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Social Responsibility Disclosure Practices: Evidence from Bangladesh

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Social Responsibility Disclosure Practices: Evidence from Bangladesh

Muhammad Azizul Islam
Deakin University, Melbourne

Craig Deegan
RMIT University, Melbourne

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Executive summary

This report provides the results of a study of the social and environmental reporting practices of organisations operating in, or sourcing products from, a developing country; in this case, Bangladesh. The study comprised three distinct but related components:

1. an investigation of the social and environmental disclosure practices of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

2. an investigation of the social and environmental disclosure practices of two major multinational buying companies: Nike and H&M

3. an exploration of possible drivers for the media agenda in reporting the activities of multinationals and NGOs.

PART 1 OF THE STUDY

The first part of this report explores the social and environmental disclosure practices of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the body responsible for organising the activities of 4,200 entities involved in the export of garments from Bangladesh. We report the results of interviews with senior executives from BGMEA, which were undertaken to:

- gather information about the various social and environmental pressures that the executives perceived as being exerted on the Association

- determine how these pressures have changed over time, and

- explore how the changing pressures have affected BGMEA's operating and reporting practices.

An analysis of BGMEA's annual reports (1987–2005) was also undertaken to explore any apparent link between the perceived pressures (and changes therein), and the social and environmental disclosure practices of BGMEA across a 19-year period of analysis. Our results show that the disclosure practices of BGMEA appear to be driven by the changing expectations of multinational buying companies, and other powerful stakeholders, rather than by local pressures or expectations. We also find that the expectations of the multinational buying companies can in turn be directly related to the expectations of the societies in which they operate (and, particularly, the expectations of consumers). The results indicate that in a developing country such as Bangladesh, an organisation will embrace social responsibilities, inclusive of related reporting, to the extent that there is an economic imperative to do so. Without pressure, or the related economic incentives, it appears that organisations operating in developing countries will be slow to embrace the social practices and related accountabilities that are generally expected by the global community. In part, this will result from the cost pressures that are imposed on suppliers in developing countries.

PART 2 OF THE STUDY

In the second part of the study we investigated the social and environmental disclosure practices of two major multinational buying companies: Nike and H&M. We investigated the linkage between media attention and the corporate social and environmental disclosures provided by the two organisations. Nineteen annual reports (1988–2006) released by each of the two companies, and negative news articles (1987–2005) appearing in a sample of international news media, were analysed. The results of this generally support the view that for those industry-related social and environmental issues that attracted the greatest amount of negative media attention, the companies reacted by providing positive social and environmental disclosures. The results were particularly significant in relation to labour practices in developing countries – the issue that attracted the greatest amount of negative media attention for the companies in question.

PART 3 OF THE STUDY

While the second component of the study explored the influence of the news media upon corporate social and environmental disclosure practices, the third component considered what drives the media agenda. The related section of this report discusses how social and environmental NGOs use the media as a vital component of their strategies to create changes in the social and environmental operations and related disclosure practices of organisations operating in, or sourcing products from, Bangladesh. Ten senior officials from major global and local NGOs operating in Bangladesh and seven journalists from the leading global and local news media participated in this research. The results of this component of the research indicate that the social and environmental NGOs use the media because they consider them to be a vital component of their strategies to effect changes in the disclosure policies relating to the labour practices of these organisations.

OVERVIEW OF THE SEQUENCE OF EVENTS

Although the results of each of the three components of the research are reported separately, useful insights are also provided by considering the results together. Taken together, the results of the research seem to suggest a sequence of events. In the mid to late 1990s NGOs became particularly active regarding the use of child labour and the working conditions within the Bangladeshi clothing sector. To create necessary changes they had to publicise their concerns, and the state of the factories, to the wider global community. To achieve this aim they directly cooperated with the news media, which were prepared to run various stories about the issue (part 3 of the research). The extent of the news media coverage was then believed to create concerns – particularly with Western consumers, who started to boycott the products of companies that were sourcing their products from developing countries and using suppliers with poor labour

practices. This created legitimacy threats for large multinational buying companies, which then responded in a number of ways, including approaching the suppliers, and their industry association, to voice their concerns about working conditions and to indicate that the maintenance of supply contracts was dependent on improvements being made within local factories. BGMEA responded by putting in place mechanisms to encourage local suppliers to improve working conditions and to address child labour. BGMEA also started to make disclosures about the efforts being undertaken (part 1 of the research). At the same time, the large multinational companies started to increase their level of social disclosures within their annual reports, with the disclosures appearing to be correlated with the extent of media attention given to particular social issues (part 2 of the research).

IMPLICATIONS OF THE RESEARCH

A number of implications flow from our research. These can be summarised as follows.

Within the context of a developing country, any effort to understand the actions of local suppliers and their association(s) must necessarily consider the pressures being exerted on their powerful stakeholders. Within a developing country, laws, such as those relating to the use of labour, are not as prescriptive as those in developed countries. Consequently, the role of market forces in driving changes in workplace practices becomes apparent. In the case of the clothing industry within Bangladesh, our results indicate that the multinational buying companies have the power to create needed social change through various market-based incentives. The power is very real and therefore it appears incumbent upon large multinational companies to consider their roles in creating change.

Although we have found that multinational buying companies are considered to be the most powerful stakeholders in the Bangladesh clothing industry, this result on its own does not explain why such companies have taken the various positions they have. Our results suggest that the corporations were reacting to global community concerns that were creating legitimacy threats for their operations. More specifically, we found that there was a direct correspondence between the extent and timing of media attention directed at the global clothing industry, and the social disclosure practices of multinational buying companies. The implication of this is that the power of the media appears real and, therefore, if there are restrictions on the ability of the media to find and report particular instances of concern then, ultimately, Western consumers will have incomplete (or no) information and will therefore not be able to make informed purchase decisions. Worldwide efforts to increase global transparency through removing the restrictions on the international media appear important. The other point is that it appears important that the media understand their role and power, and report information in an unbiased manner.

We have provided results that suggest that the media create pressures for social change, but perhaps we also need to know what shapes the media agenda. Our results show that NGOs use the media to create change, and NGOs believe that their ability to create change would be greatly eroded without the media coverage of their concerns. Representatives from the news media also accepted that their stories can create changes in community concerns, which can ultimately cause social change. An apparent implication of this finding is that NGOs also play an important role in creating social change, so any efforts within countries to stifle the actions of NGOs will arguably hinder necessary social change. We accept that NGOs are 'expert manipulators' of the media, but NGOs and their sponsors also need to understand the pivotal role they play in changing community expectations at both a local and international level, thereby potentially creating social change.

1. Introduction

During the last two decades there has been a great deal of research into the social and environmental reporting practices of organisations operating in developed countries. As against this, there is relatively limited research on the social and environmental reporting practices of organisations operating within developing countries, or the external pressures being exerted on organisations within these countries in relation to their social and environmental performance and related accountability (however, see Jaggi and Zhao 1996; Hegde et al. 1997; Tsang 1998; Teoh and Thong 1984; Belal 2001; De Villiers and Van Staden 2006; and Belal and Owen 2007).

Bangladesh has been selected as the location for the research for a number of reasons. First, and as indicated above, there is a relative lack of research that investigates the reporting behaviour of organisations within developing countries. Secondly, Bangladesh has been the subject of extensive international scrutiny, particularly owing to perceived poor labour conditions and associated treatment of employees in the clothing industry (Wilkins 2000). Issues frequently raised relate to employment of child labour, human rights abuses, poor working environment, and inadequate factory health and safety measures resulting in frequent accidents and deaths. Therefore, Bangladesh provides an opportunity to consider how such perceptions and related international pressures in turn influence the operating and social reporting policies of organisations operating in, and sourcing products from, a developing country.

The research documented in this report was undertaken in three stages.

1. Our first step was to explore the social and environmental reporting practices of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the body responsible for organising the activities of 4,200 entities involved in the export of garments from Bangladesh. In doing so we interviewed senior executives from BGMEA to obtain insights into:

   • the various social pressures perceived by BGMEA executives

   • the source and timing of those pressures, and

   • how those pressures acted to shape the social and environmental operating and reporting practices of the Bangladeshi clothing industry.

   As part of this component of the research, we also undertook an investigation of the annual reports released by BGMEA over a 19-year period to see how the disclosures appeared to change over time in accordance with the perceived pressures exerted on the industry by various powerful stakeholders.

2. The second phase of our research investigated the reporting practices of two organisations that were identified, among others, as being powerful stakeholders of BGMEA. Specifically, we investigated the social and environmental practices of Nike, and Hennes and Mauritz (H&M) to determine whether they had changed their social and environmental disclosure practices around the same times that they were also apparently making representations to the Bangladeshi clothing sector for that sector itself to change its social and environmental operating and disclosure practices. As we will explain, the evidence indicates that, in the 1990s, Western consumers began voicing major concerns about the work practices in developing countries' clothing sectors and this concern created problems of legitimacy for Western organisations such as Nike and H&M (and others), and such organisations then needed to demonstrate that they were responding to community concerns. This response appeared to take the form of changed corporate social responsibility disclosures as well as the introduction of pressures on suppliers from developing countries to improve their workplace practices.

3. The third and final phase of our study sought to investigate why Western consumers' concerns were raised at a certain point in the 1990s when evidence indicates that working conditions had been relatively poor for decades in developing countries. We will also show that the global news media commenced running large-scale media campaigns about the clothing industry in countries such as Bangladesh in the 1990s and this seemed to be the catalyst for change. Further, we will show that a number of labour-based NGOs used the media to create change. Phase 3 of this research therefore emphasises the central role of NGOs and the media in apparently creating social change.

We will now move on to discuss Phase 1 of our research.

2. Phase 1: An investigation of the social and environmental reporting practices of BGMEA

According to BGMEA's website, BMGEA is the government-recognised trade body that represents the export-oriented garment manufacturers of Bangladesh. It has a considerable degree of political and administrative control over the industry as only its members have the legal right to export clothing[1] (Nielsen 2005). BGMEA also acts as a lobby group to protect the interests of the sector and as a promoter of trade negotiations in international markets. The total membership of the association is approximately 4,220 clothing companies, many of which have widespread interaction with global buying companies such as Wal-Mart, H&M, Reebok and Nike (BGMEA Annual Report 2005). The BGMEA is run by a 27-member elected board. The number of workers employed in BGMEA member units has increased nearly tenfold since 1989. The clothing industry within Bangladesh is economically significant and contributes around 76% of national export earnings. It also generates 2.2 million direct jobs (around 85% of which are done by are women). Numerous allied industries are also linked with this sector.

In the early 1990s the issue of child labour in Bangladesh created much negative publicity worldwide, particularly for a number of major sports clothing companies who sourced some of their products from Bangladesh. This seemed to put the survival of the Bangladesh clothing industry in some jeopardy and we would expect those in charge of the industry (BGMEA) not only to have undertaken actions to eliminate the unacceptable (to foreign buyers) use of child labour among its member organisations but also, importantly, to make disclosures to highlight such efforts.

We explore how the expectations of different stakeholder groups affected the operating and reporting practices of BGMEA.

2.1 RESEARCH METHODS USED IN PHASE 1

First, we interviewed managers from BGMEA to find out what pressures and expectations they believed their stakeholders were imposing on them. We then reviewed the annual reports of BGMEA to see if the reports appeared to reflect or respond to the pressures or issues discussed by the managers.

The interviews

Twelve in-depth interviews with senior officials from BGMEA were undertaken over a three-month period from November 2005 to January 2006. The executives interviewed were assumed to be aware of the various stakeholder pressures being exerted on BMGEA and its member organisations, and the strategies that BGMEA adopted to respond to various pressures and expectations. All interviews were conducted in person and lasted between half an hour and one and half hours. Although we used an interview guide, interview questions were open-ended. Before each interview we explained our project to each interviewee in broad terms (but without identifying any relationships we expected to find). Everyone was also given a written explanation in English, with contact information. Interviewees were asked to sign a consent form and they signed a waiver agreeing to attribution of any quotes. The details of these interviewees appear in Appendix 1. The interviewees will be referred to by a coded number, the order of which does not necessarily reflect the order in which they appear in Appendix 1. Therefore, anonymity of respondents is maintained to the greatest extent possible while still allowing sufficient information to be provided about the respondents.

As Appendix 1 shows, interviews were conducted with BGMEA current and outgoing presidents, one secretary, three chairmen from the BGMEA Labour Cell, Social Compliance Cell and Fire and Safety Cell, a BGMEA social compliance adviser, one ex-director and vice president, and two deputy secretaries from the Social Compliance Cell and Fire and Safety Cell. Hence, we have been able to capture the views of the most senior executives within the organisation. The main topics that we addressed as part of the interviews can be summarised as follows.

1. The nature of the social and environmental expectations and pressures imposed upon the ready-made garment industry in Bangladesh, and how these expectations changed over time.

2. The motivations for the BGMEA to disclose social and/or environmental performance information through annual reports.

3. Whether the officials of BGMEA consider that concerns of 'powerful stakeholder groups' reflect the concerns of a broader community.

4. Whether there were pressures to embrace structures or processes that are similar to those of powerful stakeholders.

Annual report content analysis

All annual reports released by BGMEA from 1987 to 2005 (19 years of annual reports) were obtained following a request made directly to the Secretary of BGMEA.[2] We sought to find whether there was a correspondence between the focus of the pressures and the areas identified for improvement by BGMEA – in terms of both actual performance and accountability. In analysing the annual reports it was necessary to classify the disclosures into various social and environmental categories. We also had to adopt a basis of measurement for the disclosure.

The content analysis instrument used by Hackston and Milne (1996) was used with some adaptations. The content classifications of Hackston and Milne (1996), which are based on the earlier schemes developed by Ernst & Ernst

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1 The BGMEA has a legal mandate from the government of Bangladesh to give individual clothing companies licences to manufacture and export.

2 Although BGMEA incorporated in 1982, the organisation had only the last 19 years of annual reports available in its library. According to BMGEA executives, there had been irregular annual general meetings/annual reports for the period 1982–86.

(1978); Guthrie (1982); and Gray et al. (1995) broadly embraced six categories of disclosure, these being: environment, energy, human resources, product and safety, community involvement, and others. Within each of these six broad categories, sub-classifications of disclosure are identified. Additional sub-classifications – these being child labour elimination, women's employment and empowerment, and other human rights issues were added to the human resource category. The issue 'community poverty alleviation' was added to the community involvement category. These issues were included because they are believed to be key corporate social performance indicators in developing countries. Specific details of the disclosure classification scheme used in this research are provided in Appendix 2.

The extent of disclosure made in relation to a particular disclosure category was measured by the number of words used. A word count has commonly been used in social and environmental disclosure research (see, for example: Guthrie and Parker 1990; Gray et al. 1995; Deegan and Gordon 1996; Deegan and Rankin 1996) and therefore, to provide a basis for comparison with prior research, we adopted the same measurement basis. Further, measures such as words, have been found to be highly correlated with other measures also used in the literature, such as sentences or percentage of pages dedicated to particular disclosure themes (Hackston and Milne 1996).

A typical BGMEA annual report includes a president's statement, report of the Association, financial statements, auditor's reports and the minutes of immediate past AGMs. The BGMEA's social performance is highlighted in the 'report of the association' and in the 'president's statement'. The minutes of previous annual general meetings are also an occasional source of social performance information within annual reports. The BGMEA annual reports are primarily addressed to more than 4,200 member companies, who receive legal mandates from BGMEA to manufacture and export clothes to multinational companies. The reports are also made publicly available to overseas buyers, NGOs, media, government agencies, and other interested parties.

2.2 RESULTS OF PHASE 1 OF THE RESEARCH

We present our results in two parts. First, we provide the results of our interviews with BGMEA executives. We then link the interview responses to the social disclosures provided by BGMEA.

Opinions of the BGMEA Officials

The BGMEA officials were initially asked to identify whether they were under any pressure regarding the social and environmental implications of their industry's performance. The respondents unanimously indicated that stakeholders, such as the multinational buying companies

and various international government agencies, had emphasised that they expected Bangladeshi producers to attend to various social issues – particularly child labour – or risk losing supply contracts. According to the BGMEA officials, such expectations were generally absent until the early 1990s, but gained momentum as a result, in their view, of concerns raised by various NGOs and media bodies about the poor working conditions of employees (at an early stage, therefore, the apparent role of NGOs and the media became apparent). Reflecting the changes in perceived pressures, and the reactions of BMGEA and their members, it was stated:

> The 1990 buyers[3] only wanted product, no social compliances were required and no restriction was placed on the employment of child labour. Now buyers have changed their attitudes towards us, perhaps because of the pressures from Western consumers. We had to change ourselves following buyers' requirements and to fit with global requirements and restrictions. Western consumers and human rights organisations pressured foreign buyers, and then foreign buyers pressured us. (Interviewee 7)

The above quote emphasises how the organisation perceived a need to respond to changing stakeholder expectations. The interviewees were asked about what further changes they considered might occur in the near future in the social and environmental expectations that were imposed upon their industry. The respondents indicated that most pressure so far related to social performance, but they believed that in the near future they will need to consider improving environmental performance and associated accountabilities. A typical response was:

> Buyers are coming with an environmental agenda soon. I predict, in [the] next two years, compliance will include these environmental issues. We need to get prepared for that. Those who are not proactive regarding environmental issues – they will be away from competition. But we need funds; we need effluent treatment plants to control pollution. (Interviewee 11)

What the above quote emphasises is the reactive nature of the garment manufacturers' responses to perceptions of changing expectations. BMGEA responded to social concerns when it became apparent that failure to do so would lead to the loss of valuable contracts. If environmental performance becomes a sensitive issue which could affect the survival of the Bangladeshi clothing industry then, according to the BGMEA executives, the industry will, in turn, react to such pressures.

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3 Interviewees use the term 'buyers' and 'multinational buying companies' interchangeably.

Table 2.1: Major social pressures identified in interviews with BGMEA executives

Year	Major pressures and pressure groups as perceived by interviewees
1987 to 1991	Minimal social or environmental pressures were evident.
1992 to 1996	1. Introduction of Harkin's Bill (Child Labor Deterrence Act) to US congress to ban importation of goods manufactured using child labourers.
	2. Media such as NBC Date Line highlight child labour used in Bangladeshi and Chinese factories that produce Wal-Mart products.
	3. Involvement of ILO, UNICEF and US government to pressure BGMEA to eliminate child labour.
	4. Signing of MOU with ILO and UNICEF to send all children to school.
1997 to 2001	1. Emerging pressures of NGOs, trade unions and Western consumers to make multinational buyers ensure basic human rights in supply factories.
	2. Demand for adequate health and safety measures in supply factories.
	3. Various demonstrations of university and college students take place at the high-profile centres (in US) of multinational buying companies to protest for greater social responsibility in supply factories.
	4. Issues of maternity leave and ethical source of supply were heightened.
2002 to 2006	1. Pressures from multinational buying companies to change factory working conditions.
	2. Buyer social codes of conduct introduced, with non-compliance resulting in cancellation of orders.
	3. Growing awareness of workers' collaboration with NGOs to encourage more pressures and heightened media coverage.
	4. Worldwide activist campaign[4] for workers' rights in developing countries (for example, the right to maternity leave).
	5. Environmental performance becomes an issue of concern for a number of powerful stakeholders.

From the interview responses we are able to summarise the perceptions of the interviewees about pressures and their respective sources. The perceptions of the various managers were consistent among the group and there were no major inconsistencies in the perspectives provided within the interviews. We are able to provide the historical summary because the majority of the executives had been involved at a senior level in the garment industry for a number of decades. This summary, which provides brief details of important key events or times at which expectations seemed to change, is provided in Table 2.1 below. The summary of perceptions is provided for a 20-year period from 1987 to 2006, and is divided into four equal periods of five years, these being: 1987–1991; 1992–1996; 1997–2001; and 2002–06.

Directly following the questions about sources and types of pressures being exerted on members of the industry, interviewees were then asked to identify the rationale for developing social performance initiatives and related disclosure practices. The most common reason for change was because of the apparent concerns of multinational buying companies. All the BGMEA officials interviewed stressed that BGMEA had to respond through social responsibility activities and associated reporting so as to appear to comply with the social standards required by multinational buying companies. The following responses were typical.

Social responsibility activity is guided by buyers. From toilet requirements to child labour elimination, all sorts of social activities are now done by us as influenced by the buyers. BGMEA has been ensuring buyers' social responsibility demands are met since 1995 when [an] MOU with ILO and UNICEF was signed to eliminate child labour. BGMEA has been performing social awareness activities and has been using media, such as press conferences, trade fairs, annual reports and monthly newsletters. (Interviewee 8)

Buyers know that we are complying with their standards. Many buyers collect BGMEA annual report and monthly newsletters. Many buyers join BGMEA annual trade fairs. I suppose they would like to see how BGMEA has been performing socially. Under these circumstances, if we kept silent, if we didn't take social action and if we didn't disclose it, we would definitely be undervalued by our buyers. (Interviewee 5)

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4. For example, BBC News (15 April 2004) reported: 'Campaigner and Body Shop founder Dame Anita Roddick (who also visited Bangladesh and met with workers in 2004) is part of an international group, including the US-based campaigners National Labor Committee, to launch a campaign to pressure the largest apparel companies in Europe and the US into signing a pledge that any worker sewing garments in Bangladesh will be guaranteed her maternity leave with pay'.

The responses of the members of BGMEA appear to be driven by economic motivations. Apart from the multinational buying companies, some respondents added the 'global community' as a source of pressure – particularly because of the dependence the multinational buying companies have on the global communities who buy their products. A typical response was:

Through disclosure, BGMEA wants to show it not only earns money but has community activities in its social sector. We attach our social performance information in annual reports and we do it because we are accountable to the international community and we are responding to the concerns of the international community. We try to write everything, except that which is detrimental to our society, community and our Association. (Interviewee 4)

The above response emphasises that the disclosures are made in an effort to win support – something necessary for survival. The strategic nature of the Association's disclosure is highlighted. The executives further stated:

We give social compliance issues first priority. At the international level, our reputation is deteriorating; we immediately take positive steps to ensure adequate safety measures for garments workers in order to survive. However, recent factory accidents causing many workers' deaths led us into [a] legitimacy crisis in the international arena. We are making different attempts [to minimise accidents] and disclosing through annual reports, [a] monthly newsletter and through [a] press conference, so that the international community wouldn't misunderstand us. (Interviewee 1)

We are doing social activities for our sectoral interest so that there wouldn't be any factory accidents, there wouldn't be any disasters, anymore; we want to protect our owners and workers' safety. The loss of many people from factory fire accidents creates huge international reactions. Even presently, we are facing criticisms from the international community. We need effective social action to eliminate factory accidents. Positive disclosure against this type of negative incidents wouldn't be accepted and wouldn't be an effective legitimation tool. The acceptability can only be earned by taking corrective real actions and disclosing these actions through different media, particularly through annual reports. (Interviewee 5)

Again, the strategic nature of BGMEA's disclosure policies is emphasised. The respondents explained the influence of the media and NGOs on other key stakeholders. A representative response was:

Media is so cautious; media is so sensitive! On Bangladesh there was [an] NBC dateline in 1992, even [at the] beginning of this year. A half-an-hour show—very negative! Media's work is making the report and if that sort of report is focused against any company the share price falls from 100 to 10, that is how social compliance has become [a] real focus, not [just] in Bangladesh, [but] everywhere. Bangladesh has a problem, more problems

because Bangladesh is not such a strong country politically or economically, they [media and NGOs] cannot play so much in China. (Interviewee 2)

In summarising the perceptions of motivations for social reporting it became apparent that the perceived existence of external pressures – which emanate mainly from multinational buying companies, but also from NGOs, media, and the global community – have created a need for BGMEA to respond. Particularly, opinions provided by the BGMEA officials overwhelmingly focused on the social performance and associated reporting being developed by the BGMEA as a direct reaction to expectations held by multinational buying companies. The above comments would suggest that it was not the events themselves (such as the massive employment of child labour, the frequent accidents leading to workers' deaths, or the possible exploitation of workers) that necessarily lead to the initiatives taken at BGMEA, but rather, it was the concerns these events caused for multinational buying companies and other international stakeholders, and the corresponding impacts these concerns will have on the survival of the industry, that have motivated the industry to react. All officials of BGMEA interviewed indicated that multinational buying companies were the most powerful stakeholder group with influence over the social performance and reporting of BGMEA. The following responses were typical.

Buyers don't want any promises; they want BGMEA to take immediate actions. We take immediate affirmative actions and disclose it through [the] newsletter and annual reports because we believe our affirmative actions and related disclosure are now the precondition of doing business with buyers. (Interviewee 8)

Buyers try to protect brand reputation because various demonstrations happen in front of their stores. Buyers have to protect their brand names. We need to go deep into their perceived pressures. They have to protect their legitimacy, they have to show that they are making garment products not with sweatshop labour and not with child labour. (Interviewee 10)

BGMEA officials were asked whether, in their opinion, the concerns of multinational buying companies represented the concerns of the broader international community. All interviewees indicated that it is not only multinational buying companies but also the global community as a whole that influence the practices of BGMEA (particularly practices of social responsibility and associated reporting). There was a view that the multinational buying companies were reacting to heightened community concerns, which were largely being driven by various media and NGO campaigns. Respondents also suggested that it was perhaps inappropriate to expect similar working conditions in developing countries to those in developed countries, but the industry nevertheless needed to comply with the expectations of those in the developed countries if it was to survive.

Social compliance practice comes from consumers that place pressure on multinational buying companies. In response, buyers put pressures on manufacturers. Consumers know it from various trade union activists in the USA. These campaigns are initiated by the various trade union groups and spread out through various colleges and universities. When they hear that Bangladesh or Vietnam, or Cambodia have sweatshop labour, they won't buy the products. If you are paying so much money, then goods must be produced in humane conditions. Now, what is humane for a first world country and what is humane for a third world country, these university and college students do not understand because in [the] USA or UK, you have social security benefits, you have child benefits, everything, but in the third world country the government does not have social security, they don't have child benefits, or food for children. Another issue they are not understanding is how much is the cost of living in a third world country, they are considering the cost and expenses in terms of cost of standard of living in America not Bangladesh. Anyway, that's why demonstrations happened over there. And then they are saying that goods are produced under sweatshop labour. That's why the buyers come to Bangladesh [and] impose conditions on Bangladeshi manufacturers that if you are not complying we will not give you the order. That's why BGMEA is responding. (Interviewee 10)

The pressure exerted by multinational buying companies has also led the industry to adopt, in a rather uniform manner, various codes of conduct consistent with the codes in place within developed countries. Most of the respondents perceived that adopting multinational buying companies' social codes of conduct or adopting universally accepted practices (including social reporting practices) is now a precondition of doing business either because it is specifically required or because, by doing so, the industry can acquire a sense of legitimacy.

Hence, in summarising the total responses from the interviews, we discovered the BGMEA's perspective on a number of issues.

- There was a general absence of social or environmental pressures until the early 1990s. Prior to the 1990s the survival of the industry was not linked with social issues, such as the employment of child labour.

- In the early 1990s, child labour became an issue that threatened the survival of the industry, and hence required BGMEA to respond to the concerns.

- In the late 1990s, broader social issues became a prominent concern of Western communities and, therefore, a concern for multinational buying companies. Such issues included health and safety, the physical and mental abuse of women (who made up the majority of the workforce), and the need for maternity-leave provisions. There was also an increasing trend for multinational buying companies to expect BGMEA organisations to contribute to community-based projects. Further, there was growing

concern about workplace safety following a number of major factory fires.

- Environmental issues were not of direct concern to powerful stakeholders, but there was an expectation that environmental issues will become an issue in the near future and that a positive response will be necessary.

- Because of the global nature of the industry there was a view that to survive the industry had to respond to the concerns from developed countries even though there was an underlying perception that, in many ways, the concerns were unjustified because it was not appropriate to expect employee practices in developing countries to parallel those in developed countries. Cost pressures imposed on suppliers in developing countries typically meant that consideration of 'non-financial' matters was difficult if supply contracts were to be maintained.

Having gained an insight into the various pressures being exerted on the industry, the next step in our research was to review the annual report disclosures made by BGMEA over the period from 1987 to 2005. If the disclosures were driven by the concerns of global communities and powerful stakeholders then we would predict that there would be an absence of social disclosures until the early 1990s, followed by an increase in disclosures relating to the elimination of child labour and improvement of conditions for employees. Because this concern was maintained, or even increased, across the period from the early 1990s we would expect to see employee-related disclosures increase across the period of the study. Initially, we would expect a great deal of the disclosure to be associated with child labour issues. Towards the end of the 1990s, however, issues such as worker safety, worker conditions and contributions to community-based projects would be expected to be the focus of disclosure. Conversely, we would expect to see a general absence of environmental disclosures across the period of analysis, given the lack of pressure exerted on the industry regarding environmental performance. This would be in contrast to the social and environmental disclosure practices in many Western organisations, where the early 1990s saw a growth in environmental disclosures with less emphasis being given to social disclosures. We will now consider the social and environmental disclosure practices of BGMEA.

BGMEA annual report social disclosure

In examining the nature and extent of disclosure by BGMEA, annual report disclosures were collated by the year for each of six categories; environment, energy, human resource, community involvement, product and safety, and others. The trends in disclosure are represented by category in Figure 2.1. As we can see, from the early 1990s there was a sharp increase in the extent of human resource and community-based disclosures. Across time, there was a general lack of environmental and energy-related disclosures. This can be contrasted with the environmental reporting practices in many developed

countries, where annual report disclosures in the early 1990s showed rapid growth in the extent of environmental disclosures. The amount of human resources reporting is higher than other categories of disclosures. The rise in disclosure on human resources coincided with concerns associated with the treatment of women employees, employment of child labour and workers' health and safety issues in clothing companies – all of which attracted considerable global attention from the early 1990s.

The summary aggregated totals over a 19-year period from 1987 to 2005 are displayed in Table 2.2 for each of the six general themes of disclosure.

The general trend of total disclosure is upward between 1987 and 2005, with the human resource disclosures accounting for the highest proportion of total disclosures across the period of study. This is consistent with the pressures identified by the interviewees. Table 2.3 provides a more detailed analysis of the human resource

disclosures and demonstrates that the issues of child labour, employee health and safety, employee training, and women's employment and empowerment represent most of the total human resources disclosures. As already indicated, these issues attracted considerable interest from the industry's stakeholders. Disclosures on elimination of child labour were introduced (446 words) in 1992 and were at a peak (929 words) in 1996. These disclosures correspond with the fact that in 1992/3 the clothing industry received international media attention and threats of boycotts pursuant to the US Harkin's Bill for the elimination of child labour. Various multinational buying companies were also coming under direct pressure. Subsequently, in 1995, BGMEA signed an MOU with ILO and UNICEF (with the active support of the US Embassy and the US Department of Labor), for eliminating child labour from the clothing industry in Bangladesh and educating child workers.

Figure 2.1: BGMEA annual report social disclosure (1987–2005)
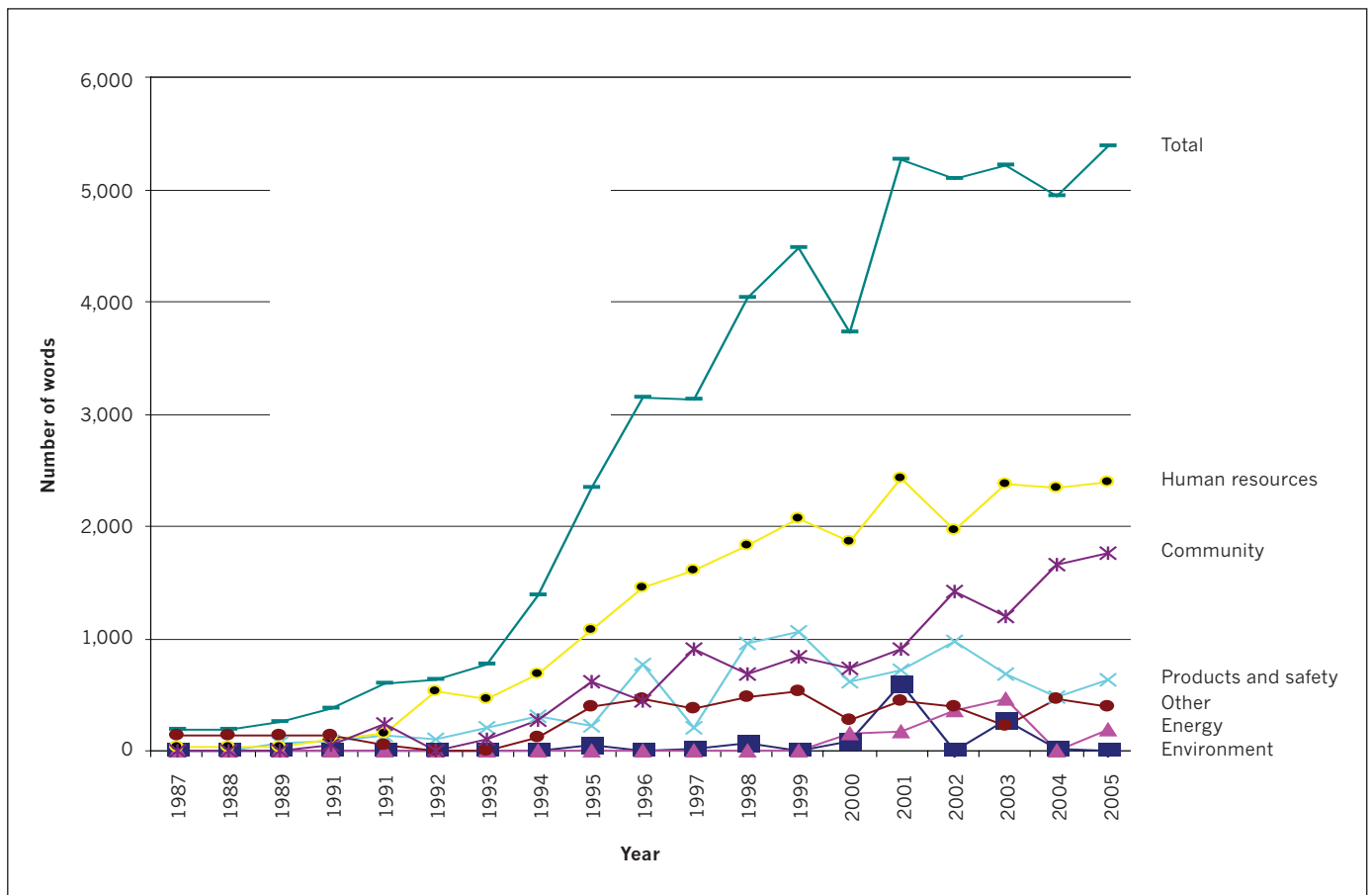
Table 2.2 Social disclosure of BGMEA (in number of words)

Year	Environment	Energy	Human resource	Products and safety	Community	Others	Total
1987	0	0	39	0	0	141	180
1988	0	0	39	0	0	141	180
1989	0	0	39	75	0	141	255
1990	0	0	103	87	45	141	376
1991	0	0	162	135	245	51	593
1992	0	0	523	111	0	0	634
1993	0	0	462	212	97	0	771
1994	0	0	684	316	270	123	1393
1995	45	0	1076	219	613	385	2338
1996	0	0	1460	768	450	470	3148
1997	21	0	1614	207	907	373	3122
1998	71	0	1836	963	685	472	4027
1999	0	0	2060	1064	831	523	4478
2000	88	150	1862	617	741	267	3725
2001	598	168	2429	718	911	447	5271
2002	0	358	1959	967	1417	390	5091
2003	267	465	2372	684	1204	229	5221
2004	10	0	2338	480	1650	458	4936
2005	0	186	2400	634	1767	400	5387

Table 2.3 Human resources disclosure of BGMEA (in number of words)

Year	Health safety	Women employment and empowerment	Employee training	Child labour and related actions	Other human resource	Total human resource disclosure
1987	0	0	0	0	39	39
1988	0	0	0	0	39	39
1989	0	0	0	0	39	39
1990	26	0	0	0	77	103
1991	43	22	97	0	0	162
1992	12	22	43	446	0	523
1993	0	0	0	462	0	462
1994	0	40	52	536	20	684
1995	145	0	0	906	25	1076
1996	30	347	0	929	154	1460
1997	176	195	400	723	120	1614
1998	259	150	661	570	196	1836
1999	303	429	693	529	106	2060
2000	396	65	425	843	133	1862
2001	800	700	0	899	30	2429
2002	600	637	101	330	291	1959
2003	1060	773	156	60	323	2372
2004	1350	365	420	60	143	2338
2005	1420	412	414	125	29	2400

Although disclosures on child labour, employee training and women's employment have fluctuated across time, employee health and safety disclosures have increased in recent times. The health and safety issues received substantial attention in recent annual reports, arguably because some recent clothing factory fires (2002 and thereafter) had led to a large number of deaths, which our interviewees indicated had caused concerns for the multinational buying companies.

The second highest overall category of disclosure related to community involvement (Table 2.4), which generally increased across the period of study. BGMEA's community involvement disclosure mainly covered the issues of donation and support for community activities, community health projects, supporting poverty alleviation and supporting educational activities – all of which were, according to the interviewees, activities to which the multinational buying companies and NGOs considered that BGMEA members should attend as part of their obligations to local communities. Donations and community support activity disclosure mainly covered donations to the Prime Minister's Relief Fund for flood, cyclones and cold weather victims, direct distribution of relief to flood victims, support for community sports, logistics supports to government, police and administration departments. All such disclosures tended to increase from 1995 and through to 2005.

Community health disclosures, including information about the establishment of hospital and medical facilities for workers and their family members, general community awareness (through a community campaign) about AIDS and other major diseases and women's general health issues received an increased level of attention in recent annual reports throughout the period. Poverty alleviation disclosure, including information about the general improvement of standards of living and women's economic and social empowerment in Bangladeshi society increased in recent annual reports. Another aspect of community involvement disclosure related to educational activity, predominantly relating to child labour education (started in 1995), general contribution to primary education (1995–2005), information about the establishment (1999) and subsequent educational activities (1999–2005) of the BGMEA's Bangladesh Institute of Fashion Technology (BIFT).

The product and safety disclosure, which was the third-ranked category of disclosure, attracted considerably less disclosure than the other two categories of disclosure already discussed. The disclosures predominately covered product development and research information, and information regarding product quality and safety, and associated compliance issues.

Table 2.4 Community involvement disclosure (in number of words)

Year	Donation and community supports	Health projects	Supporting poverty alleviation	Supporting education	Others	Total
1987	0	0	0	0	0	0
1988	0	0	0	0	0	0
1989	0	0	0	0	0	0
1990	20	0	25	0	0	45
1991	100	0	145	0	0	245
1992	0	0	0	0	0	0
1993	97	0	0	0	0	97
1994	170	60	40	0	0	270
1995	220	60	110	186	37	613
1996	230	60	55	105	0	450
1997	282	90	190	345	0	907
1998	295	125	225	40	0	685
1999	299	137	0	395	0	831
2000	155	116	225	245	0	741
2001	216	218	93	289	95	911
2002	244	517	145	511	0	1417
2003	236	344	287	337	0	1204
2004	399	350	280	598	23	1650
2005	390	578	293	459	47	1767

In concluding this phase of the research we can argue that unless we explore, in some depth, the social and environmental expectations and pressures being exerted on an industry within a developing country then we will be unable to understand the rationale for particular disclosures. We have shown that the clothing industry in Bangladesh directly responds to pressures as perceived by managers within the industry. Part of the response is in the form of social disclosure. The disclosure is possibly motivated by survival considerations, rather than by any real attempts to embrace broader accountability for the industry's activities.

From the interviews with BGMEA officials for this study, it is clear that multinational buying companies are very important and a primary focus of the social responsibility initiatives (social compliance) and associated reporting of BGMEA. Interview findings also suggest that Western consumers, ILO, UNICEF, the US government, NGOs, and the media are important stakeholders of BGMEA, and that they influence the practices of BGMEA, particularly social responsibility and reporting practices.

Given the global nature of the clothing industry, the BGMEA officials believed that the global community's expectations have influenced the operations of the Bangladeshi clothing industry. More specifically, Western communities have imposed their expectations on multinational buying companies, which have then imposed these expectations on the industry.

It would appear that the ability of powerful stakeholders to create change is real, and ideally should be used in a manner that provides real benefits for local industries and communities. As we show, however, the powerful stakeholders will appear to demand particular activities only when their own livelihood depends upon it (that is, where their own stakeholders demand it). Our report emphasises the power of consumers, through the marketplace, to create change, and the role of the media and NGOs in motivating consumers to demand change. Where necessary regulations are not in place, then workplace reform appears to be directly tied to market-based pressures.

We now move on to report on Phase 2 of the research. Having established that multinational buying companies place pressure on BGMEA and its members to change their operating and disclosure practices, we now consider how the social and environmental disclosure practices of two major multinational buying companies have changed across an extended period of analysis. Of interest is whether their own disclosure practices also changed around the time pressure appeared to be exerted on Bangladesh – a time in which it also appeared that the news media had started an active campaign on working conditions in developing countries, which in turn affected the expectations of Western consumers.

3. Phase 2: A review of the social disclosure of two multinational buying companies

This phase of the research (Phase 2) investigated the corporate social responsibility disclosures of two multinational clothing and sportswear companies: Nike, and Hennes and Mauritz (H&M). These two companies are among numerous multinational companies that source many of their products from lower-cost developing countries, such as Bangladesh, and have done so for a number of decades (Wilkins 2000; Landrum 2001; WTO 2004; De Tienne and Lewis 2005; Haltsonen et al. 2007; Hughes et al. 2007; World Bank 2007).[5] The decision by many multinational companies to source products from developing countries has been largely motivated by the relatively low costs of obtaining products and services from these countries (Custers 1997; Wilkins 2000; Kabeer and Mahmud 2004). Poor workplace practices and the absence of frameworks to protect the safety and rights of local workers have, however, generally gone hand-in-hand with the low costs (Custers 1997; Wah 1998; Emmelhainz and Adams 1999; Haltsonen et al. 2007).

Although poor workplace practices and use of child labour did not appear to attract global attention until the 1990s, since then many high-profile multinational companies have frequently been at the centre of global criticisms. These criticisms have related to their association with the use of child and forced labour, workplace accidents (often from fire), and the verbal and physical abuse of people working within supply factories located in developing countries (Spar 1998; Wah 1998; Bachman 2000; De Tienne and Lewis 2005; Haltsonen et al. 2007).

In this second phase we investigated the disclosure practices of two major clothing and sports retail companies. One company, H&M, is a Swedish-based international clothing retail corporation. Its first store was opened in Sweden in 1947 and by the end of the 2007 financial year there were 1,522 stores in 28 countries (Annual Report 2007). For the period of our analysis (which is 1988 to 2006), H&M did not own any manufacturing factories (Annual Report 1996, 2007), but instead worked with suppliers, primarily in Asia and Europe (Annual Report 1996; H&M Social Responsibility Report 2004). In 2004, H&M worked with around 700 suppliers in Asia and Europe (H&M Social Responsibility Report 2004). In 2006, the latest period analysed, H&M employed over 60,000 people (Annual Report 2006). Its turnover in 2006 was US$11.21 billion (H&M Annual Report 2006) and, in 2006, H&M sourced a large proportion of its clothes from Bangladesh (H&M Annual Report 2006).

During our study period, Nike was the world's leading designer, marketer and distributor of footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities (Annual Report 1990; Landrum 2001; De Tienne and Lewis 2005; Annual Report 2006; www.nike.com). In 2005/6 Nike produced approximately 50,000 product styles, which it sold in more than 160 countries (Nike Annual Report 2006). In 2006, there were approximately 28,000 employees working for Nike worldwide (www.nike.com and Nike Annual Report 2006). In the financial year 2005/6, almost 800,000 workers were employed in 687 contracted factories within 49 countries producing Nike-branded products (www.nike.com and Nike Corporate Responsibility Report 2005/6). The majority of Nike-contracted factories were in 10 developing countries – China, India, Indonesia, Vietnam, Brazil, Thailand, Mexico, Turkey, Honduras and Bangladesh (Nike Corporate Responsibility Report 2005/6). Nike reported net revenues of $15 billion for the 2006 financial year (Nike Annual Report 2006).

As we have already indicated, in the 1990s, and again recently, the issues of child labour and poor working conditions in supply factories in developing countries have created much negative media publicity, worldwide. We would expect managers in charge of global companies not only to undertake actions to eliminate child labour – the use of which is unacceptable to the communities in which the global companies operate – in their supply chain and to eliminate exploitation of workers by their suppliers, but also to make disclosures to highlight such efforts.

We have explored whether there appears to be a linkage between changes in the multinational companies' behaviour (in particular changes in their reporting behaviour, and changes requested of supply companies), and changes in the extent of media coverage directed at labour practices in the multinational companies' supply chains. We did this on the basis of a belief that the media agenda drives changes in the expectations of Western consumers – on whom the multinational companies depend for their survival. The multinational buying companies have needed to respond to these expectations.

Hence, if the global news media agenda affects global community concerns on particular issues, we would expect that the extent and type of corporate social disclosure, in the annual report of a global organisation, would directly relate to the focus and extent of the relative media attention, and that the disclosure reaction would lag behind the media attention.

From the previous discussion, we have argued that the multinational companies will react to negative media coverage by undertaking actions aimed at restoring their legitimacy. This could involve their not only taking actions to bring their activities, or more particularly, those of their suppliers into line with community expectations, but also making disclosures to highlight the changes made within their supply chain. That is, to re-establish legitimacy it is arguably important not only to change behaviours to conform with community expectations, but also to make

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5   In recent studies, WTO (2004) and the World Bank (2007) have identified that many US and European companies have moved their production to various low-wage countries such as Bangladesh, Vietnam, Thailand, Indonesia, India, China and Cambodia. As is consistent with this trend, the two companies at the centre of our analysis – Nike and H&M – have been disclosing (within their annual reports and within other documents) that they have also been sourcing a great many of their products from these countries for a number of years. It has been argued that given the expansion, over the last 15 years, of the 'global clothing production network', clothing manufacturing in many developed countries has almost ceased (Shelton and Wachter 2005).

disclosures to make various stakeholders aware of such changes. In conducting our research we needed, however, to consider a number of additional issues.

- One issue related to whether we restricted our attention to media coverage that specifically addresses the company, or whether we should consider media coverage addressing the industry as a whole. Our view is that if a particular organisation within an industry is considered to have breached the community's expectations of how it should operate, then this will also have negative implications for other members of the same industry. Therefore we will consider media coverage pertaining to the industry.

- A second issue was whether we should consider relevant media coverage of any nature, or whether we should focus on negative coverage. Previous research suggests that negative media attention is more likely to have an effect on the salience of a particular issue for the public, than positive or favourable media coverage (Dearing and Rogers 1996). Earlier accounting studies (O'Donovan 1999; Deegan et al. 2002) have also shown that when corporate managers perceive that there is adverse public opinion about particular facets of an organisation, brought about by negative media reports about specific corporations, then reporting media such as the annual report are used by managers in an attempt to bring public opinion back in support of those corporations. Hence we studied disclosure reactions to negative media attention.

- A third issue was whether we should restrict the media that we reviewed to local ones or consider global media. As we concentrated on organisations that operate globally and that have large numbers of consumers dispersed throughout the world, we decided to explore the disclosure reactions of the companies to global media coverage.

- A final issue was the nature of the corporate disclosure response. In particular, we needed to consider whether we should restrict the analysis to positive corporate social disclosures, or whether we should consider all social disclosures. In relation to the nature of the corporate disclosure, our expectation was that corporate managers would use positive (or favourable) disclosures in an attempt to bring support back to an organisation in those times when the organisation had received negative media attention. Consistent with Deegan and Gordon (1996), positive disclosures were defined as disclosures of information about corporate social or environmental activities or performance that present the organisation in a positive light and that reflect a positive or beneficial impact upon society or the environment (or both).

Our results must be considered in the light of the research parameters identified above. We also considered, as a result of our media analysis, whether there is a correspondence between the times, as perceived by BGMEA officials, when multinational companies put

pressures on the suppliers in Bangladesh (and other countries) to improve their workplace practices (which, as Phase 1 of this research indicated, was deemed to occur from the second half of the 1990s), and the times when the multinational companies appeared to suffer increased negative global media coverage regarding supplier workplace practices. If the agenda-setting effect of the media is a factor then we would expect to find heightened media attention aimed at the use of child labour and labour practices in the second half of the 1990s, and a general absence of such media attention before the mid-1990s.

3.1 RESEARCH METHODS USED IN PHASE 2

We elected to review one medium of reporting that was constant throughout the period of analysis, this being the annual report. Because of the period of our analysis (1988–2006), we were unable to review social and environmental reports, or sustainability reports, because these did not exist in the early years of our analysis. Further, because of the nature of Web-based disclosures, which typically do not provide access to previous periods' disclosures, it is difficult to ascertain changes in disclosure across time. Also, Web-based disclosures did not exist in the early periods of our analysis. Hence, because we wanted to review a medium of disclosure that was used throughout the period of analysis, we restricted our analysis of corporate disclosures to the annual report.

We collected 19 annual reports released by each of the companies H&M and Nike from 1988 to 2006. In analysing the annual reports it was necessary to classify the disclosures into various social and environmental categories. It was also necessary to adopt a basis of measurement for the disclosures.

For classifying the disclosures, the same content analysis instrument as detailed in Phase 1 was used for this phase of the research. As already indicated, Appendix 2 provides a summary of the classification scheme used in this research. The extent of disclosure was measured by the number of words, which is again consistent with Phase 1. The same classification scheme discussed above was also used to classify the content of media articles.

Different companies have different reporting dates (Nike, 31 May; H&M, 30 November), so in order to maintain consistency, we considered media pressures on each company for the year ending 31 December, five months before Nike's reporting date, and 11 months before H&M's reporting date. We accepted a time lag between the calendar year (for media pressure) and the respective company's reporting date because previous studies show that there is a lagged affect between media coverage, changes in community expectations, and ultimately, changes in corporate operating and disclosure policies.

Media pressure is measured by the number of relevant negative media articles in international newspapers and other media. As in Hogner (1982) and Brown and Deegan (1998), negative (unfavourable) media articles are defined

as those articles containing information about the activities of the company or industry that indicate that the operations/strategies of the company/industry are detrimental to the societies or environments in which the company/industry operates.

Coverage of social issues in high-profile international media that addressed the clothing and sports retail industry over the period 1987–2005 was identified. We searched specifically for articles mentioning the clothing and retail sports industry in the 'Industry Name/subject' of the Dow Jones Factiva search menu. We also included the subject words 'Child labour', 'Community', 'Corporate social responsibility', 'Human rights', 'Poverty', 'Product safety', 'Social issues', 'Sweatshop', 'Welfare', 'Workplace Safety', 'Environmental', and 'Sustainable development'. Some articles appeared in more than one newspaper within our sample of newspapers. Such articles were given multiple scores on the basis of a view that multiple articles are likely to have a greater agenda-setting effect.

We reviewed the following leading global newspapers: *USA Today*, *Washington Post*, *New York Times*, *Wall Street Journal* (US, Europe and Asia), *Guardian*, *Times*, *Financial Times*, *International Herald Tribune*, *Sun*, and agencies including Reuters News, Dow Jones International News, and Agence France-Presse. Our sample of media represents only a small subset of all the newspapers and other services operating internationally. Nevertheless, the newspapers and press services that we have selected are read by hundreds of millions of people internationally and their contents would be reviewed by other journalists working for other newspapers and media services. Furthermore the selected newspapers appear to be aimed at a reasonably diverse readership. As we used the same sample of newspapers and agencies for the period of our analysis we are well placed to understand the trends in media coverage of particular social and environmental issues (and to relate these trends to changes in corporate disclosures).

Turning our attention to how we classified and measured the extent of media coverage, each media article was classified within the same specific sub-categories used to classify the corporate disclosures (see Appendix 2) and each article was given a score of 1. That is, we did not attempt to weight the sources of articles differentially, thereby implicitly assuming that all news media had the same perceived ability to affect global community expectations.

Lastly, the choice of period from 1987/88 to 2005/06 (19 years) allowed sufficient time to reveal how changes in levels of media attention appeared to influence levels of disclosure.

3.2 RESULTS OF PHASE 2 OF THE RESEARCH

In total, there were 712 negative media articles pertaining to the industry, of which 81% (577) addressed issues associated with human resources. Within the Human Resource category, the issue attracting the most media attention – approximately 70% (495) of all negative articles – was employee practices adopted within developing countries. This 70% is further subdivided. Issues associated with poor working environments within developing countries accounted for approximately 50% (350) of all negative articles, whereas the use of child labour in developing countries accounted for 20% (145). Apart from the human resource issues associated with developing countries, approximately 11% (82) of all negative articles addressed domestic human resource issues associated with the respective companies (inclusive of job cutting and discrimination issues). Energy issues did not attract any media attention within the period of analysis. Of the 712 negative articles in the analysis, 26 mentioned product-related issues, 58 mentioned environmental issues and 50 mentioned community involvement issues.

Issues associated with poor working conditions in developing countries appeared to peak in the latter half of the 1990s. As is consistent with this finding, the research conducted in Phase 1 of this project showed that executives of the major clothing export association within Bangladesh (BGMEA) believed that it was not until the mid to late 1990s that large multinational buying companies started imposing pressure on supply factories to improve their employee practices and to embrace actions to eliminate child labour, as well as requiring BGMEA to provide disclosures to report their changing labour practices. BGMEA executives claimed this was because of the negative media attention directed at large multinational buying companies regarding poor labour conditions in developing countries. Our results confirm that at that time the industry was indeed subject to extensive negative media attention for poor working conditions and the use of child labour in developing countries. Our results also confirm that prior to the mid-1990s there were only a limited number of articles that were critical of supply factory labour practices. This is consistent with the early absence of labour-practice-related pressure from multinational companies, as identified within Phase 1 of this research.

As shown in Table 3.1, a measure of correlation between negative media articles and corporate social disclosures was calculated for nine specific themes. These themes were those issues that attracted the greatest amount (98%) of the negative media attention. They also represented the issues responsible for the greatest proportion of social and environmental disclosure, accounting for 14,328 words of disclosure for H&M (or 92% of H&M's total social disclosures across the period) and 8,376 words for Nike (93% of Nike's total social disclosures).

A significant positive correlation was obtained for eight out of the nine specific themes for H&M. Significant positive correlations were also generated for four specific themes within Nike. Again, for the two issues attracting the most negative media attention – working conditions and the use of child labour in developing countries (which together attracted 70% of the total negative media attention) – the related correlations in both companies were positive and significant, indicating that the relatively high levels of negative media attention devoted to these two specific issues did appear to evoke a disclosure reaction whereby the organisations made related positive disclosures in an apparent effort to counteract the impacts of the negative media coverage. The specific theme that attracted the third highest amount of negative media attention (after working conditions in developing countries and child labour) was human resource issues in the domestic country (relating to such issues as domestic retrenchments, training, job safety, and job discrimination issues). This issue failed to generate significant results. A

mitigating factor here, however, was that there was minimal variation in related media attention until the last two years of our study, at which point the media attention grew, as did the related corporate disclosures. Hence, although both media attention and corporate disclosures on domestic human resource issues fluctuated at a relatively high level in the last two years of our study, no significant results were generated for these issues because of the low levels of variation in the previous 17 years of analysis.

Table 3.1: Correlation between the media articles and social disclosures made by specific theme (1988–2005)
(Spearman rank-order correlation coefficients)

Specific themes	H&M	Nike
Environment		
Pollution reductions in the conduct of business operations	+0.889 (p=0.000)	+0.350 (p=0.077)
Compliance with environmental standards and regulation	+0.850 (p=0.000)	−0.228 (p=0.172)
Human resources		
Home-based human resources – domestic	−0.038 (p=0.433)	−0.190 (p=0.213)
Working conditions – developing countries	+0.699 (p=0.000)	+0.671 (p=0.001)
Elimination of child labour – developing countries	+0.534 (p=0.002)	+0.559 (p=0.006)
Product		
Product research and development	+0.80 (p=0.000)	+0.124 (p=0.306)
Community		
Donations and community support activities	+0.419 (p=0.035)	+0.540 (p=0.009)
Community health supports	+0.684 (p=0.000)	–
Community education supports	+0.566 (p=0.006)	–

For this component (Phase 2) of the research, for those topics that generated the greatest amount of negative global media attention – ie topics related to working conditions and the use of child labour in developing countries – the results support the view that the corporate social disclosures of the multinational buying companies reacted to changes in the extent of media attention (with the further assumption being that the media attention shaped community expectations). The results thereby provided insights into the drivers behind corporate disclosures on operations within developing countries – an area in which there is very little published research.

Although eight of the nine correlations reported in Table 3.1 were significant for H&M (the only insignificant finding related to domestic human resource issues), thereby providing strong support for our expected association between media attention and corporate disclosure, only four correlations were significant for Nike. The most significant correlations for Nike were, however, generated for the use of child labour in developing countries, and working conditions in developing countries – the two social performance issues attracting the greatest amount of negative media attention overall.

Phase 1 of our research provided evidence that the social and environmental operating and reporting practices of BGMEA appeared to respond to the pressures exerted by large multinational buying companies. This second phase has contributed to the literature by stepping back and exploring the factors that appeared to influence the operating and reporting practices of these powerful stakeholders themselves. We have demonstrated that large multinational corporations with supply chains linked to developing countries appear to respond to adverse media attention by subsequently producing greater levels of positive social disclosures – particularly in relation to those issues attracting the greatest amount of negative media attention. The timing of the increased media attention pertaining to child labour and working conditions in developing countries, as documented in this paper, also aligns with the timing reported in Phase 1, when BGMEA managers were under pressure from the multinational companies to ensure that the Bangladeshi suppliers improve their workplace practices.

Hence, with the results of Phase 1 and 2 in mind, we can argue that it is the media's focus on large multinational companies and their industries that is the potential catalyst for multinational companies to require suppliers in developing countries to change their employment practices. In this regard, we can question, for example, whether Nike would have changed its own social reporting practices (and these changed significantly towards the end of the 1990s), or closely monitored the employment policies of companies in its supply chain, had the media not made the industry, and particularly the company, the focus of a negative media campaign in the 1990s. Phase 1 showed that senior executives in BGMEA explicitly stated that prior to the mid-1990s (a time when there was minimal media attention), multinational buying companies typically failed to place any requirements on supply factories in relation to child labour, or other workplace practices. The general lack of global media attention in relation to labour practices in developing countries, as reported here, provides a potential explanation for the lack of pressure being exerted on supply factories by the multinational buying companies.

Although the media might be effective in ultimately causing changes in a company's operating and reporting policies, as well as those of organisations in the supply chain, we have not investigated the factors that affect the media's own agenda. That is, we have adopted what might be considered to be a reasonably mechanistic perspective, this being that the media drive community concerns; changing these concerns creates legitimacy problems for organisations; and, in response, these organisations make real changes in their operations as well as disclosing information about such changes. We have not, however, considered the factors that cause the media to focus on particular issues in preference to others. For example, what made the news media focus on child labour and poor working conditions in the 1990s when child labour abuses and poor working conditions are now known to have existed long before that time? Of course, the media need first to be made aware of particular issues. For issues associated with social and environmental performance it is conceivable that various social and environment-based NGOs are active in highlighting to various media outlets particular issues of concern. The media would seem to be an important ally for NGOs in their quests to create change, but this does raise various issues about media objectivity. This leads to Phase 3 of our research. In Phase 3 we interviewed individuals who sought to create change (the NGOs) and we set out to determine whether our view of the central role of the media in creating consumer awareness, legitimacy threats, and subsequent social change coincides with their view. This has allowed us further insights into the life cycle of changing corporate social responsibilities.

4. Phase 3: NGOs' use of the media to create changes in corporate activities and associated accountabilities

In this phase of the research we explored the role of the media in exposing particular social and environmental issues relating to multinational companies operating within a developing country, and we explored how organisations such as social and/or environmental NGOs use the media as part of their strategies for creating changes in the operating and disclosure practices of target organisations and industries. We explicitly sought the views of senior officers from global and local NGOs operating in Bangladesh as well as those of journalists from global and local news media.

Legitimacy gaps can arise for many reasons.[6] Sethi (1977) argues that all these reasons can be summarised as emanating from two main sources. First, societal expectations may change, and this will lead to a gap even though the organisation is operating in the same manner as before. The second major source occurs when previously unknown information becomes known about the organisation – perhaps through disclosures made within the news media. In relation to this second possibility, Nasi et al. (1997: 301) make an interesting reference to 'organisational shadows'. They state:

> The potential body of information about the corporation that is unavailable to the public – the corporate shadow (Bowles 1991) – stands as a constant potential threat to a corporation's legitimacy. When part of the organisational shadow is revealed, either accidentally or through the activities of an activist group or a journalist, a legitimacy gap may be created.

In this third phase of the research we were particularly interested in investigating the role of NGOs and journalists (the media) in revealing information that was previously in the 'corporate shadow'. We explored the actions of NGOs because it is generally accepted that NGOs act as 'agents of change' for corporate operating policies and associated accountabilities (Deegan and Blomquist 2006).

Although available research, including that provided in this report, does show that the media agenda appears to be associated with changes in community expectations, and that organisations in turn will react to these changing community expectations (and hence also react to the media agenda), we are still left to consider what factors create the media agenda. That is, we understand only part of the cycle. Available research in the social and environmental accounting area shows simply that corporate disclosures are positively related to media attention – in particular, to negative media attention. But how, or why, does something become the focus of the media in the first place?

To explore the factors that culminate in corporate social disclosures, this phase of the research was based on the premise that we need to take a step back, perhaps to the beginning of the process of changing community expectations, and understand how the media are used to create changes in corporate operating and disclosure practices. Are the media strategically used by particular interest groups as a tool for improving corporate social responsibilities and associated accountabilities?

According to public relations and sociological researchers, and in line with some of the insights already provided by executives from BGMEA (Phase 1), NGOs and labour rights organisations are very adept at encouraging the news media to run stories on particular social and environmental issues (Gamson and Modigliani 1987; Hilgartner and Bosk 1988; Li 2001). It has also been shown that journalists often rely on NGOs and labour rights organisations to identify newsworthy issues – particularly social and environmental issues – and to undertake a great deal of the research necessary for compiling a news report. The NGOs and labour rights organisations effectively fund the stories that are run by the media (through the NGOs' own research activities) and this tends to make journalists responsive to the representations made by such groups, particularly as many of the issues addressed by NGOs have the potential to generate high levels of public interest – that is, stories addressing social and environmental issues of concern to NGOs have the potential to create significant public agenda-setting effects (Huckins 1999; Li 2001; Carpenter 2001; Taylor and Doerfel 2005). In a study of the impact of NGOs on the media agenda and community concerns, Li (2001) argues that NGOs are becoming increasingly skilled in using the news media; indeed, they are perceived to be 'expert manipulators' of the media. As Li (2001: 14) concludes:

> The rise of non-governmental organizations over the last decade has been phenomenal. Protesting against a host of perceived enemies, today's activists are skilled in global grassroots communications and are masterful manipulators of the media. Appealing to emotion, they are able to quickly mobilise public opinion, and threaten to do major damage to corporate reputations worldwide.

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6 'Legitimacy gap' is a term used to describe the situation in which a community's perception of how an organisation *should act* is not consistent with the community's perception of how that organisation *is acting*.

With the above discussion in mind, and because of the apparent responsiveness of corporations to changing expectations, together with the ability of the media to influence community expectations, we would expect that NGOs, as agents of change, will use the media as an important part of their strategies to create changes in the operations, and accountabilities, of targeted corporations or industries. In summary, in this third phase of the research we sought to address the following main issues.

- Do social and environmental NGOs actively use the media as an important instrument to create change in corporate activities and associated accountabilities?

- Do social and environmental NGOs consider the media as a vital component of any efforts to create change in corporate activities and associated accountabilities?

- Do the media (journalists) respond to representations made by social and environmental NGOs?

- Do the media themselves consider that they are a key element in creating change in corporate activities and associated accountabilities?

4.1 RESEARCH METHODS USED IN PHASE 3

Ten in-depth interviews with senior representatives of social and environmental NGOs were completed in late 2006. A senior BGMEA executive, as well as a senior officer from ILO Dhaka office, identified specific NGOs that were known to be active in advancing workers' rights within the region. Once these NGOs were identified, their websites were reviewed to determine the appropriate individuals to interview. Three senior members from Oxfam's livelihood projects, and two senior officials from two major local NGOs – Phulki (funded by Oxfam and others) and Nari Uddog Kendra (funded by Canadian International Development Agency) – were interviewed. In addition, two high-profile leaders from two large garment workers' federations were interviewed. The director and two senior members from ILO's project on improving work environments in the clothing industry were also interviewed. Hence, we included representatives from both locally based and global NGOs and workers' federations. Furthermore, executives of BGMEA identified these NGOs as being organisations that took a particular interest in the working conditions of employees in the clothing and textiles industry. A full listing of all interviewees (including position, location, organisations with which they are affiliated, and interview date) is provided in Appendix 3. Our participants were experienced in addressing corporate social responsibility and accountability issues, and hence they were well placed to inform us about whether, and possibly how, they use the news media to create change in corporate social practices and associated accountabilities.

Following the interviews with the senior representatives of social and environmental NGOs, we conducted seven in-depth interviews with journalists employed by leading global news media services, as well as journalists from local newspapers in Bangladesh. Three correspondents from three global news services, namely AP (Associated press), AFP (Agence France-Presse) and Reuters were interviewed. Four senior staff reporters from three leading local newspapers, namely *Daily Star*, *New Age* and *Prothom Alo*, were also interviewed. The journalists were identified by BGMEA officials as being people who regularly attend their press conferences, and a representative of the Bangladesh Journalist Association also identified these journalists as having a particular interest in the working conditions of people working within the clothing and textile industry. A full listing of all interviewees (including position, location, organisations with which they were affiliated, and interview date) is provided in Appendix 4. All journalists interviewed specialised in reporting on the garment and textile industry in Bangladesh and hence were able to provide informed insights on matters directly related to our research aims.

All interviews, except three, were tape-recorded with the consent of the interviewees and were subsequently translated and transcribed. Three of our interviewees did not agree to tape-recorded interviews: thorough notes were made during these interviews, with the consent of the interviewees. All interviews were conducted face to face and lasted between 30 minutes and two hours. Although we used an interview guide, the questions were open-ended. Before each interview we explained our project to each interviewee in broad terms (but without identifying any relationships we expected to find). Everyone was also given a written explanation in English.

The open-ended interviews were used to clarify meanings and interpretations provided by the small number of subjects, and interviewees were able to provide in-depth and additional explanation where they believed it was necessary. The details of these interviewees appear in Appendices 3 and 4, but in what follows the interviewees will be referred to by a coded number as was the procedure in Phase 1 of this research (involving BGMEA executives), the order of which does not necessarily reflect the order in which they appear in the appendix.

4.2 RESULTS OF PHASE 3 OF THE RESEARCH

The following results section has two main parts: a description of the insights provided by the members of social and environmental NGOs, and a description of the opinions of journalists who specialise in reporting about the clothing industry.

Opinions of the members of NGOs

As an initial step in confirming and understanding the focus of the NGOs we were interviewing, we sought information about the broad areas of concern that the NGOs addressed through their work, and the basis on which their operational agendas were set. All respondents stated that they particularly focus on influencing the workplace policies of multinational clothing and retail companies operating within developing countries. The use of the media as an important component in achieving the objectives of the NGOs was identified at an early stage within the interviews. A representative response was:[7]

> *We have a special focus on workers within the garment sector. We are working with Phulki, a local NGO, who is training women workers and mid-level managers about workers' health and safety issues. We are also providing funding to local NGOs such as Karmajibi Nari who are presently working with a Swedish-based multinational company, H&M, in training and awareness projects. Centrally, Oxfam has ethical trading agendas and campaigns which are well communicated to the media, consumers and trade union leaders. Specifically, our press releases and press conferences are an important part of our strategy to convey information about our ethical campaigns, and our concerns, to the global community* (Interviewee 4)

In view of the changing nature of the campaign agendas, all interviewees were asked about what their current agendas were and whether these changed across time. Although child labour was a key issue in the mid-1990s, other important workplace issues such as workplace health and safety, freedom of association, and maternity leave have emerged as areas of concern for the NGOs. Concurrently, media coverage has also been perceived as moving from an emphasis on child labour in the mid-1990s to include a broader focus on workplace practices.

In relation to the effectiveness of their strategies to create change in workplace practices and associated accountabilities, the representatives of the social and environmental NGOs were asked who were their most important allies in creating change. There was a general consensus among all NGOs that the media are the most crucial allies of NGOs. The NGOs indicated that the power of the media is tied to the latter's ability to create concerns within the global community, and particularly with Western consumers.

The NGOs believed that changing community perceptions and creating concerns among Western consumers was crucial to achieving their aims and the power of the news media was perceived as real.

There was a shared belief among the NGO representatives interviewed that multinational companies are aware of the ability of NGOs to use the media to highlight issues of concern, and the interviewees believed that corporate managers understand that they must respond in some manner to sustained media attention. The response might involve making real changes to address the issues of concern or, alternatively, trying to divert attention to other issues. There was also a view that the NGOs' propensity to use the media encouraged many corporate managers to involve NGOs in stakeholder consultation meetings, and to work with them to address various workplace issues. That is, there was also a view that the NGO–media relationships increased the ability of NGOs to persuade corporations to listen to, and respond to, their concerns. Nonetheless, it was emphasised that not all corporate responses are of the nature desired by the NGO. A representative response was:

> *We saw the effect of our campaigns on the Western news media. Let me give a real example, during the aftermath of the last fire accidents in the northern city of Dhaka, when thousands of workers were demonstrating and demanding immediate compensation for workers' deaths, and demanding punishment for the negligence of the suppliers, and by association, their multinational buyers, we were able to make the international media, such as BBC and CNN, understand the real crisis in the clothing industry. From this incident what I realise is that we, the workers in a developing country, were able to encourage the Western media to highlight our stories to the Western community, and this in turn created needed change within Bangladesh.* (Interviewee 8)

The above comments emphasise that the ethical or social responsibility campaigns undertaken by NGOs are perceived by these NGOs as having an agenda-setting effect on the media. Through our interviews with the NGOs, we also found that there was a perception that the media were more responsive to their 'bad news' stories about corporations than to 'good news' stories. Issues relating to the use of child labour, exploitation of workers, fire-related accidents, and so forth, were perceived as generating a great deal more interest from journalists than positive stories about company achievements. The NGOs did not appear to be greatly concerned by this potential bias as they considered that they themselves relied more upon 'bad news stories' to create necessary change. As one representative response put it:

> *You know, the media is always a powerful tool to change the public's mentality. Irresponsible corporate behaviour is bad news. If we would like to create change, we must deliver it to media, and as the media likes bad news, they*

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7   Again, as we have noted elsewhere, the presented quotes are provided because they are representative of the views of the group being interviewed.

will highlight it on the front page, or maybe in other important pages. We want to spread this information – bad information – to make corporations accountable, to provide a solution, and to make ourselves solution-providers who can encourage child education, training of workers' awareness, and so forth.
(Interviewee 10)

As a clear view emerged from the interviews that the news media are an important ally of the NGOs, we also explored whether the NGOs believed they could achieve their goals without the media (even if this was to take longer). All interviewees indicated that they need the media to create changes in the social responsibility practices and associated accountabilities of corporations operating in developing countries. Without media attention, the power of NGOs to create change would be greatly eroded. Two typical responses were as follows.

Look, neither NGOs nor the media alone are able to create change. The news media are the best instrument to send our message to the global community.
(Interviewee 9)

The media shapes the attitudes of the community. If the media listen to us, then corporations must change their attitudes, if media does not listen to us, our existence would be in question and our activities might no longer continue. (Interviewee 1)

Hence, we would expect that NGOs would make every effort to foster strong relationships with the media, and the interviewees indicated that this was indeed the case.

We next turned our attention to the news media representatives. We were interested in whether they held comparable views about the media's role in creating changes in corporate social responsibilities and associated accountabilities.

Opinions of the journalists
All media representatives were asked about the sources of the stories they wrote about poor working conditions in Bangladeshi factories. The majority of respondents stated that social and environmental NGOs were among the most important sources. A typical response was:

We get frequent information from trade union leaders and human rights NGOs. When accidents occur our sources become diversified, we get information from police, NGOs, labour leaders, and the owners of the organisations. However, opinions of labour rights organisations are particularly important to us and they closely interact with us during the crisis period.
(Interviewee i)

A common mode of communication with NGOs was the telephone, although direct invitations to NGOs' press conferences were another important means of contact. When asked why they believed the NGOs developed close relationships with the media, interviewees suggested that

the news media provided the best vehicle for the NGOs to notify the broader community of their concerns – a view shared by the NGOs. The interviewees reaffirmed the view that the media agenda can affect the concerns of Western communities, particularly regarding the treatment of workers employed by clothing factories within developing countries. The following are representative responses.

NGOs know we can connect them to the people around the world. (Interviewee v)

Some of the issues such as child labour, health and safety, and worker exploitation are the basis upon which they hold a conference and they want to show the global community, via us, about what is actually going on in Bangladesh. They want the pressures to come from the community where the goods are consumed – they want to send a message to that community through us.
(Interviewee vii)

When asked whether they had their own specific agendas on the social implications of the garments industry, there was a unanimously positive response among the interviewees. All explained that their own agendas tended to be pro-worker. Again, elements of a potential bias in the newspaper coverage arose.

The responses of the journalists indicate that the news media are particularly interested in highlighting bad stories about multinational buying companies and the workplace practices of their suppliers in developing countries. This is consistent with the perspectives provided by the NGOs. What is also interesting is that the media representatives indicated that the actions of the NGOs do affect the media's agenda (which in turn influences the salience of particular issues for the public). A representative response was:

Their press conferences and open discussions in the conferences help us to set our agendas. Many times when we set an agenda based on their past actions, we further define and refine our agenda then we further seek their opinions on their observations. Many times informally, though, they pursue us so that we will report on a particular issue, and if we see it is pro-worker, we report it. (Interviewee i)

Next, all the journalists were asked whether they believed that NGOs need the media to highlight their campaigns if such campaigns are to achieve the NGOs' goal of improving working conditions, as well as improving the level of reporting. All indicated that NGOs need the media to highlight their efforts to create changes in the workplace policies and accountability practices. The majority of interviewees claimed that their support as media representatives is essential for NGOs to spread their concerns about the workplace practices of suppliers, as well as about multinational companies that source products from suppliers in developing countries. Again, this view is consistent with the views of the NGOs. A representative response was:

The global community will not understand the role of NGOs if their roles are not communicated through us. I argue, NGOs and labour unions cannot create change alone, NGOs need us to do that and we will do that if we see their role is constructive and not detrimental to the employees' livelihoods. (Interviewee iii)

All were then asked whether they, as members of the news media industry, had been instrumental in creating a change in working practices and conditions in developing countries. They indicated that the media have become a powerful force in creating changes in corporate operating and disclosure practices. The following responses were representative.

Of course they can change bad practices. We are the extreme pressure group and owners understand this very well. They understand that we can destroy their existence through a single story around bad labour practices. The news on poor labour conditions influences their buyers who then expect efforts to create change. We can influence the mass of people through our pen. (Interviewee i)

When we write about social compliance or write that suppliers are not maintaining their standards, the buyer reacts so quickly and they almost stop buying products from the suppliers. For that reason, there is a change in the suppliers' behaviour with respect to what they do and how they report it. (Interviewee ii)

All interviewees were asked how the global news media collect information about working practices within developing countries such as Bangladesh. They indicated that while these media have their own representatives in developing countries, they also rely upon interactions with journalists from local news media. Hence, although some journalists might be employed by local newspapers, their stories will frequently gain international coverage. The following response was typical.

Specifically in relation to the news on social compliance – the international media borrows news from the local media. They sometimes depend on the output of the local media. Those international news media who have local representatives have equal access to NGOs and trade union leaders in the same manner that we have. One thing I should say here is that when we need information we collect it from the labour leaders and NGOs and we don't have any access to any factories. You might have seen some pictures of child labour or poor working conditions highlighted by some of the leading global news media. They or their representative in Bangladesh might have managed [to persuade] *local workers or leaders or NGOs to enter into factories to record the conditions through a hidden video camera.* (Interviewee i)

Finally, all were asked whether the media have had a positive impact on the clothing sector in Bangladesh. The consensus was that the news media can take responsibility for creating greater awareness of the plight of workers, and this awareness has led to real improvements in the industry. Nevertheless, more improvements are necessary. The following response is representative.

The reporters cover the stories more frequently about the social impacts of the clothing business. As a result suppliers now think about social compliance and think about the future growth of the business. What we try to make suppliers understand through our media news is that to ensure future and steady growth, suppliers must follow social standards that are respected and patronised by the global organisations such as ILO and UN organisations. Changes have occurred. For steady growth, suppliers in Bangladesh need loyal buyers. To have loyal buyers they must make disclosure to demonstrate social compliance activities. (Interviewee vii)

To conclude this section on journalists' opinions: it is clear from our evidence that journalists believe that media attention is crucial to creating changes in the workplace conditions existing in developing countries, and for encouraging organisations to produce information about the actions they are taking to address the social issues that are of concern to Western consumers. The views are consistent with the views of the NGOs.

Representatives from both the media and NGOs agreed that the media agenda, which has been influenced by NGOs, has been responsible for creating real changes in the operations and disclosure policies of organisations sourcing products from Bangladesh (although there is agreement that even though workers' conditions have greatly improved in the last decade, further improvements are still necessary). What was also emphasised by both the NGOs and the media representatives was that NGOs would be relatively powerless to create change if it were not for the community agenda-setting effects of the news media.

From the account of events provided in this phase of the research it would appear that knowledge of the agendas of NGOs is crucial to an informed understanding of the pressures for, and actual changes in, the social responsibility programmes, and related reporting, of multinational companies operating within developing countries. That is, within the context of a developing country, we would argue that any understanding about the existence (or non-existence) of particular corporate social responsibility disclosures or campaigns would be incomplete unless the respective researchers investigated the concerns and activities of NGOs operating within that environment. Hence, as a result of the evidence provided in this report, researchers investigating corporate social disclosure policies in developing countries would be well advised to incorporate NGO activities and agendas, and changes therein, in any efforts undertaken to explain corporate social reporting practices and trends.

5. Implications of the research

There are a number of implications that flow from our research. These can be summarised as follows.

Within the context of a developing country, any effort to understand the actions of local suppliers and their association(s) must necessarily consider the pressures being exerted on their powerful stakeholders (who in turn place pressures on local suppliers). Within a developing country, laws such as those relating to the use of labour are not as prescriptive as those in developed countries. Consequently, the role of market forces becomes apparent. In the case of the clothing industry within Bangladesh, our results indicate that it is the multinational buying companies that have the power to create needed social change through various market-based incentives. The power is very real and therefore it appears incumbent upon large multinational companies to consider their roles in creating change. Shareholders in Western societies perhaps need to reflect on the power of their companies when supporting various supply-chain decisions.

Although we have found that multinational buying companies are considered to be the most powerful stakeholder in the Bangladeshi clothing industry, this result on its own does not explain why the companies took the various positions they did. Our results suggest that the corporations were reacting to global community concerns that were creating legitimacy threats for their operations. More specifically, we found that there was a direct correspondence between the extent and timing of media attention directed to the global clothing industry, and the disclosure practices of multinational buying companies. The implication of this is that the power of the media appears real and therefore if there are restrictions on the ability of the media to find and report particular instances of concern then, ultimately, Western consumers will have incomplete (or no) information and will therefore not be able to make informed consumption decisions. World efforts to increase global transparency through removing the restrictions on the media appear important in creating social change. The other point is that it appears important for the media to understand their role and to report information in an unbiased and responsible manner.

We have provided results that suggest that the media create pressures for social change, but perhaps we need to know what shapes the media agenda. Our results show that NGOs use the media to create change, and NGOs believe that their ability to create change would be greatly eroded if the media did not publish their concerns. Representatives from the news media also accepted that their stories can create changes in community concerns that can ultimately cause social change. An apparent implication of this finding is that NGOs also play an important role in creating social change so any efforts within countries to stifle the creation and activities of NGOs will arguably hinder necessary change. Because we accept that NGOs are 'expert manipulators' of the media, NGOs also need to understand the pivotal role they play in creating social change.

This has been a fascinating project in which to be involved and we hope that our research provides stimulus for other researchers to investigate various important issues associated with the operations and accountability of organisations operating within, or sourcing their products from, a developing country. Bangladesh provides an environment that allows NGOs and the media to operate relatively freely, but this is not necessarily the case in a number of other developing countries. It would be of interest to see a similar research project undertaken within a country that stifles the operations of the media and NGOs.

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Appendix 1: Interview participants at BGMEA

Interview dates	Positions
1. 5 December 2005	President of BGMEA, and several times a director of BGMEA
2. 22 December 2005	Immediate past president, past vice president, several times past director, and present director of BGMEA
3. 24 November 2005, 1 December 2005	Vice president (finance), and past director of BGMEA
4. 27 November 2005, 3 December 2005	Secretary, BGMEA
5. 8 December 2005	Chairman, BGMEA, Fire and Safety Cell, and member of BGMEA standing committee
6. 6 December 2005	Deputy secretary, Fire and Safety Cell BGMEA
7. 26 November 2005, 29 November 2005	Chairman, BGMEA Labour Arbitration committee and member of BGMEA standing committee
8. 3 December 2005, 5 December 2005	Chairman, BGMEA Compliance Cell, member of BGMEA standing committee
9. 7 December 2005, 18 January 2006	Deputy secretary, Compliance Cell, BGMEA and a member of BGMEA-ILO project on RMG work environment
10. 26 December 2005	Chief social compliance adviser and the author of BGMEA draft social code of conduct
11. 20 December 2005	Past vice president and director of BGMEA
12. 19 January 2006	Chief accountant, BGMEA

Appendix 2: Summary of the classification of social and environmental disclosure

A. ENVIRONMENT

Publishing a statement of pollution reductions in the conduct of business operations

Demonstrating compliance with environmental standards and regulation

Designing facilities harmonious with the environment

Undertaking wildlife conservation

Training employees in environmental issues

B. ENERGY

Using energy more efficiently during the manufacturing process

Using waste materials for energy production

Discussing the company's efforts to reduce energy consumption

C. HUMAN RESOURCES

Home-based human resources – domestic
Ensuring employee health and safety in home country

Providing assistance for treatment of occupational illness

Training employees on health and safety

Eliminating discrimination at workplace

Giving financial assistance to employees in educational institutions or continuing education courses

Providing assistance or guidance to employees who are in the process of retiring or who have been made redundant

Disclosing workers' compensation arrangements

Disclosing the number of employees in the company

Providing details of employee profiles

Expressing appreciation or recognition of the employees

Providing information on the stability of the workers' jobs and the company's future

Providing information on the availability of a separate employee report

Providing information about any awards for effective communication with employees

Reporting on the company's relationship with trade unions and/or workers

Reporting on agreements reached for pay and other conditions

Reporting on any strikes, industrial actions/activities and the resultant losses in terms of time and productivity

Providing information on how industrial action was reduced/negotiated

Manufacturing working conditions – developing countries
Providing general information about working conditions and relationship with suppliers and associates

Declaring sweatshop-free work environments in supplier's or associate's factories

Disclosing accident statistics at manufacturing plants

Disclosing legal non-compliances on health and safety of workers

Providing information about commitments that the organisation does not use physical and mental punishment

Appreciate suppliers and associates who employ poor and vulnerable women in developing countries

Providing information on the right to collective bargaining and freedom of association under the ILO convention

Information about support for day-care, maternity and paternity leave

Information of working hours that must comply with applicable laws

Expressing appreciation or recognition of the associates and suppliers who improve working conditions in their factories

Providing wages sufficient to meet the basic needs of the workers and their families

Providing information about support for day care and maternity leave

Having an effective auditing system to ensure that workers are working in humane conditions

Elimination of child labour – developing countries
Declaring suppliers' policy regarding minimum age requirement of employment

Declaring child and forced-labour-free factory premises by applying the ILO convention

Giving financial and other assistance to former child labour in school

Having an effective auditing system to ensure that suppliers are not using child labour

Having a policy regarding penalties and sanctions for non-compliance with related child labour policies

D. PRODUCTS

Carrying out product research and development to improve the quality and safety of the company's products

Providing information on the quality of the firm's products as reflected in prizes/awards received

E. COMMUNITY INVOLVEMENT

Making donations and carrying out community support activities

Supporting community health projects and aiding medical research

Establishing educational institutions, funding scholarship programmes and sponsoring educational conferences, seminars or art exhibitions

Engaging in other special community-related activities, eg providing civic amenities, supporting town planning

Supporting national pride/government sponsored campaigns

Recognising local and indigenous communities

F. OTHERS

Corporate objectives/policies: making general disclosure of corporate objectives/policies relating to the social responsibility of the company to the various segments of society; disclosing corporate governance practices.

Appendix 3: Interview participants from social and environmental NGOs

Interview dates	Positions

ILO: ILO has a history of seeking to eliminate child labour from the Bangladeshi clothing industry. It signed the first Memorandum of Understanding (MOU) in 1995 with BGMEA and UNICEF. 10,545 child workers below the age of 14 were retrenched from the BGMEA member units that enrolled in 336 BGMEA/ILO/UNICEF special MOU schools (BGMEA annual report 2005). Following the first phase of the project, ILO signed a second MOU with BGMEA in Geneva on 16 June 2000 to keep the garment factories child-labour-free (www.ilo.org). The ILO's most recent project: A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh funded by United States Department of Labour (USDOL), was completed in December 2005.

Interview dates	Positions
2 and 17 December 2005	National project coordinator, project name: A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh
17 December 2005	Senior member and national project monitor: A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh
18 December 2005, 18 January 2006	Senior member of project: A Partnership Approach to Improving Labour Standards in the Garment industry, ILO Bangladesh

Oxfam: According to its own website, Oxfam International is a confederation of 13 organisations working together with over 3,000 partners in more than 100 countries to find solutions to poverty and injustice. From 1975, Oxfam in Bangladesh began working with local partners to assist communities rebuilding their lives. Oxfam's Livelihood Programme in Bangladesh works on trade issues related to garment workers' rights and market access. The main aim of this programme is to ensure better working conditions in the garment industry through local NGO partners such as Karmojibi Nari, and Phulki (www.oxfam.org last updated July 2006).

Interview dates	Positions
8 January 2006	Acting project coordinator, Livelihood Programme, Bangladesh Programme, Oxfam
8 January 2006	Policy analyst and environmental scientist, Livelihood Programme, Bangladesh Programme, Oxfam
8 January 2006	Senior campaign facilitator, Livelihood Programme, Bangladesh Programme, Oxfam

BGIWF and NGWF: Two major workers' federations, Bangladesh Garment and Industrial Workers' Federations (BGIWF) and National Garment Workers' Federation (NGWF) are the main federations of trade union bodies claiming to protect the interests of garment workers in Bangladesh. These two major federations frequently organise campaigns, rallies, press conferences, and dialogues with other international trade union leaders and international NGOs such as Clean Clothes, Oxfam, etc to address problems such as the lack of implementation of maternity leave, inadequate workers' safety, and worker abuse (financial, physical and mental).

Interview dates	Positions
30 November 2005	General secretary, Bangladesh Garment and Industrial Workers Federation (BGIWF)
11 December 2005	General secretary, National Garment Workers Federation (NGWF)

Phulki and NUK: Two major donor-funded local NGOs. Phulki, Oxfam's local partner, provides training to floor-level managers on workers' rights, literacy education, and women workers' day care services. Besides its partnership with Oxfam, it is an affiliated auditor of US-based International Free Labor Association (FLA), able to perform social audits in garment companies (www.phulki.org). Nari Uddug Kendra (NUK centre for women's initiatives) is a local NGO (predominantly funded by Canadian International Development Agency) that has been working since 1991 to protect the rights of garments workers and to provide them with housing, health care and safety standards (www.nuk-bd.org).

Interview dates	Positions
13 December 2005	Executive director, Phulki
11 December 2005	Project coordinator, Improvement of Women Garment Worker's Conditions Project, Nari Uddug Kendra (NUK centre for women's initiatives)

Appendix 4 : Interview participants from news media

Interview dates	Positions
28 June 2008	Senior staff reporter, Business. **New Age:** A leading English-langauge daily (local newspaper in Bangladesh).
4 July 2008	Senior staff reporter, Garment sector. **Prothom Alo:** A leading Bangla daily (local newspaper in Bangladesh).
30 June 2008	Senior staff reporter, Garment sector. **Daily Star:** A leading English-language daily (local newspaper in Bangladesh).
25 June 2008	Senior staff reporter, General business, coal, mining, mineral resources, society and the environment. **New Age**.
28 June 2008	Senior correspondent, Business and garment sector. **Associated Press (AP):** AP serves as a source of news, photos, graphics, audio and video. AP operates as a not-for-profit cooperative with more than 4,000 employees working in more than 240 bureaux world-wide. AP is owned by its 1,500 US daily newspaper members. AP supplies a stream of news to its domestic members, international subscribers and commercial customers. Founded in 1846. On any given day, more than half the world's population sees news from AP.
4 July 2008	Senior correspondent, Business and garment sector (main areas: major business sectors such as garments). **Reuters:** Thomson Reuters is the world's largest international multimedia news agency, providing investing news, world news, business news, technology news, headline news, small business news, news alerts, personal finance, stock market, and mutual funds information, available on Reuters.com, video, mobile, and interactive television platforms. Provides global information and news services to the world's newspapers, websites, television networks, and radio stations, as well as direct to business professionals.
4 July 2008	Senior correspondent, Business reports (main areas: foreign trade, and export business such as garments). **Agence France-Presse (AFP):** APB is a global news agency. It has journalists in 165 countries, and five regional headquarters. AFP is the world's oldest established news agency, founded in 1835. Its main headquarters are in Paris with regional centres in Washington, Hong Kong, Nicosia and Montevideo.

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