)

Moreover, the decision of choice of data and relevant information was made through particular keywords and specific criteria:

1. Search a few common keywords such as 'Bangladesh garment industry', 'Rana Plaza collapse', 'fashion industry', 'social sustainability in Bangladesh' and 'CSR'.
2. Search Scientific journals that provide the full text.
3. Explore the definitions, roles and importance of and need for CSR, sustainable supply chain, social sustainability, buyer–supplier relationship and ethical consumerism.
4. Clarify the theory regarding the international and Bangladeshi garment industries.
5. Find an in-depth explanation of the case study of Rana Plaza collapse.
6. Define the practices of these topics in Bangladesh industries and present the views of improving these practices.

Finally, the research methodology on the basis of the literature-based approach and case study was selected to enhance the overall understanding of CSR, social sustainability and sustainable supply chain and how those concepts are practised in Bangladesh. The case study constituted the foundation of the entire research, in which

the literature knowledge gained through the collected data from different sources was analysed and applied to identify the techniques for improving the overall performance of the Bangladesh garment industry and avoiding the recurrence of factory-related accidents.

6 Case Study of Rana Plaza Incident

This chapter details the case study of the Rana Plaza collapse. It includes the factors that contributed to the tragic incident and identifies the brands that were involved in it. Moreover, the chapter describes the initial responses of these brands. Finally, it outlines the actions undertaken by the fashion brands following the Rana Plaza collapse.

6.1 Background

On the 24th of April 2013, in the suburban town of Savar in Dhaka, Bangladesh, the Rana Plaza complex collapsed, killing more than 1,100 people and injuring over 2,500 others with permanent wounds and disabilities. The Rana Plaza complex comprised an eight-story building with apartments, shops, banks and five garment factory units for major European and North American retailers. Despite the private audits from the Business Social Compliance Initiative and Bangladesh's Fire Service and Civil Defence only three weeks earlier, both parties provided a green pass for the building (Rebecca, 2018). The Guardian reported that deep cracks had appeared in the eight-story building outside Dhaka a day before the collapse. The next morning, more than 3,500 workers had begged not to be sent inside; however, the managers would not relent and even threatened the workers with the non-payment of their salaries if they did not show up.

The workers were left with no choice but to file in; shortly before 9 am, the factory floors began to disintegrate, and workers started falling.

The Rana Plaza accident occurred due to a poorly constructed building: it was originally a six-story structure without proper certifications, and two floors that were later built were deemed illegal. Additionally, brazen misinformation was conveyed through the loudspeakers: 'All the workers of Rana Plaza must go to work, the building has been repaired'. The entire Rana Plaza ultimately collapsed in 90 seconds, and unions described the incident as a 'mass industrial homicide' (Clean Clothes Campaign, 2013; The Guardian, 2018).

6.2 Factors that Caused the Rana Plaza Collapse

The factors that contributed to the collapse of the Rana Plaza complex included poor CSR reporting and implementation, and political influence over the factory inspection and compliance of the factory building. In this section of the case study analysis, these specific topics are examined to verify the reason for the collapse of the Rana Plaza complex.

The reporting and implementation of CSR in Bangladesh are generally extremely low. According to the Company Act 1994 and the Bangladesh Labour Law 2006, CSR reporting in Bangladesh is voluntary. In their research on Bangladeshi companies' financial reports, Hossain, Islam and Andrew (2006) revealed that only 8.33% of companies released their social and environmental information in the annual reports. However, evidential proof of social and environmental reporting from any of the garment factories in Bangladesh is lacking (Azim, Shaila & Islam, 2009, pp.130). Many factory owners stated that the absence of qualitative information is the core reason for the non-disclosure of reports. Furthermore, the garment sector has a substantial political clout, as more than 10% of Bangladeshi parliamentarians own factories and 20% have some control over garment factories. The legal consequences for the non-disclosure of CSR reporting are inexistent due to the huge political support for the factories' owners (Tripathi 2013).

The Ministry of Labour and Employment has a major role in operating and conducting factory inspection through BGMEA. The ministry has a low budget and inadequate human resources to run the association, which accounts for 0.10% of the total budget allocation. Given the limited number of factory inspectors, visiting a factory for a second inspection took about three years. Hence, multiple non-compliant factories such as Rana Plaza were operating without a factory inspection for a long time (Rahman and Moazzem, 2017).

The immense political connections between the RMG factory owners and the BGMEA influenced the process of monitoring and enforcement in their respective factories. The factory owners' political influence over the BGMEA also provided them with licenses and permits to construct and operate; non-compliant factories such as the Rana Plaza complex demonstrated their compliance only on paper. The common convenience between factory inspectors and factory owners resulted in the manipulation of factory inspections and reports. Therefore, the Rana Plaza complex obtained its licenses and safety certificates without any proper audit. The BGMEA's leaders were interested in gaining the financial and political support of the member factories during election and ignored their primary mission of ensuring workplace safety by undertaking methodical reviews of labour and social standards at the enterprise level.

The buyers' compliance plays a significant role in creating a better working environment for factory workers. Global apparel companies such as Primark and Benetton avoid their own responsibility and instead use a third-party agency for monitoring and auditing their outsourced factories in Bangladesh. These social audits and inspections were criticized as too brief and superficial to identify the code violation. The quality and validity of social audits were subsequently compromised in the third-party agencies' desire to satisfy the clients. Therefore, the factory visit for the audit was pre-announced, which provided the managers of factories such as Rana Plaza with the chance to create an illusion about the working conditions at the enterprise level (Clean Clothing Campaign 2005).

Trade unions have constantly played a vital role in upholding the workers' rights in many factories across the globe. In the case of garment factories in Bangladesh, the right to form a trade union at the factory level was highly discouraged, and workers who were willing to form a union would not obtain any legal backing according to the relevant provisions and regulations of the Bangladesh Labour Act 2006. Hence, only 100 trade unions for more than 5,000 factories were registered in the past three decades before the Rana Plaza collapse. This low number of trade unions consequently weakened the voice demanding the factories' improved compliance with regulations covering workplace safety. None of the factories inside Rana Plaza had a trade union, although some federations did have members there. When the Rana Plaza factory manager threatened the workers with the non-payment of their monthly wages, those workers without union support became frightened and forced themselves to go back to the factory to work.

Many factors such as the non-disclosure of CSR reporting, limited budget for factory inspection, immense political connection between the BGMEA and Rana Plaza factory owners to manipulate the safety certificates and inspection contributed to the continuous operation of a non-compliant Rana Plaza complex. Similarly, the pre-announced inspection and compromise of the quality of social audits conducted through third parties by many apparel industries outsourcing through the Rana Plaza complex ignored the structural damage of the property for far too long. The discouragement of the creation of trade unions had a major impact, as workers were compelled to work in an unrepaired building and thus unable to oppose the decision of the Rana Plaza owner. This aspect subsequently resulted in one of the major factory accidents in the world.

6.3 Brands Involved in the Collapse of Rana Plaza

According to the results of a survey conducted by Hossain and Arefinm (2015) among 10 Bangladesh garment owners, nine garment owners acknowledged that buyers create the maximum pressure to comply with the regulations for improving the workplace environment. The buyers' influence over work safety at outsourcing factories is stronger

than the ones of the Bangladesh government or the BGMEA. Therefore, many fashion brands that outsourced through the Rana Plaza complex must be indirectly held accountable for the weak factory compliance and collapse of the building.

Following the building collapse, many researchers captured multiple photos of labels and documents found in the rubble. The product tags found in the accident site and the shipping records related to tens of European and North American buyers either prior to or at the time of the collapse. The full list of buyers, which was obtained through media statements and recent orders or trials in the Rana Plaza factory accident included Adler Modemärkt (Germany), Benetton (Italy), Bon Marche (UK), Camaieu (France), Cato Fashions (US), The Children's Place (US), Cropp (LPP/Poland), El Corte Ingles (Spain), Loblaw (Canada), Sons and Daughters (Kids for Fashion, Germany), Kik (Germany), Mango (Spain), Manifattura Corona (Italy), Matalan (UK), NKD (Germany), Premier Clothing (UK), Primark (UK), Store 21 (UK), Texman (Denmark), Walmart (US), Inditex (Spain), Auchan (France), Mascot (Denmark), N Brown Group (UK), NKD (Germany) and Yes Zee (Italy) (Clean Clothing Campaign 2013).

6.4 Initial Response of the Fashion Brands Involved in the Rana Plaza Collapse

The early responses from the fashion brands connected with the Rana Plaza accident varied. Most fashion brands denied their responsibility to pay the compensation for more than 3,000 victims who were killed or injured during the collapse. News media pressure gradually intensified in the latter half of 2013; 25% of news articles blamed the owner of Rana Plaza or the factory owners for the accident. However, only 6.7% of these articles found the fashion retailers or brands liable, whereas 4.2% of the articles blamed the government for its poor enforcement of legislation and building regulations.

In their paper focusing on the theoretical development in the aftermath of the Rana Plaza collapse, Comyns and Franklin-Johnson (2016) included the responses of eight fashion companies (i.e. Auchan, Benetton, Carrefour, El Corte Inglés, JCPenney, Loblaw, Mango and Primark) linked with the accident. Similarly, this section provides an in-depth assessment of the concrete responses of these eight fashion brands. In the

timeline of the Rana Plaza collapse, these fashion brands provided conflicting responses despite the concrete proof of the presence of their brand logos at the accident site. The four contrasting responses from these fashion brands included denial, corporate silence, full ownership of responsibility and simple acknowledgement (Comyns and Franklin-Johnson, 2016, p. 165).

First, fashion giants such as Auchan and Carrefour completely denied having any business dealings with the factories in Rana Plaza, despite the fact that the clothing label of both brands were found in the rubble. Similarly, JCPenney negated the whole incident and implemented the strategy of non-communication or 'corporate silence' (Heugens et al., 2004), notwithstanding the presence of JCPenney's label in the rubble (Clean Clothes Campaign, 2013).

Meanwhile, companies such as Benetton, Mango and El Corte admitted that they had sourced garments from factories in Rana Plaza. The Benetton Group issued a position statement that they never had any direct relationship with the factories that operated in the Rana Plaza complex; however, they acknowledged that New Wave Style was their local supplier that received occasional orders amounting to 0.06% of Benetton's production. In addition, all three companies tried to justify themselves and stated that the local authorities – not the fashion brands – should be held responsible for safeguarding the infrastructure of industrial buildings (Comyns and Franklin-Johnson, 2016, p. 168).

Primark and Loblaws expressed their grief and extended their condolences to the victims and accepted full responsibility for the accident. Primark took action to 'fix[ing] the outcome' by offering financial compensation to the victims and their families; such compensation constituted the largest amount among all the fashion brands. Loblaws similarly made a financial donation and executed new policies, including the creation of new positions to increase the company's involvement in the production process of their fashion garments. Both Primark and Loblaws conducted audits of their other suppliers in Bangladesh to prevent the recurrence of similar incidents (Comyns and Franklin-Johnson, 2016, p. 169).

6.5 Fashion Brands' Actions After the Rana Plaza Collapse

Given the mounting public pressure and protests from organizations such as CCC, the National Garment Workers' Federation of Bangladesh supported the ILO's establishment of 'The Rana Plaza Donors Trust Fund' in January 2014 to cover payments (i.e. medical costs) for the Rana Plaza accident victims. The Prime Minister Relief and Welfare Fund of Bangladesh separately contributed around \$3 million to the trust fund. Additionally, Primark launched their own scheme for workers at local supplier New Wave Bottoms, contributing \$13 million to the trust fund, which benefited 1,153 individuals. (The Rana Plaza arrangement, 2015).

Additionally, Benetton paid \$1.1 million in 2015 after initially denying its role in the accident; it finally relented following Awaj.org's petition for accountability, which garnered one million signatures, as well as the demand for Benetton to offer compensation to the victims made by organizations such as CCC and NGOs in Bangladesh. (The Guardian, 2015).

6.6 Changes in Policies and Agreements in the Bangladeshi Garment Industry

Major initiatives have since been launched, including the Sustainability Compact, a U.S. Trade Representative action plan, and the National Tripartite Plan of Action (NTPA) on fire safety and structural integrity, which was signed by the EU, US, Canada, Bangladesh and ILO. All the industry representatives such as brands, retailers and small and medium enterprises, employees, trade unions and other key stakeholders acknowledged and supported the major initiatives and policy change. (Rahman and Moazzem, 2017, p. 81–109)

The NTPA, which jointly involved the Bangladesh government, employers and workers, aimed to ensure an integrated approach to the promotion of fire safety and structural integrity in Bangladesh. Two other industry agreements were established in 2013: Accord on Fire and Building Safety in Bangladesh (AFBSB) by the European buyers and the Alliance for Bangladesh Workers Safety (ABWS) by the American buyers. More than

3,632 member factories of BGMEA and BKMEA have since been inspected through the private initiatives of the AFBSB and the ABWS, as well as the national efforts to ensure fire safety and structural integrity; the number excluded 1,000 more factories outside the association. The factories that did not qualify in the assessment of compliance with the standards of the AFBSB and the ABWS were flagged for remediation.

The ILO programme on 'Improving Working Conditions in the Ready-made Garment Sector' garnered the support of Canada, Netherlands and the UK, along with the NTPA involving the government of Bangladesh and employers and workers' organizations. The first phase of the ILO programme (October 2013–June 2017) focused on building and fire safety assessments, labour inspection reforms and occupational safety and health awareness. During this phase, Better Work Bangladesh, a partnership between the ILO and the International Finance Corporation, was launched. Better Work Bangladesh worked with unions and helped workers to realize their workplace rights and to participate in productive conversations and negotiations with factory employers. Better Work Bangladesh also collaborated with the Bangladesh government in developing the Bangladesh Labour Act (2013) and the Bangladesh Labour Rules (2015). The labour act and rules were introduced to boost the worker rights, including the freedom to form trade unions; ensure workplace safety measures; provide compulsory group insurance; and eradicate child labour (Textile Today, 2013).

The second phase of the ILO programme (July 2017–onwards) focused on four strategic areas: remediation to ensure factory safety through; governance building to effectively regulate industrial safety and support labour inspection reform; improvement of occupational safety and health (OSH) in both policy and practice; and expansion of the work of Better Work Bangladesh to ensure competitiveness and compliance in at least 400 RMG factories.

7 Improvement of the Overall CSR Culture in the Bangladeshi RMG Industry

The case study of the Rana Plaza collapse highlighted the crucial importance of creating a transparent factory with proper compliance and corporate social responsibility

reporting. As mentioned in the previous chapter, the voluntary reporting of CSR, political influence over factory inspection and its reporting, weak trade unions and inadequate buyers' compliance primarily contributed to the failure of factory compliance of Rana Plaza and many other factories in the Bangladeshi RMG industry.

The Bangladesh government plays a significant role in upholding good governance through the evaluation of regulatory measures, rule of law and corruption-controlling measures to encourage the application of business ethics in garment factories. The government must also bring the necessary change to policy to ensure the mandatory practice of CSR reporting in every garment factory and develop a penalty system for factories that fail to disclose their qualitative CSR reports. Furthermore, CSR initiatives such as the Bangladesh Enterprise Institute (BEI), a non-profit, non-political research centre established in 2000, can put this policy change into practice through the promotion of CSR practices and reports in the RMG industry. The BEI facilitates the implementation and increases the awareness of CSR practices through different certifications such as SA8000 and ISO 26000; these certification standards provide information about child labour, factory compliance, management systems, working hours, workers' compensation, disciplinary practices, forced labour, health and safety and freedom of association. (Safer World, 2013)

The ongoing Better Work Bangladesh programme of the ILO would be crucial for increasing the number of factories with better compliance and improved OSH practice. Only 242 factories out of total 4,600 factories after Rana Plaza collapse are registered in Better Work Bangladesh. Most brands and retailers such as Primark and Inditex that were involved in the Rana Plaza collapse support the Better Work Bangladesh programme. To increase the number of compliant factories, the responsible brands must financially support their outsourced factories that are flagged for remediation under the Accord on Fire and Building Safety and the Alliance for Bangladesh Workers Safety. The remediation process for enhanced factory compliance in these garment factories is expected to be gradually boosted.

The improvement of CSR practice in the Bangladeshi garment industry also involves the eradication of the term 'sweat shop'. Consequently, the practice of negative CSR practices such as child labour and abuse of workers' rights should be eliminated with provision of better wages and enhanced efforts to improve the living standards of workers' families through benefits and incentives. International foundations and organizations such as Greenpeace could be of assistance in this regard. Greenpeace, which was established in 1971, seeks to create a greener, more peaceful world. It once conducted a campaign about ethical buying (i.e. #whomademyclothes) and encouraged consumers to send postcards to brands and politicians to remind the latter about the proper manufacturing of clothes and the importance of producing the brands' clothes under desirable working conditions with basic living wages for garment workers (Greenpeace, 2018).

Additionally, the Clean Clothes Campaign is involved in upholding the welfare of RMG workers in Bangladesh and protesting against fashion brands such as Inditex and Walmart concerning their practice of transparent supply chains. The international organization, with the help of local NGOs such as Awaj Foundation and the National Garment Workers' Federation (NGWF) in Bangladesh, jointly established the Accord on Fire and Building Safety, which was signed by more than 200 fashion brands in May 2013 following the Rana Plaza collapse. For over two years, the CCC also campaigned and obtained a one-million signature petition for more than 29 famous brands linked to Rana Plaza to pay \$30 million in compensation to the families affected by the collapse (Clean Clothes Campaign, 2015).

Finally, the work of organizations such as ILO, Better Work Bangladesh, Awaj Foundation and CCC helps to put pressure on the responsible brands to strictly comply with factory policies and regulations covering the safety of garment factories in Bangladesh. The buying behaviour of fashion consumers worldwide can create a difference in terms of selecting properly manufactured clothes. These fashion consumers' ethical buying of products that are certified as a fair trade can constitute an important step in the creation of a CSR practice and reporting system in the Bangladesh garment industry. End consumers have the utmost influence on many garment factories

in Bangladesh in the aspect of providing improved working conditions, safety training and competitive living wages for workers.

The principle of moral responsibility of sustainable supply chains indicates that for the entire supply chain to become sustainable (and when it is not vertically integrated), its members should acknowledge sustainability as an absolute duty. As described in the literature and the case study of sustainable supply chains, Primark, Inditex, Benetton, Mango, Walmart and other brands linked to the Rana Plaza collapse are deficient in vertically integrated systems, as their suppliers lack clear and convergent goals; thus, they are categorized as occasionally sustainable supply chains (Ha-Brookshire, 2015, pp. 232–234).

Social sustainability in the RMG industry confronts some barriers to the implementation of the sustainability strategy. These obstacles represent the so-called good, bad and ugly aspects of the implementation of social sustainability in RMG factories in Bangladesh. First, the good or the positive side of becoming socially sustainable entails improved compliance through the remediation of garment factories. As observed in the collapse of Rana Plaza, garment factories that had been flagged for remediation employed corrective measures such as providing sick leave and improving safety at work (e.g. proper safety equipment). Furthermore, skills training is offered for Rana Plaza survivors and regular surprise inspections are conducted under the supervision of ILO every quarter. The Accord on Fire and Building Safety in Bangladesh (AFBSB) and the Alliance for Bangladesh Workers Safety (ABWS) inspection process of global fashion brands influence the enhanced compliance and intensify the pressure on factory owners to undertake this action. Moreover, the implementation of social sustainability in Bangladesh helps to increase its RMG industry's market proportion and to boost the nation's position in the world as a more sustainable outsourcing country.

Second, concerning the bad aspect of the implementation of social sustainability, the suppliers of the RMG industry have accused the global fashion brands of the AFBSB and the ABWS of the non-sharing of the costs for improving working standards and the remediation process. Many RMG companies have acknowledged that these buyers'

payments are too small to make any changes, and this issue has become a controversial one. In their defence, many buyers have questioned the RMG suppliers by asking, 'If they are not making a profit, then how are they running their factories?'. Meanwhile, the suppliers have claimed that the buyers' standards of sustainability codes of conduct vary from the compliance standards of AFBSB and ABWS. As a result, the suppliers experience difficulty in keeping up with all the codes of conduct to implement sustainability policies in the factories.

Third, with regard to the ugly part of becoming socially sustainable, the cost division between buyers and suppliers for the remediation constitutes a major conflict of interest. The significant increase in compliance-related costs boosts the cost of doing business for garment factories, which eventually forces them to cut production hours; this aspect in turn indicates less work for the workers and no overtime salary, as well as inability to cope with additional expenditures resulting from the business closure. According to the Heath (2018), unstable jobs have consequently ensued, as only 62% of all the hired factory workers remain in their original factory after 12 months, hence generating considerable unemployment. To keep their businesses running and compensate for the cost of increasing safety compliance, several factory owners have reduced the wages of workers, especially women whose contracts do not stipulate minimum wages. The reform created through ILO, AFBSB and ABWS does not cover the small subcontracting 1,000 of factories around Bangladesh. Even though the principal factories are typically compliant with worker and safety codes, the small factories are huddled into buildings that are not designed for industrial purposes, or a house comprising five or six small rooms with much worse working conditions; the rationale is to keep the costs down and meet the excess demands of principal factories during the fashion peak season. The compliance assurance, inspection and remediation of these type of factories are excessively difficult because they are subcontractors, and they do not follow the codes of conduct provided by the BGMEA or the AFBSB/ABWS remediation.

8. Implementation of Social Sustainability in Bangladesh

In the context of the Bangladeshi RMG industry, the adoption of socially sustainable practices is characterized by various barriers, enablers and motivators or drivers. Barriers hinder the handling of a sustainable supply chain. These barriers are mainly commercial obstacles: high cost of adaptation; low price offers from apparel buyers; inadequate resources, including lack of training, competence, commitment and communication; and insufficient information or misinformation from the suppliers.

Enablers are the factors for the adoption of social sustainability; for instance, the Bangladesh government is a state enabler; normative enablers include the organizations' values and ethics towards society; and strategic enablers pertain to the desire to reduce cost, improve customer satisfaction and the enhance image and reputation of the company, among others (Huq, Stevenson & Zorzini, 2013, pp. 619–621).

Finally, the main motivators or drivers for the implementation of social sustainability in Bangladesh are conflict resolution between suppliers and buyers; education and training for suppliers; freedom of association in Bangladesh's garment industry; CSR reporting and creation of a transparent supply chain; ethical production and consumerism; and collaboration with national and international NGOs. These motivators are explained in detail in the succeeding sections.

8.1 Conflict Resolution Between Buyers and Suppliers

The relationship between the buyers such as fashion brands across the world and Bangladesh's garment-supplying factories is crucial for the implementation of social sustainability. After the Rana Plaza collapse, the AFBSB and the ABWS agreements were created to resolve the issue of incompetent factory compliance. As discussed in the previous section, both the AFBSB and the ABWS keep on neglecting the cost of the factory remediation cost over the factory owners, which eventually affected the job security of many garment workers in the garment industries. Furthermore, the AFBSB–

ABWS disharmony triggered a conflict of interest in the factory inspection, as the AFBSB inspectors sensed that the ABWS inspection was too lenient and that the latter declined their evaluation performed by ABWS. Hence, the lack of coordination between the ABWS and the AFBSB inspection left more than 300 factories without inspection, of which 250 factories were blacklisted by Walmart; those blacklisted factories whereas still in operation through many famous North American and European brands (Rahman and Moazzem, 2017).

The conflict between the AFBSB and the ABWS should be resolved through the standardization of a code of conduct for the factory inspection and financial support by the fashion brands, the factories of which were flagged for remediation. The auditing of suppliers first- and second-tier suppliers, the standardization of the code of conduct rather diversifying for every fashion brand's code of conduct, and the implementation of standards such as SA8000 and ISO 2600 should be undertaken as well. Furthermore, international factory compliance should be brought across these multiple tiers of factories in Bangladesh, including the subcontractors of principal factories, and integrated into the primary contract between buyers and suppliers. This factor creates transparency, and a standard code of conduct would be applicable for every factory involved in the supply chain. All of these aspects are meant to avoid the recurrence of a tragic incident such as the Rana Plaza collapse and hinder the operation of small subcontracting factories with unacceptable safety compliance. (Rahman and Moazzem, 2017).

8.2 Education and Training for Suppliers

The responsibility of fashion brands is crucial for the safety of their suppliers' factory workers and the realization of a basic salary, compensation and other benefits. Despite the existence of some programmes such as Better Work Bangladesh for the occupational health and health safety training for garment workers, the buyers must have information about the cultural and socio-economic values of Bangladesh. Furthermore, the suppliers' employees should be given training on sustainability and code of conduct to accelerate the implementation of social sustainability. Fashion

brands should likewise organize training for their factories' workers with regard to worker safety and rights and the creation of a personal feedback system about their working environment. When the buyers work with factories to resolve their problems and issues, the factory workers become more aware of their rights and responsibilities towards the standard code of conduct of the industry. Trust in the fashion industry is eventually built among the factory workers, and the supply chain is expected to become more transparent and thus reduce the number of factory accidents due to code of conduct violations (Huq, Stevenson & Zorzini, 2013, pp. 623–625).

8.3 Freedom of Association in Bangladesh's Garment Industry

Freedom of association constitutes a major challenge for garment workers in Bangladesh. As discussed in the section on major policy changes after the Rana Plaza collapse, the Labour Act 2013 provided a considerable potential to increase the number of trade unions from 100 to 400 after 2013 in more than 4,600 factories (World Bank, 2019; Governance, 2018). However, many national and international organizations had criticized the Labour Act 2013 as being employer-friendly because employers would have the power to terminate workers who are on sick leave for more than 10 days. The labour law had also complicated the process of establishing a trade union by involving the labour directorate for authorization. This stipulation caused a difficulty in creating more trade unions under the Labour Act, as it ignored the workers' rights and bargaining capacity (Textiles, 2013). Therefore, even after six years, in 2019, nearly 11,000 union leaders and garment workers were fired from different factories associated with fashion brands such as C&A, H&M, Inditex, Mango, Next and Primark (interestingly, these individuals were merely peacefully demonstrating for a fair minimum wage). Nineteen criminal cases were consequently filed against them. Such action from the Bangladesh government and the fashion brands contradicts with the Labour Act 2013, which supports the creation of trade unions but fails to secure the union's right to bargaining power for demanding fair wages from the factory owners and the fashion industry.

The correction of the Labour Act is only achievable through the better governance of Bangladesh associations such as BGMEA. Additionally, fashion industry should support Bangladeshi garment workers, such that the labour law would be implemented in a manner that would emphasize the garment workers' need for living wages and uplifting their living standard in general. The organizational efforts of NGWF and Awaj Foundation help in creating more trade unions in the Bangladesh RMG industry and realizing the rights of their members. [C1] Many factory workers in trade unions are given the right to bargaining power for negotiating with the factory owners and demanding better compliance and fair living wages. (NGWF, 2020)

8.4 CSR Reporting and Creation of a More Transparent Supply Chain

As discussed in the section of improving the overall CSR culture of Bangladesh's garment industry, fashion brands should implement the strategy of auditing the products through the provision of social/environmental reporting by their respective suppliers. This social/environmental reporting should include the production unit name and number of work hours and confirm whether the work is subcontracted to help in monitoring the entire supply chain and thus increasing transparency. The supply chain should be more visible to consumers and disclose the origin of the products to provide consumers with the right to purchase more sustainable products or garments; at the same time, the supply chain should implement social standards not only at the strategic level but more importantly also at the practical level. Similarly, the fashion industry should further invest in IT systems in their outsourced factories to trace any code of conduct violation by factory owners; such approach consequently helps to monitor the levels of compliance and safety and detect gender discrimination to eventually protect the rights of workers. This proactive approach from the fashion brands similarly assists in the prevention of accidents such as the Rana Plaza collapse. (Wieland & Handfield, 2013)

8.5 Ethical Production and Consumerism

As discussed in the literature review, ethical production and consumerism represent a major issue for fast-fashion brands around the world. In the aftermath of the Rana Plaza collapse, many famous brands' customers realized the price that Bangladeshi garment workers had to pay in producing their favourite brands of clothing. Although fast fashion has been providing a variety of designer clothes for a cheaper price, this approach came with cost minimization and high profit maximization through low basic salaries, poor safety compliance and inadequate worker rights. To create social sustainability in Bangladesh's garment industry, fashion brands must change their strategy of massive production at the lowest possible price and the scheme of 52 seasons of clothing throughout the year. Such strategy has increased the subcontracting from principal factories in Bangladesh due to the buyers' pressure to meet the demand on time, ultimately resulting in the negligence of safety compliance, as observed in the Rana Plaza collapse and the Tazreen Fashions fire. Primark, Benetton, Inditex and other fashion brands that were involved in these tragic incidents must increase the know-how of their respective factories through adoption of business ethics, participation in the remediation and sever ties with poorly facilitated third- and fourth-tier suppliers. (Wieland & Handfield, 2013)

The principle of ethical consumerism has compelled the fashion brands develop a plan to be more ethical and transparent; hence, such an effort steers the future of Bangladeshi garment workers towards the right direction. When fashion brands start to adopt various fair trademarks through fair trade clothing in Bangladesh, a willingness to provide supplier list in Bangladesh (similar to what Primark had done) presents the real picture and value for their final consumers. Additionally, such approach creates the necessary trust towards Bangladesh garment factories, and the Bangladesh government must comply with the ethical standards set by the fashion industry, for fear of losing the fashion brands. This approach also increases the level of competitiveness of Bangladesh's garment factories and raises their standard to meet the code of conduct of the fashion industry. The path of ethical production and transparency involving a more sustainable supply chain for fashion brands is therefore expected to enhance the

value of Bangladeshi garment workers and boost the reputation and profitability of fashion brands (Wieland & Handfield, 2013).

8.6 Collaboration with National and International NGOs

The collaboration of fashion brands with different national and international organizations is crucial for the prompt improvement in the compliance of garment factories in the near future. Primark's collaboration with UNICEF in July 2018, which entailed the funding of \$4.5 million for an education programme enabling vulnerable children to attend and stay in school in Cambodia, could be an effective example for all the fashion companies. Similarly, the collaboration of Symrise, a leading German producer of flavourings and fragrances, with local NGOs and development organizations for 1,000 vanilla farmers in Madagascar supported the efforts to enhance environmental protection, reduce income diversification, and improve the nutrition, health and education of their outsourced workers. The Symrise example provides a clear approach towards a more sustainable method of outsourcing a product. The fashion companies involved in the Rana Plaza collapse and similar incidents should adopt a community-based approach by collaborating with organizations such as Awaj Foundation, JAAGO Foundation and Clean Clothes Campaign to ultimately uphold the well-being of Bangladeshi workers and their families. The Bangladeshi garment industry's sustainable growth and profitability should go in hand in hand rather than cause the exploitation of workers and compromise the factories' compliance for profit maximization.

9 Conclusion

This research aims to answer the question on status of CSR and social sustainability of Bangladesh garment factories before the Rana plaza complex collapse. Additionally, it purposes to answer in improving overall CSR and social sustainability of Bangladesh garment industries. Since the collapse of Rana Plaza in Dhaka, Bangladesh has brought attention to the importance of taking responsibility for corporate actions; creating an ethical production line that provides improved working conditions, commensurate living

wages, safe working spaces and health care for workers as well as eliminates child labour for the last seven years. This issue is especially important for the fashion industry in Bangladesh and other developing nations, which involves the outsourcing of ready-made garments. Furthermore, it encourages companies to avoid statements such as 'This situation cannot be helped' and 'We cannot change the world' and undertake steps towards the development of a more sustainable supply chain in the world of fashion (Wieland & Handfield, 2013).

Companies can begin to embark on that goal by focusing on increasing audits to ILO labour standards, establishing policies on subcontracting, intensifying the visibility of high-risk areas, raising consumer awareness and partnering with local communities. Fashion brands are also challenged to collaborate with different organizations, including Fair Wear Foundation (a European non-profit organization), Clean Clothes Campaign (an advocacy group for garment workers) and JAAGO Foundation (a civil society organization), through various global standards and agreements and lengthen the agreement of the AFBSB and the ABWS for more than five years to improve working conditions (Huq, Stevenson & Zorzini, 2013, pp. 623–625). Fashion companies should work with universities regarding the development of strategies for boosting the sustainability and ethical practice of CSR and supply chain management to benefit themselves and ultimately the societies of developing nations such as Bangladesh.

Based on these conclusions to better understand the problems and solutions mentioned in this research, further studies could address the existing problems of the Corporate social responsibility in the world of Fashion industry across the globe. Therefore, this research paper contributes to the start of the deeper look of the ethical side of every fashion brands around the globe.

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