

**Corporate Social Responsibility in Apparel Industry in Bangladesh:
A Labour Standard Perspective**

**A Dissertation
By**

**Md. Mozammel Haque
ID - 04162009**

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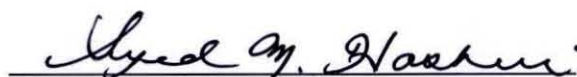
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**Approved by:
Supervisor**



**Salehuddin Ahmed Ph.D
Pro-vice Chancellor
BRAC University**



**Dr. Syed M. Hashemi
Director
BRAC Development Institute
BRAC University**

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Abstract

Corporate Social Responsibility (CSR) in the business firms and enterprises has evolved as an indispensable part for greater business and economic successes. In the context of free market economy, corporations are increasingly operating business across boundaries where sensitivity to social and environmental issues and accountability to society at large are considered pivotal for corporate performances. This paper seeks to explore the corporate perception, practices and current trends of CSR in the export-oriented apparel industry in Bangladesh.

This is an exploratory research and was carried out using both quantitative and qualitative techniques. The study selected 5 firms objectively drawn from different parts of industrial zones- Dhaka, Gazipur, Savar, DEPZ and interviewed owners, managers, and workers, mainly the female workers.

The study finds business firms have felt pressure from the external buyers, trade associations and also from the competitors that drives their decision to adopt CSR practices at initial stage but gradually they are driven by the values to remain competitive in the market. Value shifting occurs due to both mimetic and normative pressure that pushed them to introduce legitimate behavior to their stakeholders. Employee welfare found as the prime concern of the selected firms and health, safety and security measures are considered for continuous improvement. Such pressure results from not only the need to provide credibility to foreign buyers but also the need for strong accountability to the workers.

Initially the buyers' orders were an incentive for the firms but over time it has changed towards increase in productivity. However, increasing productivity still are assumptions of the firms, which is not supported by the facts and information. Nevertheless, the association test results indicate that the sign of the relationship is positive and statistically significant, supporting the view that socially responsible corporate performance can be associated with a series of bottom-line benefits.

Executive Summary

Corporate Social Responsibility (CSR) in the business firms and enterprises has evolved as an indispensable part of greater business and economic successes. CSR has a pivotal role in generating business potentials and corporate image building too. In respect of contribution to country's economic growth apparel industries account for the largest export earning sector in Bangladesh thanks to its early boom in the 80s and 90s and extraordinary labors of hundreds of thousands of female workers. Ready Made Garments (RMG) manufacturing units are increasingly pursuing CSR as the pathway to face global challenges of quota free regime in post MFA era.

In the wake of widespread criticism about poor performance in practicing CSR, the garment owners and managers are strongly urged to bring about changes in employee welfare policies and practices, health and safety measures, environmental protection and others. Arguably, a critical reflection on the current perception of the corporate managers about CSR and the performances of the industry has been felt to be of utmost importance.

This study is the first to its kind, though some early studies on garment industry captured on the welfare perspectives of the workers. This study used a sample of 5 business firms objectively drawn from different parts of industrial zones- Dhaka, Gazipur, Savar and DEPZ and interviewed owners, managers, and workers, mainly the female workers. Finally, the study gave an explanation of linkages between CSR and employee productivity using empirical information.

Bangladeshi business firms in the presence of multinational organizations and under the pressure of international trade bodies are advancing to practice responsible business behavior, a shift from corporate charity. Perception about CSR among the garment managers and owners seems not to be strong and they could mention about only welfare of the workers in regards to CSR. Most of the respondents mentioned existence of Human Resource (HR) policy as CSR, but only one firm has such written HR policy. The firms have considered minimum wage as standard but do not

have provision of enjoying all government holidays, though there are differences in small and large firms, the study reveals. Regarding transparency and accountability practices there are differences observed between locally and foreign owned companies. Small and medium companies felt CSR practices will increase cost of operation, but the larger ones saw it as the opportunity for further business growth. The selected firms mentioned that in improving work place conditions by improving health, safety and security measures are the major areas of corporate social responsibility, although only two of them have policies regarding health and safety issues.

CSR practices depend on various factors, e.g. attitude, understanding and worldview of corporate owners and managers to respond to social and environmental causes, etc. considered as incentives for business. Most of the respondents mentioned about taking adequate steps to improve CSR practices from the view of investing in employee welfare and accordingly developed different strategies to highlight the policies and working conditions.

The study observed that there is strong realization among the managers about positive relationship between healthy work environment and productivity and therefore they are willing to improve CSR practices substantially. Pressure from international buyers, such as Reebok, Nike, WalMart, H&M for better working environment as well as quality of work have strong influence on CSR practices by the managers.

All the firms claimed they do not discriminate in recruitment of workers, and also do not allow child labor. In wage structures the surveyed firms claimed they follow country labor laws, and the study found that EPZ factories have higher wage scales than those outside. The apprentice worker gets Tk. 500 to Tk. 600 and the regular employees, mainly operators, get Tk. 1100 to Tk. 2200 depending on skills and performances, the respondents mentioned.

Regarding health and safety measures, a critical element in CSR, foreign owned firms have written policies but the locally owned firms do not have any. Workers have own primary treatment facilities in the EPZ areas whereas outside factories have partnership arrangement with clinics and doctors. All the factories emphasized that free circulation of air, heat absorbance,

clean work atmospheres, hygienic toilets and wash facilities and safe drinking water are crucial to support workers to enhance productivity. Employees have access to safe drinking water and adequate (one toilet for 25-30 workers) and separate toilet facilities for male and female workers.

Two large companies, out of five provide free transportation facilities for the workers and another one considers transportation services only to the workers who work the night shift. Training facilities to develop workers' skills are limited in most of the companies but fire protection training was organized for the workers in every factory.

Verbal abuse is still common on locally owned factories but there are cases of punishment for sexual harassment. Few female workers (9%) mentioned about security as the reason for leaving their last job. Regarding harassment of female workers, the study findings show opposite scenario as the workers did not tell anything about it, and interestingly 50.5% termed their security status as good, 28.9% moderate, and only 1% as poor.

Among the respondents 61% mentioned they could enjoy weekend days regularly. Of the total female workers surveyed only about 12% worked the normal 8 hours a day; about 52% worked 4 hours of overtime and the rest 36% did night duty. This study reveals 75% workers mentioned about having health care services within the factory premise and more than 67% respondents reported to have MBBS doctor care and of them 25% mentioned that the doctor sits permanently in the factory. In the surveyed factories 30% workers informed there is frequent incidents of accidents and 51% told the factories bear treatment cost in case of accidents.

The study also investigated whether health problems and if sickness affect productivity. While assessing relationship between rough behavior and security status the chi-square test signifies the positive association between good behavior of male workers and good security status of female workers.

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List of Abbreviations and Acronyms

BGMEA	Bangladesh Garment Manufacturer and Exporters' Association
BIDS	Bangladesh Institute of Development Studies
BSR	Business for Social Responsibility
CEO	Chief Executive Officer
COC	Codes of Conduct
CPD	Center for Policy Dialogue
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
DEPZ	Dhaka Export Processing Zone
DJSGI	Dow Jones Sustainability Group Indexes
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
ICC	International Chamber of Commerce
HR	Human Resources
ILO	International Labour Organization
MFA	Multifibre Agreement
MORI	Market Opinion Research International
OECD	Organization for Economic Cooperation and Development
RMG	Readymade Garments
STD	Sexually Transmitted Diseases
UNCTAD	United Nations Conference on Trade and Development
UNICEF	United Nations Children's Fund
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organization

CHAPTER- I: Background and Introduction

Introduction

Corporate Social Responsibility (CSR) is popularly perceived as corporate donations to a socially acceptable area such as education, religious institutions, community care etc. Over the years it has been deep rooted in our mindset that business should donate part of their profit in social and community investment since charitable giving is encouraged as a means of salvation by most religions practiced in India. In the early stage of business development, particularly in Indian business culture, entrepreneurs perceived charity as a means of satisfying the goddess to business prosperity and accordingly invest in digging wells, setting up schools, feeding babies, building temples but without any strategic planning of business development it is difficult to classify such activities as CSR.

Corporation should not focus only on profits as principles and ethics is also crucial to remain in business, hence business requires meeting their responsibilities both as an economic and social agent. Donations to build mosques, temples without improving the workplace condition of the workers, exploiting minimum wages or overtime hour work, irregular payment of wages is a question of ethics. On the other hand, digging wells for community or supporting education or feeding babies without ensuring safe drinking water for the workers or supply of reliable and safe products to the consumer at fair prices, exploiting shareholders from reasonable benefits might not be considered as prior agenda for business. Business ethics is about being answerable to the stakeholders where investor, employee, supplier, customers, government, trade unions are considered important. Customers want quality product and services, employee want safe and healthy work environment and reasonable benefits etc. To respond to the demand of stakeholders, corporations need to demonstrate responsive behavior and thus forward-vision business managers are shifting from profit maximizing approach to responsible business approach.

Globally increased numbers of corporations are considering responsible business practices to show excellence as business successes are not only measured by its economic performance but it largely depends on responsible behavior to protect the interest of its stakeholders. Long-term

existence in the market depends on reputation, image, quality of products and services which cannot be possible without responsible behavior. Apparel industry in Bangladesh is considered the most important sector considering its export earning and creation of millions of employment, but its performance may decline if the sector cannot take responsible measures by improving certain practices that can definitely protect its market and create opportunities for further expansion. Therefore there is a dire need to know the corporate perception, practices and current trend in CSR practices as well as the motivating and hindering factors of such practices. The study is an attempt to explore corporate perception and practices of CSR emphasizing on workplace conditions and health and safety measures taking into consideration both the employer and employee perspectives.

Rise of CSR

Concept of CSR emerged in the 1950s and gradually developed over the last five decades. In the recent years CSR concept has come across many debates and shaped with a strong theoretical and empirical base. Corporate performances are not confined on economic or financial performance of business firms as the stakeholders want to see that companies are sensitive to social and environmental issues and accountable to the society at large beyond its direct stakeholders. World Business Council for Sustainable Development (WBCSD), the Organization for Economic Cooperation and Development (OECD) developed certain guidelines that focus on "voluntary principles and standards for responsible business conduct consistent with applicable laws," (Rahman, 2003) paved the way to initiate and practice CSR at corporate level. UN Global Compact also encouraged partnership among the business and community and developed nine principles as measurement instrument of CSR practices of business that covered human rights, labor standards, environment as well as fighting against corruption. Nevertheless, growing concern from different groups of civil society as well as educated and sensitive consumers created pressure to disclose information related to social and environmental compliance are duly followed. Now a days CSR is widely recognized and practiced in various forms in the developed countries and to prepare CSR reports that shed light and create indirect pressure to corporate sector of developing countries as well. Reflection of business concern on CSR issues found in the corporate reporting where most of the large international companies talked more about their service to the stakeholders and safeguard of the environment.

CSR in Development Discourse

Due to changes in the global political scenario and economic order CSR became prominent in development discourse. Political changes in the former Soviet Union and in Eastern Europe was a big push to opening up the market of China and Vietnam as well as more liberal policies in many developing countries particularly in India created huge opportunity for the Multi-national and Transnational Corporations to expand business. Economic opportunities allured both developed and developing countries to drive for market based policies which resulted in more Foreign Direct Investment (FDI) in the service sectors which were traditionally closed to foreign capital, also started to be liberalized (UNCTAD, 1994). Liberal economic policies widened the opportunity of the companies to be globally competitive by increasing production base and expand market share. On the other hand it also expanded the options of consumers which led them to ask for higher standard of the commodities as well as the production process. Hence, it is a challenge to the sustainability and viability of such mega business, particularly in the context of the emerging discontent against multinational corporations in different parts of the world (Gupta-2005).

In the context of liberalized economy large companies started operating across boundaries and thus decentralized mode of production replaced the earlier centralized mode of production that drives to the growth of global 'commodity' or 'value' chains in many industries (Gereffi, 1999; Kaplinsky, 2000). A variety of consumer goods, including garments, footwear and vegetables, are characterized by value chains where control of the chain resides with the brand name producers such as Levi Strauss and Nike or retailers such as WalMart and Tesco (NGLS, UNRISD-2000). Development of such buyer driven value chain can be considered holding the large companies responsible for their products and accountable to the production process. Since the garment and sport wear products are mostly manufactured in the developing countries buyers are always concerned about the standard to protect and uphold their brand image and thus the exporters e.g., garment manufacturers are asked to follow certain codes of conduct that are relevant with human rights, labor standards and environment. Moreover, the country laws, pressure from the civil society, trade unions are also pivotal for business to behave responsibly.

CSR Practices in Global Context

CSR practices depend on a combination of historical, political, economic and cultural factors at both ends of the value chain (UNIDO 2002). Hence it varies in different regions, continents and even in the same country keeping almost same expectations from business e.g. consumers want reliable and safe products from the corporate and the shareholder expect secured investment that would generate improved market value and the employees demand safe and healthy work environment and reasonable benefits. Nevertheless, it varies in practices based on ideas and concept the corporate follows since the responsibilities lie with the corporation. It can be mentioned that the role and rights of employees has been one of the more longstanding and core topics of CSR in the USA where fair wages, working time and conditions, healthcare, redundancy, protection against unfair dismissal etc. have been key issues to which CSR policies have been addressed. However, European companies are less concerned about their employee's health or oblivious of the social security of their workforce due to the fact, that the formal, mandatory and codified rules or laws define the responsibility of corporations and other societal actors for particular social issues e.g. every British citizen has health insurance by law and in Germany health insurance is mandatory for every employee and they have to pay 50% of the premium. In India, corporate philanthropy is core as it is perceived as a means of salvation by most religions practiced in India and thus reflection of corporate responsibilities found in corporate donations to run schools, hospitals, building temples and also direct donations to the poor. In the recent years corporate philanthropy started changing with the reemergence of TNCs in the Indian business scenario in the early 1990s (Gupta and Gupta 2005).

In the past, business successes were measured based on profitability and corporations felt accountability only to their shareholders or investors but this context has changed significantly and investors are emphasizing on sensible behavior of the companies for its long term and sustainable existence in the market. Investors and corporate managers got the signal from their consumers and other stakeholders like media that to be competitive in the market they need to practice transparency in managing corporate affairs. During 80s and 90s both in the USA and Europe campaigns run by different activist groups such as Greenpeace and Friends of Earth, Clean Cloth Campaigns brought changes in attitude of large corporates. Shell's spar oil dumping

in the North Sea was so costly that as a result in Germany their sales fell by 70% within a fortnight (Gupta 2005). Campaign against child labor and workers exploitation compelled Nike to set-up a team of Corporate Responsibility in 1997. The collapse of Enron and WorldCom, and their auditor Arthur Andersen, due to dubious accounting process was another signal for sensible behavior.

Attitudinal changes of large corporations drove them to search for alternatives that could minimize business risks by protecting the interest of its stakeholders and thus three organizations developed. These are the World Business Council for Sustainable Development (WBCSD), the Organization for Economic Cooperation and Development (OECD), and the Dow Jones Sustainability Indexes (DJSI).

In January 1995, 40 international companies from more than 30 countries representing more than 20 industrial sectors established WBCSD where commitment has been made to protect environment, promote human rights and community development and incorporated these in the core values of the organization. In June 2000, a ministerial meeting of OECD countries approved a set of guidelines for multinational companies. OECD emphasized on responsible business conduct that would contribute in economic, social and environmental progress for achieving sustainable development. It also focuses on promoting human rights, human capital development and close communication with the community where they operate.

Dow Jones Sustainability Group Indexes (DJSI) include over 200 of the top sustainability companies in 68 industries in 22 countries with the capital of 4.3 trillion USD also identified social well being as one of its sustainability principles. This group launched its sustainability index in September 1999 and demonstrated their commitment to social well-being, corporate governance, shareholder relations, industrial leadership and innovative technology.

CSR Practices in Bangladesh Context

Corporate Social Responsibility practices in Bangladesh are largely influenced by the Indian culture of corporate philanthropy, although gradually corporations are focusing on its stakeholders. With the presence of multinational corporations and their practices, Foreign Direct Investment (FDI) and export

of Readymade Garments (RMG) products paved the way for shifting corporate charity to corporate social responsibility. A survey conducted by Center for Policy Dialogue (CPD) found corporations are following the business principles of International Chamber of Commerce (ICC), principles of Global Compact and Organization of Economic Cooperation and Development (OECD) and also have their own business principles. It is a positive indication that Bangladeshi business firms are coping with the strategy followed by the large corporations. Business firms in Bangladesh generally consider employees are their major stakeholders and accordingly emphasize on welfare of the employee by improving working condition, initiating minimum wage for living, reducing harassment and also developing human capital through training. Besides, export oriented business firms have to comply with labour standards and human rights issues that cover non-discrimination, free from forced and child labour, working hours, health and safety, standard certification e.g. SA-8000, ISO-14001 are prominent.

CSR Practices in Apparel Industry in Bangladesh

Evolution of CSR in the apparel industries in Bangladesh started in mid 90s when the international buyers put pressure on their suppliers. Harkins Bill was a big push for the sector to incorporate social compliance issues to protect its market in the United States of America (USA). Over the years the sector understood the importance of addressing issues like elimination of child labour, safety and security measures at workplace after a lot of incidence of burning and death of numbers of workers, health as well as environmental hazard are threats to exist in and expand the export market as well. In 1995, a Memorandum of Understanding was signed among the International Labour Organization (ILO), United Nations Children's Fund (UNICEF) and Bangladesh Garments Manufacturer and Exporter's Association (BGMEA) to eliminate child labor from the RMG sector, hence RMG sector of Bangladesh became almost free from child labor from 1996 onward. Movement of Garments Sromik Federation and other groups of the civil society created pressure on RMG business firms to be more responsive to the employees, which resulted in improving the fire protection and exit system in many factories. Gradually they have established some health care centers and ensured health check-up of employees and awareness raising on reproductive health, sexually transmitted diseases (STD) and HIV-AIDS, and development of child care centers are some of the areas where the sector is concentrating. Analyzing the trend of CSR practices in RMG sector, it can be said these practices were adopted

due to pressures either externally or internally or both which is still a dilemma of the sector to practice CSR voluntarily.

International buyers of RMG products were pressurized by different groups in the USA and European countries that resulted in developing or following certain codes of conduct developed by different organizations. Ending of the Multi-Fiber Arrangements (MFA) regime and emergence of non-tariff barriers, which include maintaining quality standards and ensuring commitment towards social compliances, has exerted tremendous pressure to comply with the codes of conduct. Different types of codes of conduct such as company codes, trade association codes, multi-stakeholders codes, model codes and intergovernmental codes are followed. The most comprehensive type of code of conduct would refer to the core labour standards identified by ILO that covers freedom of association, right to collective bargaining, no forced labour, minimum age, no discrimination and equal remuneration (NGLS UNRISD, 2000). In addition, health and safety, maximum hours of work, wages for living, security, and proper employment contracts are mentioned. UN Global Compact principles on human rights and labour standard supported the above mentioned areas as measurement tools of CSR. Major stakeholders i.e. employees, workers and the buyers of the apparel industry perceived business firms should practice the above mentioned codes of conduct as the social responsibility of business firms.

Chapter Description

The paper is divided into six chapters. Chapter I is the 'Introduction to CSR' where the background, historical overview and rise of CSR in global context and how local corporations are responding to it are discussed. Chapter II is the 'Literature Review' where the relevant literature is discussed in order to understand the definitional construction and different models and importance of CSR in business, looks at the global business trends and perspectives of stakeholders. Chapter III is on 'Methodology' where rationale, objectives and hypothesis are stated, theoretical model discussed as well as suitable methodological options and limitation of the study are also discussed to explain the relevance of the model, methods and techniques followed. Chapter IV illustrates overall 'Findings' of socio-economic and demographic profile of garment workers as well as the work environment where they are working, to capture the CSR practices and labour standard perspectives. The aim is bring out necessary knowledge on corporate perception and practices of CSR looking at the perspective of the

employers and workers i.e. garment manufacturing business units of apparel industry. Chapter V is on 'Analysis of Findings' to divulge why such practices are initiated i.e., the motivating and hindering factor of CSR practices. It also captures the voices of the garment workers to have a deeper understanding of workplace conditions particularly in the area of health, safety-security and its relations with productivity. The paper ends in Chapter VI with a 'Conclusion' and a Bibliography.

CHAPTER – II: Literature Review

This chapter is to review relevant literature in order to understand the definitional construction, different models of CSR and importance of CSR in business looking at the global business trends and perspective of stakeholders. This chapter is an attempt to shed a light on the historical perspective of CSR to understand when and how CSR emerged as a concept and gradually developed over the years. Businesses that foster economic growth adopt different policies and strategies to accommodate with the changed global political and economic scenario that demonstrates debates on different practices of CSR. This chapter discussed why business shifts its attitude, develops new strategies and what are the incentives that drive them to respond to those changes.

Early stage of Corporate Social Responsibility

Corporate social responsibility (CSR) as a concept developed in the 20th century but business firms or some individual entrepreneurs (business persons) had welfare attitude to their employees' long time back. In the early 18th century, long before the emergence of the welfare state, various paternalistically oriented businesses were already accepting social responsibility for their employees, usually on the basis of an unwritten social contract (social security in return for loyal behavior). CSR was motivated by the businessman's religious or ethical convictions, though the latter often had their roots in fear of workers' revolts and radicalism (German Development Institute-2005).

Business person's 'grace' to their employee was not questioned mentioning their responsibilities in the initial stage but in 1916, J. M. Clark raised the issue of transparency in business dealings posing the question, "if men are responsible for the known results of their actions, business responsibilities must include the known results of business dealings, whether these have been recognized by law or not". The Great Depression of the 1930s resulted in new thinking on corporate responsibility which is found in different economic and political literature. Debate started whether businesses perform social tasks as well as making profits, but an unequivocal answer was not found at that time. In the early 1930s, Professor Theodore Kreps introduced the

subject of Business and Social Welfare to Stanford University and used the term “social audit” for the first time in relation to companies reporting on their social responsibilities. In 1942, Peter Drucker in his “The Future Industrial Man” argued that companies have a social dimension as well as an economic purpose.

The concept of CSR gradually developed from the 1950s to 60s and began to proliferate in the 1970s and definitions of CSR were consolidated. In the 1980s more research was carried out and alternative thematic models emerged and in the 1990s different models transitioned significantly that led to stakeholder theory, business ethics theory and Corporate Social Performance (CSP).

Definition of CSR

In the early 60s of the last century different scholars tried to define the social responsibilities of corporations. Different terms were used such as ‘social obligation’; ‘social responsibility’; ‘social responsiveness’; ‘corporate responsibility’ etc. to demarcate the areas of social responsibilities of the corporate sector. Bowen’s (1953) initial definition of CSR refers to the obligations of businessmen to pursue policies, make decisions following the desired values and norms of the society. He emphasized that business firms should be responsible for consequences of their actions. Milton Friedman emphasized corporate responsibility as securing profits and recognized the philanthropic activities after a secured profit. Keith Davis (1973) expands the idea of CSR and mentioned it is beyond the narrow economic, technical and legal requirements of the firms that means responsibilities begin where the law ends.

McWilliams and Siegel described CSR as “actions that appear to further some social good, beyond the interest of the firm and that which is required by law.” A point worth noticing is that CSR is more than just following the law (McWilliams & Siegel, 2001). Alternatively, according to Frooman (1997), the definition of what would exemplify CSR is the following: “An action by a firm, which the firm chooses to take, that substantially affects an identifiable social stakeholders’ welfare.”

CSR is about company’s concern for such things as community involvement, socially responsible products and processes, concern for the environment and socially responsible

employee relations (Ortiz-Martinez & Crowther 2004). Social responsibility is the obligation of a firm, beyond that required by law or economics, to pursue long-term goals that are good for society (Buchholz 1990, Robbins and Decezo 2001). Theaker (2001) supports the view that an organization that socially recognizes its duties and responsibilities towards the wider community, and contributes to common good by benefiting both the company and society. Chung (1987) referred to social obligation of business firms to the society in return of the business opportunities offered by the society.

Carroll (1979) argues that corporations should not only be judged by their economic success but also on the non-economic criteria. Thomas M Jones (1980) added value on defining CSR mentioning that the corporate should adopt obligations voluntarily. Dalton and Cosier argued that a firm is socially responsible if it is operating 'legally' and 'responsibly'. Carroll (1983) mentioned CSR is composed of four parts i.e., economic, legal, ethical and voluntary and/ or philanthropy. Hopkins (1998) refers CSR as the ethical behavior of business towards its constituencies or stakeholders. The aim of social responsibility is to create higher standards of living, while preserving the profitability of the corporation.

The WBCSD perceives corporate social responsibility as a vital link "to the long-term prosperity of companies as it provides the opportunity to demonstrate the human face of business..." and underscores "the value of creating practical partnerships and dialogue between business, government, and organizations.

The European Commission mentioned that 'socially responsible' means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders.

Business for Social Responsibility (BSR) argued that being socially responsible means firms operating business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

A socially responsible corporation should take a step forward and adopt policies and business practices that go beyond the minimum legal requirements and contribute to the welfare of its key stakeholders. CSR is viewed, then, as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace.

Simon Zadek (2001) describes the development of CSR in terms of three generations. The first generation of CSR showed companies can be responsible in ways that do not detract from, and may contribute to commercial success. This is the most traditional and widespread form of CSR, most often manifested as corporate philanthropy. Second generation CSR focuses on the integral part of long-term business strategy. Third Generation of CSR is expected to make a significant contribution to addressing poverty, exclusion and environmental degradation. It would have combined effort of leading corporations to influence the market toward sustainability by developing partnership with civil society and changes in public policy, which eventually reward the CSR practicing corporations and penalize poor performing corporations.

It is evident that there are overlaps and counter arguments on CSR themes and definitions. Analyzing the trend of CSR activities it has been found that different stakeholders felt corporation should be accountable for their actions within and beyond the legal framework for the development of the society as a whole. Corporate managers are developing business principles to make business more humane and sustainable to cope with the demands of the stakeholders, civil society and government policies. It provides a general idea that strong civil society movements, regulatory framework and educated stakeholders are mutually supportive to improve CSR.

Sethi (1975) used a term 'corporate social performance' and elaborated the idea mentioning social obligation, social responsibility, and social responsiveness. Social obligation refers to response to legal and market constraints; social responsibility meaning a company moves beyond compliance and recognizes and addresses societal expectations. And social responsiveness

requires that a company develops the competence to engage effectively with stakeholders and take proactive measures on their issues and concerns.

'Corporate responsibility'; 'corporate social obligation' and 'corporate social responsibility' terms are used by different scholars to capture the theme of CSR. Hopkins argued that 'corporate responsibilities' refer to usual responsibilities of business firms and thus concentrated on profit making for its shareholder. However inclusion of 'social' covers other aspects such as the wider economy, stakeholders other than shareholders and the environment. On the other hand 'social obligation' often focuses narrowly to abide by the legal requirements or fulfillment of legal responsibilities. All these terms are used interchangeably in this study.

Corporate Social Responsibility can best be understood in terms of the changing relationship between business and society. Many people believe it is no longer enough for a company to say that their only concern is to make profits for their shareholders, when they are undertaking operations that can fundamentally affect (both negatively or positively) the lives of communities in countries throughout the world.

Different Models of CSR

An India based study on corporate responsibility (Kumar R. et al., 2001) presented four different models of corporate social responsibility, which were: Ethical model, Statist model, Liberal model and Stakeholder model. Ethical model refers to a voluntary commitment to public welfare. In India it has deep roots in the Gandhian philosophy of trusteeship. *Swadeshi andolon* can be considered in deepening patriotic feeling among the masses of the Indian sub-continent that might have invisible pressure to continue philanthropic practices. Mahatma Gandhi also propagated an active role for companies in socio-economic development during the 20th century.

Statist model relates to 'state leadership' in corporate responsibility, which emerged in the countries with socialist ideology, where state-owned enterprises assumed responsibility for the well-being of workers in the workplace and beyond.

The liberal model encapsulates the philosophy of Milton Friedman (1958) which argues that companies are solely responsible to their owners. This model doctrine upholds that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends.

The emergence of the fourth model is largely related to the growing concern about the pace of globalization, which alleges that globalization results in lower environmental and labour standards, as part of the 'race to the bottom'. Stakeholder model emphasized that corporations are not only answerable to their shareholders but also to a wider array of stakeholders. Freeman (1984) pronounced six categories of stakeholders i.e., owners, employees, customers, suppliers, communities and governments. Other scholars have since included the natural environment as an additional stakeholder (Carroll and Buchholz, 1999-2000). Reviewing the above-mentioned models, this study considers stakeholder model as the appropriate one.

Debates in CSR practices

The wider scope of practicing CSR is the diversity on the one hand and debatable on the other. Meaning of CSR may be different to different sectors even to different business entities. Topal and Crowther (2004) are concerned with bio-engineering and its effects upon bio-diversity and therefore, upon the future of the planet. On the other hand, Marovich (2004) is concerned with the consequences of the networked society (Castells 1996) while Rayman- Bacchus (2004) is more concerned with trust in, and legitimacy of, corporate behavior and the constant tension between economic wealth and social wellbeing.

Enterprises consider to comply with labour rules, community based activities, employment opportunities and benefits, environment friendly practices, improving working conditions, stakeholders' dialogue etc. Employees of business firms are willing to see improved working conditions, working hours, fair wages, overtime pay as per rules, child care facilities, festival and performance bonuses, health care facilities etc. Civil society organizations consider workplaces free from child labour, workers are free to form and participate in trade union activities, minimum wages for living, healthy working environment, environmental and human rights practices are true forms of CSR.

Debates have also concentrated on how CSR is practiced. Milton Friedman supports corporate philanthropy but critical about corporate social responsibility arguing that it is against the shareholders' interest. On the other hand it can be argued that corporate philanthropy is against the interest of the shareholder as in most cases philanthropic activities done by one Chief Executive Officer's (CEO) choice changes in another CEO's position and preference. Again it can be questioned CEOs involvement in charity activities with other people's (shareholder) money is not philanthropy at all. Often CEOs utilize charity activities to improve the image of company through sponsoring sports or cultural events which can be termed as 'social marketing' strategy of corporations. CEOs spend shareholders money in their preferred areas are considered as morally dubious transactions as they spend money of shareholders who have placed him in a position of trust to safeguard their property (The Economist 2005). Nevertheless, CEOs are the representatives of companies, hence allowed to build company image for future business opportunities and thus it is difficult to make a generic comment that CEOs spending money is against the interest of shareholder.

Crowther and Green (2004) mentioned their principles to social responsibilities as sustainability, accountability, and transparency which together comprise the central tenets of social contract of business with its wider stakeholders. Sustainability refers to a conscious and sensible consumption of resources considering the needs of future generations. Thus environmental concerns become prior and socially responsible business is measured on its responses to the environment. Paper producing companies should consider plantation and harvesting of trees that can meet the future needs of paper production, as much as possible. Business organizations are not alienated from society rather it is a part of wider social-economic and eco-systems and thus accountability of a business organization is not only to its owners or shareholders but to the population at large. Hence, socially responsible business would show its accountability to its stakeholders. Gallego (2005) highlighted the importance of accountability compared to legislation to be the way forward in today's competitive world.

Corporations are for making profits, to expand the business opportunities and performing social development activities, but the question is where to make a balance and how to ensure it, and the

debate often centers on it. It is true without earning a reasonable profit, business cannot continue its social activities, but to earn profit if business firms ignore or forget its responsibilities in the long run it might fall down or at least regaining their image would be very costly, and there are many instances of such cases in different parts of the world. Shareholders, investors or owners are willing to measure the performance of a company based on 'earning per share' which is often closer to the concept of profit maximization. Profit maximization tendency is often costly to the society, as it ignores environmental protection, sustainability and working conditions etc., which directly harm the stakeholders and thus eventually harm the business.

There are differences of opinion regarding 'maintaining legal requirements or beyond'. It is argued that usual responsibility of business firms are to comply with the legal requirements, hence CSR practicing companies are expected to go beyond it. Legal requirements are regulatory bindings and thus mandatory, but CSR refers to voluntary practices. On the other hand, by the name of voluntary practices, the code of conduct developed by business is reoffered, in addition to the regulatory responsibilities. It is vague, as performance of a business firm is judged based on compliance of code of conduct or business principles that are developed under respective framework meaning mandatory. Coercive power of one group of business can influence others to follow certain codes of conduct e.g., international buying companies influence Bangladeshi business firms in RMG sector to follow their code of conduct, which is mandatory behind the curtain of voluntary practices. Besides, if legal framework covers the wider aspects of social responsibility and there is nothing to go beyond it, in such cases what would be the scope of voluntary practices. Although there are debates and differences of opinion on CSR practices, there is common ground as well. Common areas are 'business opportunities' and addressing the cause of stakeholders following transparency, accountability and sustainability principles where profit is optimized rather than maximized. In the traditional paradigm, most corporate bodies reviewed CSR as the extension of a financial input for a humanitarian cause but the contemporary context does not support it and whatever activities a company undertakes aiming at communities without complying with business basics cannot be termed as 'socially responsible (Srivatava and Venkateswaran 2000).'

Importance of CSR in business

Importance of CSR in business can be viewed in two ways i.e., socially responsible business firms are performing better or socially irresponsible firms are loosing business opportunities. It is generally assumed that social responsibilities of business firms have positive relations to its performance. Responsible behavior of a corporation improves its reputation and brand image that result in increased numbers in the customer base, hence more business. On the other hand, responsible behavior of a corporation attracts its employee and help in developing their confidence and commitment, which translates into more productivity. Nevertheless, CSR practices involve costs to a business firms and thus question is whether increased profit outweigh the cost and also reduce the potential risks of business. Crowther and Jatana (2005) raised concern that if the business benefits are so apparent, then why is there a need to persuade firms to adopt the principles of CSR? Why is every firm not adopting CSR? And why do examples of irresponsible behavior continue to appear?

- 54 per cent of the G100 also report on their corporate social responsibility or corporate citizenship programs.
- In the UK, the number of FTSE 100 companies publishing specific reports on social policies rose from three in 1996 to 28 in 1999.
- A recent survey of 45 global and large companies operating in the EU showed that over 90 per cent of these reported on their mission, vision and values, workplace climate, community involvement, local economic development, marketplace and environmental impact.

Source: CSR Network (2000) The Global Reporters and DTI(2001) Developing corporate social responsibility in the UK, Business and Society, DTI, London.

Concern raised by Crowther and Jatana has different dimension but they cannot ignore the social responsibility of business. Gradual increase in number of firms incorporating CSR principles weakens their argument of firms not adopting CSR or persuasion for CSR practices. Market and Opinion Research International (MORI) survey on 12000 consumers of 12 European countries reveals that majority (70%) of them feel company's commitment on social responsibility an important consideration when in buying a product or services and 20% of them found willing to pay more for products

- Two in three citizens want companies to contribute to broader societal goals that go beyond the historical role of making a profit, paying taxes, employing people and obeying the law.
- Over one in five consumers report that they have acted as ethical consumers, and almost as many again have considered doing so.
- Issues cited as important ranged from health and safety, equal opportunities, bribery and corruption, the environment, and child labour. All these came ahead of contributing to CSOs.

Source: Enviro-nics International Ltd. (1999) Millennium Poll on Corporate Social Responsibility. This covered 23 countries across 6 continents.

that are socially and environmentally responsible. In addition 14% of the European consumer actively seeks information on ethical activities. It becomes evident when more than half of the Fortune 1000 companies issue corporate social responsibility (CSR) reports (Tsoutsoura 2004). A comparative international analysis carried out by Guthrie and Parker illustrates that 56% Australian companies provided some form of social disclosure, in comparison to 85% of US companies and 98% of UK companies.

A survey conducted by the Social and Rural Research Bureau on 650 companies from top 2000 companies in India found that most of the CEOs acknowledge that their companies have a social responsibility to fulfill and nearly 81% provided an account of various activities of CSR. Between 1979 and 1991, total UK CSR rose more than four fold.

Corporate Managers are deliberately showing their commitment towards CSR practices and providing information to its stakeholders. They are putting emphasis on reputation capital, eco-social issues and rights based perspectives. Shareholders or investors are becoming more cautious and ethically sensitive in investing money to support business ventures that put pressure on corporations to behave in responsible manner. The managers of billions of dollars of investment funds therefore now channel their cash into companies that pass one test or another for ethical or social responsibility. Several investment management companies now maintain blacklists of ethically or socially irresponsible companies (Hopkins 2004). In a survey carried out by Loughborough University for *'The Economist'* in 1991, 1,800 business people were asked what qualities had contributed to a good/ positive reputation. The list devised included community and environmental responsibility (Harrison 1995). Chajet (1989) postulates that a company with a good image can more easily attract audiences that influence the success of the organizations. Muckiewicz (1993) supports that research studies indicate that nine out of ten consumers use the reputation of an organization in order to decide which product or services they will buy from those that are similar in price and quality. Thus the reputation of a company needs to be protected as it has a consequential effect on its growth and long-term survival. Kitchen and Schultz (2001) support the view that there is a strong link between brand strength and company profitability, hence it matters for business.

Neo-liberal economists believe in Milton Friedman's doctrine that "there is one and only one responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game." There are instances where CSR has positive correlation of increased profitability and also mixed results such as no relations of CSR and financial performance. Following are some research findings that illustrate financial performance of business with CSR practices.

According to Margolis and Walsh (2002), one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and financial performance. The first study was published by Narver in 1971.

Empirical studies of the relationship between CSR and financial performance comprise essentially of two types. The first uses the event study methodology to assess the *short-run* financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The results of these studies have been mixed. Wright and Ferris (1997) discovered a negative relationship; Posnikoff (1997) reported a positive relationship, while Welch and Wazzan (1999) found no relationship between CSR and financial performance. Other studies, discussed in McWilliams and Siegel (1997), are similarly inconsistent concerning the relationship between CSR and short term financial returns.

The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of *long term* financial performance, by using accounting or financial measures of profitability. The studies that explore the relationship between social responsibility and accounting-based performance measures have also produced mixed results. Cochran and Wood (1984) located a positive correlation between social responsibility and accounting performance after controlling for the age of assets. Aupperle, Carroll, and Hatfield (1985) detected no significant relation between CSP and a firm's risk adjusted return on assets. In contrast, Waddock and Graves (1997) found significant positive relationships between an index of CSP and performance measures, such as ROA in the following year.

Core Labour Standard of ILO

International framework of labour standard started to develop after the Philadelphia declaration in 1944 that placed certain obligations on governments to permit freedom of association and collective bargaining but did not directly address the behavior of business. Philadelphia declaration focused on social justice and acknowledged the importance of freedom, dignity, security and peace which largely depend on welfare of human being. The most comprehensive labour standard determined by ILO are freedom of association, right to collective bargaining, no forced labour, minimum age, no discrimination and equal remuneration. In addition, a number of other aspects of labour conditions, which have not been included within the core labour standards, such as provisions of health and safety, maximum hours of work, wages, and security of employment are widely considered as labour standard. Most of the international buying companies have their own guidelines that cover wide range labour standard issues beyond the ILO mentioned core labour standard. This study focused on health-safety and security issues along with the core labour standard of ILO.

International labour standard however raised debates that divide the world where the developed countries of Europe and America raised concern about labour standard emphasizing on human rights and the developing countries argued it is a barrier for them to economic growth referring to the early stage of development in the developing countries. Developed countries argument is adopting international labour standard would save workers from huge exploitation and on the other hand it would also widen the opportunity of business in the international market. Besides, fair labour standard would encourage FDI which would expand consumer market and accordingly more investment and economic progress. Nevertheless, developing countries opposed this argument and opined it would rather increase risk of workers. Some researchers supported this view mentioning the elimination of child labour from the garment sector of Bangladesh that pushed a significant numbers of child labour to had more hazards since their earning contributed 40% of the household earning (Paul-Majumder and Chowdhury 1996).

Another argument is the nature of capital as it moves to such countries where opportunity cost is less and labour are cheap which indirectly force the developing countries to lower the wages to attract FDI which restricts a living wages for the workers. However, the cheap labour is not the

only consideration for FDI rather than workers' skill, political stability and governance issues are prominent for investment. Cheap labour with low productivity might be more costly, so productivity is important and improvement of productivity largely depends on good work condition, opportunities for human resource development etc. Export oriented products e.g., RMG sector have to comply with certain guidelines of the buyers although it varies. International buyers' pressure can be considered as one of the incentives for business firms but such pressure might not affect all the firms to comply with certain standards but if the firms find there is a positive link of increased productivity with the improved labour standard would influence them to look for best practices which would sustain even if the buyers withdraw their pressure.

CSR and Labour Standard

UN Global Compact refers to 10 issues to address CSR that are characterized in 4 wider areas viz. Human Rights, Labour Standard, Environment and Corruption. Human Rights and Labour Standard are overarching while arguments for improving labour standards are raised based on the Human Rights principles.

CHAPTER - III: Methodology

This chapter discusses the context of the study and its rationale and importance of the issue and its relevance in the apparel industry perspective. Looking at the CSR measurement instruments and principles of UN-Global Compact this study narrowed down its focus on human rights and labour standard following the 6 major principles stated in the guideline. The study thus focuses on health-safety condition at workplace where around one million workers are employed. Workers can be considered as a major stakeholder of this sector due to the nature of the industry. So, only looking at the perspective of the investors or owners it would hardly explore the reality of the manufacturing unit and therefore workers perspective was considered important for this study. To understand the organizational relationship and its power structure that shape organizational development, a theoretical model is discussed as well as suitable methodological options and limitation of the study described to explain the relevance of the model and methods and techniques followed.

Rationale of the study

Apparel industry that exports RMG products is the prominent export earning sector in Bangladesh. It generates 75 % of total export (Export Promotion Bureau Statistics 2002-2003) earnings of the country and created employment opportunity for a large number of unskilled and semi-skilled labor force. Labour standard is one of the major concerns of international buyers, trade unions and civil society organizations that exerted pressure to this sector to behave responsibly. With all its limitation, this growing industry considers responsibility to its stakeholders within and outside the production unit, hence improving working condition, responding to the international labour standard as well as different codes of conduct. To cater in the international market this industry has to comply with different issues that are related with health, safety-security and environment following the business principles and codes of conduct.

Competitiveness of the RMG sector in post Multi-Fiber Arrangement (MFA) becomes more challenging due to compliance with the codes of conduct that are asked by the international buyers. Working environment in RMG factories are equally important as the standard of

products, hence a significant number of business firms have to struggle a lot to protect the possible decline of the export earning that has serious effect on economic growth of this country. It is assumed that most of the factories are complying with certain codes of conduct of different buyers, although each of the buyers has different codes of conduct. As the codes of conducts are different, complying with the codes of one buyer may not meet the requirements of the others, therefore socially responsible behavior of the business firms are considered pivotal to increase the productivity and widening the opportunity for expanding the market that leads to profitability, hence expansion of business.

The concept, understanding and practices of CSR are very low in Bangladesh due to lack of understanding of its beneficial side. However, few initiatives have so far been undertaken by different organizations such as establishing a CSR center by Bangladesh Enterprise Institute (BEI) and KATALYST (a development project funded by international donors and implemented by Swisscontact and gtz), declaration of awards to CSR practicing companies by the Standard Chartered Bank and the Financial Express etc.) are found proactive in the market to address CSR issues though these are not very strong. Western business largely claim that CSR is positively correlated with business profitability and long term existence in the market and thus they have considered CSR practices as an inseparable part of business. Nevertheless, business people in Bangladesh are still considering CSR as an extra cost for their production rather than an opportunity of gaining acceptability of their brands. So, a wider scope exists to conduct research to explore the perception of business leaders on CSR issues, its current practices and future trend. In addition what influences or hinders businesses to incorporate CSR practices would also be helpful to enrich knowledge on CSR.

CSR is a vast issue to investigate within a limited time and resources, but considering the area of interest the author has chosen one of the apparel industry that has serious contribution in and employment opportunities for the poor segment of labour force and economic growth of Bangladesh. To ensure productivity and comply with the buyers' requirement of human rights and labour standard issues particularly the working environment issues especially health, safety and security measures are essential. Health, safety and security measures are often ignored or less emphasized without considering its consequences on productivity. In a recent visit to

factories, inspectors have found 48 factories out of 100 operating with basic safety arrangements for their workers (Daily Star weekend Magazine 2006).

CSR is commonly perceived as corporations spending money in social causes that really do not suit with the contemporary development of CSR understanding and practices. The stakeholder model of CSR emphasized that the corporation should address social responsibilities to its stakeholders. Apparel industry in Bangladesh is largely owned by private entrepreneur/s and thus the shareholders are limited. Stakeholders of the apparel industry are managers, employees, international buyers and local community. Therefore, the study has made conscious efforts to capture the practices of selected garment factories to grade their CSR practices.

According to available statistics, as many as 295 garment workers died and 2510 were injured in 22 fire incidents in 15 years since 1990 (Daily Star weekend Magazine, March 03, 2006) that illustrates the reluctant attitude in providing with a friendly work environment to the employees. Poor work condition hampers employee welfare that leads to high turn over rate which impedes institutional efficiency and incur much costs to maintain the productivity. Findings of the research would be an information source for the potential buyers' vis-à-vis of the local corporate to improve CSR practices. Nevertheless, developing countries have comparative advantage to contribute to the economy through active participation in the supply chain and thus the findings of the research would contribute in promoting economic growth through supporting local corporations.

Objectives of the study

The overall objective of this study is to explore corporate perceptions of CSR, current trend and practices, problems and prospects in incorporating CSR focusing on health and safety of the employees working in apparel industry in Bangladesh.

- Explore the motivating and hindering factors to incorporate CSR practices in corporate operations.
- Examine to what extent apparel industry is responding to the health and safety measures of its employees.

- Observe and capture employee perception on the relations of health and safety measures with the productivity.

Hypothesis of the study

The hypothesis of the study is "less occupational hazards ensures more productivity in garment manufacturing unit." Occupational hazards meaning the poor working condition and inadequate health and safety measures of the selected garment units that affect workers health and productivity. This study made an attempt to explore relationship between corporate social responsibility and productivity of garment manufacturing unit. The findings may entail negative, neutral or positive relationship. There exist strong assumptions both in negative, neutral and positive relationship considering investment cost and benefits derived from that. According to their view, socially responsible firms have a competitive disadvantage (Aupperle et al., 1985), because they incur costs that fall directly upon the bottom line and reduce profits, while these costs could be avoided or borne by individuals or the government. On the other hand, many empirical results reveal no significant relationship between CSR and financial performance. According to this line of thinking (e.g., Ullman, 1985), there are so many variables that intervene between the two that a relationship should not be expected to exist. This study captured the perception of workers and managers and owners of selected factories of apparel industry in Bangladesh.

Study coverage/ scope of the study

The scope of the study is to capture the corporate perception and practices of social responsibility in apparel industry in Bangladesh. Exploration of corporate social responsibility status in apparel industry is the first of its kind although a number of studies have been conducted that capture many other aspects of this industry. Corporate social responsibility is a very contemporary concept in Bangladeshi business culture and it has different meaning to different sectors, hence it is relevant to capture corporate perception on social responsibility and its practices. And accordingly few questions raised such as what is the perception of apparel industry owners, managers on social responsibility, what motivates or hinders CSR practices, and is there any relations of corporate performance (productivity or business opportunity) with social responsibility practices? This study was an attempt to answer these crucial questions using

information collected through interviews with the owners and managers of selected firms of the apparel industry and survey among the workers of those firms.

Apparel industry created wage employment opportunities for million of unskilled or semi-skilled workers. The unprecedented growth of this sector was supported by the government policies but the labours' contribution in this economic growth are often ignored as they are compelled to work long hours in sub-human working conditions. So, this study narrowed down CSR practices focusing on labour standard perspectives looking at the workplace conditions, health, safety, security issues. Global Compact considers ten principles while human rights and labour standard covered six principles and these issues have a direct link with the codes of conduct of many international buyers of garment products from Bangladesh. Therefore a closer look at this issue would be helpful.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have around 4200 members where millions of workers are employed. Representative sampling of this huge number of firms was not feasible for this study and thus only 5 firms were considered for observation. However, the limited sample size did not undermine the significance of the study as it considered in-depth interview with the owners and managers of selected firms and validation of those information with the survey findings and factory observation. Nevertheless, representative sample size might bring more accurate picture of the revealed state of affairs.

Methods and techniques

This is an exploratory research to capture the corporate perceptions and practices of CSR focusing on labour standard. Stakeholder model of CSR is considered to understand to what extent managers and owners of corporations in apparel industry respond to their employees and consumers i.e., international buyers in this case. Core labour standard of ILO which Global Compact has taken as major principles as an instrument in measuring CSR practices is considered. 'Institutional Isomorphism' was considered as a theoretical base to understand the behavior of corporate managers in CSR practices. Looking at the different aspects of core labour standards, workplace condition, health, safety and security condition of selected business firms in response to comply with the buyer's requirements, and industrial law of the country, and accordingly the tools of data collections are developed. In the process of tools development core labour standard of ILO, UN Global Compact

principles, COC of international buyers, different studies conducted on RMG sector, labour and industrial law of Bangladesh, BGMEA documents and information available in Internet were considered.

Data source and Collection process:

- Both primary and secondary data were used for the study and structured questionnaire used for survey to cover employee opinion and semi-structured questioners were used for corporate managers and owners interview for collecting primary data. To capture the views of senior executive and management staff, a total of 5 persons were interviewed using the semi-structured questionnaire and 100 garment workers of those firms were also interviewed using the structured questionnaire with few open-ended question. In addition, informal discussion was also done with respective officials of BGMEA compliance cell, safety cell, and research cell to have an overview of the study context and collecting information materials.
- Secondary information was collected through reviewing different studies conducted on RMG sector, BGMEA literatures, buyers' web sites, newspapers etc.

Selection of firms and respondents

- Five firms were selected for the study considering limited time and resources covering both Export Processing Zone (EPZ) and non-EPZ areas of Dhaka and its adjacent areas at Savar and Gazipur. Criteria that were followed in selecting these firms include firms that are suppliers of brand buyers like Nike, Reebok, Levis, member of BGMEA, location of the firm, diversity of the products and size of the firms. A request letter from the supervisor was sent and formal contact was made with the BGMEA president to get support in identifying firms and access to those firms for interviewing both management staff members and workers. Nevertheless, email contacts were also made to different firms using information of BGMEA directory requesting for interview and survey among the workers but positive response was not received. Hence, personal contacts were made as an alternative.

- One person from each of the selected firms where three senior managers, one chairperson and one managing director were interviewed. Besides, 100 workers were identified ranging 10-25 workers from each firm considering the size of the respective firms.
- Garments size was arbitrarily classified in this study considering the number of workforce in the firm. A firm that has up-to 500 workers is small, 501 to 1000 as medium and 1000 above as large firms. From large size firm 25 garment workers were interviewed and for medium it was 15 and only 10 workers were interviewed from the small size garments.
- Among the selected 5 garments one was in Dhaka EPZ area, one in Savar, one from Gazipur and two from Dhaka. Five firms were selected to capture both EPZ and non-EPZ areas within and outside Dhaka that covers wide range of variety that mentioned above.

Data Analysis

Semi-structured interviews with the management staff of apparel industry were analyzed by preparation of transcripts. A data entry module was developed in Microsoft Access where survey data were entered. Entered data were analyzed in SPSS for tabular and graphical presentation.

Limitation of the study

Limitation of the study is to identify different companies and getting access to information. After the collapse of Spectra at Savar and fire incidents in KTS garments in Chittagong questioned the image of the apparel industry among the common mass of the country and thus garment owners were very scared to share workplace condition related information or allow an outsider to talk to their workers which hindered my access to the corporate managers and workers of the apparel industry. Personal contacts were made to overcome the access problem.

Cancellation or postponement of the interview was also common. Corporate managers had avoiding tendency to have an interview even after the declaration of not using the name of the individual as well as firm but this strategy also did not work well. It might happen due to lack of trust on researcher or their usual tendency of hiding the ill activities.

Some owners and managers were willing to share information but they also had shown unwillingness to allow researcher or his associates to interview workers. Some of them allowed for 10 to 15 minutes talking to the workers selected by them. None of the selected firms were willing to provide information of workers to the researcher for sampling. To overcome this situation chance sampling was the only option. Only one firm allowed the researcher talking to any worker within the factory which was not often congenial to share accurate information by the workers. Research associates were instructed to convince the respective worker to have an interview at her home or outside the factory.

For the factories outside Dhaka it was possible to visit workers at home as some of them are local and reside in the adjacent areas of the factory but in Dhaka it was very difficult to talk to them, but with the help of the respective company staff, researcher and his associates were introduced to some of the workers and again with the help of those workers, other workers were interviewed that allowed the researcher to avoid the workers introduced by the company managers.

It was very difficult to get information on sexual harassment but the question on 'colleagues faced harassment' was helpful to allow the respondent to talk, although intensity of such incidents reflected partially. In Bangladesh very few studies have been undertaken to understand CSR practices that would limit the researcher to get country specific relevant information. Besides, access to relevant literature was also a challenge.

Contemporary development of CSR understanding and practices clearly distinguishes the concept of philanthropy from that of CSR. The study considers stakeholder model of CSR that has clearly mentioned the role of corporations to address social responsibilities to its stakeholders. The ownership patterns of garment manufacturing units are private limited companies, and thus the stakeholders of the apparel industry are managers, employees, international buyers and local community. Therefore, the study has made conscious efforts to capture the practices of selected garment factories to grade their CSR practices. UN Global

Compact refers to 10 issues to address CSR that are characterized in 4 wider areas viz. Human Rights, Labour Standard, Environment and Corruption where human rights and labour standard covered the major areas. Human Rights and Labour Standard are overarching while arguments for improving labour standards are raised based on the Human Rights principles. This study considered employees as the major stakeholders and accordingly focused on human rights and labour standards issues. Labour standard is an integral part of CSR and it is absolutely crucial for export oriented business firms like garment manufacturing units. However, to avoid misunderstanding the study title captured the labour standard perspectives of CSR.

Theoretical Framework

As a conceptual framework 'Institutional Isomorphism' is considered that refers to a process whereby one unit of a population comes to resemble other units of the population - in this case garments manufacturing units of the apparel industry. DiMaggio and Powell (1983) referred to three levels of isomorphic changes i.e., coercive isomorphism, mimetic isomorphism and normative isomorphism.

'Coercive Isomorphism' illustrates a situation where organizations respond to an issue due to coercive pressure from influential partners. Due to power relations of business dealings, garments companies have to abide by the guidelines and business principles or codes of conduct of the international buyers. Such influence of international buyers can be considered as coercive pressure of their suppliers i.e., the garment manufacturing business firms of the apparel industry in Bangladesh. Externally codified rules, norms or laws assign legitimacy to CSR practices. In the case of CSR in apparel industry in Bangladesh one could argue that industrial and labour law of the government, external pressure such as 'Fair Labour Association' ; 'Clean Cloth Campaign' exerted pressure on buyers which came down to the respective suppliers of the reputed international buyers such as WalMart, Nike, Reebok, SEARS, Carrefour, Hennes & Mauritz (H&M) are some of the instances of coercive isomorphism which foster the spread of CSR in the apparel industry in Bangladesh.

'Mimetic Isomorphism' demonstrates a situation where organizations tend to mimic other best players in the field that they perceive to be more legitimate or successful. Increased

competitiveness and uncertainty of business pushed business leaders and managers to a continuous search for certain 'best practices' that are accepted or considered legitimate behavior in the value chain or among its stakeholders. Such 'best practices' then take off other players to include similar practices in their business operation. In the area of CSR practices, companies considered developing partnership with other service providers to improve health services for the employee, or management and technological efficiency that resulted in improved competency of workers and productivity. In addition, demonstrating transparency and accountability through reporting, company can share its practices and performances with its stakeholders and wider community in the form of 'corporate citizenship' that could attract others to adopt such practices.

'Normative Isomorphism' refers to a situation where professional authorities or organizations directly or indirectly set standards for 'legitimate' organizational practices. BGMEA, as a professional authority set certain standard for its members or potential members to practice CSR. Hence, the more managers participate in BGMEA the more the organizations (garments companies in this case) will resemble others in the field of practicing CSR. BGMEA is a legitimate body of garments manufacturing business firms to protect and promote the interests of its members in linking with the international buyers and build capacity of members to respond to the requirement of international buyers. When the child labour issue surfaced as a challenge for the sector to remain competitive in the international market, BGMEA set a rule to abolish child labour from the sector, built its members' capacity to address this issue which was crucial in protecting the interests of the garment manufacturing business firms. With regard to CSR and its promotion in Bangladesh we can certainly identify some significant rise of pressures from this angle regarding improving the safety-security measures by proper maintenance of emergency exit stairs, periodical fire drill, medical center, group insurance policies for garment workers etc. Besides, BGMEA itself improved its structure in developing compliance cell, safety cell and labour cell etc. to extend services to its members.

Through Isomorphism organizations try to achieve legitimacy of their continued operations [that's what garments companies in Bangladesh are doing now via CSR] and thus I think this framework is more relevant to analyze the CSR practices of garment manufacturing business firms of the apparel industry in Bangladesh.

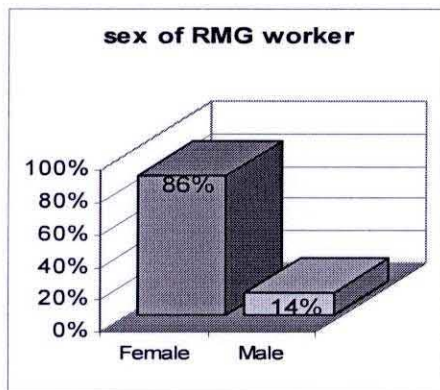
CHAPTER IV: Findings

This chapter is an attempt to explore corporate perception and practices of CSR in apparel industry in Bangladesh. The aim is to bring out necessary knowledge on existing CSR practices looking at the perspective of the employer and workers i.e. garment manufacturing business units of apparel industry. It also discusses the demographic and socio-economic profile of garments workers, nature of employment and fringe benefits scenario in this sector. Besides, it compares the workers opinion with the managers or owners' description of good practices inside the factories and makes a triangulation of findings to understand the state of CSR practices in the apparel industry.

a) Demographic and Socio-economic Condition of Garment Workers

Sex

RMG industry is predominantly dominated by the female workers. It is evident from the study



that around 86% of the total workforces are female while the remaining 14% are male. The RMG owners prefer female workers particularly the unmarried, separated and the widowed ones compared to their male counterparts.

Women workers basically join in RMG industry due to lack of choice. Women are more tolerant, can be more controlled, are less mobile, and less likely to join trade unions. Other causes are the struggling females can

hardly bargain thus are prone to exploitation, can be easily found and can be manipulated easily than their male counterparts.

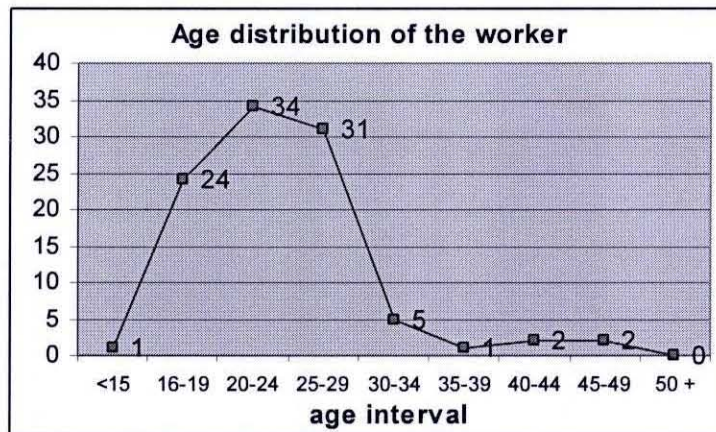
Age

Age structure of the garments workers shown in the graph below reveals the interesting aspect of the use of labor force involved in this export oriented industry. No laborer was found below age 15, although they have no age certificate as our country has no formal birth registration system as to when and where these workers were born. It gives an impression and provides information

that child labor is eliminated which was once a common phenomenon in this sector. It might be the outcome of the pressure of donors to abide by compliance issues, and by civil society, and rights groups.

The graph shows that almost ninety percent (89%, adding the worker numbers of age group 16-19, 20-24, and 25-29 together) workers belong to the age group ranged 16-29 whereas workers aged more than 30 are least in demand. This group constitutes only 10% of total labor force in

garments sector and older age workers are not welcomed. No worker aged over 50 is found. It tells us that this sector is not interested to provide old age security. We do not know what happened to these people after leaving the job. Female garment workers are youthful because of

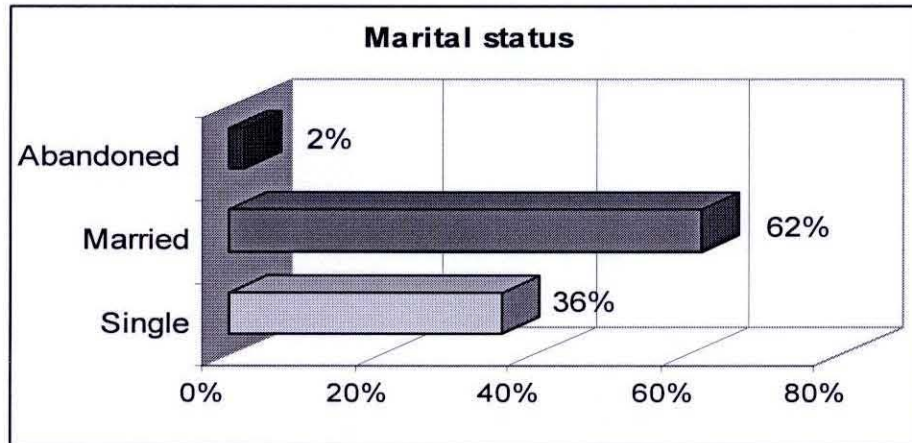


the fact that garment employer prefer young women for their nimble fingers. It is believed that nimble fingers are better suited to garment work.

Marital Status

Married female workers constituted 62% of the total female workers whereas 36% are single and 2% belong to the abandoned category according to the study. Bangladesh is a society which has traditionally been characterized by very early marriage and motherhood but the garments workers changed this situation significantly.

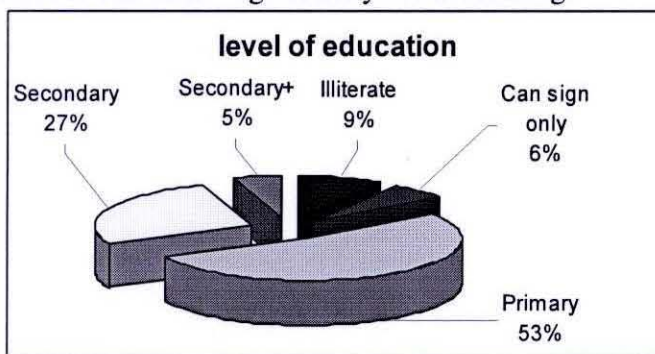
Garment employers prefer unmarried or widowed/ separated/ abandoned female workers due to the nature of the garment manufacturing. It is a line work where 25-30 workers work together to produce a unit of product.



The work hampers if a single worker is absent. The married women usually require frequent leave due to childbirth, childcare or household chores. Due to burden of childcare and household chores, married women are unable to provide overtime work. So the employers are likely to prefer unmarried women. But maternity leave and maternity allowances can also be considered as most important reason behind their preference for unmarried women.

Level of Education

Level of education of RMG worker is not impressive. Most of the workers passed national primary education level or at least had enrollment in primary school. One question might be asked whether primary education is effective in this sector? Our primary education never provides basic life skills to earn their livelihood. Only the numeracy of primary education helps them to calculate wage or daily life accounting.



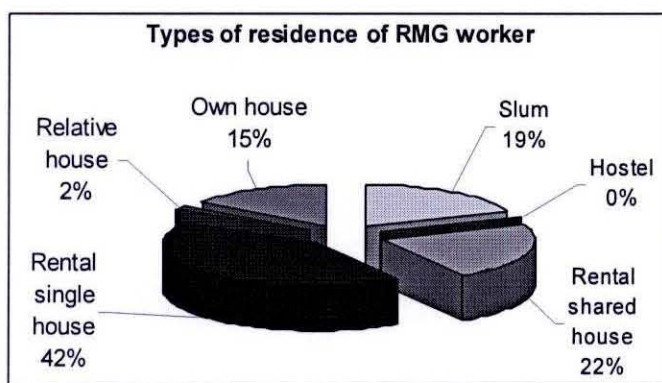
Employers are not much interested to educate their workforce. Here a worker needs basic training regarding operating machine and particularly sewing techniques. It is found that 30% workers have a little better education level meaning they passed at least

secondary level or got nation's first public academic certificate. Basically these are the workers

who are quality inspectors. It is noteworthy to mention that the level of education of garment workers is much higher than that of the national average literacy rate of 49.4% whereas in rural areas it is only 43.8% (BNBEIS 2003).

Residence

19% workers reside in the slum where most amenities e.g., toilet, bathroom, kitchen etc. are sub-standard. A huge number of workers had to consider slums as a shelter due to lack of choice. The dominant group of workers (42%) who are residing in rented single house are to some extent better off than these in slums.



These houses are poorly constructed in residential areas. It is unfortunate that none of the workers surveyed avail of hostel facilities since seats are limited in the hostels, its location from the respective factory as well as the rents which are mostly expensive and built for the better income groups. Three

among the five selected garment's locations were outside Dhaka where hostel facilities are not available although local workers have facilities to stay at their own homes. Workers of the factories in Dhaka were mostly found living in the slum areas where living conditions are very unhygienic, over crowded and damp. Living condition in rented houses is not hygienic also. It is unfortunate that the migrant young women coming to Dhaka city in search of jobs had to take shelter either in the dilapidated condition of slums and squatter settlements or in the over-crowded mess. A few (2%) are fortunate to live in relative's houses.

Family Background of the Garment Workers

The garment workers belong to the lower rung of the social ladder. Poor economic condition coupled with family burden, forces these women to work in the most hazardous and pitiable condition. Most of them came from poor families since significant numbers of them (70%) were motivated to search for work in response to economic crisis of their family. A BIDS survey conducted in 1997 showed that in 15% cases female workers came from the family where

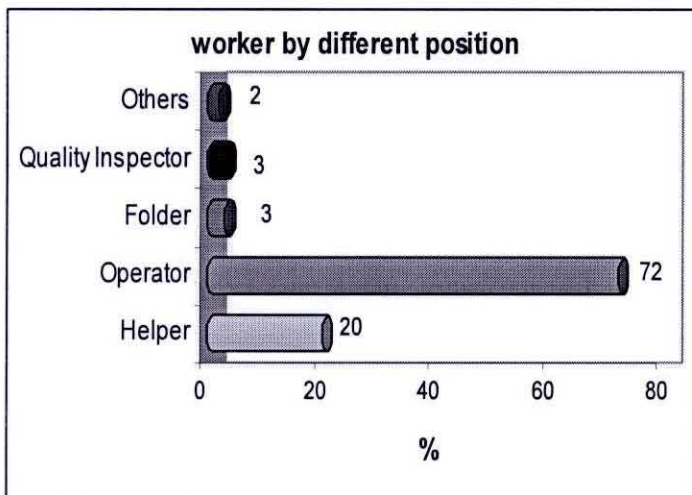
household heads are identified as laborers like rickshaw pullers, brick breakers, day-laborers, and domestic servants etc. who can be called poor.

Economic Status of the Garment Workers

Economically the garment workers are vulnerable. With poor salary, they can hardly hope to get out of the poverty cycle and therefore pushed by grinding poverty. Hard work, long hours overtime work cannot save them from this evil. Despite this, they struggle hard to provide themselves with two meals a day. Usually, cheap rice and *dal* are their chief food. Vegetables or small fishes are a luxury. This impacts on their health and thereby poor performance in the factory is the natural outcome.

Nature of work

Garments manufacturing is less dependent on higher level of skill and physical strength and this is why RMG focuses on female labor, as it is popularly perceived that women have less skill and



physical strength. The following chart reveals that 72% work as operators and following them are helpers who comprise the second dominant group (20%) who are basically 'tomorrow's operators.' These two groups, jointly occupy (92%) are mostly women workers and a few of the rest (8%) are engaged in quality inspection and

folder led by male workers. Others work in finishing and packaging departments.

There is a culturally impregnated idea that women are better in sewing since the job coincides with their traditional vocation and thus female workers dominate the sewing section where 87% work under the purview of sewing. On the contrary, in the finishing and cutting sections, two of the other important sections (2.4 % and 8.3% respectively) have the lowest female employment. Cutting and Finishing require physical strengths as cutting machines are quite heavy and need

strong hands to operate as perceived by the employers. Following table depicts the distribution of workers by different sections of selected business firms of the apparel industry.

Table: Distribution of garment workers in different sections

Sections	Percentages
Cutting	2.4
Sewing	86.9
Washing	0.0
Ironing	1.2
Finishing	8.3
Packaging	1.2

b) Perception and Practices of CSR

Corporate perception on CSR

Corporation functions in a social context where different stakeholders engaged directly or indirectly in its operation, management and building as well as diminishing its image and thus social responsibility, is closely associated with corporate performance. CPD study on corporate responsibility practices in Bangladesh reveals that a significant number of business firms are aware of CSR issues and different dimensions of CSR practices. In most cases, it has found that companies consider human rights and labour standard issues that referred in the ILO Core Conventions, i.e. the basic human rights in the workplace this includes rights of collective bargaining, freedom of association, free from discrimination in employment and occupation and freedom from forced labour, minimum age etc. to ensure wellbeing of their workers. Owners and senior managers of garments manufacturing business firms perceive CSR as synonymous to comply with the codes of conduct of international buyers or guidelines of the UN Global Compact. Two out of the five emphasized on compliance with the country's laws related to labour issues that is good enough to ensure wellbeing of the workers.

To general managers and owners of the garment manufacturing firms mentioned, CSR is related to the welfare of the workers of respective firms and none of the respondents mentioned charity

donation as CSR. Irrespective of the ownership pattern all the selected garments manufacturing unit managers consider charity is the individual's matter and respective owners can donate his/her profit. Nevertheless, all the firms have charity donation practices but mostly address contextual needs e.g., donate to the poor parents for marrying off daughters, education and religious institutions and cultural events. The companies that have Bangladeshi ownership utilize donations as a means of exercising power or maintaining influence in the rural areas. The Chairman of a selected company mentioned that he had to donate for different religious and educational institutes, helping the poor and also ensure employment for the poor of his neighboring village as his wife is the elected Chairperson of the Union Parishad. Another donates to different social events in his village that includes cultural programs, sports, and education and religious institutions in order to maintain reputation of his predecessor. These donations are voluntary in nature and refer to community investment but it does not have linkages with expanding business opportunities or increase profit of the firms, hence it cannot be termed as 'CSR' although many corporations claim these are CSR practices (APIT 2006).

Existence of Human Resource (HR) policy and human resource development are also grossly referred as CSR by the majority firms. Since HR policy includes employment contract, wages and benefits, working hours etc. a formal HR policy was found only in one firm. But all the firms referred to practices of employee benefits as per the provisions of labour laws of the country or beyond. All the companies follow the minimum wages for their workers but most of them do not consider all the government holidays. Small and medium firms emphasized on minimum wage and considered it as standard but the big companies go beyond the minimum wage.

Participation in social activities are limited but all the companies mentioned they usually respond to emergencies such as flood, disaster etc. and they prioritize their support and start addressing the immediate needs of its workers and gradually move towards community activities. Only one company considers health services to the workers and their family members while others have medical support only for the workers. Accident compensation are considered by all the selected companies and referred to their association i.e., BGMEA. Building of hospital for the garment workers is an initiative of the BGMEA although it is yet to start construction.

Transparency and accountability issues are considered by most of the selected firms but this significantly varies based on its size and ownership. Firms under foreign ownership introduced suggestions and complaint boxes for the workers and periodically sits with the workers' forum to discuss possible solutions and disseminate decisions among workers. Complaints related to harassment remain confidential and management authority investigates the matter and take action. Quality control and maintaining standard of products are considered as accountability to the buyers and measures are taken to control the quality of fabrics, inspection and on time delivery of products.

Small and medium firms felt CSR practices increase cost of operation but large companies see it as an opportunity to attract reputed buyers. Nevertheless, none of the respondent could explicitly mention benefits to the company derived from inclusion of CSR practices. None of the companies have cost-benefit analysis but most of them assume that workplace conditions reduce turn-over of workers, and increase their satisfaction and that might increase productivity.

Types of CSR Practices

The selected garment manufacturing businesses under both foreign and local ownership mentioned that improving workplace condition by improving health, safety and security measures, are the major areas of corporate social responsibility, although only two of them have policies regarding health and safety issues. All the respondents pointed out that they have introduced group insurance for workers with premium by the companies. Four out of five companies do not have policy on hygienic condition at workplace but all the firms give informal instruction to have clean and hygienic toilets and wash rooms. Trade Union activities are discouraged due to eventual political affiliations but they prefer workers' forum. Two companies have elected representatives for the forum, one has selected representatives and the remaining two do not have any such.

None of the organizations have policies on equal opportunity, wages equalized equals to living standards, free from child and forced labour but all the companies comply with the core labour standard although it varies with the context and capacity of the company. All the companies have

lack of written policies but have shown firm commitment towards elimination of child labour, minimum wages, equal opportunities in employment process etc. Companies that have foreign ownership and operating in EPZ area allow collective bargaining of workers and support elected forum of workers, but the local companies have different practices where two companies have selected forum of workers but the smaller one neither allows trade union activities nor supports any workers' welfare forum.

Table: Summary of Major Areas of CSR Practices by Firms

Firm ID Code →	C	D	P	S	T
Initiatives ↓	(Medium at Savar)	(Large in Dhaka)	(Large at Gazipur)	(Small in Dhaka)	(Large in DEPZ)
Healthcare services	M	G	G	M	G
Hygiene & sanitation	M	G	V.G	M	G
Emergency Exit	P	V.G	G	P	V.G
Fire safety & mock drill	M	V.G	M	P	V.G
No child labour	V.G	V.G	V.G	V.G	V.G
Hours of work	P	V.G	M	P	G
Minimum wages	G	G	V.G	G	V.G
Overtime work	M	V.G	G	M	G
Freedom of association	M	G	P	P	G
Collective bargaining	P	M	P	P	M
No discrimination	G	G	M	G	G
Employment contract	M	V.G	G	P	V.G
Bonus/incentive	G	G	G	M	G
Child-care facilities	NA	V.G	M	M	V.G
Dining/ canteen facility	NA	G	M	NA	V.G
Transportation facilities	NA	NA	G	NA	V.G
	52.25	89	74.75	54.25	89

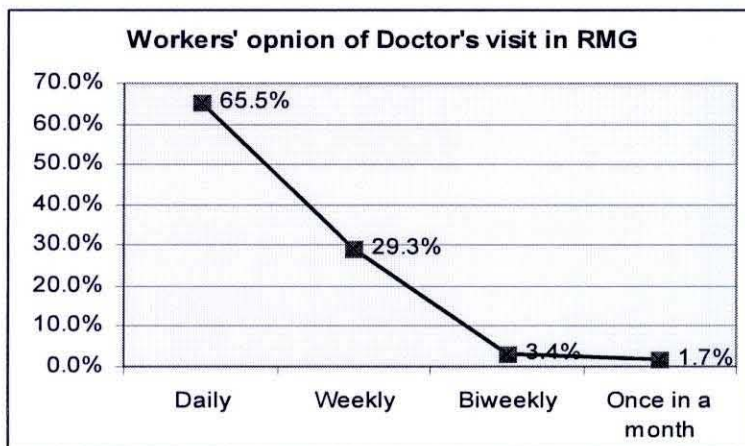
V.G- Very Good (beyond legal obligation, score-6.25); G- Good (fulfillment of legal obligation, score-5);

M- Moderate (Moderate fulfillment of legal obligation, score-4); P-Poor (below legal obligation, score-3), NA- Not Available, score-0

1. Healthcare center and health services

Two foreign owned companies have health and safety policies in line with their buyers Nike and Reebok, but locally owned companies do not have such a written policy. None of them have a written policy or guidelines on health safety issues. All the companies have certain measures on health or safety issues considering their capacity and attitude as well.

Medical facilities to the workers varied in different companies where 3 have permanent nurses and doctors for primary treatment and other two have agreement with medical service providers to provide services at factory premises that ranged from once a week to three days in a week. Partnership with NGO ? service delivery as well as private clinics is practiced to ensure doctor's visit in the factories. Workers of EPZ factories have own primary treatment facilities where



nurses provide services and workers visit BEPZA medical center for further services. The companies outside EPZ area have built partnership with NGOs and private clinics. Workers are sent to outside hospitals in any emergency situation.

One company has a partnership with *Sobuj Chata*, a satellite clinic of NGO service delivery to provide workers with the medical facilities where the service providers to visit the factory four days in a week. The Factory provides all treatment costs to employees for incidents occurring inside the factory, but incase of outside incidents workers visit the

Sabuj Chata clinic and get free treatment showing their ID cards. Factory management pays TK 5,000 to *Sabuj Chata* every month for this service. Another factory developed partnership with a local clinic where the clinic management agreed to provide 40% discounts in treatment cost to the employees for incidents occurring inside the factory. Practices also exist to have agreement with a medical practitioner for services to support primary health care services to the worker.

Nevertheless, most of the factories provide treatment cost to employees for incidents occurring inside the factory, but in case of outside incidents they occasionally support some of the workers based on needs and intensity of the incidents. But none of the companies have a specific policy to support incidents occurring outside the factory.

Medicine is available for primary treatment and over 90% of the respondents recognized the availability of necessary equipments for the primary treatment and minor accidents. Regarding types of medical services, 58% mentioned the center has only primary treatment

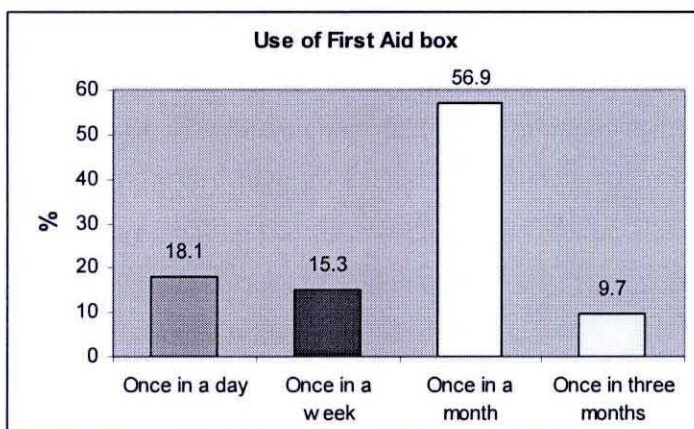
services and 42% mentioned treatment for minor accidents is available in the health centers within the factory premises. The study shows 52% respondents have visited the health care center last month and of them around 75% are satisfied with the services. The findings further reveals poor workplace and health condition of the selected factories although most of them have shown satisfaction with services.

Box: Medicines mostly available

Paracetamol	37.3%
Bandage	19.3%
Savlon	20.5%
Nix/balm	6.0%

1.1 First aid box

All companies mentioned first aid boxes are kept in a place that is easily accessible to the workers for primary health care and injuries. Information provided to the workers regarding what is in the first aid boxes are also considered by the factory management to ensure its optimum use. Most of the respondents avoid revealing the number of first aid boxes as proportionate to the workers. More than 90% workers reported positively about first aid boxes and over 95% of them



are aware of the boxes and its contents. Only 22% of the respondent stated they do not need to use the first aid box but a significant percentage of workers mentioned they need to use the first aid box which reflects the importance of first aid boxes in the factory.

Contents that are mostly available in the first aid boxes are paracetamol, bandage, savlon, nix (balm) and ORS. It has been found that around 57% of the respondents used the first aid box every month followed by 18% daily and 15% once in a week while only 10% use the first aid box every day. But only 10% mentioned that they require to use the first aid box once in a quarter.

1.2 Protection from work injuries

The study reveals 48% respondents reported their co-workers faced injury in the last three months and thus it can be claimed that injuries are common in the workplace. However, only 22% respondents reported they have faced injury in the last quarter. Only 44% workers who have faced injury in workplace reported receiving free treatment and a large number of workers (52%) get paid by the company.

It has been found that 55% respondents do not feel workplace is risky, but almost similar number of workers gave the opposite option. The reason may be the differences in perception of the workers and on the other hand



positive measures of the factory management regarding unlocking the emergency exit, periodical fire drills and an equipped fire fighting team as well as training of workers that helped in reducing fear.

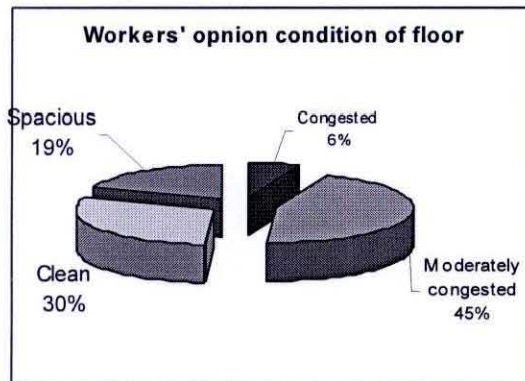
2. Hygiene and Sanitation

Three companies have acceptable measures such as free circulation of air with wide windows on each floor, tiled floors for cleanliness, adequate height of the roof of every floor that help heat absorption and adequate numbers of ceiling fans used to ensure a comfortable work environment. Special measures are taken in the ironing corner using pedestal fans.

2.1 Working condition at floor level

The study reveals that 66% workers perceive their workplaces have adequate ventilation which indicates far better condition of ventilation in the selected factories compared to the study findings of 1990 and 1997 survey conducted by BIDS as mentioned by Paul-Majumder and Begum.

The respondents stated that floor condition is not good considering the space. Only 19%



respondents mentioned they found their workplace spacious but a significant percentage of workers pointed out that the workplace is congested. Temperature or heating condition of the factories are found poor where 60% of them mentioned moderate heat and 19% mentioned that more heat is created in the workplace. Heat causing accidents were mentioned by 40% of the respondents, of whom 90%

mentioned it manifests workers becoming senseless, and in some causes it causes fire. More than 70% mentioned there are some measures followed by factory management to absorb heat which reflect on the poor working condition and goes against the claims of the employers.

Employees have access to safe drinking water and adequate (one toilet for 25-30 workers) and separate toilet facilities for male and female workers. All toilets are maintained properly and cleaned at least two times in a day. Adequate soaps are kept in the wash areas.

2.2 Toilet facilities and hygienic condition

All the respondents pointed out there are separate toilets for male and female workers. Quantity of toilets that are mentioned in the Factory Act was not an issue of the workers but they perceived quality of toilets are crucial to ensure a clean and safer workplace since they had to spent a long time in the factory.

Table: Condition of toilets in the factory

Condition of toilets	Frequency	%
Hygienic	70	70.7
Non hygienic	1	1.0
Moderate	28	28.3
Total	99	100.0

More than 70% of the respondents opined toilets are hygienic and equipped with disposable bucket, soap and are cleaned every day. However, this study finding did not support the findings of another study conducted by Paul-Majumder and Begum (2006) that found a negative picture of hygienic condition. Hence, it can be claimed business firms are gradually improving workplace conditions to suit workers. Nevertheless, 28% respondents mentioned they needed permission to go to toilets from their supervisors which hinder normal uses of toilets and compels them to drink less water to reduce the toilet usage with consequential health hazards.

3. Safety and Security

3.1 Emergency exit

The survey data reveals that all the factories have emergency exits although quality varies considering the size and ownership pattern of the business firms. Big companies have good conditioned emergency exits irrespective of ownership pattern. However size alone is not a matter to have an improved exit system in place rather it depends on attitude of the owners and managers, building pattern etc.

State of emergency exit

- 100% factory have emergency exits
- 3 exits per factory (max 10, min 0)
- 71.7% exits are concrete and 28.3 are iron made
- 84% reported that the factory has marked exit stair
- Average width of stair is 54.7 inches
- 67.3% reported proper maintenance of stair
- 99% reported stair remain open during working hour
- 76.8% reported comfortable movement on stairs
- 73% mentioned about substance blocking the in stairs
- 74% reported about alternative lighting on floor and stair

The Managing Director (MD) of the small company mentioned he cannot improve the emergency exit due to the limitation of building pattern. Around 77% workers of the selected companies reported that they can move comfortably through the emergency exit but almost equal percentage of workers mentioned that they have found good blocking the stairs.

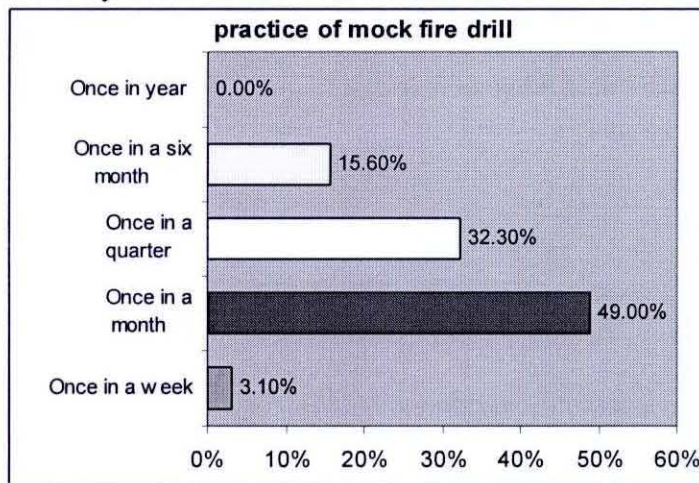
Box: Fire and Drill: some key findings

Number of extinguishers per floor (average)	7
Keeping buckets full of water	74.7%
Practice mock fire drill	95.0%
Know how many people can operate fire drill	65.0%
Number of workers can operate fire drill (average/floor)	9
Factory keep fire hose in each floor	54.7%
Has emergency bell	100%
Has trained and equipped fire fighting team	78.8%

3.2 Fire and Fire drill

Adequate measures were taken by the BGMEA to improve fire protection measures of its members but still 33% workers are not aware of how to face fire and 18% of the workers also opined that they do not know what to do when fire occurs which is surprising. It is evident that a significant percentage of the workers mentioned they would use water and gas (meaning CO₂) to face the fire but none of the respondents mentioned to call fire brigade.

The survey demonstrates 82% workers are aware of some measures and actions if fire occurs



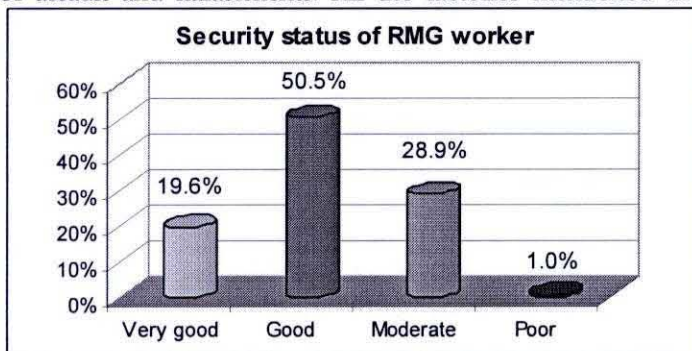
which reflects they had gone through certain orientation processes and can recall their actions. Workers put emphasis on peaceful exit without any panic, which constitutes the opinion of 47% followed by 21% on informing trained workers for further action. Around 80% workers mentioned there is trained

and equipped fire fighting team in the factories. Nevertheless, the periodical fire drill (mock fire

drill) is not satisfactory. Around 50% workers stated that fire drill occurred once in a month , followed by 32% mentioned once in a quarter that together stands at more than 80% have practices once in a quarter. Moreover, 40%_workers were found not aware of the uses of fire drill and others perceive it to maintain discipline and to train workers to cope with the emergency situation. It is evident that none of the worker mentioned that there is a periodical fire drill in the factory but on an average it occurs within three months in most of the factories but no fixed dates are mentioned.

3.3 Verbal abuse and harassment

Abuse and harassment is an ethical issue for the human resource management. According to European and American buyers COC, any form of harassment or inhumane treatment is not allowed and the factory must have a functioning non-harassment policy with standard reporting and disciplinary procedures to implement it. Two respondents out of three locally owned firms mentioned verbal abuses are used as a means to discipline the workers in order to meet set targets of production. If management believes in it, none can stop the verbal abuses. Supervisors are counseled to improve their behavior but none of them were punished, as management perceived that it occurred to maintain the production targets. Such perceptions of management may consider the perpetrators as a potential employee of the firm who has shown commitment to protect the interest of the firm. Foreign owned companies develop guidelines to have a workplace free from harassment but none of the local companies have any policy or guideline to protect abuses and harassment inside the factory. Some of the selected firms have complaint boxes inside the factory. Respective supervisors and managers were advised not to use bad words to their colleagues and be careful to make the workplace free from any sort of assault and harassments. All the factories mentioned they strictly handle any form of abuse and harassments and punish the perpetrator.



provided by them was completely opposite to the real situation as 50.5% termed security status as good,

Female garment workers face harassment of various sorts. Poor security status is one of them. But interestingly the workers did not tell anything about it rather the data

28.9% moderate, 19.6% very good while 1% said poor. This is because of job security. In fear of losing jobs, they are often unwilling to tell the truth.

3.3.1 Nature of behavior of male colleagues towards female counterparts

Male colleagues use various techniques to abuse female coworkers. Of the various types of harassment in this respect, 34.5% use bad word and call names, 10.3% threaten to fire or terminate and 55.2% shout. It can be mentioned here that 14.3% reported that they faced harassment while 41.8% said that their colleagues faced harassment when asked about themselves and about nature of harassment. Of the perpetrators 28.2% are managers, 14% are workers and 70.4% are exceeds 100% coworkers that include supervisors and quality inspectors. Male colleagues use various techniques to abuse female coworkers. As the males are in dominating position in the power relation with the female workers, they capitalize on it and harass them.

Box: Nature of behavior of male colleagues towards female counterparts

Call names/use bad words	34.5%
Threat to fire or terminate	10.3%
Shouting	55.2%

3.3.2 Nature of harassment to colleagues

In this category, 22% tease, 9.8% offer love , 26.8% physically assault, 9.8% use bad words and 31.7% reduce facilities. However, 32% mentioned that harassment is common in the factory but 75% stated environment exists to report the incident of harassment. The survey reveals that of the reported incidents, 56.3% got proper justice, for 40% cases limited action was taken but did not get proper justice and only for 4% cases no action was taken. Reasons for not reporting harassment to the authority are mutual understanding, fear of losing job, and fear of the perpetrator. In this category, mutual understanding score 50%, fear of losing jobs 28.6% and fear of perpetrators 21.4%. All this indicates a disadvantageous and uncomfortable situation for female workers where they are being pressurized by the employer and perpetrator as well. Employers perceive the victim as 'bad woman' and thus justice is denied or they do very little to punish the perpetrators.

Box: Nature of harassment to female colleagues

Tease	22.0%
Love Offer	9.8%
Physical Assault	26.8%
Use bad words	9.8%
Others (reduce facilities)	31.7%

Verbal abuses are common in the workplace stated by around 55% of the respondents while only 33% of them reported the incidents of verbal abuse. Others did not report because they take these things for granted and perceive that nothing would happen if they lodge complaint against the abuser. The nature of verbal abuse are of different types where 28% mentioned superiors have shown temper, 55% used bad words and 17% mentioned they cannot express their bad experiences. Abusive attitude and behavior affect female workers mentally and emotionally that leads to unpleasant situation opined by 59% of the respondents. Around 14% workers stated such unpleasant situation instigates them to leave jobs and 23% mentioned that they can't express the awful condition. Of workers facing abuse, of them more than 70% opined their productivity was hampered due to verbal abuse.

It is also reported that 27.7% female workers faced indecent proposals and 21.4% reported mental stress by the perpetrator. Female workers had mixed response to indecent proposals. Although many complain against it, a significant number of them tried to avoid the situation. While 57.6% reported to authority, 12.1% tried to manage the event, 27.3% avoided this situation and 3% were forced to surrender. Albeit harassment is pervasive in the RMG industry, the victims seldom received justice. In fact, most of these incidents remain unreported. Employers perceive the victim as 'bad women' and thus justice denied or they do very little to punish the perpetrators.

4. Minimum Age of Workers

Foreign owned companies requires character and age certificates from the local government prior to recruitment but local companies usually do not ask for any certification. Moreover the young workers have to undergo medical examination for the verification of their age as they don't keep any workers below 16 years of age but local companies' respondent did not mention anything regarding medical tests.

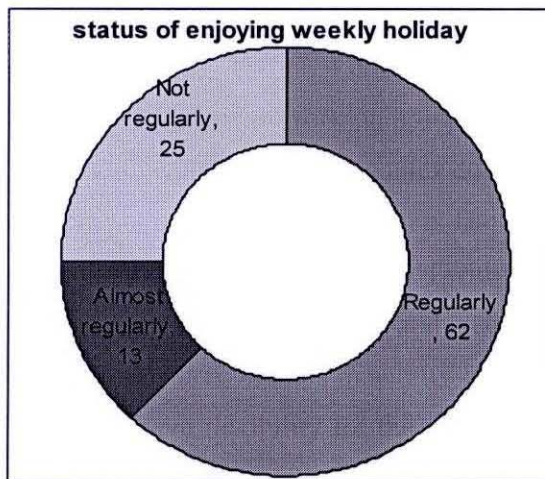
5. Working Hour

Out of five employers only one is against overtime work as they have experienced that workers' production is relatively lower in the regular working hour and thus they have introduced a target production based on the average production of different lines of the factory.

5.1 Leave Facilities

All the respondents mentioned that they follow the country labor laws regarding leave facilities except maternity leave. Workers can enjoy weekend and other government holidays but sometimes they had to work on holidays or even at night to maintain in time shipment of all the factories. Locally owned companies do not maintain weekly holidays regularly but none of the respondents mentioned that workers had to work for more than two weekly holidays. Workers who work on holidays are provided with compensatory leave or double payment for those days in large companies but for small and medium companies only overtime payments are considered. Provision for three months maternity leave with pay exist for the permanent workers but large companies have flexibility for the workers to enjoy without pay leave for another three months as required. All the companies have provision of casual leave, sick leave, earned leave and maternity leave, but none of the firms mentioned about paternity leave for the male workers. Workers mostly enjoy sick leave and take long leave during the festivals particularly in Eid holidays.

It is evident from the analysis of the figures that 61% workers are able to enjoy weekends



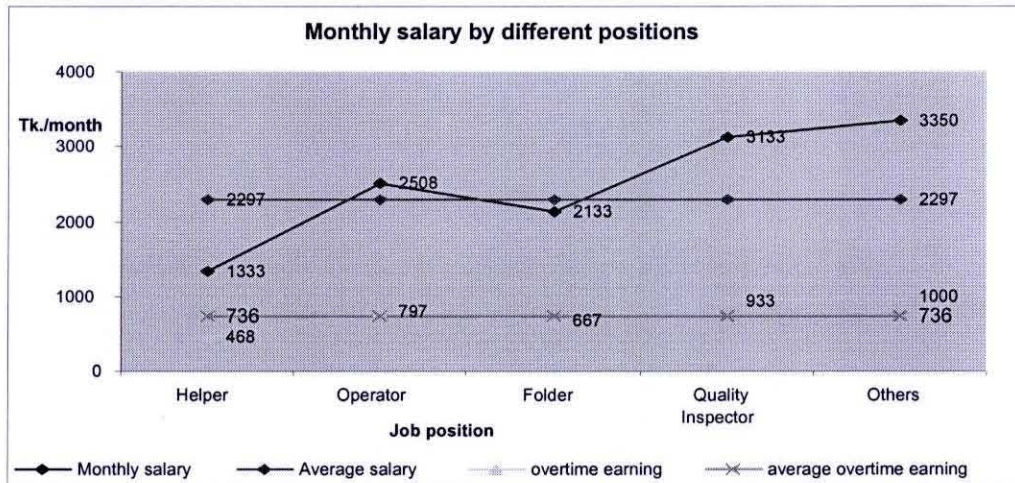
regularly. In 'The Factory Act-1965', there is a provision for weekly holiday which is usually observed on Friday and another guidance is, no worker will be compelled into working for a span of 10 days consecutively. However, another 13% report that they also enjoy weekly holiday almost regularly.

Provision for paid sick leave was found in the survey while 63% workers reported that they can

enjoy paid sick leave if it is required. But the figure is not inspiring as sick leave (paid) is their legal right. 'The Factory Act-1965' ensures it but unfortunately 37% workers could not enjoy which reflects that companies deviated from the labor law/factory act.

6. Minimum Wage

The study reveals that workers get taka 2297.00 on average as wages per month. However, the take home is a bit higher if overtime payments are added, but still the amount is not adequate for a secure livelihood.



Operators and Folders get Taka 2508 and Taka 2133 respectively as their remunerations. Only quality inspectors get more than TK. 3000 per month. The helpers are getting an unbelievable low salary (Tk.1332 per month) since they are treated as apprentices as they don't have experience as well as being vulnerable.

7. Overtime Work

Responding to a question of setting higher targets, respective managers opined, target is set after long observation of the worker's activity and an average production target was fixed considering the capacity of workers and effectiveness standard of the company. Such initiative helped both the workers and company as it created opportunities for increased productivity which raised their income and on the other hand, factory also benefited due to lower utility usage and depreciation cost of the machines.

Four out of five selected companies are practicing overtime hour work have also differences in practices. Factory in EPZ area follows two hour overtime work in a day and for others' practices are different, although all the managers opined that factory usually does not compel any worker to stay long hours for overtime work. Nevertheless, factory management considers overtime

work is beneficial for both the employer and employee as it creates opportunity to the employer to best utilization of capital goods that generate better output. On the other hand the employee gets benefits from increased earning. Two companies mentioned that sometimes they had to compel workers for overtime work considering the in time shipment and to make it happen they open the factories even on weekly holidays. Company management usually discuss with workers' representatives prior to work on holidays.

Most of the workers reported that target is appallingly high as compared to their production capacity. They could not achieve it within their normal work hours. Thus within the complex reality, they are doing low paid or even unpaid overtime duty. A worker can earn at best TK. 1000 per month as overtime income. The above graph gives detail information on this issue.

Workers irrespective of sex, designation have to work beyond scheduled time, as workers reported that 39% workers have to do it everyday and always over time duty is not pursued by the workers willingly. Although 72% workers mention that they are discharging overtime duty willingly while 28% workers are doing despite their reluctance. Poor wages pushed workers to work willingly for long time but sometimes the employers had to force workers to do overtime due to the pressure of in time shipment. The employers' interview illustrates usually workers willingly work but some times they had to resort to pressure to ensure in time shipments which enable them to pay regular wages to the workers. Besides, most of the buyers care little of long hour work rather consider in- time shipment and maintaining of quality standard more important.

8. *Workers' Forum/ Associations of workers*

The study findings clearly indicate that workers association is not allowed in any of the selected garments. Most of the workers are not aware of the trade union activities and did not show interest to participate in trade union activities. However, some of the workers are members of trade unions but they cannot mobilize others since factory environment is not supportive and the owners' attitude is not positive towards the trade union activities. Workers who are affiliated with the trade union activities have the fear of loosing jobs that restricts them to mobilize workers under trade union activities. Large-scale unwillingness of female workers is also partially attributable to the fear of harassment by the musclemen appointed by the employer.

Foreign owned companies have introduced worker forum since 2003-04. Among the selected five companies four have workers forum where two have elected forum and other two have selected ones. Companies in general do not have positive attitude towards trade union activities considering the political affiliation of trade unions. They consider workers' forum as an alternative of trade unions and mentioned it is truly represented by the workers.

The forum members are the elected body of the workers but it is a small committee to look after the problems in production as well as mediate problems of workers with the authority. The management provides ballots with the pictures of the candidates for the convenience of the illiterate workers. Every month the elected body sits with the management to discuss the problems and recommend solutions but final decision is taken by the authority. Workers forums are still in an infant stage of collective bargaining as in most cases these are controlled by the management of respective firms. However, it gives an opportunity to the workers to participate in management discussions which is not only enlightening them through interaction but also gives them a feeling that authority is also accountable to them. The meeting minutes are prepared and decisions are shared with the workers. Usually notice boards are used to share the decisions of the meetings.

9. Collective Bargaining

Collective bargaining is almost an illusory agenda in RMG units although buyers' codes of conduct support it. Collective bargaining requires strong political awareness of rights and mobilization capacity to support bargaining, which can be backed by a trade union movement. RMG owners and managers restrict the trade union activities by blaming partisan affiliation of workers. However, to manage the reputed buyers they organize workers' welfare forum that is usually controlled by the owners and managers. Workers who are affiliated with the trade union activities have the fear of losing jobs that restricts them to mobilize workers under trade union activities that results in weakening collective bargaining. Large-scale unwillingness of female workers is also partially attributable to the fear of harassment by the musclemen appointed by the employer.

10. Non-discrimination in Recruitment

Every company claimed that they follow non-discrimination policy in the recruitment process and workers are employed irrespective of religion, ethnicity, and caste in the factory. Recruitment process is almost similar across the selected companies. Some factories usually hang vacancy notices outside the factory gate as well as important places locally such as hat-bazars, bus-stands and others follow informal notice process by disseminating information through workers. Some of the respondents mentioned that to avoid pressure from the locals they avoid vacancy notice. Recruitment of helpers are usually done by *tadbir* (request) from the workers of the respective company or outsiders who have connections with the factory management. However, recruitment of operators is done through interview and demonstration of skills prior to employment and fixation of wages. Foreign companies provide appointment letters to its workers and they open personal file against each worker after selection. On the other hand, local companies provide appointment letters with the permanent employee that requires six to nine-months work_in the factory. Nevertheless, identification paper is given to the employee to enter into the factory and is treated as an employment letter.

11. Nature of Employment Contract

The nature of employment in the RMG industry is not satisfactory at all as most workers in the firms are employed on temporary basis. They are not provided with any written document or employment contract. The workers can be easily recruited and sacked. As there are no legal documents, the workers cannot raise concerted voice against it. Moreover, trade unions are not strong and committed enough to seek justice for the illegally sacked employee.

One study shows that in the RMG industry, 81% are female in comparison to 67% of male workers are either temporary or contractual workers. Only a few garment workers receive appointment letters. In many cases, the regular workers do not have any written employment contract. The study further reveals that more than 19% female garment workers claimed that they were regular workers whereas about 5% reported that they received written employment contracts (Paul-Majumder, Begum 2006)

Nonetheless, status of employment contract in the RMG industry has improved over time due to the programs taken up by civil society, rights group and the donors. During the survey of 1990, not a single female garment worker was found to receive appointment letter, but during 1997 about 5% female garment workers were found to have received appointment letters. However, about 92% of garment workers have identity cards whereas during the survey of 1990 only 10% female and 5% male workers were found to have identity cards. The study however reveals a different picture, which can be considered as progressive steps for the garment manufacturing business. It has been observed that over 50% of the respondents stated they have employment contracts, out of whom 80% have permanent contracts and 20% have temporary contracts.

12. Bonus

Provisions for different types of bonus exist in apparel industry but festival bonus is limited to the permanent/ regular workers who work for more than six months. However, production bonus and attendance bonus are provided based on the performance irrespective of permanent and temporary workers.

Payment of performance bonus varies in different companies. Attendance bonus ranged from Tk 80 to 100 (per ?) when a worker attend work on all work days in a month and the worker who attends 100% work days in a year is awarded with Tk. 300 to 400. Some companies also award the best worker of the company and the best worker of a production line based on excellent performance. Only one company give prizes to the workers amounting Tk. 50 to 100 for hunting error that occurs during production time and also the best idea providers to increase efficiency of the firm. Every day both workers and management place one idea and at the end of the month a gift is given to the best idea provider. Each festival bonus is equivalent to the amount of basic salary of the respective employee.

13. Child Care Center

Among the five companies provisions of child care center exists in four companies but there is no child care center in locally owned companies although they have infrastructure facilities. Child care center of two foreign owned companies are managed with technical assistance from 'Phulki' a development organization that has recognized skills in developing and managing such

activities. Initially 'Phulki' talked to the respective authority of these factories to open a child care center but none of them agreed. Nevertheless, 'Phulki' communicates with the reputed buyers and informed them that their local suppliers are not complying with the country laws and accordingly buyers put pressure on their suppliers that forced them to think about the importance of opening a child care center.

With assistance from 'Phulki' a policy was developed where children of 1-3 years of age were considered eligible for the center and respective mothers have to pay TK 50 for per child for care giving services and where breastfeeding was mandatory. In the first month 20-25 workers kept their child there and looking at the benefits most of the workers who have babies less than three years of age showing interest. Furthermore, company organized a rescue team (1 for 2 children) for the children during the time of catastrophe. Again the medical facility includes vaccination which is free for the children also.

Although over 85% workers are female of whom more than 60% are married. The survey data depicts only 16% have breast-feeding babies of whom around 29% are keeping their babies at childcare centers, but a significant numbers of mothers do not have access to childcare services which forces more than 70% of them to keep their babies at home.

14. Canteen facilities

Due to limited space most of the factories ignore the provision of canteen and dining facilities, although this provision is mentioned in both the Factory Act 1965 and Factory Rules 1979. However, workers are not aware of these provisions and did not talk to the authority regarding dining or canteen facilities inside the factories.

All the companies with dining hall facilities maintain two shifts to accommodate workers to have comfortable lunch facilities. Workers who live in adjacent areas of the factory used to leave for home to take lunch. Companies who do not have dining hall facilities workers faced difficulties in having lunch and usually they have to take lunch on the roof top, corridor, passage or staircase in a sub-human manner.

Companies have different policies regarding lunch break where lunch duration varies from 30 minutes to one hour. In the selected factory of EPZ area, authority provided lunch to the workers but at one stage they had to stop it as the workers showed dissatisfaction on supplied food. Currently they provide meal allowance to the workers and workers are asked to provide their own lunch. Factories outside EPZ area do not provide meal allowance to their workers but all the companies have provisions for providing a light meal / snack if the workers work beyond 6.30 p.m. and allow a break for 20 to 30 minutes.

15. Transportation Facilities

Among the five companies two large company provides free of cost transportation facilities for the workers and another one considered transportation services only to the workers who worked at night shift. The factory in EPZ area provide transportation allowance to the workers who do not use office bus but locally owned company do not provide any transportation allowance.

RMG industry does not genuinely bother about transport facility of workers much. This reflected in the following table, though some factories arrange transport facilities for worker, most of them do not have clear-cut policy on it. Only 47% respondents mentioned that factories provide transportation facilities to the workers. However, mode of transportation facilities differs among the service providing companies.

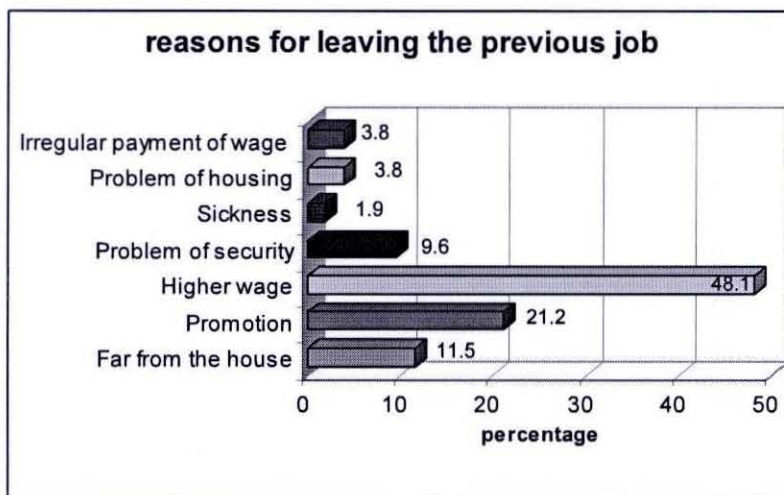
Table: Transport facilities offered by garments factories

Transportation of the workers	%
<i>Transportation system</i>	
From workplace to home	25.0
Both	75.0
<i>Transport arrangement</i>	
Free	52.3
Partially	47.7
% reported factory give transport allowance	18.0

For the valid cases 75% respondents mentioned the companies provide drop and pick support to the workers and others considers only drop. Moreover 52% percent reported that they receive free transport arrangement while 48% percent said that they received it partially and 18 percent reported that the factory provides transport allowance.

16. Reasons for leaving job

Graph shows that about 48.1% and 21.2% worker leave the job for higher wage and promotion respectively followed by locale of residence 11.5%, problem of security 9.6%, problem of housing 3.8%, irregular payment of wage 3.8% and sickness 1.9%. Although around 10% workers stated security problems pushed them to leave the workplace but it is adequate to understand the poor security status in the sector.



It has been found that 22 operators left jobs for higher wages while 10 for promotion, 6 for residence problem, 5 for problem of security and 2 for irregular payment of wages. Apart from these, 1 quality inspector and 2 helpers left the job for higher wages and

problem of housing forced 2 helpers to leave the job.

CHAPTER – VI: Analysis of Findings

This chapter is focused on analysis of findings particularly searching for motivations as to why the business firms have taken initiatives to improve labour standard by improving CSR practices within the garment manufacturing units. It revealed briefly the voices of the garment workers to have a deeper understanding of workplace conditions particularly in the area of health, safety-security and its relations productivity. It describes the conditions and its consequences on health of workers and productivity. It also describes limitations of business firms that hinders such practices and analyze the context of good practices and reports on a comparative picture of different manufacturing units based on size, location and ownership pattern.

After the removal of the quota system , garment-manufacturing business has entered in to a new era of competition. It was much anticipated that MFA phase out would result in significant consequences on garment manufacturing business but it has been found that business has increased and that demonstrates the maturity and stability of the apparel industry. Looking at this context it can be argued that technical efficiency helped this sector to be competitive considering the cost, product quality and in-time shipment. Visible presence in global market is no longer limited to technical efficiency but includes social standards particularly the labour standards and environmental issues and thus to sustain in the global market by developing labour standards and improving human rights situation by humanizing workplace condition i.e., incorporating CSR practices are crucial.

ILO's core labour standard and decent work condition has received a lot of attention from the international buying companies and accordingly they have been referring such conditions to their suppliers mentioning better workplace would enable workers to be more productive which would offset the increased costs of an improved workplace. Suppliers used to claim price increases due to increased production cost but the buyers deny higher prices referring to consequent increased productivity. Such pressure from international buyers for complying fully with international labour standards pushed garment manufacturing business firms in to a dilemma of competitive

pricing in one hand and coping with strong compliance on the other. Therefore, thin profit margin and additional costs of compliance weaken the competitive position further. Nevertheless, due to unlimited supply of labour, the business firms have the comparative advantage to continue poor practices despite increased pressure from the buyers about compliance. Analyzing this trend it becomes evident that improving labour standard is a must to have a long-term existence in this business.

Perception about CSR among the garment managers and owners seems not strong enough and they could mention about only welfare of the workers in regards to CSR. Most of the respondents mentioned existence of Human Resource (HR) policy as CSR, but only one firm has such written HR policy. The firms have considered minimum wage as standard but do not have provision for enjoying all government holidays, though there are differences in small and large firms, the study reveals. Regarding transparency and accountability practices there are differences observed between locally and foreign owned companies. First generation RMG owners and managers had little concern about the work environment rather labour exploitation was considered to earn profit and thus child labour were regularly recruited. Removal of child labour from this sector was also not voluntary but gradually accepted by all and paves the way for new thinking for improving workplace conditions.

The study purposely selected business firms from diverse location, ownership patterns and sizes assuming that size and ownership pattern certainly have effects on CSR practices and found large firms under foreign ownership are relatively better in addressing CSR. Looking at the rating it would not be wise to claim that size or ownership are the prime factors of CSR practices as the small firms scored higher rate than the medium one irrespective of local ownership. On the other hand, positive relationship was found in improved CSR practices and dealing with reputed buyers. It has been found that both the overseas firms have business dealings with Nike and Reebok who those are seriously concerned about social compliances. It can be claimed that dominant power relationship of the buyers with the suppliers coerced them to comply with the code of conduct referring to improved labour standard. It has also revealed that buyers were attracted due to the good practices of large firms although they adopted certain changes having business relationship with the reputed buyers. Chairman of a local large firm claimed improved

workplace condition is an incentive for efficiency and attracting reputed buyers mentioning that reputed buyers are not placing orders to the medium local firm.

The study findings depicts business firms have felt pressure from the external buyers, trade association and also from the competitors that drives their decision to adopt CSR practices at initial stage but gradually they are driven by the values to remain competitive in the market. Value shifting occurs due to both mimetic and normative pressure that pushed them to introduce legitimate behavior to their stakeholders. Employee welfare found as the prime concern of the selected firms and health, safety and security measures are considered for continuous improvement. The selected firms mentioned that in improving work place condition by improving health, safety and security measures are the major areas of corporate social responsibility, although only two large overseas firms have policies regarding health and safety issues.

Owners and senior managers of garments manufacturing business firms perceive CSR as synonymous to comply with the codes of conduct of international buyers or guidelines of the UN Global Compact. Two out of five emphasized on complying with in country law related to labour issue is good enough to ensure wellbeing of the workers. Small and medium firms emphasized on minimum wage and considered it as standard but the big companies go beyond the minimum wage. Such views reflect that current practices are mostly coercive either from the regulatory bodies of government or the code of conduct where labor standard and workers well-being in many cases are not the prime issue.

Small and medium companies felt CSR practices will increase cost of operation, but the larger ones saw it as the opportunity of further business growth which can be supported with an instance of not placing the order by H&M to the medium sized factory as mentioned by the respective manager. The study observed that there is strong realization among the managers about positive relationship between healthy work environment and productivity and therefore they are willing to improve CSR practices substantially. Pressure from international buyers, such as Reebok, Nike, Wall Mart, H&M for better working environment as well as quality of work have strong influence on CSR practices corporate managers opined.

Corporate managers based on their experiences, emphasized on improving health and safety measures as these directly affect productivity and efficiency. Locally owned firms based on experience, identified some of the reasons of high turnover and lower productivity where healthy work environment is a priority and accordingly initiated measures to improve workplace conditions and improve facilities of workers to reduce health hazards and injuries, although it is poor in medium and small firms. Workers of large firms have apron, mask, ear protector, needle guards, eye guards, hand gloves etc. but in the medium firms needle guard, mask and hand gloves are considered where as safety equipments status is poor in the small companies. Nevertheless, all the companies mentioned they have adequate fire extinguishers and trained fire fighting team and periodical fire drills to make the workers aware of fire protection and disciplined evacuation if emergency arise. Managers opined such initiatives reduced number of sick leave of workers although they could not mention any figure. If true why did the small and medium firms equally not adopt such safety measures? It can be assumed that economies of scale might have certain affect to outweigh the cost of safety equipments and relevant measures. However, none of the firms practice incident reporting thus reduction of incidents is only assumptions. This study reveals 75% workers mentioned about having health care services within the factory premise and more than 67% of them reported the availability of a MBBS doctor where 25% mentioned that doctor sits permanently in the factory. Arrangement of primary treatment in factory premises is not the requirement of buyers but all the firms take measures to reduce outside movement of workers even after a minor injury considering its consequences on productivity. All the respondents recognized that there is room for further improvement in health and safety measures in the factory that illustrate their commitments to improve the labour standard.

BGMEA safety cell initiated discussion with the owners and senior managers and had special drives to monitor the practices to reduce harm. A significant improvement has been observed in the area of unlocking the emergency stairs. The reasons for improving such practices are learning from recent fire incidents of different manufacturing units and special drives from BGMEA to improve the practices of opening of the stairs during the work hour. Data reveals that 99% workers mentioned emergency stairs are open in their factories. A female worker mentioned, "I

do not feel threaten of fire incident anymore now I can concentrate more on my work” which demonstrate the importance of unlocking the exit stairs.

Business managers emphasized on ventilation to reduce health hazards and improve productivity. However, for the medium and small firms it was difficult. The reasons of inadequate ventilation include use of rental houses for the factory and also location of factories in busy residential areas. During operation the large numbers of machine create sound which often faces serious complaints from the residents; hence they need to close the window to cope with the neighboring community where it operates. Here, the dilemma is to protect from the noise pollution that affects community and corresponding good ventilation facilities to the workers.

Babies of working mothers are usually looked after by their aunts and grand mothers at home and that makes them tensed thus affecting productivity both directly and indirectly. Some of the respondents mentioned thinking about their babies, they often become oblivious to there surroundings that increase mistakes and injuries. One of the respondents mentioned, “I need to change the workplace and should join where I can keep my breast-feeding baby, if I wish to continue my job.” Another one mentioned, “I do not know what to do... I can leave the job to care for my baby but without my earning she will suffer again.” On the other hand, a mother who keeps her baby in the childcare center stated “I do not feel I am doing hard work at the factory since I am allowed to breast-feed my baby here... I feel I am at home.” Statements of working mothers reflect the importance of childcare centers at workplaces to increase productivity as well as continuation of job for the skilled workers. One of the respondents mentioned some of the female workers left factory and joined in another one having child care facilities although remuneration was not higher, so opening of child care center might help in reducing the migration rate of female workers. Manager of a large foreign firm mentioned that opening of child care center exerts tremendous influence not only among the workers of the factories but it also allured skilled workers from neighboring factories to avail this facility. One can argue if it is important for the foreign owned companies why it is the not same for the locally owned companies and why women workers are not keeping child in the children care centers in those factories? And why these company are maintaining the infrastructure if it is not utilized are Company owners maintaining those centers merely to show their commitment to their buyers?

Workplace free from verbal abuse and any forms of sexual harassment is considered essential to ensure productivity and keep women employee turnover to a minimum from the factory mentioned irrespective of their size, types of ownership and locations of the firms. All the respondents mentioned they took initiative to make their workers about sexual harassment and assault and asked for reporting such incidents either directly or indirectly to the management. Reporting of incidents and punishment to the perpetrators discouraged others to from harassment and verbal abuse and that gives a sense of security to the women workers. Foreign owned companies claimed they introduced training for the employee how to behave with colleagues and also the punishment issues for any incidents helped them to improve workplace conditions.

CSR practices depend on various factors, e.g. attitude, understanding and worldview of corporate owners and managers to respond to social and environmental causes, etc. considered as incentives for business. Most of the respondents mentioned about taking adequate steps to improve CSR practices with the view of investing in employee welfare and accordingly developed different strategies to highlight the policies and working condition. Initially the buyers' order was an incentive for the firms but over time it has changed towards increase in productivity e.g. transportation facilities to the workers are not legal bindings or buyers requirement but some of the firms are considering such services for increased productivity. Chairman of a local firm mentioned that they have introduced bus services to save time, money and ensure timely presence of workers in the workplace. Transportation services also provide a sense of safety and security to the workers and thus workers can concentrate on overtime work. Another foreign owned firm provides free of cost transportation to the workers of the night shift who came to work within 20 km with the intention of the workers security. However, increasing productivity still are assumptions of the firms, which is not supported by facts and information by any of the respondents. Nevertheless, the association tests based on workers opinion indicate that the relationship is positive and statistically significant; supporting the view that socially responsible corporate performance can be associated with a series of bottom-line benefits.

Influencing factors of CSR practices

Changes in global business scenario affect the export oriented business venture. Bangladesh did its business in RMG sector up-to 90s but was not familiar with 'social compliance'. International buyers started talking about compliance issues after 1990 in a changed scenario of global trade.

'Compliance' means to comply with certain standard that are internationally recognized regarding workplace condition particularly focusing on workers' safety and health issues or to abide by the local laws. It includes minimum wages, work hours, workers' platform, workplace free from child labor and forced labor etc.

Influencing Factors of CSR

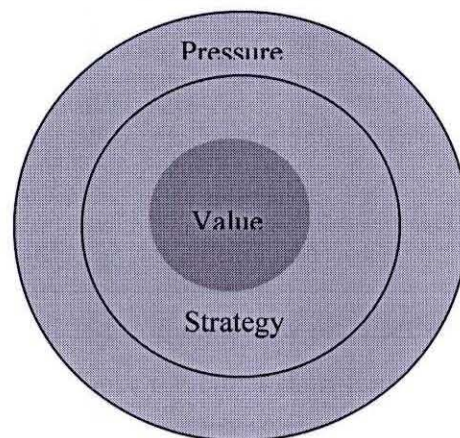
- Pressure from international buyers, civil society and trade unions
- Sensitization of managers leads to value shift
- Competitive market push for efficiency
- Minimize and overcome potential risks
- Export orientation and dependency on international buyers
- Realization of linkages of workplace condition with productivity
- Acceptance to the government
- Participation in trade bodies and interaction with different stakeholders

CSR practices depend on various factors

that are considered as important incentives for business to incorporate new practices or improve existing practices. Since business is not charity it always looks for either short-term or long-term benefits derived from any initiatives. Incorporating new practices or improve certain practices have cost implication for the investors or shareholders, so any initiative that can harm or challenge interests of those stakeholders are daunting tasks. Nevertheless, it depends on attitude, understanding and worldview of corporate owners and managers to respond to social and environmental causes.

Apparel industry due to its export orientation largely depends on global market scenario, as the manufacturers of RMG product are only the suppliers in the value chain. Supply of RMG products depends on external factors where the attitude of end users and consumers are catered to. Consumers of the developed countries are becoming more value-sensitive and thus they are not satisfied only with the

Drivers of CSR



quality or standard of the product; rather interested in the production process , whether the source of production incurred costs to the society by violating human rights with sub-human workplace standard as well as polluting the environment.

Apparel industry in Bangladesh is gradually developing and coping with the global competition considering its quality, competitive prices, and good corporate practices. It would be misleading if we give a generic statement that RMG manufacturing business firms are only considering the buyers' pressure. Changes in attitudes of corporate owners, investors and managers are crucial and it happened due to increased understanding of global business trends, interaction with buyers' community, participation in trade association particularly in BGMEA activities, identification of business opportunities as well as risks , they have gradually shifted values and demonstrated commitment on improving labour standards. Business firms are considering future business more and realized it could be done by improving CSR practices.

One of the respondents mentioned that strategic changes in business are crucial to survive in the competitive world market where price margin is not only the factor that can help in continuing and/or expanding business opportunities with reputed buyers. Export orientation of this sector makes it dependent on international buying companies for work orders. Changes in consumer behavior of importing countries affect international buying companies to push for incorporating certain standards in RMG industries prior to placing orders in Bangladesh. This trend is continuing and it is expected that pressure will be created on other importers to maintain similar standards. Strategic changes in business are therefore a must to sustain ability in the RMG manufacturing business. Most of the respondents in the survey mentioned working a long time with the renowned buyers before realizing that employee welfare could be their main investment and therefore took adequate steps to improve CSR practices Accordingly they developed different strategies to highlight the factory policies and working condition in producing quality products.

Another respondent mentioned they have experienced that excessive overtime increases absenteeism of workers due to sickness that results in lower productivity and efficiency. Such observation helped them to realize there is a positive relation between healthy work environment

and productivity, which was an incentive for them to improve CSR practices focusing on employee health and safety and workplace condition to improve business performance.

Business leaders experienced that international buyers consider the quality of work equally with the working condition for the workers, which can be considered as push factors for improving certain facilities that can improve the work condition. Initially it was completely buyer driven and felt accountable to the buyer only, but gradually they have become sensitive to the workers' right to have safe and clean work environment. International pressure for eliminating child labour from the RMG sector was a signal to the corporate owners and managers to improve workplace condition and not to be accused for festering sweatshops. They have experienced that a large number of factories are not getting orders from international buyers due to non-compliance of human rights issues of the workers and thus subcontracting to others' work to exist in the market which is a threat to expansion or even to remain in business in future. Analyzing the situation the factory management thought to overcome the potential risk by complying with the code of conduct of internationally reputed buying companies as well as the county law in operating the manufacturing units. In addition, BGMEA interactions and dissemination of best practices of other business firms also enlighten them to improve CSR practices.

Hindering factors of CSR practices

CSR practices required affirmative attitude of the corporate owners and managers to initiate responsible behavior and therefore it is not widely practiced. It requires wider view to see the long-term benefit of business and accordingly strategize business actions. Competitive pricing is one of the major obstacles considered by many business firms to look into the welfare of workers and improving workplace conditions. Some of the corporate managers and owners consider maximization of profit at the cost of workers

Hindering Factors of CSR

- Poor understanding of corporate managers on global business trend
- Factory owners feel it would increase cost
- Adequate supply of labour and inadequate bargaining power
- All buyers do not care about workplace condition
- Limited/ no exercise of regulatory power (factory inspection department of government seldom visits factory and reluctant to enforcer existing hours)
- Pressure from civil society and trade unions are not adequate
- Poor infrastructure facilities limits improving work condition

welfare. It might be true to earn a short-term gain but suitability of business requires systemic

thinking of an effective and efficient production system, which cannot be ensured without having a friendly work environment.

Reputed international buyers place order to those factories considering the capacity of the firm along with its labour standard practices. Some companies strictly follow their 'code of conduct' prior to placing an order, and strictly follow the guidelines during the production period and help local manufacturers to be compliant. Reebok, Nike, Levis, CGAP, Wall Mart, H&M are widely considered as strict followers of compliance issues. On the other hand large numbers of buying companies are only concerned about quality of production and in time shipment ignoring the workplace condition. A large number of business firms are the suppliers of those buyers who are reluctant about the labour standard and thus they do not have pressure from their clients, which sometime hinders good practices.

The Factory Act 1965 emphasized on effective suitable work condition with adequate ventilation by circulating fresh air, comfortable temperature and freedom from dust producing reasonable conditions of a suitable environment.

The reasons of inadequate ventilation include use of rental houses for the factory and also location of factories in the busy residential areas. During operation large numbers of machine create sounds which often face serious complaints from neighboring the residents; hence they need to close the window to place the community where it operates. Here, the dilemma is to protect from noise pollution that affects community and good ventilation facilities for the workers.

Narrow vision of business firms limits them to think about those buyers who are reluctant to improve workplace condition. These restrict them to incorporate or improve CSR practices and thus lose opportunities of business dealings with reputed buyers. On the other hand in the changed global trend existing buyers may also ask them to comply with the standard due to consumer or peer pressure in importing countries, which could definitely put them in a dangerous situation if CSR practices are not improved.

Productivity and Workplace Condition: How these are linked?

Workers' well-being and productivity are inescapably integrated and complementary in multiple ways. The owners or the management of garment factories have to look into the well-being of their employees- most often the female workers. Hard work and inadequate opportunities to have rest take toll on their health, which reflects on frequency of sickness, suffering from malnutrition and other diseases. This contributed to their poor performance. Overtime work creates more pressure on female workers and curtails their leisure and sleeping time since they have to maintain household chores as well.

Different organizations and federations of workers are complaining about lack of services and facilities for the garment workers that hamper their productivity gradually. One of the basic premises of the study is to investigate whether health problems and any sickness affect productivity. In the survey the workers were asked whether they had sickness during last three months and if it affected their productivity. Among the respondents to this question (71% responded) nearly 50% suffered sicknesses during last three months and of them almost 90% (29 out of 32) opined that their sickness hampered productivity in the industry (see following table). On the other hand, a greater portion of the respondents who didn't have any sickness also had similar opinion about association between sickness and productivity. These views have been reflected and evidenced by the test results, where Pearson Chi-square test indicates stronger association (p value is .000). Likelihood ratio test also nullify the hypothesis of no association between sickness and productivity.

Table: Association between sickness and productivity

Suffer from sickness	Health affects productivity		Total	Chi-square test
	Yes	No		
Yes	29	3	32	Pearson Chi-square, p value=.000 Likelihood ratio, p value=.000
No	14	25	39	
Total	43	28	71	

Health problems or sickness might be the result of many causes and arise from both inside and outside the Industry environment in work places. Different reports studying conditions of work place in the garments industry (Dannecker, 2002, Paul-Majumder and Begum-2006) have cited poor status in terms of noise, sound, safety measures, ventilation system etc. It can be strongly argued that the poor condition of these elements in work places might be enough to affect health of the workers. In the survey, the workers reported sound pollution and poor ventilation system in the industries, as observed from the following tables. Majority of them (60% respondents) mentioned about sound pollution created by machines in the factories, and among them 71% (42 out of 69) faced hearing problems. A significant portion of the respondents who didn't mention about sound pollution in the factories reported hearing problems. The test results for assessing association between sound pollution and hearing problems also support stronger relationship between two. In both Pearson chi-square and likelihood ratio test, p value is .002, a high value signifying positive association between sound pollution and hearing problems.

Table: Association between sound of machines and hearing problem

Creates sound by machines	Sound creating hearing problems		Total	Chi-square test
	Yes	No		
Yes	42	17	59	Pearson Chi-square, p value=.002 Likelihood ratio, p value=.002
No	15	23	38	
Total	57	40	97	

Association between proper ventilation system and suffocating air is also strongly evidenced by the following test results. In other ways it can be commented that poor ventilation contributes to suffocating air and the test also indicates that. Most of the workers mentioned that the ventilations system existed in their work places is proper or refreshing and so there is no complaint about suffocating air (following table).

Table: Association between ventilation system and suffocating air

Proper ventilation	Suffocating air		Total	Chi-square test result
	Yes	No		
Yes	4	75	79	Pearson Chi-square, p value=.000 Likelihood ratio, p value=.000
No	11	6	17	
Total	15	81	96	

It is interesting to note that most of the respondents (85 out of 95) don't think that their work places are crowded by too many workers and their views are reflected in the opinion related to noisy work place. Presumably they don't consider the work places as noisy. So the hypothesis that no association between high number of workers and noisy work place is nullified by the chi-square test. That is, the workers don't consider there are too many workers and as such the work places are noisy. Conversely, if the factories had workers that exceeded the standard considered by the workers then essentially this would raise the question of noisy work place. As such views were not evidenced by the respondents so the assumption that the garment industries have workers beyond their capacity is not justified by the following results.

Table: Association between too many workers and noisy work place

Too many workers	Noisy work place		Total	Chi-square test result
	Yes	No		
Yes	8	2	10	Pearson Chi-square, p value=.000 Likelihood ratio, p value=.000
No	1	84	85	
Total	9	86	95	

Different rights based organizations and workers federations frequently raise the complaints about security status of female workers in the garment factories and the blame go to the male workers at all levels. There is strong evidence that the line managers or supervisors behave roughly with the female workers that might seriously affect not only productivity but also the security status. The study investigated the issue of security of female workers and behavior of male colleagues.

Table: Association between behavior of male workers and security of female workers

Security status of female workers	Rough behavior of male workers		Total	Chi-square test result
	Yes	No		
Very good	5	14	19	Pearson Chi-square, p value=.000 Likelihood ratio, p value=.000
Good	10	39	49	
Moderate	15	14	29	
Total	30	67	97	

While ranking their security status, the female workers scored at different scale, e.g. very good, good, moderate and poor. To run the association test the scales like moderate and poor status

were merged into one. Nearly 50% of the respondents mentioned about enjoying 'good' security status, and around 30% reported 'moderate' or 'below standard' security status. It is noteworthy that most of them who ranked their security status in different scales (except the respondents who ranked 'moderate' and 'poor') didn't think that their male colleagues behaved roughly towards them. In case of 'moderate' opinion the respondents attributed rough behavior of male workers for below standard security status (50% had such opinion). The chi-square test signifies the positive association between good behavior of male workers and good security status of female workers. The p values in this regard are very high.

CHAPTER-VII: Conclusion and Recommendation

Findings of the study reveals that garment manufacturing business firms are gradually moving towards good practices and considering positive steps to improve workplace conditions and labour standard. Consider the very little number of factories under study it is very difficult to make a generic comment on the sector as a whole. However, the size, locations and ownership pattern of the firms under study was diverse, and thus the findings of the study may represent the sector well. CSR practices depend on various factors, e.g. attitude, understanding and worldview of corporate owners and managers to respond to social and environmental causes, etc. considered as incentives for business. Incorporate new practices or improvement of methods certain have certain costs from the investors, so any initiative that can challenge interests of those stakeholders are daunting tasks. Most of the respondents mentioned about taking adequate steps to improve CSR practices from the point of view of investing in employee welfare and have accordingly developed different strategies to highlight the policies and working condition.

The study observed that there is strong realization among the managers about positive relationship between healthy work environment and productivity and therefore they are willing to improve CSR practices substantially. Pressure from international buyers, such as Reebok, Nike, WallMart, H&M for better working environment as well as quality of work have strong influence on CSR practices by the managers. Peer pressure e.g. from BGMEA was also found effective. The dominant views towards the RMG business firms are buyers' pressure compelling them to initiate good practices but this study finding challenged such views to some extent. Mimetic and normative isomorphic relations changed the attitude of business leaders and managers that shifted in values and business strategies.

Workers' well-being and productivity are inescapably integrated and complementary in multiple ways. The study found positive relations between poor work conditions and productivity. Nearly 50% mentioned suffering sicknesses during the last three months and almost 90% (29 out of 32) opined that their sickness hampered productivity in the industry and Pearson Chi-square test indicates stronger association (p value is .000). Sickness might be the result of many causes, e.g.

sound pollution, poor ventilation etc., and arise from conditions both inside and outside the industry environment in work places. The test results for assessing association between sound pollution and hearing problems also support stronger relationship. Both Pearson chi-square and likelihood ratio test (p value is .002) shows a high value signifying positive association between sound pollution and hearing problems. Association between proper ventilation system and suffocating air is also strongly evidenced by the test results. While assessing relationship between rough behavior and security status the chi-square test signifies the positive association between good behavior of male workers and good security status of female workers. All these emphasize the importance of improving good practices that can improve labour standard.

Some firms have narrow vision about CSR as they consider it as a cost burden, and this observation comes from locally relatively small factories. The reasons of such views are many that include initial capital investment, poor of production capacity, competitive pricing, and razor thin margin of profit restrain them from considering the positive side of a better workplace. Since the companies did not have a cost-benefit analysis they can only assume that huge initial costs against the potential increase of production would not outweigh the cost. However, a cost-benefit ratio by calculating the productivity and opportunity foregone and cost saved would be a useful incentive for the business firms to persuade them to initiate CSR practices.

Coercive pressure may introduce CSR practices but to continue these good practices it requires changes in attitude and mindset i.e. shifting of values to develop a corporate culture. Therefore regulatory pressure by formulating policies by the government cannot develop or improve CSR practices. However, in this free market era of economic globalization .The state has to play a supportive role that can induce and enable changes in the corporate sector. Business should develop its own strategy that would go beyond mere legal obligations. This study also brings a few examples of good practices that encouraged workers to improve product quality, innovation to reduce cost and improving efficiency that paves the way of double benefit to the company.

The study also reveals that in many cases the potential risks are not considered equally as the cost. With minimum cost a company can reduce risks of accident and risk of losing buyers or losing the opportunity of attracting buyers to sustain in the business. Developing workers' skills

in the area of production, maintenance of factory property and workplace would have the potential to increase productivity as well as to prevent workers sickness. Reduction in sickness would save the treatment cost as well as add value in the production process.

Findings of the study shows garment workers are young and after 30 years of age there are fewer of workers in this sector. However, it can be argued that at this age workers become skilled but surprisingly disappeared from the workforce. Paul-Majumder estimated that the average service length of a garment worker is 4 years and mentioned poor health conditions forced them to quit the job. Hence, improvement of workplace condition is pivotal to benefit from the increased experience and skills of workers. It has been found that as medical services at factory premises improved, the companies are expanding medical services through developing partnership with NGOs and private clinic. Such partnership should be further strengthened.

Harassment was found common place at workplace and it has different forms and study findings reveals that around 10% workers leave jobs due to harassment. Harassment is largely under-reported considering the purview of punishment of the perpetrator. Besides, garment workers faced harassment outside the factory while commuting. To reduce harassment business firms should take appropriate measures by enabling a reporting system, developing awareness and sensitivity among the workers and managers. However, to protect workers from outside harassment, business firms could consider improving transport services as well as hostel facilities for the garment workers. It is true it requires a sizeable investment for the owners which might not be feasible for all, but they could involve BGMEA and NGOs to improve such services. NGOs can consider this service provision as income generating opportunities. Government can also provide land support to BGMEA or NGOs to construct hostels for the garment workers.

Overtime work hour is a pressure to the health of garment workers although most of them are willing to continue long work hours due to poor wages. In time are shipment is important for the garment business that this creates pressure of overtime work even during holidays. Increasing wages as well as improving the facilities would alter this situation. Government need to take

affirmative measures to improve the lead time by improving infrastructure particularly port services, reduce custom delays and supporting backward linkages.

Workers are grossly unaware of workers' rights and are not active in trade union activities. Trade union activities are discouraged by the employers that create pressure among the workers to exercise their rights. Workers Welfare Forum that exists in four out of five selected firms were not found active in collective bargaining to establish their rights. Hence, appropriate measures should be undertaken by the government to implement the Industrial Relation Ordinance XXIII of 1969 to protect workers' right to form associations.

Some of the firms are willing to improve workplace condition but the physical structure of the rented houses does not usually permit it as these buildings were not constructed for such a purpose factory. However, they do not want to move outside Dhaka due to lack of service facilities in the districts or adjacent areas of Dhaka city. Government should take appropriate measures to provide the support to the companies with adequate facilities that could enable them to protect the environment and human rights to secure right of the workers. Fringe benefits are still poor and inadequate in the RMG sector, so appropriate measures need to be taken to protect future unrest in the factories.

International buyers are diverting their pressure to the suppliers to comply with labour rights, improving services and workplace conditions but do not consider a better price for the product. Since buyers are in the value chain they should also take responsibilities to improve labour standard but unfortunately just providing certain guidelines to their suppliers to comply with that is not adequate to fulfill then responsibilities is . Their responsibility is thus limited to instruction and monitoring of those instructions but seldom contribute in developing the workplace condition, improving other facilities e.g., hostel, medical services, transportation, human resource development etc. Nari Uddug Kendra, an NGO runs hostels for the working women especially for the garment workers having support from an international buying company who takes supply of RMG goods from Bangladesh as part of their social responsibilities. Such initiative needs more publicity to sensitize other buyers to support such activities. BGMEA could consider international campaign to hold buyers more responsive to improve labour standards in

its supplying countries. Government of Bangladesh could also raise this issue in different international fora to raise support from international community and pressure groups.

Government should take affirmative measures to support good practicing companies by providing easy access to loan and other services to improve labour standard. BGMEA can find out good practicing companies and publish those through news letters or media briefing. BGMEA could also introduce best performing award to companies not only on economic or export earning performance but rather on socially responsible behavior. BGMEA could also arrange sharing meetings with its members and the representatives of international buyers where best practices would be shared to create a learning environment so that the sector as a whole can learn from each other.

BGMEA support services to its members should be increased by developing the strength of its safety cell, compliance cell, labour cell and research unit to support its members providing information and relevant skills to the business owners and managers. BGMEA could consider a week or month in a year to publicize the responsible behavior of business. They should also monitor their members' performance and prepare periodical reports from its research cell to update the international buyers about their members.

Government should provide supportive measures that would enable the sector to sustain its visible presence in the international market. Regulating business is required but considering the context government is not equipped enough with its number of staff who can monitor over 4000 companies. So, instead of regulating business by developing policies and its implementation framework government should support BGMEA to develop its codes of conduct so that the sector as a whole can follow the same codes irrespective of buyers. Such codes may create a level playing field for the companies in this sector. However, considering the size of the companies special measures should be taken to cope with the environment to growth instead of driving them out from the market.

Environmental factor has assumed great significance in relation to RMG sector and in very much a vital segment of CSR this relates to:

- Disposal of liquid wastes around the factories these wastes are composed of many dyes and chemicals and other harmful substances that are not recycled within the factory but are disposed off into neighboring crop-lands, canals and rivers . Thereby causing losses to crops, marine life and reducing fertility of land and water bodies of others.
- Disposal of cotton waste, cloth chippings that are generated in large volumes and choke water bodies (Chaktai Khal in Chittagong)
- Disposal of plastic and other wrapping material around factories using them for land fill or burning them indiscriminately, thereby polluting the air, land and water.

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Annex: 1

Questionnaire No. ____

Employee Survey in Garment Factories

Information provided in this questionnaire will be kept strictly in confidence and will be used only for research purpose. Data on individual will, in no case, be published without prior permission. Findings of the survey will be used for preparing a dissertation report that is prerequisite for Masters in Development Studies in BRAC University.

In providing information to the survey, you will make an important contribution to prepare an academic research report on Corporate Social Responsibilities in Apparel Industries in Bangladesh: A Labour Standard Perspective. Thank you for your cordial cooperation.

Information on Individual

1. Name: _____ Sex: _____ Education: _____
Age: _____ Marital status: _____ Religion: _____

Household size: _____ Dependant: _____

Residence: 1-in slum, 2-hostel, 3-rental shared house, 4-rental single house, 5-relative house ☐

Work Experience

2. Work experience related information

Current position: _____ Year: _____ Name of the Factory: _____

Section: 1-cutting, 2-sewing, 3-washing, 4-ironing, 5-finishing, 6-packaging,
7-others _____ (specify) ☐

Previous work experiences

Position	From	To	Gross salary (monthly)	Factory

3. Why did you leave the last previous job? _____

4. current salary and overtime

Monthly Salary	Monthly overtime (avg)
----------------	------------------------

5. What did you produce yesterday? _____

6. How many products did you delivery yesterday? _____ no.

7. How many times did you do mistakes in the last month? _____ no.

Disease prevalence (during last three months)

8. Did you suffer from any sickness during last three months? 1-Yes, 2-No ☐

If yes, describe sickness:

Types of sickness	how many times	treatment (where)	treatment cost	who bear treatment cost?

9. Do you think your health affects your productivity? 1-Yes, 2-No ☐

Workplace condition**Emergency exit**

10. Do your workplace has emergency exit? 1-Yes, 2-No ☐
11. If yes, how many emergency exits are there? _____ no. ☐
12. Do the factory properly marked the way of emergency exit? 1-Yes, 2-No ☐
13. What is the type of emergency stair? 1-Iron made, 2-Pucca ☐
14. How wide it is? _____ inch ☐
15. Does the factory maintain this exit system properly? 1-Yes, 2-No ☐
16. Does emergency stair remain open during the work hour? 1-Yes, 2-No ☐
17. Do you feel workers can comfortably move out if emergency arises? 1-Yes, 2-No ☐
18. Did you ever find any substances on the stair that hindered free movement? 1-Yes, 2-No ☐
19. Is there alternative lighting in each floor and stair in case of emergency? 1-Yes, 2-No ☐

Fire and drill

20. Do you know what to do when fire occur?

21. Do you know how to face fire?

22. How many fire extinguishers at your floor? _____ no.
23. Does factory regularly keeps buckets full of water to face fire? 1-Yes, 2-No ☐
24. Does the factory practice mock fire drill? 1-Yes, 2-No ☐
25. In what frequency the factory arrange mock fire drill? ☐
1-once in a week, 2-once in a month, 3-once in a quarter, 4-once in six month, 5-once in a year
26. Do you know what the use of fire drill is?

27. Do you know how many people can operate fire drill at your floor? 1-Yes, 2-No ☐
28. If yes, how many? _____ no. workers ☐
29. Does the factory keep hozril at each floor? 1-Yes, 2-No ☐
30. Does the factory have emergency bell? 1-Yes, 2-No ☐
31. If yes, what is the type? 1-electric bell, 2-gong bell ☐
32. Does the factory have trained and equipped fire fighting team? 1-Yes, 2-No ☐

Health Care Centre

33. Do the factory has health care centre? 1-Yes, 2-No ☐
34. How many staffs are there in the health centre? _____ no.
35. Is there any MBBS doctor in the centre? 1-Yes, 2-No ☐
36. Is the doctor permanent in the centre? 1-Yes, 2-No ☐
37. In what frequency the doctor sits or visits the centre? ☐
1-daily, 2-weekly, 3-biweekly, 4-once in a month
38. What kinds of medicine available in the centre? _____
39. Does the centre have necessary equipment for minor accidents? 1-Yes, 2-No ☐
40. Did you have to visit the centre? 1-Yes, 2-No ☐
41. Are you satisfied with the service of the centre? 1-Yes, 2-No ☐
42. What types of services are available in the centre? ☐
1-only primary treatment, 2-treatment for minor accidents, 3-treatment for major accidents

Physical structure of the factory and condition (floor, machines, sound, indoor air etc.)

43. How many floors in the factory? _____ no.
44. What is the condition of the floors? 1-congested, 2-moderately congested, 3-clean, 4-spacious ☐
45. How many workers the factory has? _____ no.
46. How many machines the factory has? _____ no.
47. What types of machines? _____
48. Do the machines well placed? 1-Yes, 2-No ☐
49. Do the machines extract toxic elements? 1-Yes, 2-No, 3- don't know ☐
50. Is there any heavy metallic machine? 1-Yes, 2-No ☐
51. Does the machine create too much sound? 1-Yes, 2-No ☐
52. Do you think the sounds are disturbing and creating hearing problems? 1-Yes, 2-No ☐
53. Do you think the factory has too many workers? 1-Yes, 2-No ☐
54. Is the factory noisy due to too many workers? 1-Yes, 2-No ☐
55. Does each floor in the factory has proper ventilation? 1-Yes, 2-No ☐
56. Is the air within the factory suffocating? 1-Yes, 2-No ☐

Harassment

57. Would you please describe what is the security status of the female workers in the factory?

58. Do the male workers/colleagues behave roughly towards the female workers/colleagues? ☐
1-Yes, 2-No
59. If yes, what is its nature? _____ ☐
60. Did you face any harassment in the factory? 1-Yes, 2-No
61. If yes, what was it?
62. Do you know, your colleagues faced any type of harassment in the factory? 1-Yes, 2-No ☐
63. If yes, what was it?
64. Is the harassment common or frequently happen in the factory? 1-Yes, 2-No ☐
65. Do you or your colleagues feel environment exist to report any form of harassment? ☐
1-Yes, 2-No
66. If no, then what makes you or your colleagues so silent? _____
67. If yes, did you or your colleagues report any incident of harassment to the authority? ☐
1-Yes, 2-No, 3- Not Applicable
68. If yes, what actions did the authority take? ☐
1-No action taken, 2-action taken but didn't get proper justice, 3-got proper justice
69. What level of male staff is involved in harassment? 1-Managers, 2-workers. 3-co workers ☐
70. Is the verbal abuse by the managers/supervisors for inefficiency of workers common? ☐
1-Yes, 2-No
71. Did you face any verbal abuse in recent past? 1-Yes, 2-No ☐
72. If yes, what was its nature? _____
73. Do you think, your productivity was hampered as a result of verbal abuse? 1-Yes, 2-No ☐
74. Describe your mental state in that situation

75. Did you or your colleague face any indecent proposal from male colleagues? 1-Yes, 2-No ☐
(If no go to the next section)
76. If yes, in that situation what they did? 1-Reported to authority, 2-Tried to manage the event, ☐
3-avoid, 4-couldn't do anything, 5-forced to surrender
77. Do you or your colleague still feel threaten or mental stress from the perpetrator? ☐
1-Yes, 2-No

Accident (rate, compensation, etc.)

78. Would you please describe frequency and types of accidents in the factory?
_____ (frequent/less frequent/few/none) ☐
_____ (minor/major) ☐
79. Would you please describe any major accident happened in your factory (in near past)?

_____ *If no go to Q. No. 84*
80. How did it happen?

81. Did your factory bear the treatment cost to the worker? 1-Yes, 2-No ☐
82. How much was it? _____ Tk.
83. Did the factory approve leave to the worker during treatment? 1-Yes, 2-No ☐
84. Do you know your factory has policy for bearing treatment cost to the workers? 1-Yes, 2-No ☐
85. Do the factory has first aid box for the workers? 1-Yes, 2-No ☐
86. How many? (per floor) _____
87. What the box contains? medicines _____
88. Are you aware about the box? ☐
89. Do you need to use the box? 1-Yes, 2-No ☐
90. If yes, how frequently? ☐
1-once in a day, 2-once in a week, 3-once in a month, 4-once in three months
91. Do the factory extract toxic elements from garments, chemicals (polluted indoor air, get suffocated),
1-Yes, 2-No, 3-don't know (if 'No' or 'don't know' go to Q No.97) ☐
92. How the factory manages the toxic elements? ☐
1-No measure, 2-passes through pipe or some other measures
93. Do you get sick due to these toxic elements? 1-Yes, 2-No ☐
94. Does the factory have any protective measures from toxic elements? 1-Yes, 2-No ☐
95. If yes, what are those? 1-Musk, 2-Protector, 3-Apron, 4-others specify _____ ☐
96. Does the factory have enough lighting system? 1-Yes, clearly visible; 2-feel adequate ☐
97. If no, are the floors under darkness or shady? feel inadequate 1-yes shay, 2-not adequate ☐
98. What is the ventilation system of the factory in each floor? ☐
1-enough ventilation in each floor, 2-inadequate ventilation, 3-ventilation don't exist in every floor, 4-no ventilation
99. What is the condition of heating of the factory? ☐

1-enough heat created within the factory, 2-moderate heat, 3-less heat, 4-no heat

100. How heat is managed? 1-heat absorbed by some measures, 2-no absorb mechanism

101. Did heat cause accidents in the factory? 1-Yes, 2-No

102. If yes, what was that? 1-Fire, 2-accidents, 3-burn. 4-senseless

103. What is the source of drinking water when you stay in the factory?

1-supply water, 2-factory supplied mineral water, 3-filtered water, 4-brought boiled water from house

104. Did you get sick from drinking water? 1-Yes, 2-No

105. If yes, what was that sickness? 1-Diarrhoea, 2-discentry, 3-cholera

106. How many toilets exist in your floor? -----no

107. How many workers work in the floor? -----no

108. What is the condition of the toilets? 1-hygienic, 2-non hygienic, 3-moderate

109. Does the floor have separate toilets for male and female workers? 1-Yes, 2-No

110. Are the toilets maintained? 1-Daily, 2-weekly, 3-biweekly, 4-Not maintained at all

111. Does the floor have washroom? 1-Yes, 2-No

112. If yes, what is the condition of washroom? 1-clean or properly maintained, 2-not clean

113. How many hours do you have to work per day? _____ hours

114. Do you have to work for overtime (beyond eight hours)? 1-Yes, 2-No

115. If yes, how frequently? 1-Everyday, 2-sometimes, 3-in holidays

116. In the last month how many hours you worked as overtime? _____ hours

117. Did you work willingly for overtime? 1-Yes, 2-No

118. What are the leave facilities you have in the factory?

Annual leave	Casual leave	Sick leave	Earned leave	Others

119. How frequently do you enjoy weekly holiday?

1-Regularly, 2-Almost regularly, 3-Not regularly

120. Do you enjoy with-pay sick leave? 1-Yes, 2-No

121. If yes, up to how many days? -----days

122. Is there wastepaper basket in your floor? 1-Yes, 2-No, 3-Not Applicable

123. If yes, do you feel it is adequate in number? 1-Yes, 2-No

124. Is there any disposable bucket at the toilet? 1-Yes, 2-No

125. Is there any spittoon in your floor? 1-Yes, 2-No

126. Do you feel more spittoons are required? 1-Yes, 2-No

127. Do you feel workplace is too noisy? 1-Yes, 2-No

128. If yes, do you feel problems in hearing? 1-Yes, 2-No

☐

129. Reasons of noise at workplace? Overcrowd/ Sound of machines

☐

130. What is the duration of your lunch break? 1-30 minutes, 2- 45 minutes, 3-1 hour

☐

131. Do you have any tea/ snacks break? 1-Yes, 2-No

☐

132. If yes, how many times? Once _____minutes/ Twice _____minutes

133. Did you face any injury at your workplace during last 3 months? 1-Yes, 2-No

☐

134. If yes, please mention the types of injury (e.g., electric shock, cut, needle)? _____

135. How long you could not work due to injury? _____ hour/ _____day

136. Were you being paid by the company for injury day/ days? 1-Yes, 2-No

☐

137. Did you get free treatment from the company? 1-Yes, 2-No

☐

138. If no, how much you had to spend for treatment? _____ Tk.

139. Did any of your coworkers face injury in last one month? 1-Yes, 2-No

☐

140. If yes, how many people face injury by types?

Number of people	Types of Injury

141. What is your opinion about the safety measures of the company?

☐

1-do not feel risky, 2-moderately risky, 3-risky, 4-heavily risky

142. Are you considering leaving the industry or searching for better jobs?? 1-Yes, 2-No

☐

143. If yes, why? _____

144. Does the factory organize skill training for its workers? 1-Yes, 2-No

☐

145. If yes, then what types of training _____

146. What is the level of satisfaction in the current job?

Area	Highly satisfied	Moderately	No satisfaction
Salary			
Bonus			
Other allowance			
Work place environment			
Transportation			
Health benefits			

147. Do you know what are the rights the employee entitled?

148. Does the factory arrange vehicle for transportation of the workers? 1-Yes, 2-No

☐

149. If yes, what is its nature? 1-from home to workplace, 2-workplace to home, 3-both?

☐

150. If yes, then how it is arranged? 1-free, 2-has to pay fully, 3-partially

☐

151. If no, then whether the factory give transport allowance? 1-Yes, 2-No

☐

152. Where do you take lunch? 1-canteen at workplace, 2-roof-top of the factory, 3-at corridor of the factory, 4-outside the factory ☐

153. Do you have a breast-feeding baby? 1-Yes, 2-No ☐

(Not applicable for single person, go to Q. No. 156)

154. If yes, how do you ensure breast-feeding? _____

155. Where does your baby stay during your work? _____

156. What is the attitude of the authority and colleagues to a pregnant worker?

157. Do you think doing job in garment factory affect your relationship with spouse?
1-has improved, 2-has declined, 3-remain same ☐

158. Do you think working in garment factory affect/ influence the marriage?
1-increased, 2-has declined, 3-remain same ☐

159. Do you need permission to go to toilet?

160. How many times normally you use toilet in a day?

161. Participation in social gathering during last month

Cinema hall	Number of times
Friends/relatives	
Festival	

Human Resource Policies

162. Do you have employment contract? 1-Yes, 2-No ☐

163. What is the nature of contract? 1-Permanent, 2-Temporary ☐

164. What covers under the contract? _____

Expectation from factory

In employee recruitment policies? _____

Health benefits, insurance, house rent? _____

Better working condition, leave facilities, less casualties, _____

Rest room, recreation, _____

Interview Checklist For Executives

Basic information

Name: _____ Designation _____

Sex: _____ Education: _____ Age: _____

Marital status: _____ Religion: _____

Firm Address: _____

Home Address: _____

Name of the Firm: _____

Year of establishment: _____

Nature of firm (knit, woven): _____

Legal status of the firm (proprietorship, partnership, private limited, public limited, others): _____

Business information

1. What motivates you to be in this business and how did you come to the business?
2. Could you please briefly share the vision, mission of your firm?
3. What was your first experience of export your production (where, how did you get the order, how much it was, LC, shipment and satisfaction level etc.)
4. How long did you continue business with the first buyer?
5. To what extent the first export experience help you expanding your business (linking and learning experience)
6. Over the last one year whom and where did you supply your firm product and how much your firm contributed in the export earning? (Estimated amount)

7. Firm Size and Production

Item	Starting year	Last year
No of employee		
No of machine		
No of managerial & technical staff		
Fixed asset (amount)		
Space (sq. ft)		
Production capacity (000 dozen/ year)		
Annual sales		
Annual wage cost		

CSR Related Information

8. In the recent year CSR issue is discussed both in developed and developing countries, can you share your thoughts and experience regarding CSR and its practices in our country?
9. Can you name some of the garment companies that are practicing CSR and describe briefly about their practices?
10. To what extent your company is practicing CSR? What motivates you to initiate such practices? And what hinders you to initiate/ improve such practices?
11. How do you see employee welfare? Is there any employee welfare policy exist (employment, salary-benefits, health and safety, day care center, maternity leave etc.) in your firm? Is there any mechanism to assess the policy implementation process?
12. To what extent your firm is implementing the factory acts (1965) and rules (1979)? Why do or do not you practice factory act and rules?
13. Was your firm visited by government officials during last one year? If so, what suggestions they made? How did you address those? Was there any follow up of the suggestions made by the officials?
14. Do the buyers influence you or the sector as a whole to comply with certain things that you do not like to? How your firm/ the sector respond to those compliance issues?
15. How often social compliance auditor from buyers visit your factory? Do you think such visits are helpful in improving workplace condition? Does this contribute to higher productivity?
16. Is there any orientation or training to the employee regarding health and safety issues? If yes, please briefly describe the types of training, trainers, duration, and participation. How do you provide these training?
17. Is there any labor union exists in your firm? If yes, what is the relationship between union and management? If no, what are the reasons of not having union/s?
18. Is there any mechanism exist in your factory to discuss about workplace condition, benefits etc. between employee and the management? How often such discussion happens? Does it contribute to the betterment of the employee? Do you think, such discussion is beneficial to the productivity, profit?
19. Do you maintain record of how many work hour/ days lost due to employee sickness in the last year/ month? If so, could you please share the figure of work hour lost?
20. Do you think of a workplace free from sexual harassment and verbal abuse is important? How are you addressing this issue in the factory?
21. Would you please mention the trend of employee turnover in your factory? What are the reasons for this turnover? Does this turnover affect factory productivity? Are you thinking about measures for reducing turnover? If yes, what are those?

22. Is there any reporting system exists on health and safety measures at your firm? How do you ensure reporting and whom do you share the findings? Do you have any plan to improve the reporting system?
23. Did your firm face any accident/ disaster since inception? If yes, can you share the experience of losses and how did you overcome those?
24. What safety and security measures you have taken to protect the loss of your firm and the employee?
25. What facilities/ services your firm is providing to the employee?

Health care facilities/ services	
Hostel services	
Transportation services	
Canteen services	
Day-care facilities	

26. Would you please share the following information regarding cost of health and safety measures in your firm?

Items	Initial cost for set up	Cost per year
Health Centre		
Injury and compensation		
Health insurance premium cost		
Day Care Centre		
Emergency Exit		
Fire Extinguisher		
Health and Safety Education		
First Aid Box		
Rest Room		
Canteen		
Lunch and snacks		
Transportation		
Safety Tools Equipment		
Drinking water facilities		
Cleaning		
Others (specify _____)		
Total		

27. Being an entrepreneur what did you find are useful incentives (salary, overtime, good environment etc) for a worker to be more productive? Did you try to improve such incentives? How did you do that and what was the result? if not, what were the restraining factors?
28. Does your firm feel responsible to contribute fund in any social causes? Why do or do not you do so?
29. Do you think international buyers' pressure for compliances would affect competitiveness of RMG sector in Bangladesh?

30. Did you take any initiatives for the improvement of workplace condition influencing from other factories? Or any other factory took good initiatives from your one?
31. Are you a member of BGMEA? Do you get any benefit for the membership? What are those? Do you have to contribute to BGMEA annually?
32. Do BGMEA share information regarding best practices? What do you expect from BGMEA?
33. Would you please describe about government initiatives in addressing the problems of garment industry? Do you expect more? What are those?
34. Overall comments on how to improve workplace condition,

To
Mr. Tipu Munshi
President,
Bangladesh Garment Manufacturer and Exporters' Association (BGMEA)
Kawran Bazar, Dhaka.

Dear Mr. Munshi,

It is indeed my pleasure to inform you that Mr. Mozammel Haque a student of Masters in Development Studies of BRAC University is conducting a research on "Corporate Social Responsibilities in Apparel Industry in Bangladesh: A Labour Standard Perspective" as pre-requisite for his academic degree.

Mr. Mozammel requires support of BGMEA in collecting relevant information from BGMEA and its members. In this connection I am requesting you to extend your cooperation through providing available data/ statistics regarding production, exports, foreign exchange earning, health and safety measures and compliance issues. Nevertheless, he requires a letter from you to have interview with the chief executive or senior level managers of the sampled firms.

Please note, information provided to him will be used only for research purpose and will, in no case, be published without prior permission.

This study would be the first of its kind and would enhance exposure of the industry both in national and international scene. Extending cooperation to Mr. Mozammel you will make an important contribution to prepare a dissertation report on "Corporate Social Responsibilities in Apparel Industry in Bangladesh: A Labour Standard Perspective".

Thank you,

Dr. Salehuddin Ahmed
Pro-vice Chancellor
BRAC University

cc: Secretary, BGMEA