



## **A Study of Interventions Regarding Corporate Social Responsibility Being Practiced on The Readymade Garments Sector of Bangladesh.**

Action Research regarding Establishment and Implementation of CSR Practices

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# Preface

The joint efforts of many stakeholders to enhance the sustainability in the RMG sector in Bangladesh are encouraging. The study presented in this white paper aims to fill an important void in the current research on the sector. As a lot of effort is being put on benchmarks and external incentives to improve CSR-standards, there is a risk of silencing the key actors: the RMG factories themselves.

What do we know about the perspectives of CSR the management of such factories? And, even more important, what are the experiences of the workers in these factories? What do we actually know about what works to improve their well-being? With all the well-intended external pressure, there is the risk of silencing these essential voices in the dialogue.

I have the great pleasure to act as a coach of the research group that has taken this challenge upon itself. It is not an easy task, as they take an approach that is at least considered uncommon. Winning trust and encouraging these parties to open up is not easy in the current climate of external pressure. But it is an essential element to structurally change the practices that are considered unsustainable, but even more to grant agency to the key stakeholders.

There is a lot to be proud of, and there are many good intentions that should be encouraged. Increasing the sustainability in the sector is a joint responsibility of all actors in the field.

I am proud of the work done by the research team so far. Gaining trust and creating a base for joint action are huge challenges, which they overcome by a constant

appreciative approach, based on genuine interest. The research group and the factories that participate are partners, with shared objectives. They all want to appreciate what goes well, and make progress where desired – they all want to make the factories a decent and pleasant workplace for the many workers that find employment there.

The research presented is work in progress, and I trust that the findings will benefit and inspire the sector in designing future interventions. This white paper intends to sketch the scene of the research and paint a preliminary picture of what goes on in practice. I wish you pleasure in taking the journey with the research group. As a coach I can say that I am proud of the work they do and I am delighted for the opportunity to travel along with them.

Warm regards,

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## **Researchers Engaged in this Project**

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# Introduction

CSR activities can bring up goodwill and satisfaction among the stakeholders as well as the customers and thus help for the development of an organization. CSR practices in RMG sector of Bangladesh can contribute a lot to the development by creating employment, providing primary education, contribution to infrastructure development like roads and highways and addressing environmental concerns.

One of the most potential and revenue earning sector of Bangladesh is the Ready Made Garments sector. After 1970 RMG sector became one of the major economic strength for Bangladesh. There are approximately 6000 Garment Factories in Bangladesh. Nearly four million workers are directly and more than twelve million inhabitants are indirectly associated with the industry. The RMG sector has added very much in earning foreign exchange, balancing export and import, huge unemployment problem for the country and empowerment of women along with giving them financial support. The sector has also played a significant role in the socio-economic development of the country.

Currently several garments industries in Bangladesh are practicing CSR not only as a business perspective but also to save the people and planet. Under the CSR activities, DBL group constructed a college building named Hatimara College, located in Kashimpur of Gazipur district. They also formed a charitable trust foundation which looks after welfare of the poor and needy people; services to the poor are provided in the form of donations, charity, school, clinic and orphanage. The Ananta Group provides all employees with free medical, health, hygiene, emergency financial assistance and educational

However, there is very limited research about how companies are practicing CSR in Bangladeshi RMG sector as well as there is a lack of publicity of CSR practices. Moreover, most of the small and medium apparel industries have a small management structure and resources to address the social and environmental issues despite being involved in good practices.

CSR leads to a more advantageous situation in terms of cost saving through improved working conditions, higher loyalty and productivity by workers, saved costs by energy efficiency and cleaner production and better opportunities for international trade and attracting foreign clients and financiers.

This CSR strategy provides a framework for managing risks, manufacturing safe products, and establishing a record of compliance for stakeholders to use in evaluating the safety and quality of goods and services that underlie product positioning.

CSR activities can bring up goodwill and satisfaction among the stakeholders as well as the customers and thus help for the development of an organization. CSR practices in RMG sector of Bangladesh can contribute a lot to the development by creating employment, providing primary education, contribution to infrastructure development like

roads and highways and addressing environmental concerns.

## **Need of process knowledge**

Action is an integral part of action research process. (Toulmin, 1996; Reason and Bradbury, 2001/2006). Our purpose is to make positive change regarding CSR practices and resulting productivity in RMG sector of Bangladesh by developing right knowledge about CSR through participation. Action research is influenced mainly by the knowledge produced. This would help us retain proper knowledge regarding CSR practices in RMG sector of Bangladesh from the perspective of the management and working class of the sector.

## **Potentials of second generation factories**

Our research target factories that are the second generation factories having the courage and willingness to change and implement CSR practices and improve productivity. The owner of the second generation factories have advanced knowledge and ability to understand and share the feelings of another. They use of the imagination or original ideas in the production. They have an intense desire or enthusiasm for something new and the acquisition of knowledge or skills through experience, study, or by being taught. They respect, notice of and acting on what someone says. They

follow the right strategy of leading a group of people.

### **Problem area**

Currently, very little data is discerned about CSR practicing RMG industries along with little or no existence of benchmarking system available for the best CSR practices in the RMG sector of Bangladesh.

Most importantly, the research recognizes that the awareness and application of CSR and Sustainability should not only be investigated in terms of what it means generally, but also in terms of the socio-cultural perspectives of the workers' as well as the management's community.

It has been observed that despite significant progress made by certain factories in terms of applying the « best » CSR practices, an evaluation of such practices was required in terms of how far they have caused any impact as far as social, economic and environmental perspective of Bangladesh is concerned. For instance, what is considered as an « Ideal » CSR for India or Srilanka might not be deemed the same in Bangladesh.

Therefore, the research also requires to highlight the CSR practices which would be considered from a nationalistic viewpoint than making simple generalizations.

### **Objectives of the research project**

By gathering information concerning the success stories of CSR activities currently in progress by the so called « second generation » factories, the research intends to decipher various intervention strategies that would be ideal to execute in the Bangladesh RMG sector.

Since we are talking about « ideal » CSR practices we must understand

that what is « ideal » for us might be « ideal » for other socio-cultural backgrounds. After all, the « social » dimension of CSR does take the socio-cultural and socio-economic status of the country into account. Therefore, the CSR Intervention can only be considered successful if the CSR practices concerned can correctly reciprocate the « people » receiving CSR in the right way.

For this purpose, the research intends to understand and evaluate the best CSR practices currently in progress in certain select factories, not only in terms of how they are established but also in terms of how they are implemented by the management and how it is received by the internal stakeholders of the companies investigated.

Based on the best implementations and their consequent responses, the research will then enlist ideal intervention methods required in order to establish and implement CSR practices.

# Research Details

The key objective of the research revolves around the effectiveness of incorporating practices regarding Corporate Social Responsibility in the Readymade Garments sector of Bangladesh.

The primary intent of the researcher around the effectiveness of incorporating practices regarding Corporate Social Responsibility in the Readymade Garments sector of Bangladesh is to find means through which an organization can be transformed into a comprehensive CSR practicing firm. The extent of positive transformation that the said factory achieves due to the aforementioned "means" would signify its effectiveness.

## **Action Research**

The term "Action Research" refers to research method that considers analyzing data that represents not only the strategies adopted but also the resulting performance considering the difference between what is expected and what is reality (Torbert and Taylor, 2008). In conjunction with the "realist" philosophy, action research is flexible in terms of understanding the entire environment related to the subject of the research and examines the theoretical applications as well as the practical implications. In that way, one can ascertain the difference between the recommended principles of organizational functions and the practices performed through these principles, thereby identifying the root issues behind the possible challenges and triumphs that is brought forward due to intervention strategies that calls for effective changes (Susman and Evered, 1978; Torbert and Taylor, 2008; Meyer, 2003; Huxham and Vangen, 2003).

In the context of the RMG factories of Bangladesh, the research is meant to function using a similar approach.

Therefore, gaining knowledge of organizational policies regarding CSR as well as their practical implications would be essential to identify effective CSR practices. Hence, it would be interesting to explore as to what extent the CSR intervention strategies established has an impact upon the stakeholders and the environment while they are being implemented, and what are the challenges faced during such CSR practices.

## **Intervention Strategy**

Since the concept of action research is particularly indicative of theory and practice (Susman and Evered, 1978) and strategies and performance (Torbert and Taylor, 2008), the research tends to focus on the individuals responsible in the aforementioned roles of the organization. As a result, the researcher is required to understand the current scenario of CSR practices in progress and what impact it is creating to the stakeholders and the environment. In essence, the research should also

obtain knowledge regarding the corporate philosophy towards CSR practices and how they are being implemented. The research also expects differences between ideal CSR practices put forth in theory (Collins, 2013; Carroll and Shabana, 2010; Crowther and Aras, 2008) and the "acceptable" CSR practices as per the decision-makers and the employees of the said RMG organizations in order to gain knowledge regarding the existence of ideal CSR practices in terms of national perspectives as opposed to global perspectives.

The research intends to utilize extensive literature from management texts and peer reviewed journals in order to obtain expertise on theories already established regarding ideal practices pertaining to CSR and attempt to create a relationship between theories obtained and their practical implications once they are applied in the said RMG facilities. The resulting impact will enable the researcher to establish a conjecture through which a method of CSR intervention technique based on the perspective of Bangladesh might arise, enabling future prospects of following it, once proved effective.

Apart from examining theory and practice, the concept of action research also enable the scope of exploring the organizational strategies and the resulting performances. Strategies are established in order to bring forward a desired outcome.

As far as the concept of action inquiry is concerned, strategies are normally derived from recommendations based on transforming/modifying operational functions, establishing new organizational policies, gaining more business opportunities, etc. However, these so called "recommendations" comes from either a separate institution or from the top-level management, disregarding the value of recommendations that might also come from the employees (Susman and Evered, 1978).

The concept of action research in this regard would attempt to close this gap by exploring the changes that might occur if employees are also involved in advising their viewpoint regarding intervention strategy pertaining to CSR practices.

This notion, therefore, clearly requires the said factory owners and their employees to be involved in order to explore the impact arising from such situations.

It is to be noted that active participation among the various individuals within the organization would be necessary in order to instill a sense of responsibility and belonging rather than having the perception of being a part of an external project.

The research also requires noting the local/native perspective of CSR. The concept of "local constructivism" in action research states the possibility of disparity between what is theorized and what is being practiced due to cultural and national perspectives which might also have the potential of altering the definition of the subject in question (in this case, CSR practices) to a more local one (Gustavsen et al, 2008). Such notion of cultural conditions will possibly bring forward a challenging situation whereby the research might have to explore the issues of theory and practice multiple times in order to reach a viable conclusion since initial CSR implementations might be met with discomfort and alienation if the said practices somehow contradict their cultural ideals, thereby reminding the notion of involving employees in this inquiry as much as the management.

Other challenges might include the initial reaction of factory workers during CSR intervention. The employees in question, might exhibit reservations and mistrust since they would be introduced to new things. However, the presence of informal leaders in such position of the organization would prove to be crucial, as their initial co-operation might also invite the same among the rest of the members.

CSR Practices and their effectiveness

Carroll and Shabana (2010) indicated that in order to measure the effectiveness of CSR practices, certain standards have to be established, which can be used as the yard-stick through which one can decipher the degree of impact that the CSR practices may have in the firm namely: Business standards, Social Standards, Environmental Standards. Mandina et al (2014) established Carroll's CSR Pyramid as means of measuring effectiveness of CSR by understanding the extent of

contributions in terms of a firm's Economic, Legal, Ethical and Philanthropic responsibilities. Despite the differences of the two aforementioned theories of measuring CSR effectiveness, one can establish a relation between the two. For instance, if a researcher intends to decipher the effectiveness of a firm's CSR practices, he/she can explore its social standards in terms of how the firm is handling the economic, legal, ethical and philanthropic responsibilities. In this case, the more responsibilities the firm handle, the more effective would be the CSR practices in question.

### **Research Focus**

It was mentioned previously that action research requires to find opportunities in terms theorizing phenomenons from practice. As far as this research is concerned, it was decided that in order to study the effectiveness of interventions, it is imperative to find select factories which are known to be considered as the "best" in terms of practicing CSR and Sustainability. Now, in order to correctly identify the factories that are practicing CSR and Sustainability effectively, the research decided to chose the factories having a diverse set of certifications recognizing their contribution to the social security, environmental safety and economic sustainability. The research have also considered identifying even suppliers doing the best CSR practices in order to bring forward their insistence of securing their commitment towards CSR and Sustainability towards the value chain. Therefore, based on these notions, after due scrutinizations. The research have selected two factories:

- 1) American and Efirid - A renowned thread manufacturing facility located at the outskirts of Gazipur, known for their

enormous contributions towards worker's welfare and environmental sustainability.

- 2) Northern Tosrifa - One of the prolific garment manufacturers in Bangladesh, known for their contributions to CSR even before CSR started to surface in Bangladesh. It has to be noted that the research is yet to select a third factory based on similar categorizations as mentioned previously. It would be a difficult task nevertheless since the research is willing to work with a factory who are known to be "best of the best" as far as CSR and Sustainable practices are concerned.



The picture here depicts a moment, where the workers of A&E are actually dancing to the tune of the A&E theme song (available also on youtube). Among many other "extracurricular activities" such as organizing picnics at notable locations on a yearly basis and various football, cricket and badminton tournaments (not to mention winner's rewards of a huge sum of prize money), A&E prides themselves as an organization dedicated to keep their employees happy.

## Case of A&E

One of the most striking observations made by the research in the facility of A&E is how transparent they are concerning their success stories regarding their practices pertaining to CSR and Sustainability.



To understand the various nature of CSR interventions currently in practice in some of the RMG manufacturing facilities, the research recognized that contemporary research methods would not be enough. The research also intends to investigate the complicated perspectives of CSR practices as far as the internal stakeholders are concerned. A simple problem-solving analysis through empirical statistics would not suffice. The research needs to dig deeper, find out the extent of commitment that the factory authorities exhibit regarding their

CSR practices and how serious they are concerning their progress. The aforementioned nature of data can only be collected and analysed using the Participatory Action Research approach where the research requires extensive participation from all the parties involved in the research. This means even the participants will act as fellow researchers and scholastic partners rather than just "data samples". Unlike any research, this research will not predefine any problems to be solved, rather, they will find new problems as they get in the process of engaging with the factories in

question, by sharing their successes and challenges concerning CSR practices and how are they progressing by overcoming those challenges. These would later on, be documented as ideal Intervention Strategies in terms practicing CSR in the RMG sector of Bangladesh.

American & Efirid along with their management team and the workers is just such a group of partners with whom the research began its journey with. Located at the northern outskirts of Dhaka City, A&E is basically a thread manufacturing facility known for making high-end quality threads for various reputed clothing brands. The company is also quite well-known for promoting Sustainable operations in the factory atmosphere. They release a sustainability report on their operations on a half-yearly basis and have a reputation of having the most loyal group of employees. Based on these attributes and their relative success on the Bangladesh RMG market, the research decided that stories regarding their CSR intervention techniques would be ideal to investigate. As mentioned initially, it has to be noted that the research was engaged in Action Inquiry, where we utilized the Appreciative Lens Approach (details of which will be given in the methodology) which clearly indicates that the research collected only qualitative data in the form of individual interviews and observations. Based on the data collected from these methods, the research decided to present their findings in the form of a "diary report", where the research will share about the joint experiences of both the research groups and the employees involved on the day a visit was initiated. These are narrated in the sections below.

#### **Day 1: 04/05/2016**

Our journey of the action research began this day to the thread making

factory owned and operated by A&E. It is an American based company specialized in making threads and delivering them to the apparel manufacturing units in Bangladesh, India, Vietnam, China and other garment exporting nations. To many garment manufacturers in Bangladesh, A&E is considered as one of the best quality thread suppliers apart from Courts and Well Thread.

The factory we visited was located on the outskirts of Gazipur, which is about an hour long journey from Dhaka. It was located among many other garment/textile manufacturing facilities in an economic zone. The factory in Gazipur covers a substantial area and is situated among a village community of farmers. On the eastern borders of the factory, there are miles of farmlands as far as the eyes can see. We were introduced to the two individuals who are in charge of Environmental Sustainability and Human Resources respectively: Mr. Mazharul Islam and Ms. Sonya. Being the first day of our extensive research, we were just exploring the factory under the guidance of Mr. Islam. Ms. Sonya gave us a brief overview of the CSR activities the company was involved with.

With the help of Mr. Islam, we started to explore and observe various departments of the factory. Thread manufacturing requires a series of processes to complete. We visited the floors conducting each of the processes. Unlike RMG factories, this facility here seems to adopt extensive automation, which resulted in fewer numbers of operators. This has prompted Mr. Islam to remark that they have experienced few challenges compared to other factories in terms of establishing and engaging in worker's welfare due to less numbers and have pointed out that thus far their employee welfare schemes have earned them a good feedback, low turnover and

increased productive efficiency. According to Mr. Islam, A&E has bestowed the following benefits to their employees:

- Regular increments (yearly basis) and performance bonuses in terms of best-employee awards (monetary and fringe benefits), insurance facilities and exclusive financial assistance (weddings, medical treatment, child birth, etc of similar nature).
- Canteen facility for lunch, dinner and other casual meals. In the future they are planning to introduce buffet meals for employees and workers alike.
- Weekly shifts for workers, where one group of them works 3 days a week and have 3 days free and vice versa for the second group.
- Regular training and counseling sessions for the workers.
- A majority of their workers are male with only two female operators as observed in the current shift. Despite such an uncommon occurrence, the female workers are constantly taken care of and are given six months of maternity leave.
- A doctor visits the facility two days a week. However, an ambulance is on service 24/7 which can take the injured/sick individuals immediately to the city hospitals. They have medical insurances for a selected amount of hospitals in Dhaka.

Ms. Sonya has also shown us their social sustainability initiatives. It has been noted that A&E has invested comprehensively on education for the mentally and

physically disabled. A&E is also said to be the member of VAB (Voluntaries Association for Bangladesh), where they take the initiative to teach children from poor and downtrodden families. The workers and the community around the facility are also a part of this initiative. As far as environmental sustainability is concerned, a lot of plantations have been observed within the vicinity of the facility and they seem to maintain an ecological environment of some sorts. Ms. Sonya also took us to the ETP (Effluent Treatment Plant) facility, where the wastewater from the factories are purified and recycled back for use in the factory. The scientist involved in the facility has claimed that this ETP will start generating drinking water in the next two years. The ETP also supply a portion of their recycled water to the nearby farmlands for irrigation of crops. Thus far, this has been the observation we had for our first day. We are looking forward for a second visit very soon and we expect to have an early interaction with the workers and try to understand their experiences and what have they gained from them on a personal and professional level.

## **Day 2 (27/08/2016)**

After a significant gap of days, our research group visited the A&E facility for the second time. Much of the surroundings of the factory remained the same except for one very noticeable exception. Near the end of the gate, there is a digital board representing the frequency of injuries, current number of workers and also a carbon footprint percentage which was numbered 500 weeks, 350 and 110g/kwh, respectively. This clearly indicates A&E's awareness towards social and environmental sustainability.

As we entered the office, we met with familiar faces. Mr. Islam welcomed us with open arms. Ms. Sonya was no longer working with

the company so we were introduced to Mr. Faisal who has taken up the same responsibility concerning the CSR and Sustainability initiatives of A&E. We did not roam around the facility as we did last time. Instead, our research group planned for a more concrete way forward. For today's visit, we wanted to interact with some workers. This will continue in the next visit as well since we have a sizeable sample to work with. For test purposes we decided to analyze their CSR practices from the viewpoints of the two parties: The employers and their respective employees. To this end, we had a Q&A session with the management followed by a brief discussion regarding their interactions with their workers. Based on that we have gained the following information:

- 1) Mr. Islam claimed to have developed a very friendly relationship with the workers. As a gesture of that, recently the company has introduced a free buffet lunch of six items for the superior officials and employees alike. There, both the management and the employees have the freedom to sit together at the same table to take their meals. "Even the honorable Managing Director himself comes to have lunch with us together", remarked Mr. Islam. He seems to express a sense of respect and motivation towards his boss and the workers.
- 2) In a recent annual meeting, which is held at the end of September, the management proposed the Managing Director to provide educational opportunities for the worker's children as well as for those workers who are also part time students of

colleges. In response, the management began a scheme where the worker's children will be provided Tk. 20000 (USD 250) which is good enough to provide education all the way from primary level to high school in the Government run institutions. The Authorities also expressed interest in providing tuition fees for the workers who are part time college/university students. A loan facility of a total of Tk. 15,000 (USD 188) with minimal interest is also been given to the workers.

- 3) A lot of schools and colleges in and around Islampur (the location of the factory) have received A&E sponsorships encouraging workers to give education to their children.
- 4) A picnic is announced and implemented every year to various tourist locations of the country with the object to getting together, having fun, competing in various sports and games. This event is organized jointly by both the workers and the management.
- 5) The management practices an open-door policy where anyone can approach for any issues. Thus far, it was claimed that none of the concerns went unnoticed and unresolved.
- 6) On average, it is said the workers' turnover is very low. Many of the workers have been working in A&E for more than 3-5 years. One of the major reasons for a worker leaving the facility is either for completing education or moving to a region far away from Dhaka. It is also said with significant pride, by Mr. Islam, that many of the

workers who leave for studying eventually come back with better education and are thereby offered official positions. He gave an example for Mr. Jewel who left to finish his degree. When he came back he was re-instated as Operational Executive with double the salary.

In order to create a relational analysis between the employer's policies as opposed to the workers' reactions, we have taken personal interviews with two workers. The names of the workers were the following:

- 1) Mr. Sujan Chandra.
- 2) Mr. Rafiqul Islam.

Their statements regarding their experiences in A&E is given below in the form of individual cases.

#### Sujan Chandra (Age 22 years)

Sujan has been working in A&E for the last five years. He has four sisters and he is the only brother. Two of his sisters have already been married. He has attributed the assistance of A&E in performing the wedding of his sisters. All of his sisters are being educated, where two of them have gone to college and the rest of them are in high school. He and his father are the income bearer for their family. He is one the recipients of the company loan scheme. His monthly salary along with other benefits is nearly Tk. 11,000 per month. When asked if he intended to leave a company giving better salary, he responded that salary is not the only reward that keeps him working for A&E, there are other facilities that this company provides which he can never attain in other factories. He seems to be highly motivated. The excitement in his tone of voice as he was answering our questions seemed to ensure how satisfied he

was as an employee here. He was always smiling as he was interacting with us. He also seemed to share a friendly demeanor with Mr. Islam as he was sharing his story with us. He joined A&E as a general assistant. He had been promoted consequently as a Finishing Operator, which is his current position.

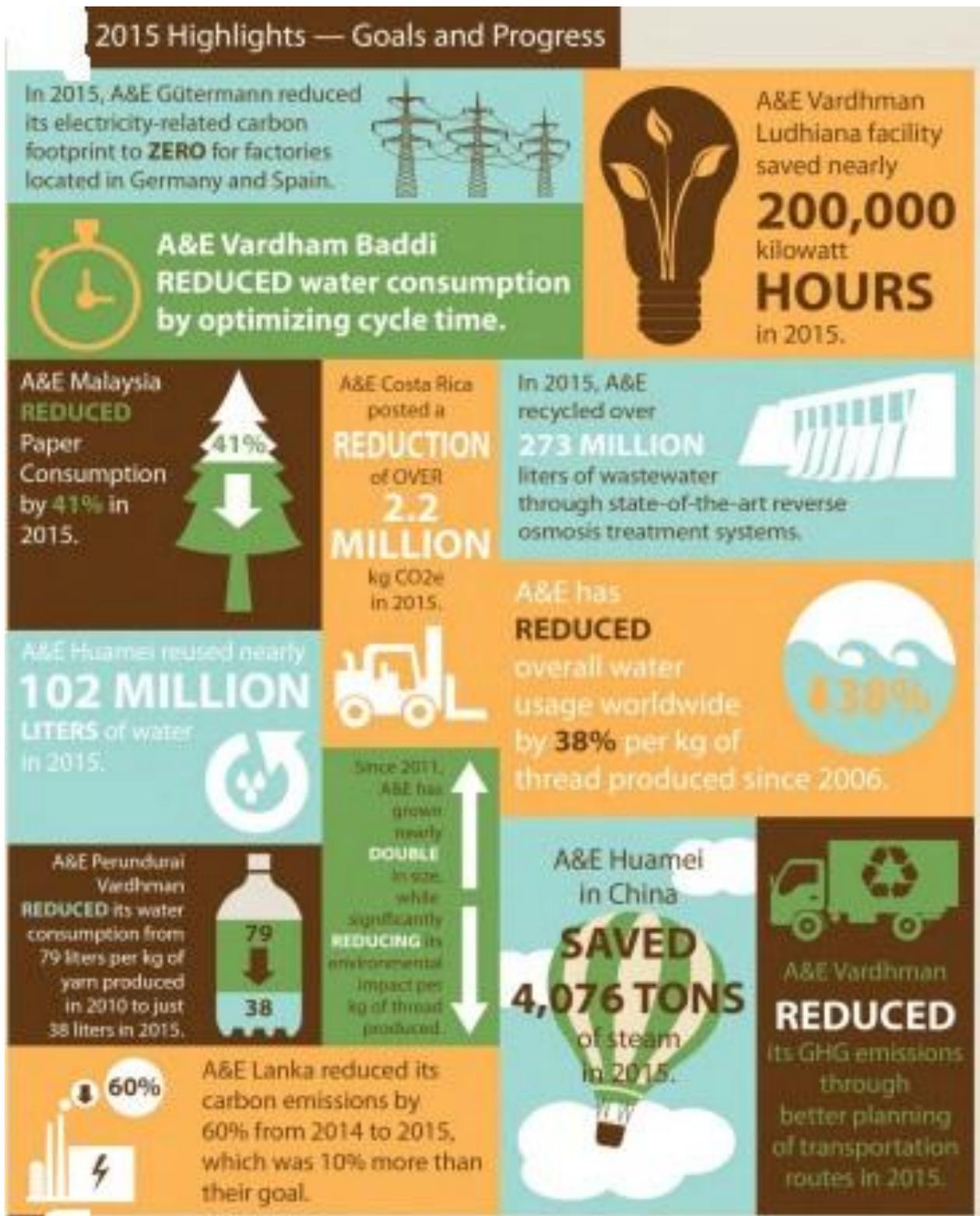
#### Rafiqul Islam (Age 27 years)

Rafique has been working here since 8 years as an ETP assistant supervisor. He is living in Islampur with his wife and children. He has two daughters, both of whom are attending high school. He is one of the latest recipients of Tk 2000 scheme for children's education. For that, he remains ever grateful to the authorities. The one thing he seems to be most satisfied about is receiving salary on time. He shared his concern on other factories his fellow counterparts are working where they receive salary after 10-15 days of appointed time compared to whom, he feels very lucky and safe. He has also praised the authorities for being on the receiving end of the very best of behaviors and mannerisms. Like Sujan, he also shares his philosophy of better facilities along with reasonable salary. Currently he earns about Tk. 15,000 per month which is more than enough for him to run his family. He expects to be with this facility for a longer period of time and hopes to receive the same treatment from company authorities this many years to come.

workers so that we can finalize this amazing development. For the next visit, we will also focus upon their environmental sustainability initiatives and have an extended interview regarding ETP and crop irrigation for local farmers. This will further strengthen the research findings in terms of the three dimensions of CSR and their respective interventions.

#### Conclusions and Follow Up

Both of these cases indeed indicate a synergy between workers and management. However, in order to confirm un-biased participation from the part of Mr. Islam and Co. the research intends to take further personal interviews with more



Taken from their sustainability report, this picture shows the global contribution of A&E in upholding the environmental well-being and the seriousness towards this issue.

# Case of Northern Tosrifa

The importance of having this notion that « CSR should not only be based upon theory but also upon socio-economic perspective » can be more clearly indicated in this company than elsewhere.

The research needed to analyse the CSR intervention policies of a fully fledged “cut and make” facility. Combined with the knowledge of interventions in both backward and forward linkages, the research would gain a comprehensive insight that would encompass CSR practices in all levels of the supply chain. To this end, we have contacted representatives of Northern Tosrifa to be our partners of investigation concerning their methods of CSR intervention strategies. According to information leading to attributes recognized by various certifications such as LEED, ISO 14001:2004 certified Environmental Management System, partner of the water PaCT project and the Sweden Textile Water Initiative. Northern Tosrifa has been a very popular name. Hence their success stories and their struggles leading to these successes was crucial for the research to evaluate.

The research team made their first visit on the 24<sup>th</sup> of October 2016. Following the same “diary report” from the individual interviews and observations made on A&E, the research made the following notes.

## **DAY 1: 24/10/2016**

Northern Tosrifa Group is a leading corporate house in the garments and textile industry of Bangladesh with a turnover of over \$65 million and employing 6000 people across 7 different manufacturing units. The group has grown from modest knit apparel items manufacturing unit to a hub of 100% export oriented

companies over the last 30 years. The industry is located at Munnu Nagar in Tongi, which is nearly about twenty minute’s journey from house building, Uttara. The multi-storied factory building was made quite carefully to sustain from earthquake. During the first visit we spend some quality time with three person of the management though we could not manage to explore the factory due to time constraints. Hopefully in the next visit we would be able to visit every working unit and to talk to the workers.

At first visit, our research team have discussed with two representatives from Northern Tosrifa Group, Sharif Nehal Rahman and Armanul Azim. Mr. Nehal, Executive, CSR & Sustainability was our contact person. After giving a brief presentation about the purpose of our research, they agreed to cooperate with us. They have given us some term and conditions from which some of them are given below.

1. We wanted to talk to the workers and for this reason they would like to observe questionnaires made by us so that they can understand what pattern of question we are going to ask to the workers. If one worker is missing from a line for interview purposes then it will hamper their production. That’s why they have to replace another worker in that particular time.
2. We had to submit some of our research guidelines with dates,

purposes and actions to them so that they can ensure their availability and make a plan accordingly.

3. We have to sign a MOU with this group for our action research. For this we have to give them a proposal.
4. We have to submit them a report of our final research. That report may help them to promote their best practices pertaining to CSR.
5. It was very clearly observed that the management exhibited significant signs of care and compassion towards their workers and the environment they belong to. To this end, they shared some stories with us.
  1. The company gives high quality sanitary pads with discounted prices to the workers. The pads were imported from China.
  2. In rainy season, the authority sold umbrella to the workers. Primarily, they wanted to give the umbrella free of cost but later they changed their mind because they found that if the umbrella was given free then the worker might find it less valuable. That’s why they sold out the umbrella which was only 20 taka and found that the workers are happy with these initiatives.
  3. The management have shown significant interest in the health and wellbeing of the workers. They are

constantly looking for new projects with government or foreign support in order to create a better way of life for them. According to them, the authorities have always attempted to go beyond simple conformations to government rules (such as the Labor Law of 2015). One of the managers remarked that for them, CSR can only be defined if they are practiced without any motive of profit.

We expect that we will be able to fully understand the overall conditions of the workers and the manager's views within next few visits.

## **Day 2 (8/12/2016)**

This was more of a formal visit than the one we had in October. The representatives of Northern Tsrifa have agreed to aid us in our endeavor and have arranged us to sign a Memorandum of Understanding respecting each other's terms as far as the research is concerned. A formal schedule was also prepared that depicted our present and future interactions. To this end, a **MOU** and **Schedule** was prepared to conduct the research more fruitfully and in a planned manner as NTG units are in full production during our research tenure.

On this day, we conducted individual interviews with key members of the management. The idea was to find a common goal that would define their motives and aspirations concerning CSR interventions from each individual perspectives. This would enable us to understand how crucial would be the contribution of corporate policy in establishing and implementing CSR Interventions.

## **Individual Interview**

The research have noted some of the key points put forth by key individuals of the management

Md. Azad (Manager, Compliance)

"CSR involves lots of financial investment. Different kinds of problem also arises during the implementation stage. For instance, we are planning to distribute water pumps in the local area which requires a lot of investment but we are gradually moving forward towards that plan.

Motivation is one of the big challenges. With the help of the NGOs, we are currently running the famous HER project. In this project among every 20 workers one worker gets training; she is called 'Shastho Shokhi-Peer Educator'. Other workers share their queries and problem to the trained workers.

Our workers are now more open. They don't feel shy to share their reproductive health related problem. And thus other problem abased."

Mr. Arman -UI- Azim (General Manager)

"Our target is not to make profit only. I think we need to share our profits to our nation and country people. We should save our planet for our next generation

Getting only compliance certifications is not our goal because such compliance certifications is not the part of CSR. Our building is LEED gold certified since July 2016. Green Building Certification is voluntary and we take pride that. I think a sense of

satisfaction is more important than certification.

We train our unskilled operator for free and turn them to a skillful one.

We want to support our employees. Our CSR activities are related to worker or the society. I think CSR practices vary with culture, economy, demography, financial empowerment and regional geography."

Ashraf UI Haque Bhuiyan (Manager, HRD)

"If I can treat my people better then they will make me happy.

We got positive response after conducting Deworming Program and giving away free medicines to about 6000 People. We have welfare officers, most of them are ladies. Our welfare officers have direct contact to the workers. This is how we get information about the workers condition, health and impact of CSR practices.

We are currently involved with CSR for twofold reason. One of the cause is we are thinking about the welfare of the worker and the second reason is we need to do this practices to stand out as a better corporate citizen to our buyers and society.

We also try to reduce usage energy. We store rain water and use it for other purposes."

## **Conclusions and Follow-up**

Thus far, we have received these crucial data from very influential positions that claim responsibility of applying and implementing the aforementioned CSR Interventions. Our next attempt

will be to interact with workers and find out how they are consenting with the Interventions put in place. According to some of the remarks put forth by the managers, it could be said that "CSR can never be complete if both the interventionist and the recipient does not express their consent on the practice initiated."



Workers of the NTG are seen here being trained by the Her Project. The objective behind the training is to empower women with knowledge and awareness of 1) Nutrition and Well-being 2) Hygiene and Infectious Diseases 3) Women's Health and 4) Serious Illnesses.



Many of these children are either sons or daughters of underprivileged families living in the various slum areas around the country. Through the "100 Dreams" Program NTG vows to facilitate the fundamental right of education for children and to help realize their dreams.

Apart from this, NTG in direct partnership with UNESCO in converting their existing child-care unit into a Play-School promoting play-group and nursery education for worker's children.

# Methodology

The insights delivered by the proposed research will be based on practice, and translated into both practical and theoretical knowledge on CSR in the RMG sector of Bangladesh.

This is intended to offer a different perspective from the focus on best practices and external pressures to comply to (international) standards, as is dominant in much of the literature and public debate on the topic sustainability of the RMG sector.

## Nature and Scope of the Research

In line with the ambition to generate inside, practice based knowledge on CSR-interventions in RMG-factories, we will apply an action research approach (Reason, 2002). Action research typically is a form of inductive research, as theorizing is done based on what is encountered in practice. Furthermore, action research is based on a co-operative approach, in which the factory owners and – if possible - the employees act as co-researchers instead of 'subjects of study' (Reason, 2002; Langden and Larweh, 2015). Action research is an interventionist approach – interventions will be made during the research project, and the unfolding of the change process will then be observed by the researchers. The presence of such a co-operative nature (recommendations/opinions from the members of the organization) of action research along with the inductive approach to research, make it difficult to fully define the research procedure beforehand (considering the possible variations in the practical aspect of the action inquiry, which includes the dominant aspect of culture).

However, it would become more apparent as the data collection phase of the research progresses in the foreseeable future; an iterative process between research and action will take place.

For the researchers it is important to be aware of the dual role they play during the process – on the one hand they act as counterpart to the factory owners in definition of interventions in the factories and partly facilitate the change process involved. At the same time they are researchers that are interested in the impact of these interventions to the reality of the factories and the processes that they set into motion. Hence, a constant juggling between these two 'hats' will be an apparent feature of the research project. The tension between these two roles will be reflected upon throughout the process, by taking personal notes, discussion between the researchers and transparency towards the co-researchers in practice.

## Research Sample

As far as the current scenario of the RMG sector of Bangladesh is concerned, it is noted that a majority of the RMG manufacturing organizations are owned and managed by family businesses, where some of them are already been taken over by the second generation directors such as the founder member's children and so forth (Porag, 2014). Unlike their

predecessors, these second and third generation entrepreneurs are more educated and aware of the business as well as social repercussions of CSR practices and therefore exhibit considerable interest regarding establishing and implementing CSR (Porag, 2014; Ahmed et al, 2012). Therefore, considering the co-operative nature of the research, the project intends to attract attention to these "second generation" entrepreneurs making them the ideal sample for the research.

The qualitative nature of data analysis and the opportunity of building conjectures firmly based in practice coupled with the co-operative action research process demands extensive dedication from the part of the researchers as well as practitioners of currently 4,222 factories (BGMEA, 2014). This motivates the choice of a sample size of two. Although, obviously, the small sample size reduces the possibility to make general conclusions on the sector, it allows the inclusion of unique contextual elements of the factories involved. Such an approach permits the researchers to draw a rich picture of what goes on in practice, which remain hidden in large sample size studies. Hence, for the research we propose, the small sample size of two is considered preferable by the researchers.

In the execution phase of the research project, the researchers will divide themselves in teams of two, each working with one of the two factories. By means of frequent

interactions between the teams of researchers, we will seize the opportunity of comparison of particularities as well as peer learning opportunities for both research and practice. This might also result in joint meetings between the factory owners, but this decision can only be made once the execution phase is started.

Considering the cooperative nature of the project and the fact that real interventions will be made within the factory, dedicated participation of the factory owners is essential. A good, trustful relationship between the factory management and researchers is key to a successful project. Therefore, besides the preference for second generation ownership, the openness to enter in a cooperative project is the main criterion for selection of the research sites. To help this selection process it is important to create an opportunity to engage with such factory owners on the topic of CSR. Towards this aim an Investigative Meeting will be organized, for which an open invitation will be made to the broad group of second owner factories. The people that attend the meeting are assumed to have a basic interest in the topic, hence this is a self-selection procedure. Based on the dialogues that unfold during the meeting, the researchers get a good feeling of suitable factories to proceed to the next stage of the research.

### Research Process

The primary aim of any research methodology is to find means of accomplishing research objectives. Similarly, a plethora of methodologies have been considered to find a solution to these problems. In order to accomplish the objectives, the researcher has decided to employ co-operative action research principles, as mentioned previously.

In general it can be said that the researchers will use the advantage of the 'appreciative lens'. Appreciative Inquiry is a specific form action research utilized to praise the samples about their passion for change and what they have achieved so far for any transformation they have made for their factories, thereby encouraging them to be more transparent and co-operative regarding their successes and challenges which would then be used as the focus of the intervention (Cooperrider & Srivastva, 1987; Elliot, 1999). Although we will not fully adhere to an appreciative inquiry approach, we do consider the focus on strengths, pride and ambition suitable to our proposed research. RMG factories encounter many external compliance pressures and generally experience a negative image in public debate. In this research we will take the perspective of the RMG factories instead and consider their motivations, drivers for change, expected benefits and struggles in pursuing CSR-ambitions. Furthermore, we strive to build a cooperative relationship with the factory owners based on trust and mutual respect.

### Research steps and planning

The research contains of multiple stages, some of which can only be clearly defined throughout the process. Considering the cooperative nature of the actual intervention process, concrete steps in this stage of the research can only be defined jointly with the factories involved. In general we foresee the following steps. (At time of writing, we are moving towards the third phase – preparing for the Investigative Meeting.)

### The Learning Phase

Preliminary discussions about research methodology and brief sessions with Irene in order to understand the technique of action research and appreciative lens.

### Definition phase

Defining the general theme, scope and general research question to advance the study. This based on frequent encounters between the researchers and their coach, and a preliminary literature review. (Please note that the focus may still be shifted in the course of the process, in line with the iterative nature of action research.) Also the decision is made to focus on second generation factories. This all culminated in the current research proposal.

### Investigative Meeting & selection of factories

Organizing an Investigative Meeting with second generation factory owners to get more feeling with the factories' perspectives on CSR and to build relationships with possible research sites. The meeting will be a day event, and have the form of an open dialogue on how second generation factory owners regard the topic of CSR. We will jointly search for drivers, possible benefits and ambitions regarding CSR interventions. The researchers will use the meeting mainly to select two research sites to continue their research.

### Acquaintance and observation phase

At the initial juncture of collecting data, the research requires to understand the overall function of the participant factories which is why a brief but comprehensive observation is required. We foresee a time frame of one month in which the research teams spend at least three days within the factories to observe, and have (informal)

encounters with management and employees. The data collected from observations should be used as means of further discussions regarding the observable practices as well as their resulting impact. The co-operative nature of the research would enable the researcher to explore better practices that might create a positive difference from the ones observed.

Also, during this phase the relationship between the researchers and practitioners will be further built. The factory owners and researchers will discuss the set-up of the intervention stage of the research and making 'working agreements'. After this phase the two teams of researchers, preferably with the co-researchers from practice, will jointly design the main phase of the research project.

#### Intervention phase

In this phase the CSR-interventions in the factories will be set in motion – hence the action cycle truly begins. As stated before, it is essential that the factory owners are fully committed to the interventions, hence it is impossible to make clear definitions in this stage. In general it can be said that we foresee a period of four to six months in which the researchers will partly facilitate a change process needed to make the agreed upon interventions. Work forms that could be applied as part of this change process are focus groups, interviews, brain storm sessions, training, etcetera. Also, we could imagine a co-learning structure between the two factories involved. During this process the researchers will collect a wide range of qualitative data, containing of field notes, interview transcripts, project documents, pictures or film.

#### Closing up, analyzing, interpreting

After the intervention cycle comes to an end, the final data collection in practice will be done. Although it is yet impossible to predefine the form, we will extensively evaluate the process that occurred and the outcomes of the interventions with both practitioners and researchers. The people involved will jointly make sense of what took place.

When the action cycle of the current project is completely closed, the researchers will then enter a phase of theorizing and integrate their findings with academic debates. This involves an in depth literature study and finally results in an academic paper.

As the practice-based insights are expected to be valuable for the RMG-sector in Bangladesh in particular, we will also search to engage in public debates and platforms of practitioners.

Although the transfer and engagement with both academic and public debate may continue, we foresee the final stage of interpreting in the context of the current project to take two months. Hence the full research project as proposed in this document will be closed end of 2016/early 2017.

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