
Author Details: Tania Akter  
BRAC Business School, BRAC University, Bangladesh

Abstract:  
The purpose of the study is to discuss the CSR activities in the ready-made garments industry in Bangladesh. In particular, the study focuses on present situation of CSR practices in the ready-made garments industry of Bangladesh. The study also investigates how to engage the stakeholders to encourage the suppliers to be a CSR followed company in Bangladesh. The study takes a qualitative approach undertaking secondary information to understand the importance and CSR practices in Bangladesh. The study found that, currently CSR is not practiced properly in all the suppliers’ factory where it is recommended to initiate local collection action among the stakeholders and in some cases to form multi-stakeholder relationship to encourage the suppliers to practice CSR in their companies to maintain a healthy relationship with the buyers. This paper is unique in nature as the previous studies of CSR all are done in the European context, very few are available in the developing countries such as Bangladesh, therefore, this paper is going to make some contribution towards CSR studies of developing countries.

Keywords: CSR (Corporate Social Responsibility, Bangladesh, ready-made garments, stakeholders

1. Introduction:  
Barnard (1938) discussed that CSR is analyses of economic, legal, moral, social and physical aspects of environment. According to the EU Commission (2002) 347 final: 5, CSR is termed as a concept where the companies target to assimilate social and environmental concerns in their business operations and with their shareholders on optional basis. Corporate Social Responsibility is defined as the companies are socially liable to perform their social obligation for the well-being of the society (Imam, 2000). CSR is the ongoing obligation of businesses to behave ethically and participate to economic development by improving the quality of life of the workforce and their families, the local community and society at large (Monir, 2001).

It is found from the study of Belal (2010) that most of the studies of CSR have been in the context of developed countries and there are few studies are available on the CSR practices of Bangladesh context. It is said, that to understand the socio economic context of developing countries it is important to learn about the CSR practices of those countries. The Bangladesh garment industry has been the key export division of all industries and a main source of foreign currencies for the last 25 years. At present, the country generates revenue about $5 billion worth of products annually by exporting garment. The industry provides employment opportunities to about 3 million workers and out of them 90% are women (http://ezinearticles.com/?Overview-of-Bangladesh-Garment-Industry&id=367773).

Individual global brands put pressure on their suppliers to follow their particular codes of conduct and which many times effects on local producers to face multiple, costly, and at times contradictory, CSR requirements and audits (Lund-Thomsen, 2008). Thus, there have been an effort to merger together all the CSR codes within and across industries (Nadvi, 2008). However, it is observed that many developing country producers feel less motivated for the CSR standards that their Northern buyers press upon them. This raises doubts about the long-term sustainability of social compliance, especially when sustained pressure from international buyers is absent (Barrientos, 2008).

For many companies corporate brand image management is now a major business strategy and Frederick (1994) forecasted the necessity of practicing corporate responsibility for the companies. Recent academic research has also emphasized that to maintain a overall corporate brand image it is important to understand the nature of corporate social behaviour. In this regard, several researchers (e.g. Barich and Kotler, 1991; Barich and Srinavasan, 1993; Marcikwll and Fid, 1997) have mentioned corporate image is of multidimensional concept of where two important dimensions are identified such as corporate social and commercial responsibilities (e.g. Brown and Dacin, 1997; Berens et al., 2005; Sen and Bhat tacharya, 2001). Therefore, as Bangladesh is earning
most of the currency from exporting ready-made garments, and there were issues like Rana Plaza and Tazreen Fashion incidents, which pressured the local producers to follow certain compliance issues to perform as part of CSR, from the European buyers to maintain the business relationship.

1. Objectives:
The purpose of this study is

- To study what is CSR and the importance of CSR practices in the Bangladesh garments sector

Current
To analyze the current status and lacking of CSR practices in the value chain of Bangladesh garments sector
To recommend how CSR practices enable a company sustainable and responsible in the value chain of Bangladesh Garments Sector.

2. Literature review

Defining CSR (Corporate Social Responsibility)
Corporate social responsibility is termed differently from different authors where it has ambiguous and difficult umbrella term of contested meaning (Mattana and Moon, 2005). As such, it is often termed as corporate responsibility and corporate sustainability (Waddock and Bodwell, 2007). The unclear concept of CSR makes it challenging as a practice. CSR has increased popu-larity as a broad concept (Crook, 2005) where it emphasized the corporation’s responsibility to stakeholders in tripartite concerns of ‘people, planet, profit’ (e.g. Cramer et al., 2006) but in terms of implementation it has some lacking (Linnenluecke et al., 2007).

Creating value for the stakeholders such as employees, customers, suppliers, the government and the community are one of the priorities of the large corporations in addition to making profit by increasing shareholding earnings (Friedman, 1962; Clarkson, 1995; Donaldson and Preston, 1995; Esrock and Leichty, 1998). It is 1960s from when the companies realized that it is important to perform social responsibility for the environment which may take forms of legal and economic (McGuire, 1963).

There is a doubt on the interpretation of CSR of economic dimension whether to include it in the CSR (Maignan and Ferrell, 2001). According to Aupperle et al. (1985) economic dimension is defined as having opposite relationship to ethical, legal and philanthropic associations. It is also stated that ‘concern for society’, include the three dimensions, where ‘concern for economic results’ should be included and Garcia de los Salmones et al. (2005) showed that to give value to consumers, the economic dimension need not be included in the overall CSR construct. Moreover, the economic responsibility of CSR means making profit for the company also generating value through training and motivation on the employees, quality products through innovation and improvement of the production process (De la Cuesta and Valor, 2003). Therefore, maintaining economic and social responsibility is important for product commercialisation and for creating a corporate brand image from the consumer view point it is related to product commercialisation (Graafland et al., 2004). Rust et al. (2000) recommends a brand with ethical and social questions improves its value. As part of ethical responsibilities for the stakeholders, the companies are projected to be society-oriented, and increase the well-being of the society as a whole (e.g. Carroll, 1979, 1991; Lewin et al., 1995; Maignan and Ferrell, 2001). Thus, these aspects form the base for corporate social responsibility.

Importance of CSR practices in Bangladesh Garments Sector
Corporate social responsibility (CSR) – in terms of both recognition and functional application of the concept – remains at a promising and non-institutionalised stage in developing countries, particularly when associated to CSR standards used in the developed world (Baughn et al., 2007; Visser, 2008). Further, the followed CSR practices that are implemented in developing countries tend to be limited primarily to ad hoc philanthropic or charitable contributions for community welfare activities (Chahoud et al., 2007; Jamali and Mirshak, 2007). Only very rarely do they integrate the wider range of activities which allow CSR to be an instrument for sustainable development (Commission of the European Communities, 2001; WBCSD, 2006). The failure can be addressed to the business community’s attitude and perception of CSR as business managers are are
supposed to perceive the Corporate Social Responsibility as compulsory to state their socially responsible behavior (Hunt et al., 1990; Singhapakdi et al., 1996). In current years, developing countries in general – and Bangladesh in particular – have placed special importance on promoting CSR among local private sector enterprises. This replicates an increasing recognition within these countries that CSR is an essential vehicle for promoting business competitiveness (Hammann et al., 2009; Lindgreen et al., 2009; Saleh et al., 2011) and sustainable development (European Commission, 2002; WBCSD, 2002). Accordingly, several stakeholders such as government, civil society, media and international development organizations have initiated a wide range of programmes to promote awareness and adoption of CSR by local businesses. It was expected that these programmes would have significant impact in development more positive attitudes and perceptions, aiding a change from “CSR just as philanthropy or charitable donations” to the more powerful notion of “CSR as a means for sustainable development”.

A growing importance has been given to the practices of environmental responsibility as part of broader social responsibility of the business has appeared. According to the European Commission (2011, p 6), for example states that “to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”. Therefore, environmental dimension should be incorporated in the social responsibility part of the businesses (e.g. Cacioppe et al., 2008, Welford et al., 2008). Thus, CSR has been given importance to play role in term of social, economic, environmental which ultimately can serve as sustainable development towards the society which will in addition add value to the corporations (Elkington, 1998).

3. Methodology:

The study is based on secondary research which is qualitative and exploratory in nature and it is tried to find out the CSR importance and practices of different garments factories of Bangladesh from different journals, publications, research papers, websites and so on. It is tried to make an analysis currently what is the situation of CSR practices and what are the lacking, and how it can be improved. Thus, this study is secondary basis and information is used to find out the scenario and make some observation and recommendation.

4. Findings and Discussion:

Bela (2001) describes that most of the CSR studies have been conducted in the context of developed countries such as Western Europe, the USA, and Australia and in the developing countries very few studies are done on the CSR practices. The study results that are available are based on newly industrialized countries such as Malaysia, Singapore, Nigeria, Uganda and South Africa.

Deadliest examples of Bangladesh Garments Industry and Impact of not following CSR practices

Hereafter, actually in the context of Bangladesh, if we observe, we find, the practice has not been found widely in this country (Belal, 2001) and very few studies are available on the CSR practices in developing countries. It is found that, trade union practices are not noticeable in 4250 RMG factories (Ahmed, 2007) and most of the garments laavors have in fact no freedom in their factories to join union (Parvez, 2007). From the source of daily financial express, it is stated that there is a CSR Centre launched in January 2005 by BEI (Bangladesh Enterprise Institute) where the objective is to organize monthly roundtable discussions to encourage CSR practice in Bangladesh. They made a design of the key stakeholders as a purpose of increasing the understanding of CSR and in the context of Bangladesh, in spite of not having a proper clear understanding about CSR, there are a large number of philanthropic activities which are practiced and businesses are enthusiastic to embrace CSR practices (Sobhan, 2006). Bangladeshi historical news records showed that, at least 54 workers were killed and 100 seriously injured when a textile factory burned down in the port city of Chittagong which was one of the socking news. This incident of many deaths could be escaped, if the guards had not locked the main entrance (BILS, 2007). Industry closure is one of the crucial issues in the history of de-
industrialization in Bangladesh. As such, Adamji jute Millis was one of the factory which shut down on June 30, 2002 which resulted, 6000 casual workers, 18000 permanent workers, 1476 employees, and 454 officers have lost their jobs and the workers rehabilitation was not considered in this process (BILS, 2007). Another major incident of Fire breaking out in the Tazreen Fashion factory in the Ashulia district on the outskirts of Dhaka 24 November 2012. Bangladesh, where at least 117 people were found dead in the fire, and at least 200 were injured, just made the deadliest factory fire in the nation's history (http://en.wikipedia.org/wiki/2012_Dhaka_fire).

Moreover, we found another shocking incident in Bangladesh 24th April 2013, an eight-story commercial building named Rana Plaza collapsed in Savar, a sub-district near Dhaka, the capital of Bangladesh where at least 1,125 people died as of 12 May, many people were still missing. It is stated that, Garment’s owners as well as the building owner are accountable for this terrible incident. The eight story Rana Plaza housed a number of separate garment factories employing around 5,000 people, several shops, and a bank. (http://en.wikipedia.org/wiki/2013_Savar_buildingCollapse). These are the examples which show that CSR is not well practiced matter in this industry. Thus, after those accidents, several actions have been adopted to reduce this types of situation. But we can comment that if organizations maintain proper safety policy and procedures for their employee and workers then this type’s deadliest accident can be removed from our industrial arena.

Since the mid-1980’s branded retailers as well as leading global apparel brands and multiples have been directly sourcing garments from first tier suppliers in Bangladesh (Bhattacharya, 2000; Mostafa, 2008). In addition, Bangladesh has also been a focus where many advocacy groups observe the working conditions of labour intensive garment production. In 1993, to stop the child labor, the United States Senate passed the Harican bill, which called for a ban on all the imports into the United States (US) of goods produced or fabricated by child workers. As a result, the Bangladeshi garment industry dismissed child workers en masse to respond to this law. Later, to eliminate child labour from the industry, a memorandum of understanding (MoU) was signed between the International Labour Organisation (ILO), the United Nations Children Fund (UNICEF) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) by initiating a child labour monitoring system, and providing social protection for affected children (Nielsen, 2005; ILO and UNICEF, 2004).

At the worst situation of continuous debate and global pressures of local responses around CSR codes and international labour, environmental and ethical standards, there have been larger efforts at empirically measuring the gains from compliance, especially on working conditions and workers’ lives (see Barrientos and Smith, 2007; Locke et al., 2007; Locke and Romis, 2007). At the same time, calls for a more South-centred CSR agenda that maps out existing CSR practices in developing countries as they are defined by Southern firms, workers and communities are also growing (see Vives, 2006; Singh et al., 2008).

Belal (1999) in a very short study on Bangladeshi CSR found that environmental disclosures was made by 90 percent of the companies, employee disclosures was 97 percent and 77 percent made ethical disclosures where it appears to be far too unclear and inadequate as it does not shows the detailed findings on the CSR practices in Bangladesh. At best it can be taken as a short observation on the ongoing CSR practices in Bangladesh. Very recently, Imam (2000) administered a survey of CSR practices in Bangladesh where it was said that all companies made some form of human resource disclosure, 22.5 percent environmental, 25 percent community and 10 percent consumer disclosures. The study also concludes that, the study was inadequate and poor.

This study failed to locate the social disclosures in Bangladesh in its broader socio-political and economic context, which was one of the major limitations. In the garment and textile sector, and also in other export-oriented industries, key issues of concern are child labour, equal opportunity and workplace health and safety matters. Though the garments factory owners are facing pressure from Western consumers and international agencies, such as the ILO, the use of child labour is being gradually removed, but their welfare and rehabilitation have been neglected (Hossain, 2001; Murshed, 2005; The Daily Star, 2004). While factory owners are withdrawing the practice of employing child labour, those displaced are forced to live on the streets and involve in various anti-social activities thereby forming other social problems. Additionally, women workers are facing harsh working condition in the sector (Afrin, 2002). In many cases, they can be engaged to work 12
hours a day, sometimes during the course of the night, with having holiday of one day per month and compulsory overtime (Milne, 2001). Another problem is in the issue of unpaid wages which often remain unpaid for months (Frost, 2005). Other gender issues include that factories and managements prefer unmarried women for having no family obligations and working for long hours (Rashid, 1998).

Monitoring of CSR practices
In the RMG industry, a wide range of stakeholders are present such as buyers, media, consumers, trade associations, NGOs and the government among them the first four stakeholders in precise have been major driving forces. To ensure, the supplier and manufacturer are following CSR activities, buyers impose pressure by making certain social standards compulsory for a supplier to be considered for a contract. In addition, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) – a trade body representing woven, knit and sweater garment manufacturers and exporters association – plays a very important mediating role in supplier development. In doing this, the BGMEA scrutinizes suppliers to ensure, for example, that children are not employed in the factories. If needed fine are imposed on the factories not following the required social standards, even suppliers lose their BGMEA membership status, which can affect their credibility and order winning competences. Like some buyers, the BGMEA and other similar associations also run supplier workshops.

Economic benefits of social sustainability
As discussed, CSR consists of economic, social and ethical values towards the society, consumers and at the end companies achieve goodwill and reputation from the buyers and employees and consumers as well. Among the many benefits, social sustainability is viewed as having a positive impact on increased productivity which ultimately benefits the company economically. Otherwise, following poor social standards leads to worker absences, higher sickness rates, which ultimately reduce the production output. Therefore, if companies implement the social standards, which are initially costly, but there is proof that, the implementation increased productivity. To give an example, one of the suppliers manager explained that, they have two companies, one with improved social standards and the other with no compliance. The result was that, with the same number of machine, the compliant factory was more productive than non-compliant factory. Among the other benefits, the employees retention rate increased, companies secured longer term orders from the buyers. In addition, compliance issue has increased the firm’s bargaining power. According to the managers’ statement: “We are in a stronger position to negotiate with buyers compared to a non-compliant factory which is on ‘the back foot’ from the very beginning” (Huq et al., 2014).

Recommendation:
The local suppliers continuously face pressure from buyer to implement CSR codes on labor, environmental and ethical standards, which ensures the monitoring of compliance issues of different factories on working condition, workers lives, women equality, sustainability and so on (see Barrientos and Smith, 2007; Locke et al., 2007; Locke and Romis, 2007). Therefore, the suggestion would be to formulate a more South-centred CSR agenda that takes into account southern firms, workers, communities and as they represent CSR practices in southern developing countries (see Vives, 2006; Singh et al., 2008). A reasonably essential but under-researched subject is that, local industry association can form local collective action to monitor whether companies are following compliance to ensure international labour standards and codes of conduct in the developing world (Nadvi, 2008; Lund-Thomsen and Nadvi, 2009). Thus, Local collective action can be utilized to improve collective monitoring of codes, lower costs of compliance for local producers, and more efficiently social and environmental goals can be related with CSR codes into local practices and norms. Moreover, to ensure local ownership contribution of local stakeholders in the formulation, implementation and monitoring of CSR standards within global value chains, the solution is to use of multi-stakeholder partnerships where both public and private actors are bring together to implement the CSR standards within the value chain (Dolan and Opondo, 2005; Henkle, 2005; ETI, 2006). Therefore, the above efforts can reduce the need for individual audit
and might give more benefits of coordination and harmonization of codes amongst buyers. In addition, it might also give joint monitoring access to local industry associations in the industry-wide formulation, implementation and monitoring of CSR standards (O’Rourke, 2006; Nadvi, 2008).

Conclusion:

The study has explored the current condition of CSR practices in the developing countries specially Bangladesh, where CSR deals with economic, social, ethical, philanthropic activities. In case of Bangladesh philanthropic activities is yet to be realized from the manufacturer side, where the companies will take the responsibility of the various economic and community issues such as poverty, social and environmental. It is highlighted that the garments manufacturer is now responsible for CSR and compliance features otherwise their business relationship will be in bad situation. Therefore, all the suppliers should come up with concern for practicing CSR activities in their factories, though there are limitations of practicing CSR activities, the suggestion is been given to form local collection action to monitor the performance of the companies, even in some cases stakeholders can come forward to encourage the companies to practices social and environmental duties which will eventually help the individual companies to create a good brand image and maintain a good relationship with the buyers.

5. References

v. Baughn, C.C., Bodie, N.L. and McIntosh, J.C. (2007), "Corporate social and environmental responsibility in
vii. Belal, A.R. (1997), ``Green reporting practices in Bangladesh", The Bangladesh Accountant,


European Commission (2011), Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Renewed EU strategy 2011-14 for Corporate Social Responsibility, European Commission, Brussels.


Permanent link to this document: http://dx.doi.org/10.1108/IJOPM-10-2012-0467


GRI (2002), Sustainability Reporting Guidelines, Global Reporting Initiative (GRI), Boston, MA.


