



BGMEA University of Fashion & Technology

Mapping the drivers for transformational change of the RMG sector of Bangladesh.

January 2016

Contents

Abstract	3
What are the drivers for CSR	4
Stakeholder Theory and Market Transformation in Academic Research	6
Results	11
Conclusion & Next steps	13
Methodology and Database	14
Endnotes	15
Contacts	19

Abstract

Purpose: The white paper provides insights on the key CSR drivers according to influential stakeholders for the market transformation of RMG sector of Bangladesh. The overall objective is accompanied by some supporting objectives. First one is to identify the influential stakeholders of the RMG sector of Bangladesh. The second one is to perform the gap analysis of the perceptions of these stakeholders on the barriers and enabling factors of transformation. The third one is to determine the key CSR drivers expressed by opinions and perceptions of the key influential stakeholders for the transformation.

Methodology: Qualitative business research based on the collection of primary data through unstructured and semi structured interviews and secondary data through extensive literature review. Firstly the team reviewed the available literature in relation to the RMG sector, its relevance and functionality, to gain a better understanding of the existent stakeholders which have a direct and indirect impact on the RMG sector. Secondly, based on the results of the literature review, a first set of primary data was collected by carrying out unstructured interviews with six relevant experts of different organization to corroborate the identification and selection of the right stakeholders to be interviewed. The snow ball non probability and purpose sampling were applied to identify the key influential stakeholders to be interviewed in a second round of semi structured interviews. Thirdly semi structured interviews with the identified stakeholders were followed. After the interviews, a qualitative analysis was made to identify the target stakeholders for the transformation.

Conclusion: This paper helps to understand who are the influential stakeholders for the sustainable transformation of the RMG sector in Bangladesh. Moreover this paper gives a better understanding about the initial drivers and inhibitors factors for market transformation.

Research Implications: At managerial level, this research is a useful tool to identify the influential stakeholders, who are acting as enabler for the transformation of RMG industry. This study may also help to conduct the same study for identifying the stakeholders in their respective field other than RMG industries. Ultimately, the result of this study will help to find out the CSR drivers which are the responsible for the transformation in our RMG sector.

Practical Implication: This paper identifies influential stakeholder who can contribute to promote the transformation process of RMG sector in Bangladesh. It is envisioned that this research process is a tool to facilitate stakeholders' future engagement to promote new projects and research activities aiming at addressing the major challenges the RMG is facing but also in promoting success stories of initiatives undertaken to encourage the sustainable transformation of the RMG sector

Keywords: CSR, Market transformation, Stakeholders, Readymade Garment Sector

What are the drivers for CSR?

Practicing CSR in the RMG sector of Bangladesh is getting more importance day by day. As a result, transformation of the RMG sector becomes an imperative. To start this transformation, the first step is to identify the influential stakeholders.

“No business initiative is sustainable if it doesn’t pay back. CSR is not a cost, rather it makes compliment to business. It generates profit. ”

**Mr. David Hasanat,
Chairman & CEO,
Viyellatex Group**



“operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business” (BSR, 2001). CSR is considered as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011: 855).

CSR Drivers

Scholars tried to identify the forces which will motivate the companies towards more responsible behavior with respect to type of company & operational host country as well as irrespective of companies & countries. Pimpa (2011) identified the following CSR drivers for the MNC’s of Thailand- powerful institutions such as government and stock exchanges, societal commitment of local and international business organizations, public pressure from both host and home countries, organizational commitment with stakeholders. Fraynas (2005) indicated the following four drivers to motive companies towards CSR- obtaining competitive advantage, maintaining a stable working environment, managing external perceptions, keeping employees happy. CSR Impact (2014) reveals financial motivation, Technological competition, mandatory reporting, pressure

Corporate Social Responsibility

Definitions of CSR vary not simply by virtue of its essentially contested status but also as a reflection of the different practical orientations of corporations towards their responsibilities. First, CSR has been associated with different underlying strategic purposes (e.g. legitimacy, responsibility for externality, competitive advantage). Second, it varies account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011: 855). The World Business Council for Sustainable Development (WBSCD 2009:2) defines CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families,

According to its substantive content (e.g. economic, legal, ethical, discretionary – Carroll, 1991). In as much as corporations take responsibility for defining their CSR, it is not unreasonable for them to do so in ways that reflect their own business impacts. Thus, different companies give varying emphasis to the different waves of CSR: community involvement; social responsible products and processes; socially responsible employee relations (Moon, 2002). Third, it can vary according to the approach deployed to identify responsibilities and evaluate practices, specifically to which stakeholders the policies are oriented (Clarkson, 1995).the local community and society at large to improve their quality of life”. More generally, CSR is a set of management practices that ensures the company maximizes the positive impacts of its operations on society or

Mapping the drivers for transformational change of the RMG sector of Bangladesh

from NGOs & Media, CSR as the drivers for large companies where as value driven motivation, pressure from NGOs & Media, time horizon, stakeholder responsiveness on CSR for SME's. For this research, we used the 10 drivers

stakeholder responsiveness on identified by Wayne Visser (2008) for Corporate Sustainability and Responsibility (CSR). Political crisis, cultural, socio-economic, governance and market are the national driver whereas international, supply, investment incentives,

stakeholder activism are the international drivers for CSR. National (or internal) drivers refer to pressures from within the country, while international (or external) drivers tend to have a global origin.



Figure 1: Drivers of CSR according to by Wayne Visser (2008)

Stakeholder Theory & Market Transformation in Academic Research

Recently academic research has been devoted to understand the relationship between stakeholders' theory and transformational change of industry where the scholars have been trying to identify the motivational factors and social, environmental concerns for transformation.

Stakeholder Identification



The term stakeholder was used way back in 1947 (Johnson 1947). Stakeholder is any group or individual who can affect or is affected by the achievement of the firm's objectives. One of the broadest definitions of stakeholder that exists in the literature is "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman 1984). One of the narrowest definitions of stakeholders as voluntary or

involuntary risk-bearers: "Voluntary stakeholders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stakeholders are placed at risk as a result of a firm's activities. But without the element of risk there is no stake" (Clarkson 1994).

Scholars tried to categorize stakeholders in different ways like strategic & moral stakeholders (Goodpaster 1991), external and internal stakeholders (Pearce 1982; Caroll 1989); latent, expectant and definitive stakeholders (Wood 1994); supportive, marginal, non supportive, mixed blessing stakeholders (Savage et al. 1991); voluntary and involuntary stakeholders (Clarkson 1994) and primary and secondary stakeholders (Clarkson 1995) were identified. Stakeholder typology may also vary on the basis of power, legitimacy and urgency (Mitchell 1997)

Stakeholder Management

Stakeholder management (Freeman, 1984) involves

allocating organizational resources in such a way as to take into account the impact of those allocations on various groups within and outside the firm. Primary stakeholders (e.g., shareholders, creditors) include those groups with direct and well established legal claims on organizational resources. Secondary stakeholders (e.g., dismissed workers, the natural environment) refer to those parties whose claim on organizational resources are less well established in law and/or are based on nonbinding criteria such as community loyalty or ethical obligation. The identity of these groups will vary according to the nature of the specific resources allocation at issue (e.g., plant relocation, hiring policy). According to ISO 26000, "An organization should consider two fundamental practices of social responsibility: recognizing its social responsibility within its sphere of influence, and identifying and engaging with its stakeholders.

Stakeholder Theory:

Stakeholder theory is a theory concerned with the relationship between an organization and its stakeholders. Although Ansoff (1965) was considered as the first to use the term "stakeholder theory". In accordance with the stakeholder perspective, an organization has to meet these multiple expectations of its various stakeholder groups, rather than only the expectations of shareholders as in traditional shareholder theories, because "stakeholder theory highlights organizational accountability beyond simple economic or financial performance" (Guthrie et al. 2006, p. 256). Stakeholder theory suggests that the management of an organization is expected to perform its accountability towards its stakeholders by undertaking activities deemed important by its stakeholders, and by reporting information. Thus, the term, "accountability" frequently relates to this theory and the literature considers how one focal organization delivers its accountability to its various stakeholders (Smith 2008). Two major branches of stakeholder theory stand out in the literature;

these are the ethical (moral or normative) branch, and the managerial (positive) branch (Gray et al. Guthrie et al. 2006; Belal & Owen 2007; Bela! 2008; Deegan 2009; Gray et al. 2010; An et al. 2011).

Market Transformation

There is no widely accepted definition of market transformation. The term market transformation emerged in the late 1980s. It has evolved to promote permanent shifts in the market as a way to improve the economy and reduce negative environmental and societal effects (Kiss & Neij, 2011). Although there is no clear definition yet of market transformation, the central idea is that market-oriented programs are used to remove market barriers (routine features within any market, that market transformation programs try to overcome) and to exploit opportunities to speed up the adoption of cost-effective energy efficiencies as a standard practice, to create permanent changes in market behavior (Geller & Nadel, 1994; Nadel & Latham, 1998). According to

Kunkle and Lutzenhiser (1998) market transformation is often discussed under the header: diffusion of innovation; as market transformation programs have the objective to introduce new products and services as well as increasing the adoption of existing but underutilized products and services (Neij, 2001). A reduction in market barriers and/or changes in market actors' behavior will result in an increase in the adoption of technologies and services that can result in a transformation of the market (Blumstein, Goldstone & Lutzenhiser, 2000).

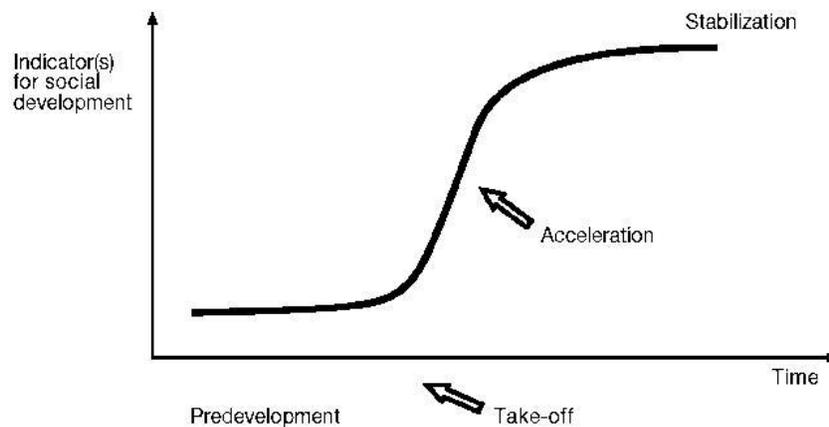


Figure 2: The Four Phases of Transition (J. Rotmans, R. Kemp, & M. Van Asselt, 2001, p.17.)

Importance of Market Transformation to RMG Industry

Since the RMG sector is the life blood of Bangladesh Economy at its current structure, there is no doubt that transformation for RMG sector is not a choice but a dire necessity at this critical juncture of global competition with other emerging economies such as China, India, and Vietnam. The future growth and sustainability of RMG sector will certainly depend on how the transformation strategy will be effectively implemented by the stakeholders. The readymade garments industry acts as the backbone of the Bangladesh economy and as a catalyst for the development of the country. The sector so far has been fetching billions of dollars as export earnings and creating jobs for millions of people in the country. Readymade garments make up 80 percent of the country's \$24 billion in annual exports and 15 percent share of GDP. McKinsey Co. (2011) has said Bangladesh could double its garments exports in the next 5 years.

The "Made in Bangladesh" tag has also brought glory for Bangladesh, making it a prestigious brand across the globe. Bangladesh, which was once termed by cynics a "bottomless basket", has now become a "basket full of wonders." It is really a matter of great interest to many – how the economy of Bangladesh continues to grow at a steady pace, sometimes even when rowing against the tide. It is expected that Bangladesh achieves the middle-income country status by 2021.

Now a day the RMG sector faces several remarkable tragedies which indicate the need of CSR in this sector. Corporate Social Responsibility (CSR) is a relatively new and rapidly developing phenomenon. Despite the phenomenal success of the RMG sector, poor working conditions in the

factories and a lack of Social and Environmental Compliance responsibility are serious concerns which, lead to labor unrest and damage to institutions and property. As a result, there is a rising fear in Bangladesh that the readymade garment sector may face a decline in demand (Ahamed, 2013)

Recent deadly incidents like the fire in the Tazreen Fashions factory 2012 that killed more than 110 and the collapse of the Rana Plaza garment factory building in April 2013 that killed over 1,100 people and injured more than 2500 put a dark light on Bangladesh. It may be the second biggest industrial accident in recent history. The image of the garment's industry has been threatened by these accidents, showing the presence of severe structural challenges but also the lack of corporate responsibility in addressing issues related to labor practices, safety and security, environmental impacts, among others. These accidents triggered the international interest and scrutiny on the structural problems existing in the garments industry.

Working conditions in the RMG sector frequently violate international labor standards, and Codes of Conduct (Quddus and Rashid, 2000). Labor standards and rights are commonly ignored in the RMG factories in Bangladesh: poor practices include the absence of trade unions, informal recruitment, and irregular payment, sudden termination, wage discrimination, excessive work, and abusing child labor. Moreover workers suffer various kinds of diseases due to the unhygienic environment and a number of workers are killed in workplace accidents, fires and panic stampedes. Absence of an appropriate mechanism to ensure the enforceability of the available laws for protecting workers' rights and maintaining workplace safety continues to be a concern in the RMG sector. As the sector is an important foreign

exchange earning component, some changes are required.

Continuous work schedule, wage penalties, physical and verbal abuse are common. Women workers face physical abuse and sexual harassment inside as well as outside the factories, but management does not ensure the security of women workers. Regulatory measures and its strict implementation and monitoring by the government agency that could overcome work place in security problem of garments workers in Bangladesh (Alam et al., 2004)

To avoid unrest in the RMG sector, there is an urgent need to strengthen Social compliance issues and labor standards to improve wages, working hours, overtime, job security, the right to form trade unions, social security and also occupational health and safety (Khan, 2006)

Due to recognition of these challenges, corporate social responsibility has emerged as a major issue in the Bangladesh RMG sector. Despite the additional costs these compliance demands place on the sector, there are sound economic reasons why the Bangladesh garment industry should implement CSR. If the RMG Industry fails to implement CSR, it may lose its global markets. Lack of enough practicing CSR could ham Bangladesh's competitiveness as a supplier of ready-made garments. This could have dire results: the closure of most of the garment industry with millions of employees losing their jobs; the decline of economic growth.

Relationship between stakeholder theory and Market Transformation

The concept of market transformation is measured on the level of markets. However, extant literature has pointed out that market actors play an

important role in influencing markets, as the market actors act as the corporate decision makers in a market transformation process (Davids, 1992). When looking at the perception of corporate decision makers to explain market transformations, the stakeholder salience theory helps giving insights on how decision makers prioritize stakeholder relationships (Mitchell et al., 1997). The theory of Mitchell et al. (1997) discusses how the three attributes of stakeholder salience to identify different stakeholder groups are important to managers.

The importance of power in the attention managers give to their stakeholders can be explained by the help of the transaction cost, resource dependence and agency theories. The transaction cost theory states that economic actors with small amounts of bargaining advantages but with power can affect the nature of the structure of the firm and the firm's governance (Frooman, 1999). As such, stakeholders acting outside the boundaries of a firm participating in a small competitive environment can increase transaction costs to such high levels that forces management to absorb them into the firm. This happens when the costs of hierarchy are less expensive than the transaction costs of market failure. This gives a clear example of how significant they are to management (Jones & Hill, 1988). Secondly, the resource dependence theory argues that stakeholders gain power by controlling resources needed by the organization (Mitchell et al., 1997), and confirms that stakeholders possessing certain resources are important to managers (Suchman, 1995). Finally, the agency theory,

addresses how principals are able to control their agents' behavior. Principals may use incentives or monitoring to limit the power of agents to act upon their own interests instead of the principals' interest. Managers are, therefore, expected to give attention to those stakeholders that possess the power to reward or punish (Jensen & Meckling, 1976). The institutional theory suggests that *illegitimacy* leads to isomorphic pressures on the organization when it does not operate according to the accepted norms (DiMaggio & Powell, 1983). The population ecology theory even states that illegitimacy results in mortality of the organization (Carroll & Hannan, 1989). Therefore, when addressing the legitimacy of a stakeholder, power cannot be ignored (DiMaggio & Powell, 1983).

There is no individual organizational theory that explains the relationship between urgency and decision making in a firm as its main focus. Nonetheless, urgency is a critical variable to any theory that focuses to explain the identification and prioritization of stakeholders by management (Mitchell et al., 1997).

Stakeholders want to increase their salience, so that managers perceive them as more important. Based on the resource dependence theory, the attribute

of power is related to the resource dependence the firm has on a stakeholder. Stakeholders can gain power by providing the firm with resources but claiming something in return (Mitchell et al., 1997). Stakeholders do most of the time not pursue their objectives by their selves. By contrast, they cooperate with other stakeholders to increase their salience (Hendry, 2005).

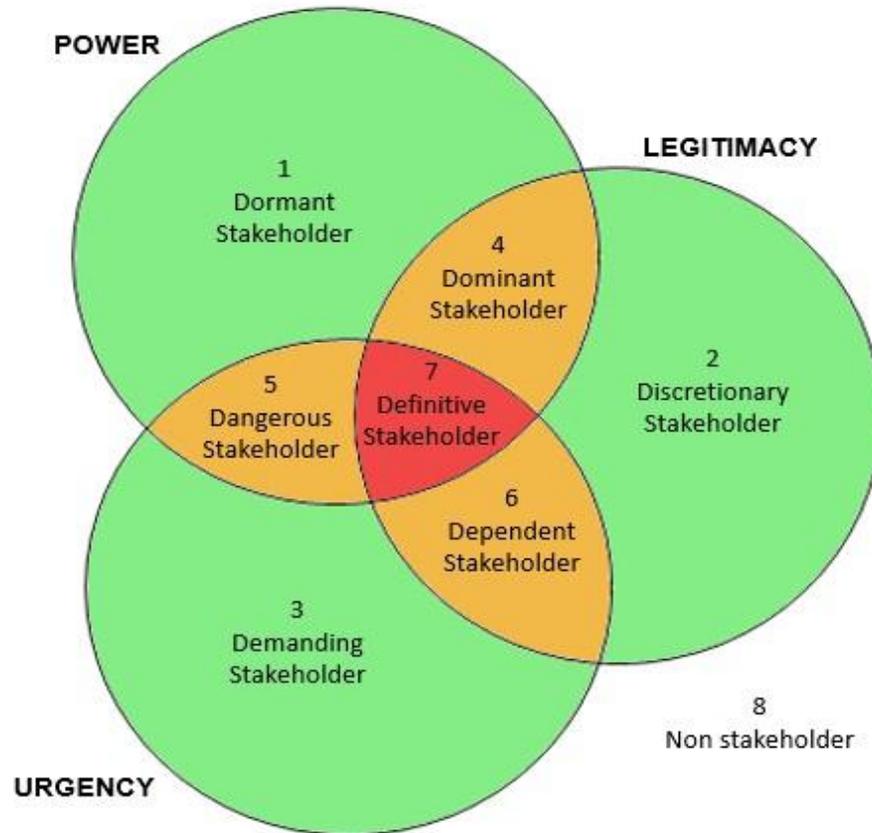
Stakeholder salience model

Stakeholder salience model has stakeholder classes which are separated in three main groups- *latent stakeholders*—those stakeholder groups who possess only one of the three attributes of power, legitimacy and urgency; *expectant stakeholders*— those groups who possess two attributes; and *definitive stakeholders*—those who possess all three attributes. Groups or individuals possessing none of the attributes are classified as non-stakeholders or potential stakeholders (Mitchell, Agle and Wood 1997, pp. 872-874).

Before the term stakeholder was invented in the 1960s by the dominant paradigm of corporate scholars the agency theory was dominating academic research and debate. (Harrison & Wicks, 2013). Mitchell et al., (1997) presented the stakeholder salience model to identify a firms important stakeholders. Stakeholder salience can be explained as the degree to which managers prioritize competing stakeholder claims (Rivera-Camino, 2007). According to this model stakeholders' identification is based on three variables:

- **Power to influence the firm.**
- **Legitimacy of the stakeholders' relationship with the firm.**
- **The urgency of the stakeholders claim on the firm.**

Managing stakeholder salience in firms is critical in achieving success. Therefore, understanding both the interests of the stakeholders and the way they try to achieve their interests and shape their salience, is important to corporate decision makers as they influence the market transformation process (Cova & Salle, 2005).



Influence of stakeholders' salience in market transformation

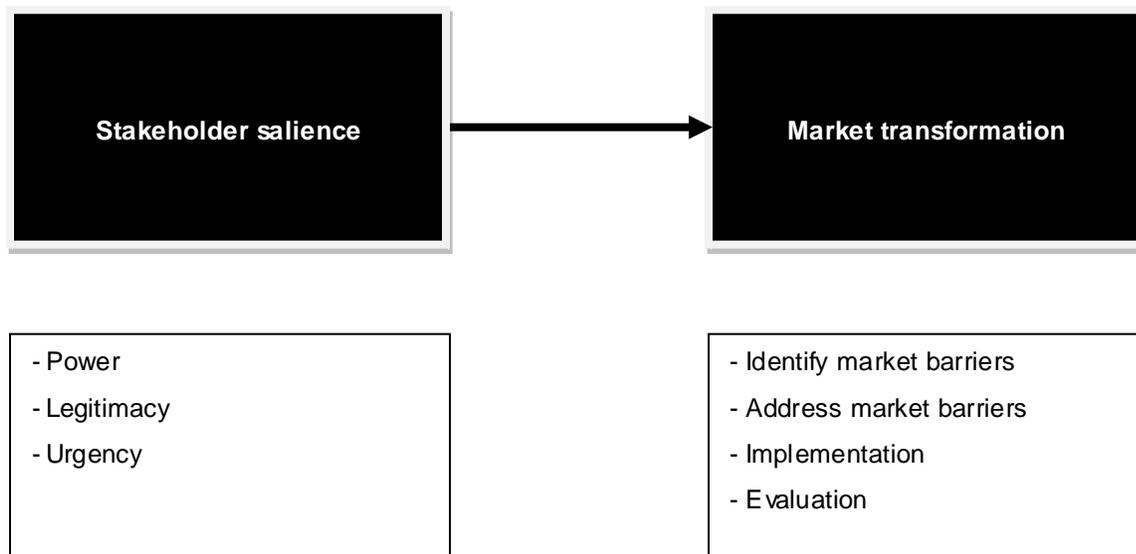


Figure 4: Influence of stakeholders' salience in market transformation (Fransé,15)

Results

After the preliminary stage of semi structured interviews challenges, opportunities, factors driving transformation, factors inhabiting transformation and influential stakeholders were identified.

Challenges & Opportunities of Market Transformation

The first round of interviews took place in Dec 2015. In this preliminary phase and after conducting literature review, the following stakeholders have been targeted: Government, BGMEA, Dutch Embassy, REED Consultancy, Alliance, GIZ, and IFC. These institutional stakeholders have been selected due to their high level of involvement and participation in the RMG sector. Based on the first round of semi structured interviews, the following preliminary categorization of information has been collected:

Challenges: Safety in working place, labor intensive sector, weak backward linkage, lack of infrastructure, absence of value added products, lack of corrective & remediation action plan, access to finance, lack of employee development strategy, lack of CSR framework, absence of effective trade union, freedom of association, environmental threat, lack of resources (energy, water), shortage of Space (land), lack of skilled manpower (lack of

Training, right textbooks), inadequate education system, inaccurate sourcing / procurement, lack of sustainability awareness,

Opportunities: Green image / good CSR image, focus on value chain, market share, different award winner factories can be the showcase to create better image, focus on local market, more Joint venture companies with prominent brand.

Factors Affecting the Market Transformation

After first round of semi structured interviews the following are found as factors driving transformation and factors inhibiting transformation to CSR.

Factors driving transformation: Good governance, sufficient penalty, motivation, proper initiatives by government (labor inspectors); Multi stakeholder approach (Private, public, civil society, trade union, Buyers), Capacity building (through training), policy reforms & implementation, stakeholder alliance, workers skill improvement, CSR / Sustainability fund.

Factors inhibiting transformation: Absence of one stop service center (under lots of ministry), no easy financing, political instability, absence of appropriate policy decisions by government, lack of incentive to entrepreneurs, lack of Certification for those who practices CSR, poor infrastructure, willingness to change, ethical perspective, lack of research, short term profit tendency, lack of transparency, bureaucracy, negative media focus.

Stakeholders in RMG sector for Market Transformation

According to the semi structured interview of first found following most influential stakeholders are found for the transformation of Bangladeshi RMG industry to CSR.

Government; Media; Financial sector; factory owners; Buyers, trade unions; BGMEA; Institutional donors; International organizations (ILO, WB, IFC); Educational institutions; Service providers (consultants).

Determinants of Market Transformation

Determinants are the factor which decisively affects the market transformation. After the semi structured interview, following are found as determinants of market transformation. Removing of market barrier is the main determinants of market transformation. Main market barrier are the absence of fair price, inadequacy of ethical sourcing, negative mind set up, generation gap, lack of establishment of new economic zone etc. Other determinants of market transformation are economic force, entrepreneurship willingness, leveraging opportunities, infrastructure, trust among stakeholders, action from government, commitment, good governance, transparency lack implementation of proper CSR policy, increasing the market linkage etc.

Conclusion & Next steps

Based on a synthesis of articles published in academic journals, this study identified five main drivers for the transformational change of RMG sectors of Bangladesh.



According to the result of most interviewees the most influential stakeholders for the sustainable transformation of the RMG sector are:

The Government of Bangladesh, Financial sector, International organizations, Educational institutions, and service providers.

Within the Government different ministries play a crucial role:

Ministry of Textiles (MoT), Ministry of Finance (MoF), Ministry of Commerce (MoC), Ministry of Planning (MoP), Ministry of Industries (MoI) act as the drivers for the transformational change of the RMG sector of Bangladesh.

The financial sector including Bangladesh Bank, Commercial bank, different type of leasing companies, institutional donors etc. And industry actor as the BGMEA, owners of the factory, buyers, trade unions, brands etc

International organizations such as ILO (International Labor

Organization), IFC (International Finance Corporation), GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), Chamber of Commerce, WRAP (Worldwide Responsible Apparel Production), and WB (World Bank) are the international drivers for this transformation.

Different Institutions who are given degree about the CSR and RMG related subject are also the drivers for this transformation.

Service providers such as different consultants act as the drivers by consulting the factory owners about the CSR.

On the other hand, according the respondents other challenges and opportunities will be found which may be faced during transformation time which may deserve research attention. Some of these will be mentioned in the final result of research.

The next study and activities:

Further research activities will focus on:

- a. Gap analysis of Stakeholders
- b. Mapping the drivers for market transformation for Bangladeshi RMG sector.

Methodology & Database

A qualitative analysis has taken place in this study with the primary data collected through interviews from the influential stakeholders, where CSR experts and the international guidelines and principles were taken as a base for selecting the drivers for the transformational change.

Sources of data:

For identifying the drivers for the transformational change both primary and secondary data were used. The secondary data was collected from the various articles published in the international journal. The primary data were collected via interviews with the relevant experts. Experts were selected through purposive sampling. After the interview a list of stakeholders were elaborated and the team carried out simultaneous interview with each stakeholder groups. Target stakeholders were selected through snow ball sampling.

Data analysis method:

Mainly qualitative data analysis method took place in this study in order to analyze the data. All the comments of the interviewees were organized in a specific format and then on the basis of the feedback of the coach and the team members of this research group the drivers were finalized.

Selection criteria:

The articles which are related to RMG industry and CSR were chosen for this study. Those international guidelines and principles were chosen which have the connection with the CSR activities and the CSR experts of Bangladesh were chosen on that basis of their experience and work in CSR and in the RMG sector of

Bangladesh.

Database:

The CSR expert interview questionnaire headings are as follows

The semi structured interviews with the experts aim at addressing the following open ended question:

Who are the more influential stakeholders to promote the sustainable transformation of the RMG sector?

After the concluding of this interview, it will be easy to identify the list of 'common' stakeholder groups' which need to be interviewed. As soon as the list of stakeholders is elaborated, the team has been carried out simultaneous interviews with each stakeholder groups.

Target stakeholder for interview from each group has been selected through snow ball sampling. The semi-structured interviews with the stakeholders should aim at addressing the following same open ended & close ended questions:

What are their perceptions on national & international CSR drivers for the transformation of the RMG industry of Bangladesh?

To ask this question, we have taken their opinion on the 10

drivers identified by Wayne Visser (2008) on a Linker 5 scale method. (Appendix-1)

What are their opinions on CSR practice at present?

To answer this question, we have got their response on CSR performance metrics identified from literature on a Linker 5 scale method. (Appendix-2)

Endnotes

Absar S.S., 2001; Begum A., 1995[Absar, S.S. (2001). "Problems Surrounding Wages; The Readymade Garments Sectors in Bangladesh", *Journal LMD Labour and Management in Development*, Volume 2, p. 7.]

Absar, S.S. (2001). "Problems Surrounding Wages; The Readymade Garments Sectors in Bangladesh", *Journal LMD Labour and Management in Development*, Volume 2, p. 7.} *Accounting and Business Research*, vol. 19 no. 76, pp. 343-52.

Ahamed, F. (2011). Working conditions in the Bangladesh Readymade Gaments Industry: Is Social compliance making a difference? *Ph.D Thesis*, La Trobe University, Australia.

Alam M.J., Mamun, M.Z. and Islam, N. (2004). "Workplace Security of Female Gaments Workers in Bangladesh", *Social Science Review*, Volume 21, No. 2, pp. 191-200

Ansoff, I. 1965, *Corporate strategy*, McGraw-Hill, New York. Bansari, N. (2010). *Textile and Clothing Sector in Post MFA Regime: A Case from Bangladesh*, Gender and Trade, Commonwealth Secretariat, 23 <http://www.genderandtrade.org>

Belal, A. R. & Owen, D. 2007, 'The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh: An engagement based study',

Accounting, Auditing and Accountability Journal, vol. 20, no. 3, pp. 472-494. Belal, A.: 2001, A Study of Corporate

Social Disclosures in Bangladesh, *Managerial Auditing Journal* 15(5), 274

Bird RG, Hall AD, Momente F. Reggiani F. 2007. What corporate social responsibility activities are valued by the market? *Journal of Business*

Bowie, N. (1988). The moral obligations of multinational corporations. *Problems of international justice*, 97, 113.

Bowie, N. (1988). The moral obligations of multinational corporations. *Problems of international justice*, 97, 113.

Browne, John, and Robin Nuttall. "Beyond corporate social responsibility: Integrated external engagement." *Strategy Practice, McKinsey & Company* http://www.mckinsey.com/insights/strategy/beyond_corporate_social_responsibility_in_tegrated_external_engagem ent (accessed 8/3/13) (2013).

Carroll A. 1991. The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons* 34(4): 39-48

Carroll, A. B. (1979). A three dimensional concept model of corporate social performance.

Academy of Management Review, 4, 487-505.

Carroll, A. B. (1979). A three dimensional concept model of corporate social performance.

Academy of Management Review, 4, 487-505.

Carroll, A. B. (1999). Corporate social responsibility: Evolution and definitional construct. *Business and Society*,

Carroll, G. R., & Hannan, M. T. 1989. Density delay in the evolution of organizational populations:

Carroll, Glenn R., and Michael T. Hannan. "Density delay in the evolution of organizational populations: A model and five empirical tests." *Administrative Science Quarterly* (1989): 411-430.

Catalyst Consortium. (2002). *What is CSR?* Retrieved 30th August 2012 from <http://www.rhcatalyst.org.USaid.gov>

Clarkson M. 1995. A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review* 20(1): 92-117.

Clarkson, M. (1994, May). A risk based model of stakeholder theory. In *Proceedings of the second Toronto conference on stakeholder theory* (pp. 18-19). Toronto: Centre for Corporate Social Performance & Ethics, University of Toronto.

Clarkson, Max E. "A stakeholder framework for analyzing and evaluating corporate social performance." *Academy of management review* 20, no. 1 (1995): 92-117.

Cornell, Bradford, and Alan C. Shapiro. "Corporate stakeholders and corporate finance." *Financial management* (1987): 5-14 RE, Freeman RE Reed, and D. L. Reed. "Stockholders and stakeholders: A new perspective in corporate governance." *California management review* 25, no. 3 (1983): 88-106.

Dahlsrud, Alexander. "How corporate social responsibility is defined: an analysis of 37

Mapping the drivers for transformational change of the RMG sector of Bangladesh

- definitions." *Corporate social responsibility and environmental management* 15, no. 1 (2008): 1.
- Deegan, C. & Samkin, G. 2009, *New Zealand financial accounting*, McGraw-Hill, Sydney, Australia
- Donaldson, Thomas, and Lee E. Preston. "The stakeholder theory of the corporation: Concepts, evidence, and implications." *Academy of management Review* 20, no. 1 (1995): 65- 91.
- Doshi, G. (2009). *Textile and Apparel Industry in Turkey*, <http://ezinearticles.com>; viewed on 27/3/09
- Ereeman, R. E. 1984. *Strategic management: A stakeholder approach*. Boston: Pitman.
- Ereeman, R. E., & Evan, W. M. 1990. Corporate governance: A stakeholder interpretation. *Ethics* 76(2): 189–206.
- Klassen RD, McLaughlin CP. 1996. The impact of environmental management on firm performance. *Management Science* 42(8): 1199–1214.
- European Union (2002). *Green paper promoting a European framework for corporate social responsibility*. www.ccsenet.org/ibr International Business Research Vol. 6, No. 5; 2013131Brussels: European Commission.
- Evan, William, and E. Freeman. "Ethical theory and business." (1988): 75-93.
- Goodpaster, K. E. (1991). Business ethics and stakeholder analysis. *Business ethics quarterly*, 1(01), 53-73.
- Guthrie, J. & Parker, L. D. 1989, 'Corporate social reporting: A rebuttal of legitimacy theory', *Journal* 49(1): 145–159.
- Guthrie, J., et al. 2006, 'The voluntary reporting of intellectual capital: Comparing evidence from Hong Kong and Australia', *Journal of Intellectual Capital*, vol. 7, no. 2, pp. 254-271.
- Hill, Charles WL, and Thomas M. Jones. "Stakeholder-agency theory." *Journal of management studies* 29, no. 2 (1992): 131-154.
- ILO and BGMEA (2003). "A Handbook on Relevant National Laws and Regulation of Bangladesh", BGMEA, Dhaka, Bangladesh
- Industry Canada. (2009). *Corporate social responsibility guide project leader*. Retrieved 30 August 2012 from <http://www.ioc.gc.ca/eic/site/csr-rse.ns/eng/rs00128.html>
- Jamali, Dima, and Ramez Mirshak. "Corporate social responsibility (CSR): Theory and practice in a developing country context." *Journal of business ethics* 72, no. 3 (2007): 243- 262.
- Johnson, R. W. 1947, *People must live and work to gether, or forfeit freedom*, Doubleday, Garden City, NY.
- Jonker, Jan, Jacqueline Cramer, and Angela van der Heijden. "Developing meaning in action: (re) constructing the process of embedding corporate social responsibility (CSR) in companies." (2004).
- Kassinis G, Vafeas N. 2006. Stakeholder pressures and environmental performance. *Academy of Management*
- Khan, F.R. (2006). *Compliance: Need of the hour in the apparel industry; Law & our rights*, Issue No. 249, August 05, 2006, <http://www.thedailystar.net/law>, viewed on 15/8/2009
- Kumar, A. (2006). "Bangladesh: Industrial Chaos Worsens Political Instability", *South Asia Analysis Group, Paper No.1852*, <http://www.southasiaanalysis.org>, viewed on 05/09/2008
- Langtry, Bruce. "Stakeholders and the moral responsibilities of business." *Business Ethics Quarterly* 4, no. 04 (1994): 431-443.
- Lee K, Ball R. 2003. Achieving sustainable corporate competitiveness: Strategic link between top management's (green) commitment and corporate environmental strategy. *GMI* 44: 89–104.
- Luetkenhorst, W.: 2004, Corporate Social Responsibility and the Development Agenda, *Inter economics* 39(3), 157–168.
- Lui, H., & Fong, M. (2010). The corporate social responsibility orientation of Chinese small and medium enterprises. *Journal of Business Systems, Governance and Ethics*, 5(3), 33-50.
- Majumder P, (1998)[Majumder, P.P. (1998). "Health status of the Garment workers in Bangladesh; Findings from a survey of employer and employees", Bangladesh Institute of Development Studies (BIDS), Dhaka, Bangladesh..]
- Majumder, P.P. (1998). "Health status of the Garment workers in Bangladesh; Findings from

Mapping the drivers for transformational change of the RMG sector of Bangladesh

survey of employer and employees”, Bangladesh Institute of Development Studies (BIDS),

Dhaka, Bangladesh.]

McWilliams, A., Siegal, D. S., & Wright, D. G. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, 43(1), 1-18.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of management review*, 22(4), 853-886.

Montiel I. 2008. Corporate social responsibility and corporate sustainability: Separate pasts, common futures. *Organization and Environment* 21(3): 245–269.

Moon J. 2002a. Corporate social responsibility: an overview. *International Directory of Corporate Philanthropy*. Europa: London; 3–14.

Moon, Jeremy. "The contribution of corporate social responsibility to sustainable development." *SUSTAINABLE DEVELOPMENT-BRADFORD*-15, no. 5 (2007): 296.

Muhammad A., 2008; Meghbarta [Muhammad Anu (June-2008). Why the Workers became so Audacious? *Meghbarta*, June, 2006.]

Murray, K. B. & Vogel, C. M. 1997, 'Using a hierarchy of effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm:

Financial versus non financial impacts ', *Journal of Business Research*, vol. 38, no. 2, pp. 141- 159.

Murray, Keith B., and Christine M. Vogel. "Using a hierarchy-of-effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm: Financial versus nonfinancial impacts." *Journal of Business Research* 38.2 (1997): 141-159.

Näsi, Juha. "What is stakeholder thinking? A snapshot of a social theory of the firm." *Understanding stakeholder thinking* 19 (1995): 31

Novak, M.: 1996, *Business as a Calling: Work and the Examined Life* (The Free Press, New York, NY

Obalola, M. (2008). Beyond philanthropy: Corporate social responsibility in Nigerian insurance industry.

O’Riordan, L. & Fairbrass, J. 2008, 'Corporate social responsibility (CSR): Models and theories in stakeholder dialogue', *Journal of Business Ethics*, vol. 83, no. 4, pp. 745-758.

Pearce, John A. "The company mission as a strategic tool." *Sloan management review* 23, no. 3 (1982): 15-24.

Quddus, M. and Rashid, S. (2000). "Entrepreneurs and Economic Development: the remarkable story of garment exports from Bangladesh, *Journal of Bangladesh Studies*, 2000, Volume 2(1), pp. 65-66, The University Press Limited, Dhaka, Bangladesh, ISBN No. 98405150122

Rahman, Khanam, and Nur (1999). [Rahman M.M., Khanam R., Nur, U.A. (1999). Child Labor in Bangladesh: A Critical Appraisal of Harkin's Bill and the MOU-Type Schooling Program, *Journal of Economic Issues*, Vol. 33, 1999.]

Rashid, M. A. (2006). "Rise of readymade garments industry in Bangladesh: Entrepreneurial ingenuity of Public Policy", *Paper presented at the workshop on Governance and Development organized by the World Bank and BIDS at Dhaka on 11-12 November 2006*, [http://notunprojonmo.com/wp-content/uploads/2011/06/READ_YMADE-GARMENTSINDUSTRY.](http://notunprojonmo.com/wp-content/uploads/2011/06/READ_YMADE-GARMENTSINDUSTRY.pdf)

pdf

RE, Freeman RE Reed, and D. L. Reed. "Stockholders and stakeholders: A new perspective in corporate governance." *California management review* 25, no. 3 (1983): 88-106

Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: an application of stakeholder theory. *Accounting, Organizations and Society*, 17(6), 595-612.

Sarkar R. 2008. Public policy and corporate environmental behaviour: A broader view. *Corporate Social Responsibility and Environmental Management* 15: 281–297.

Savage, Grant T., Timothy W. Nix, Carlton J. Whitehead, and John D. Blair. "Strategies for assessing and managing organizational stakeholders." *The executive* 5, no. 2 (1991): 61-75.

Mapping the drivers for transformational change of the RMG sector of Bangladesh

Shrivastava P. 1995. The role of corporations in achieving ecological sustainability. *Academy of Management Review* 20(4): 936–960

2012 from
<http://www.wbcsd.org/templates/TemplateWBCSD5/layout.asp?type=MenuId-E0>

Van Marrewijk, Marcel. "Concepts and definitions of CSR and corporate sustainability: Between agency and communion." *Journal of business ethics* 44, no. 2-3 (2003): 95-105.

Wahba H. 2008. Does the market value corporate environmental responsibility? An empirical examination. *Corporate Social Responsibility and Environmental Management* 15: 89–99

Welford R, Chan C, Man M. 2007. Priorities for corporate social responsibility: A survey of businesses and their stakeholders. *Corporate Social Responsibility and Environmental Management* 15: 52–62.

Wicks, Andrew C., Daniel R. Gilbert, and R. Edward Freeman. "A feminist reinterpretation of the stakeholder concept." *Business ethics quarterly* 4, no. 04 (1994): 475-497

Williamson D, Lynch-Wood G, Ramsay J. 2006. Drivers of environmental behaviour in manufacturing SMEs and the implications for CSR. *Journal of Business Ethics* 67: 317–330.

Wood, D. J. 1994. *Business and Society* (2nd ed.). New York: HarperCollins.

Wood, D.: 1991, Corporate Social Performance Revisited , The Academy of Management Review 16(4), 691–717. World Business Council for Sustainable Development, WBCSD. (2009). *Business role: Corporate social responsibility (CSR)*. Retrieved 26 August

Contacts

Syeda Helmi Afrah

Lecturer

Department of Business
Administration BGMEA
University of Fashion &
Technology

helmiafrah@buft.edu.bd

Faisal Bin Alam

Assistant Professor
Department of Textile
Engineering

BGMEA University of
Fashion & Technology
faisalbinalam@buft.edu.bd

Ripon Kumar Prasad

Lecturer

Department of Apparel
Manufacture & Technology
BGMEA University of
Fashion & Technology
riponkumar@buft.edu.bd

Farhana Jannat

Lecturer

Department of Apparel
Manufacture & Technology
BGMEA University of
Fashion & Technology
farhanajannat@buft.edu.bd

Marjana Jahir

Lecturer

Department of English
BGMEA University of
Fashion & Technology
marjanajahir@buft.edu.bd

Nika Salvetti

Programme Leader
Business & Peace, UPEACE
Centre The Hague
nsalvetti@upeace.org

André Nijhof

Professor Sustainable
Business and Stewardship

Nyenrode Business
Universiteit

Telephone: [+31 \(0\)346
291 232](tel:+3120346291232)

Mobile: [+31 \(0\)653
605519](tel:+3120653605519) Skype:

andre.nijhof E-mail:

a.nijhof@nyenrode.nl<mailto:
a.nijhof@nyenrode.nl>

Appendix

Appendix- 1

Interview Questionnaire: Round 1

which induce or inhibit the sustainable transformation of the garment sector?

to the sustainable transformation of the sector?

Questions for interviews:

- | | | |
|---|---|---|
| <p>1. What are the major challenges and opportunities that the RMG sector is facing today?</p> <p>2. What are the drivers for sustainable transformation? - Which are the key drivers? Why they are significant?</p> <p>3. Who are the major influential stakeholders</p> | <p>- Why these stakeholders are influential?</p> <p>- What is the level of influence?</p> <p>- What is your perception on the roles of these stakeholders in the transformation of the RMG sector?</p> <p>4. How to ensure active involvement of stakeholders in contributing</p> | <p>5. Looking at the local garment owners, who are the most positive towards the sustainable transformation of the sector thus the implementation of CSR?</p> <p>- What actions do distinguish them to be considered sustainable and responsible leaders?</p> |
|---|---|---|

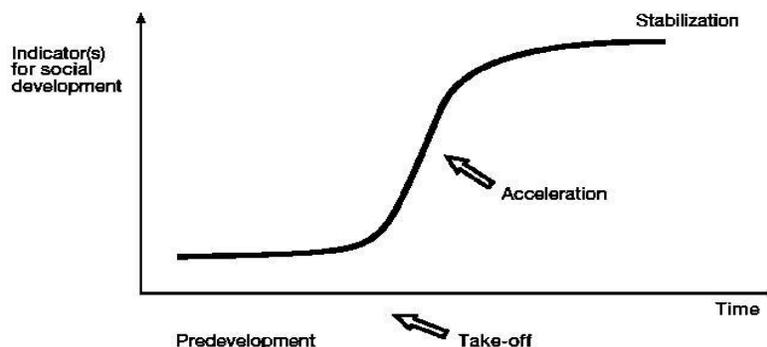
Appendix-2

Interview Questionnaire: Round 2

Questions for interviews:

1. The RMG Sector is under a major transformation. Where would you locate your organization or the RMG sector in this process?

First target the organization then target the sector



2. According to you, what are the determinants of market transformation?

[Determinants of market transformation

- Adoption of technology
- Removing market barrier
- Leveraging opportunities
- Standard policy
- Energy efficient products and services]

Sector related question

3. What are the factors inhibiting (major barriers to) the sustainable transformation of the sector? How have they been addressed so far?

4. What would be the most appropriate implementation & monitoring mechanisms for this transformation? Who will play that role? (after Accord & Alliance)

5. What are the conditions which would enable stakeholders in influencing the transformation.

(Keeping in mind the three attributes of power, legitimacy and urgency)

Organization related question

6. What does your organization do to contribute to the sustainable transformation of the sector? How they have been implemented and what outcome you achieved?

7. What will enable you to make effective contribution towards transformation?

Remarks

Do you have any further clarifications you would like to share with us?
Would you be willing to part of our reference contact list for further research?