

Social and Environmental Reporting Practices of Organisations Operating in, or Sourcing Products from, a Developing Country: Evidence from Bangladesh

A Thesis Submitted
in Fulfilment of the Requirements
for the Degree of Doctor of Philosophy

Mr. Muhammad Azizul ISLAM

Master in Globalisation and Economic Development, University of Antwerp
Master of Commerce in Accounting, University of Dhaka
Bachelor of Commerce (Honours) in Accounting, University of Dhaka

School of Accounting and Law
RMIT Business
RMIT University
March 2009

Declaration

I, Muhammad Azizul Islam, certify that the work completed is mine alone, that this work has not been submitted previously to qualify for an academic award, that the content of this thesis is the result of work which has been carried out since the official commencement date of the approved research program, that any editorial work undertaken by a third party is acknowledged, and relevant ethics procedures and guidelines have been followed.

Muhammad Azizul Islam
March 2009

Acknowledgements

First of all, I am grateful to my God who has sent me here to earth to learn and grow.

I would specifically like to thank Professor Craig Deegan for stepping in and providing me with the guidance and input I needed to move forward on this dissertation. Professor Deegan gave me my first serious introduction to social and environmental accounting theory, for which I will always be grateful. More importantly he has always been an inspiring role model. He has encouraged me to publish my dissertation in different prestigious accounting journals. I am constantly impressed by his ability to maintain his strong commitment to research and am extremely fortunate to work with him.

I also owe sincere gratitude to several people whose comments and support were indispensable to me as I wrote this dissertation. A special thanks to Professor Reg Mathews for commenting on some of the important chapters of this dissertation, this was most appreciated. I am grateful to my distinguished colleagues in the Department of Accounting and Information Systems at the University of Dhaka for their selfless support during my data collection in Bangladesh. I am also grateful for the prestigious international scholarship awarded to me by RMIT University, allowing me to continue with this dissertation. I feel very fortunate to have several wonderful colleagues: Dr. Robert Inglis, Dr. Antony Young and Sophia Ji, Dr. Hui Chung Liang (Nicole), Dr. Ahmad Abareshi (Ahmad), and Dr. Huei-Chun Chang (Vickey), who helped me to push myself intellectually and academically. I would also like to thank them for encouraging me and cheering me on, especially during the times, I needed it most.

Finally, I would like to acknowledge the support, patience and encouragement provided by my family. My lovely wife Shamima Haque (Shaila), has provided me with friendship, and an extraordinary level of support, encouragement and understanding during these past three and half years. My father Nazrul Islam and mother Azizun Nesa have provided me with their unfailing support, patience and understanding. I would never have been able to complete this without my family by my side.

I am grateful for all the helpful advice, constructive criticism and support I have received during this process, and I have done my best to put that input to good use. However, I would not want to create the impression that anyone else bears the slightest responsibility for any errors or weaknesses that remain in this work. Those, of course, belong solely to me.

Thesis Related Research Outcomes

Refereed Publications

- Islam, M. & Deegan, C., 2008, 'Motivations for an Organisation within a Developing Country to Report Social Responsibility Information: Evidence from Bangladesh', *Accounting, Auditing & Accountability Journal*, Vol. 21, No. 6, pp. 850-874.
- Islam, M. & Deegan, C., Forthcoming, 'Media Pressures and Corporate Disclosure of Social Responsibility Performance: A Case Study of Two Global Clothing and Sports Retail Companies', *Accounting and Business Research*.

Journal Articles under Editorial Review

- Deegan C. & Islam, M., 2009, 'NGO's Use of the Media to Create Changes in Corporate Activities and Accountabilities: Evidence from a Developing Country', At the time of final submission of this thesis the paper is about to submit to a top tier accounting journal.

Refereed Conference Papers

- Islam, M. & Deegan, C., 2007, 'Motivations for Organisations within Developing Countries to Report Social Responsibility Information: A Case Study from Bangladesh', Presented at the *Asia Pacific Interdisciplinary Research in Accounting (APIRA) Conference (APIRA)*, Auckland, 8-10 July.
- Islam, M. & Deegan, C., 2008, 'Media Pressures and Corporate Disclosure of Social Responsibility Performance: A Case Study of Two Global Clothing and Sports Retail Companies', *Accounting & Finance Association of Australia and New Zealand (AFAANZ)*, Sydney 6- 8 July.
- Deegan C. & Islam, M., 2009, 'NGO's Use of the Media to Create Changes in Corporate Activities and Accountabilities: Evidence from a Developing Country', *European Accounting Association Conference*, Tampere, 12-15 May, *Accounting & Finance Association of Australia and New Zealand (AFAANZ)*, Adelaide, 5- 7 July.

Other Conferences/Seminars/Workshops

- Islam, M. & Deegan, C., 2007, 'Motivations for Organisations within Developing Countries to Report Social Responsibility Information: A Case Study from Bangladesh', Presented in a seminar organised by School of Accounting and Law, RMIT University, Melbourne, May.
- Islam, M. & Deegan, C., 2007, 'Demands for Social Accountability and Organisational Response: A Case Study from a Garment Industry of an Asian Country', Presented at the *Asian Cities and Singapore Symposia 2007*, RMIT University, Melbourne, 27 September.
- Islam, M. & Deegan, C., 2008, 'Media Pressures and Corporate Disclosure of Social Responsibility Performance: A Case Study of Two Global Clothing and Sports Retail Companies', Presented in a seminar organised by the School of Accounting, Economics and Finance, Deakin University, Australia, August.

Table of Contents

Declaration.....	ii
Acknowledgements.....	iii
Thesis Related Research Outcomes.....	iv
Table of Contents.....	v
List of Tables.....	ix
List of Figures.....	ix
Summary.....	1
Chapter One : Introduction and Brief Overview.....	4
1.1 Introduction	4
1.2 Three Research Issues	4
1.3 Development of Research Methods for the Three Research Issues: An Overview	6
1.4 Research Contributions	8
1.5 Organisation of Remaining Chapters	10
Chapter Two: Social and Environmental Accounting Research.....	12
2.1 Introduction	12
2.2 What is Social and Environmental Accounting?.....	12
2.3 Social and Environmental Reporting.....	14
2.4 Emergence of Social and Environmental Accounting.....	15
2.5 Areas of Research in Social and Environmental Accounting	18
2.6 Research within the Context of a Developing Country.....	22
2.7 Gaps in the Literature	26
2.8 Conclusion.....	27
Chapter Three: Social and Environmental Accounting Issues and the Clothing Sector in Bangladesh.....	28
3.1 Introduction	28
3.2 The Motivations for Considering Bangladesh.....	28
3.3 Background to the Clothing Industry in Bangladesh	29
3.4 Some Major Issues of Concern.....	31
3.4.1 Child Labour.....	31
3.4.2 Working Conditions	33
3.4.3 Factory Fires and Accidents	34
3.4.4 Other Issues	35
3.5 General Evidence of Stakeholder Pressures Exerted on Multinational Buying Companies	36
3.5.1 Multinational Companies and their Production Locations.....	36
3.5.2 Stakeholder Pressures.....	37
3.6 BGMEA's Social and Environmental Responsiveness.....	41

3.7 Development of Three Research Issues: An Overview	42
3.8 Conclusion	44
Chapter Four :Theoretical Perspectives.....	45
4.1 Introduction	45
4.2 Summary of Theories Applied in Prior Literature	45
4.3 Theories Relied Upon: An Overview	49
4.3.1 The Origins	49
4.3.2 Legitimacy Theory	49
4.3.2.1 <i>Legitimacy</i>	50
4.3.2.2 <i>Social Contract and Legitimacy</i>	52
4.3.2.3 <i>Legitimacy Gaps, Threats to Legitimacy and Management Strategy</i>	53
4.3.3 Stakeholder Theory	57
4.3.3.1 <i>Definition of Stakeholder</i>	57
4.3.3.2 <i>Normative or Ethical Branch of Stakeholder Theory</i>	58
4.3.3.3 <i>Managerial Branch of Stakeholder Theory</i>	61
4.3.4 Institutional Theory	64
4.3.4.1 <i>Coercive Isomorphism</i>	66
4.3.4.2 <i>Mimetic Isomorphism</i>	68
4.3.4.3 <i>Normative Isomorphism</i>	69
4.4 Complementary Theoretical Perspectives	71
4.5 Justification of the Theories Adopted for this Research.....	74
4.6 Conclusion	76
Chapter Five: Motivation for BGMEA to Report Social Responsibility Information	77
5.1 Introduction	77
5.2 BGMEA.....	79
5.3 Theoretical Perspectives Applied for this Stage of Research.....	80
5.4 Research Methods	86
5.4.1 Conducting Interviews.....	86
5.4.2 Annual Report Content Analysis.....	89
5.5 Results:	90
5.5.1 Opinions of the BGMEA Officials.....	90
5.5.1.1 <i>Perception of Changing Stakeholder Expectations</i>	90
5.5.1.2 <i>Perceptions of Motivation for Social Performance and Reporting</i>	93
5.5.1.3 <i>The Influence of Broader Community</i>	97
5.5.1.4 <i>Pressures to Embrace Structures or Process that are Similar to Those Utilised by Powerful Stakeholders</i>	98
5.5.2 BGMEA Annual Report Social Disclosure	101
5.6 Conclusion	105

Chapter Six: Media Pressures and Social Disclosure by Nike and Hennes & Mauritz	108
6.1 Introduction	108
6.2 Brief Background of Nike and Hennes & Mauritz.....	111
6.3 Prior Research	112
6.4 Hypothesis Development.....	118
6.5 Research Methods	121
6.6 Results	125
6.7 Concluding Remarks	130
Chapter Seven: NGOs’ use of the Media to Create Changes in Corporate Activities and Accountabilities	135
7.1 Introduction	135
7.2 Overview of Relevant Prior Research Together with an Overview of the Theoretical Background Embraced Within this Study	136
7.3 Research Method	143
7.4 Results	146
7.4.1 Opinions of the Members of NGOs.....	146
7. 4.2 Opinions of the Journalists	150
7.5 Concluding Comments	157
Chapter Eight: Conclusion.....	159
8.1 Introduction	159
8.2 Findings and Original Contributions	160
8.3 Research Limitations	163
8.4 Implications for Future Research	165
Bibliography	169
Appendix One: Stakeholder Pressures— Two Cases.....	201
Appendix Two: Summary of Interview Guide- Semi-structured Interview Questions about the Motivations for BGMEA to Undertake Social and Environmental Activities and Related Reporting Practices.....	206
Appendix Three: Interview Participants from Bangladesh Garments Manufacturers and Exporters Associations (BGMEA).....	208
Appendix Four: An Example of Transcription of Interview	209
Appendix Five: Organisational Social and Environmental Disclosure Categories in Developing Countries	217
Appendix Six: Summary of the Classification of Social and Environmental Disclosure - Disclosure practices of Multinational Companies Sourcing Product from Developing Countries.....	223

Appendix Seven: Detailed Descriptive Statistics-Spearman’s Rank Correlations	225
Appendix Eight: Interview Guide- Interview with the Members of Social and Environmental NGOs and the Media	233
Appendix Nine: Interview Participants from Social and Environmental NGOs	235
Appendix Ten: Interview Participants from the News Media.....	238

List of Tables and Figures

List of Tables:

Table 2.1: Summary of Definitions of Social and Environmental Accounting .	13
Table 3.1: Export of Clothes and Total Export of Bangladesh (1986-2006)	30
Table 3.2: Number of Dead Workers in the Bangladesh Clothing Sector	35
Table 3.3: Examples of Direct Social and Environmental Pressures and Pressure Groups	40
Table 4.1: Theories to Explain Motivation for Social and Environmental Disclosure	48
Table 5.1: List of Major Social Pressures Identified in Interviews with BGMEA Executives.....	92
Table 5.2: Social Disclosure of BGMEA (in Words).....	102
Table 5.3: Human Resources Disclosure of BGMEA (in words)	103
Table 5.4: Community Involvement Disclosure (in words).....	104
Table 5.5: Product and Safety Disclosure (in words).....	105
Table 6.1: Negative Media Coverage (unfavourable media articles) Addressing the Clothing and Sporting Goods Industry	127
Table 6.2: Correlation by Theme between Industries Related Media Articles and Corporate Social Disclosures (1988 – 2005).....	128
Table 6.3: Correlation by Specific Theme between the Media Articles by Industry and Social Disclosure Made by Specific Theme.....	129

List of Figures:

Figure 5-1 BGMEA Annual Report Social Disclosure (1987-2005)	101
Figure 7-1 Simplistic Representation of Sequence of Events as Explained by a Dual Consideration of Media Agenda Setting Theory and Legitimacy Theory	140

Summary

This research consists of a broad study in three parts of the social and environmental reporting practices of organisations operating in or sourcing products from a developing country, in this case Bangladesh. The first part of this study 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. This part of the research firstly involves conducting in-depth interviews with numerous senior executives from BGMEA to gather information about the various social and environmental pressures being exerted on the association. This stage also documents the opinions of these executives with regard to any changes in the level of such pressures since the mid-1980s. Utilising a complementary perspective that includes legitimacy theory, stakeholder theory and institutional theory this part of the study then performs an analysis of BGMEA's annual reports (1987-2005) to explore the link between the perceived pressures (and changes entailed therein) and the social and environmental disclosure practices of BGMEA across the period of analysis. The results of this show that the disclosure practices of BGMEA appear to be directly driven by the changing expectations of multinational buying companies, and other powerful stakeholders, rather than by local pressures or expectations. It is also revealed that the expectations of the multinational buying companies are in turn directly related to the expectations of the societies in which they operate. 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 expected by the global community. This section of the research is the first known study to interview managers from a large organisation in a developing country about shifting stakeholder expectations and then to link these changing expectations to annual report disclosures across an extended period of analysis.

The results of this investigation have been published as Islam and Deegan (2008) in *Accounting, Auditing & Accountability Journal*.

The research results demonstrate that the senior managers of BGMEA perceive that the social responsibility initiatives of BGMEA respond directly to the concerns of multinational buying companies, whom they believe constitute the most powerful stakeholder group. BGMEA executives make specific reference to the expectations of, and pressures exerted by, buying companies such as Nike and Hennes & Mauritz (H&M). The findings of this first part then directly lead to the second major part of this thesis which investigates the social and environmental disclosure practices of two major multinational buying companies: Nike and H&M. Adopting a joint consideration of legitimacy theory and a media agenda setting theory, this second part investigates the linkage between negative media attention and positive corporate social and environmental disclosures. Nineteen annual reports (1988-2006) released each by Nike and H&M, and negative global news articles (1987-2005) focussed on the social responsibility performance of these two companies and their industries, were utilised for this analysis. The results of this generally support the view that for those industry-related social and environmental issues that attract the greatest amount of negative media attention, these companies react by providing positive social and environmental disclosures. The results were particularly significant in relation to labour practices in developing countries—the issue that attracts the greatest amount of negative media attention for the companies in question. This part of the study contributes to the social and environmental accounting literature in so far as it provides insights into the disclosure practices of multinational companies with respect to their operations within developing countries—an area in which there is limited published research. This part of the thesis has been published as Islam and Deegan (Forthcoming) in *Accounting and Business Research* journal.

While the second stage explores the influence of media upon corporate social and environmental disclosure practices, the third and final part of the study looks at what drives the media agenda. The view taken in the third part is that while the media shapes community concerns (from media agenda setting

theory), the media is used by nongovernmental organisations (NGOs) to report on organisational social responsibility practices. In this regard, this part of the research investigates 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 part of the research indicate that the social and environmental NGOs use the media because they consider the media to be a vital component of their strategies to effect changes in the disclosure policies relating to labour practices of these organisations. This final part of the research represents the first known study which examines how the media is strategically used to create changes in corporate social and environmental disclosure practices, and it is also the first known study to explicitly seek the views of members of NGOs and the media operating in a developing country.

The various pressures impacting the activities of organisations operating in or sourcing products from developing countries constitutes a fascinating area of investigation, and it is hoped that this study will motivate further research in this area.

Chapter One

Introduction and Brief Overview

1.1 Introduction

This study is comprised of three interrelated parts of a broader study of the social and environmental reporting and operating practices of organisations operating in, or sourcing products from, a developing country. The first part of the study investigates the motivation underlying the social disclosure practices of a large export-oriented clothing trade organisation operating within a developing country, namely Bangladesh Garment Manufacturers and Exporters Association (BGMEA)¹. The second part of the study investigates whether the global news media influences the reporting behaviours of two major global clothing and sports retail companies who are sourcing product from developing countries; and the third part of the study investigates how NGOs use the media as part of their strategy to effect change in the operating and disclosure practices of such organisations. The following sections of this chapter provide an overview of three interrelated research issues: the development of research methods; the research contributions; and an outline of the chapter organisation and the conclusion.

1.2 Three Research Issues

This study covers three interrelated research issues. The first research issue and objective, addressed in the first part of the study (detailed in Chapter 5), is to understand management's motivation to adopt social and environmental reporting practices within a major organisation in a developing country. To accomplish this objective, this study focuses on the social and environmental reporting practices of the BGMEA, the organisation responsible for organising the activities of 4,200 entities involved in the export of garments from Bangladesh. The primary motivation for this component of the study is that,

¹ BMGEA is the only government-recognised trade body within Bangladesh that represents export-oriented garment manufacturers. Only BGMEA members have the legal right within Bangladesh to export clothing. Membership of the association as of the end of April 2006 was 4,220 clothing companies, many of which have significant associations with global buying companies such as H&M, Nike, Wal-Mart, Reebok, Gap and others.

despite a growing amount of literature that focuses on developing countries (see de Villiers & van Staden, 2006; Belal, 2001; Hegde, Bloom & Tsang, 1998; Fuglister, 1997; Jaggi & Zhao, 1996; Teoh & Thong, 1984), there is a general lack of research that investigates the views of managers in developing countries in order to understand how changing levels of social and environmental pressure can influence the social and environmental reporting behaviours of major organisations operating within developing countries.

Based on the findings of the primary research, this study develops two additional research objectives. The primary research (which is considered to be the first part of the broader study) shows that the social and environmental reporting behaviour of BGMEA is directly influenced by the pressures exerted by the expectations of multinational buying companies—the group deemed to be the most powerful stakeholder group. The primary research explores specific references to the multinational buying companies Nike and Hennes & Mauritz (H&M), the companies that are the focus of additional research in the second part of the broader study. Therefore the objective of the second part (detailed in Chapter 6) is to understand what drives particular social responsibility disclosures of both Nike and H&M. To accomplish this objective, a connection is made between changes in the reporting behaviours of these multinationals and changes in the extent of media coverage of their labour practices. The results of this section of the research generally support the view that for those industry-related social and environmental issues which attract the greatest amount of negative media attention, these companies react by providing positive social and environmental disclosures. The results were particularly significant in relation to labour practices in developing countries. The primary motivation of this part of the research is that while questions arise about whether corporate social responsibilities and associated accountabilities justifiably extend beyond the direct employees of an organisation (for example, see Christopherson & Lillie, 2005; Barrientos, 2000; McClintock, 1999), there is a general lack of research in the social and environmental accounting literature that specifically focuses on the disclosure practices of multinational companies that source their products from developing countries and on how global pressures in turn impact these disclosure practices.

A further research objective, which is presented as the third or final research component (detailed in Chapter 7), was developed as a result of the work undertaken in the second part of this thesis. While the second part explores the influence of the global news media on corporate social and environmental reporting behaviour of multinational companies sourcing their products from developing countries, the third part explores what drives the media's agenda, and details how particular groups, such as social and environmental NGOs, may strategically cooperate with the media to effect change in the operations and accountabilities of corporations. Thus, the objective of the third part is to understand the social and environmental NGOs' strategic use of the media to create changes in corporate activities and accountabilities. The primary motivation of this part of the broader study stems from the fact that there is a general lack of research which investigates media representations of social and environmental NGOs to create change in corporate operations and disclosure policies.

1.3 Development of Research Methods for the Three Research Issues: An Overview

The research methods are discussed separately in each chapter (Chapter 5, Chapter 6 and Chapter 7) as the method(s) pertain to each part of this thesis. The research methods for the first part of this thesis involved a combination of interviews and annual report content analysis. The second part consisted of media and annual report content analysis, and the third part was comprised of interviews. An overview of the development of the research methods is provided below:

1. Within the first part, a combination of interviews and annual report content analysis was adopted. In-depth interviews with twelve senior executives from BGMEA were undertaken to gather information about the types and degrees of social and environmental pressures exerted on BGMEA. An analysis of BGMEA's annual reports (1987-2005) was then performed to explore the link between the perceived pressures (and changes effected therein) and the social and environmental disclosure practices of BGMEA across the period of analysis. There is a general

lack of research which directly seeks the views of management about the external pressures they perceive to be exerted upon their companies, and how such pressures impact their operating and reporting behaviours. Details of the research methods employed will be outlined in Chapter 5.

2. In the second stage of the research, annual report and media content analysis was utilised to explore whether particular disclosures by both H&M and Nike were influenced by global media pressure. Nineteen annual reports released each by H&M and Nike between 1988 and 2006 (nineteen years of annual reports) were collected, and press coverage of social issues in high-profile international media, which addressed the clothing and sports retail industry over the period 1987-2005, was identified to determine the connection between media pressure and corporate social disclosure. The research methods adopted for this section of the research were similar to those used in certain previous studies, such as those of Brown and Deegan (1998) and Deegan, et al. (2002). Whilst past research has focussed on the relationship between media attention and corporate disclosure the focus has been specifically on the media attention generated within the 'home country' of the corporations in question. By contrast, this part of the thesis explores whether media coverage at the 'global' level impacts corporate disclosure. Further detail of the research methods are outlined in Chapter 6.

3. In the third part of the study, interviews were conducted with senior representatives of NGOs and the news media to examine how social and environmental NGOs utilise the media to create changes in corporate activities and disclosure practices. Ten in-depth interviews with senior representatives of global and local NGOs operating in Bangladesh were carried out. Following these initial interviews, seven in-depth interviews were also conducted with journalists employed by leading global and local news media services operating in Bangladesh. This is the first known study to seek the views of NGOs and media with the aim of identifying how social and environmental NGOs use the news media as

part of their strategies to effect change in corporate operating and disclosure practices. Details of the research methods will be further explained in Chapter 7.

1.4 Research Contributions

Whilst the three parts of this study together contribute to the understanding of the underlying motivations of management in relation to the social and environmental disclosure practices of organisations operating in, or sourcing products from a developing country, there are several further significant contributions of each part of this study.

The significant contribution of the first stage of the research is that this is the first known study to explore how shifting levels of social and environmental pressure can influence the social and environmental reporting practices of a major organisation operating within a developing country. Whilst there is a great deal of research that examines corporate social and environmental reporting practices in developed countries, there is relatively limited research which investigates the motivations of management in relation to such practices within developing countries (for other research in this area, see for example Belal & Owen, 2007 ; Teoh & Thong, 1984). The first part is also particularly significant in terms of the methodology. This is the first available longitudinal research which documents management perceptions about the changing pressures exerted by key stakeholders and associated shifts in an entity's social and environmental reporting practices. In terms of a theoretical contribution, this part constitutes the first available study that embraces the complementary perspectives of legitimacy theory, stakeholder theory and institutional theory to provide a 'richer' explanation of the perceptions and motivations of management regarding the practices of social reporting. Whilst the above three theories have typically been applied in the context of developed countries, this study applies them in the context of developing countries.

The significant contribution offered by the second part of this study is the insight into the disclosure practices of multinational companies with respect to their operations within developing countries—an area in which there is limited

published research, but which nevertheless has been an area of performance that has attracted considerable community attention. Further, whilst past research (for example, Brown & Deegan, 1998; Deegan et al., 2002) has focussed on the relationship between media attention and corporate disclosure this focus has been primarily on media attention generated within the ‘home country’ of the corporations in question. In contrast, this study explores whether ‘global’ media coverage impacts corporate social disclosure. This part also supports both legitimacy theory and media agenda setting theory by testing a hypothesised link between community concerns and the social disclosure practices of two multinational companies. Arguments based on media agenda setting theory are advanced which suggest that the global news media is able to influence the expectations of the global community. Relying upon legitimacy theory, a relationship between global community expectations (which, as argued, are shaped by the global news media) and corporate disclosure practices is explored across the two global clothing and sports retail companies.

The third and final part of the broader study contributes to the social and environmental accounting literature in so far as it provides insights into the strategic use of the news media by NGOs to create change in corporate social and environmental accountability and related practices. In this chapter of the thesis, it is specifically proposed that it would seem logical that the media is an important ally for NGOs in their quest to effect such change. While previous research (including the second part of this thesis) has indicated that the news media does appear to influence corporate social and environmental disclosure behaviours, the third part investigates how the news media is used by NGOs to effect change in corporate disclosure practices. The results reported in this part provide evidence to support previously untested ideas about NGOs’ utilisation of the media. This part also has methodological significance, as it is the first known study that explicitly seeks the views of senior officials from global and local NGOs operating in Bangladesh as well as the views of journalists from major global and local news media.

1.5 Organisation of Remaining Chapters

The balance of this broader study is organised as follows. Chapter 2 provides an overview of prior research in social and environmental accounting. Based on the review of prior literature this chapter identifies a key research gap in the field. This chapter specifically shows that there is a lack of available longitudinal research that documents links between management perceptions about changing pressures exerted by key stakeholders, and changes in an entity's social and environmental reporting practices. It is therefore proposed that by utilising a combination of interviews (with managers and key stakeholders) and content analysis of annual reports of a major organisation in a developing country over a long period of time, one can achieve a better understanding about whether and how changing stakeholder pressures and expectations influence the level of social and environmental disclosure.

Chapter 3 addresses the focus area of the research: a major industry in a developing country, in this case the clothing industry in Bangladesh. In particular, some major issues of concern within the clothing sector will be highlighted, including a brief consideration of the issue of stakeholder pressure on multinational companies who source part of their products from Bangladesh. The discussion of this chapter will primarily lead to a detailed outline of the investigation, which forms the first part of the research, of the social and environmental disclosure practices of a major clothing body within Bangladesh—BGMEA—which will be detailed in Chapter 5. Chapter 3 also provides a brief overview of the three interrelated research issues which are addressed in Chapters 5, 6 and 7 respectively.

While the literature review begins in Chapter 2, it continues into Chapter 4 with discussion of the theories underpinning this research. The primary purpose of Chapter 4 is to provide a general overview of some of the theoretical perspectives that have commonly been used by researchers working in the area of social and environmental accounting.

Each of Chapters 5, 6 and 7 presents some background to the each part of the broader study, the application of theories, the research methods (including

acquisition of the requisite data, measurement techniques and analytic techniques), results, interpretations, discussion and conclusions. The primary research, as the first part of the broader study (detailed in Chapter 5) focuses on the social and environmental reporting practices of a major organisation in a developing country, in this case Bangladesh. Based on the results derived from Chapter 5, Chapter 6 focuses on the social and environmental disclosure practices of two major global clothing and sports retail companies: Nike and H&M. Based on the results provided in Chapter 6, Chapter 7 focuses on NGOs' strategic use of the media to effect change in corporate social and environmental activities and related disclosure practices of multinational companies and their suppliers in developing countries.

Chapter 8 provides a conclusion to the thesis by revisiting the research issues as well as the future implications of this research. The key contributions and limitations of the thesis are also briefly discussed.

Chapter Two

Social and Environmental Accounting Research

2.1 Introduction

The central aim of this chapter is to provide an overview of the prior research in social and environmental accounting. In so doing, this study identifies some significant gaps in the social and environmental accounting field in relation to research within the context of developing countries. Key prior research findings on the social and environmental reporting practices of organisations operating within developing countries are also briefly discussed. The initial discussion within this chapter focuses on the meaning and emergence of social and environmental accounting and reporting as they have been applied in social and environmental accounting research.

2.2 What is Social and Environmental Accounting?

Social and environmental accounting can be defined as a set of organisational activities that deal with the measurement and analysis of the social and environmental performance of organisations and the reporting of such results to concerned groups, both within and outside the organisation. According to Bebbington and Thomson (2007), social and environmental accounting is an inclusive field of accounting for social and environmental events which arise as a result of, and are intimately tied to, the economic actions of organisations. Gray, Owen and Adams (1996) define social and environmental accounting as accounting for a range of social and environmental events, rather than merely accounting for economic events. Further, Gray (2000, p. 250) defines social and environmental accounting as:

the preparation and publication of an account about an organization's social, environmental, employee, community, customer and other stakeholder interactions and activities, and where possible, the consequence of those interactions and activities.

Social and environmental accounts are often presented in non-financial terms,² and are likely to be a combination of quantified non-financial information and descriptive, non-quantified information (Bebbington & Thomson, 2007; Gray, 2000). These accounts are presented for both internal³ and external use (Yakhou & Dorweiler, 2004; Deegan, 2003; Schaltegger & Burritt, 2000; Gray, 2000; Gray, Owen & Adams, 1996; Mathews, 1995, 1993; Gray, Owen & Maunders, 1987; Ramanathan, 1976).

Table 2.1: Summary of Definitions of Social and Environmental Accounting

Source	Definitions
Ramanathan (1976, p. 519)	Social accounting is the process of selecting firm-level social variables, measures, and measurement procedures; systematically developing information useful for evaluating the firm's social performance; and communicating such information to concerned social groups, both within and outside the firm.
Gray, Owen & Maunders (1987, p. 9)	Social and environmental accounting is the process of communicating the social and environmental effects of organisations' economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organisations (particularly corporations) beyond the traditional role of providing a financial account of capital, in particular, to shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities beyond simply making money for their shareholders.
Mathews & Perera (1995, p. 364)	At the very least, social accounting means an extension of disclosure into non-traditional areas such as providing information about employees, products, community services and the prevention and reduction of pollution. However, the term 'social accounting' is also used to describe a comprehensive form of accounting which takes into account externalities.
Gauthier et al. (1997, p. 1)	Environmental accounting is that aspect of accountancy which, while indistinguishable from financial and management accounting, deals more specifically with environmental concerns; that is, it is an aspect of the information system that enables data collection and analysis, performance follow-up, decision-making and accountability for the management of environmental costs and risks.
Schaltegger & Burritt (2000, p. 30)	Environmental accounting is a branch of accounting that deals with activities, methods and systems; recording, analysis and reporting; and the environmentally induced financial impacts and ecological impacts of a defined economic system.
Deegan (2003, p. 10)	Environmental accounting is a broader term that relates to the provision of environmental-performance related information to stakeholders both within, and outside, the organisation

² However, (along with non-financial data) some theorists strongly consider financial data such as environmental costs or how to cost externalities in their definitions of environmental accounting (see Schaltegger & Burritt, 2000; Bennett & James, 2000) and environmental management accounting (see for example Deegan, 2008; Burritt, Hahn & Schaltegger, 2002; Rikhardsson et al., 2005).

³ Environmental reports are often used to help make management decisions on pricing, controlling, overheads and capital budgeting (Yakhou & Dorweiler, 2004; Schaltegger & Burritt, 2000).

Social and environmental accounting is not a wholly coherent area (O'Dwyer, 2005a); definitions applicable to this area are many and varied. Some other frequently used definitions of social and environmental accounting are provided in Table 2.1.

Despite a number of differences, most definitions emphasise key themes such as a link between financial and non-financial performance, qualitative and quantitative measurement, and a consideration of wider stakeholder groups. Most definitions indicate that social and environmental accounting stems from the assumption that organisations owe something to stakeholders beyond their shareholders. In particular, most definitions include the clear provision of an organisation's social and environmental information to the wider stakeholder groups or community. Furthermore, as shown in Table 2.1, most definitions consider social and environmental reporting as the part of the social and environmental accounting process. The next section will define and discuss social and environmental reporting as a subset of social and environmental accounting.

2.3 Social and Environmental Reporting

While definitions applicable to social and environmental accounting vary, most consider reporting to be a subset of social and environmental accounting. In this regard, social and environmental reporting deals with the disclosure of information by an organisation about product and consumer interests, employee interests, community activities and environmental impacts—this disclosure of information is deemed to be a part of an organisation's responsibility to its stakeholders or a response to stakeholder expectations (Deegan, 2007; Deegan, 2002; Gray et al., 1996; Gray et al., 1995a; Mathews, 1995, 1993). Deegan (2007) offers a more comprehensive definition of social and environmental reporting where he addresses broader areas of corporate responsibility. He defines social and environmental reporting as the provision of information about the performance of an organisation in relation to its interaction with its physical and social environment and includes, but is not limited to (Deegan, 2007, p. 1265):

- ❖ interaction with the local community;
- ❖ level of support for community projects;
- ❖ level of support for developing countries;
- ❖ health and safety record;
- ❖ training, employment and education programs; and
- ❖ environmental performance.

While the various definitions of social and environmental accounting and reporting discussed above do not consider whether social and environmental reporting is voluntary or mandatory, in reality it is predominantly a voluntary corporate practice (Deegan, 2002; Mathews, 1995). Therefore, for the purposes of this thesis, social and environmental reporting is deemed to represent a term that relates to the voluntary provision of information about the performance of an organisation in relation to the broader areas and contexts of corporate social and environmental practices.

2.4 Emergence of Social and Environmental Accounting

While social and environmental accounting has commanded growing attention and acceptance, its development can be seen as a result of stakeholder pressures as well as academic advocacy. Arguably, few early (during the 1970s and 1980s) advocates of social and environmental accounting research (see for example Tinker, Merino & Neimark, 1982) were seen as radical in terms of having the potential to create real change in existing accounting structures and practices (Deegan, 2002). Mathews (1997, p. 488) notes that these early advocates 'were explicitly or implicitly criticising the current structure of the discipline: historical financial accounting reports for shareholders and creditors'. Early research (see for example Guthrie, 1982; Ernst & Ernst, 1978) focussed on documenting social and environmental disclosure practices via content analysis (Owen, 2008).

Throughout the 1990s, social and environmental accounting research has increasingly gained prominence and developed substantially (Mathews, 1997). During this time, a number of theories such as stakeholder theory, political economy theory, and legitimacy theory were interestingly employed with the

aim of explaining rather than simply describing social and environmental accounting and reporting practices (Owen, 2008). The 1990s also witnessed a growth in research attention on the ‘internalisation of external environmental costs, via full costs accounting methods, and more particularly, in the re-introduction of the social eco-justice issues, in addition to those of eco-efficiency’ (Owen, 2008, p. 243).

Supportive of the view that social and environmental accounting has gained more prominence among researchers in recent years, Parker (2005, p. 843) states:

[..] a community of social and environmental accounting scholars has truly arrived and is producing a wide range of significant research that will hopefully lay the foundations for the future policy and practice.

A growing number of recent studies appear to have made significant contributions to the social and environmental accounting literature with suggestions for well-designed further research. Examples of such studies include that of Belal & Owen (2007), Cooper & Owen (2007), Deegan & Blomquist (2006), Herbohn (2005), O’Dwyer & Owen (2005), O’Dwyer (2005a, 2005b), Milne & Patten (2002), O’Dwyer (2002), O’Donovan (2002), and Deegan et al. (2002). In recent times, agreement among major researchers (see for example Owen, 2008; Parker, 2005; Gray, 2002) can also be seen in their calls for ‘engagement based study’.⁴

Alongside this social and environmental accounting research, a growing number of national and international institutional groups, including governments, industry bodies, the accounting profession, and international bodies (such as the Global Reporting Initiative, the Institute for Social and Ethical Accountability, the World Business Council for Sustainable Development, and the Council on Economic Priorities) have been involved in developing social and

⁴ Gray (2002) uses this term to refer to research that involves managerial groups in the researcher’s initiative in order to delve more deeply into managerial interest in particular social and environmental accounting issues. Owen (2008) extends the term ‘engagement based study’ by suggesting that the researcher also needs to engage stakeholder groups in his/her research initiatives.

environmental accounting standards and related disclosures for organisations.

As Deegan (2002, p. 285) notes:

Government, industry bodies and the accounting profession have shown a marked increase in the amount of attention being devoted to social and environmental accounting issues, particularly in the area of external reporting. Professional accounting bodies showed an early interest in social accounting, the best example of which was *The Corporate Report* (issued in 1975 by the Accounting Standards Steering Committee of the Institute of Chartered Accountants in England and Wales). This innovative release, which discussed and emphasised “right” to information, did not, however, lead to a lot of other effort or change by accounting professions and the issue seemed to disappear from the agenda of professional accounting bodies until it was to re-emerge in the 1990s. A number of organisations, such as the Global Reporting Initiative, the Institute for Social and Ethical Accountability, World Business Council for Sustainable Development, and the Council on Economic Priorities, have recently released guidance documents that are being embraced internationally.

Recently, a growing interest on the part of accounting firms and global institutional efforts in standardising reporting practices has also been seen. As Owen (2004, p. 30) notes:

Certainly, much is happening at the moment. The corporate reporting initiatives referred to earlier have been accompanied by a growing interest on the part of professional accounting firms and institutional efforts to begin to standardise practice. Particularly noteworthy in the latter context have been the Sustainability Reporting Guidelines, issued under the auspices of the Global Reporting Initiative (GRI), and the work of the Institute of Social and Ethical Accountability (ISEA) in attempting to standardise principles and processes to be followed for securing quality SEAR.

Further, there has been a heightened level of broader stakeholder involvement in different social and environmental accountability issues which appears to have attracted many researchers to investigate whether and why particular stakeholder groups influence corporate accountability and related disclosure

practices (see for example Tilt, 1994; Deegan & Blomquist, 2006). Parker (2005, p. 843) notes that in the past accounting and management researchers have been lured into involvement with social and environmental accountability issues following the recognition of their importance and the concerns expressed by communities, lobby groups, governments and even sectors of the business community. Owen (2004) observes that in the late 1990s some researchers began to produce a steady stream of deeply perceptive and well-designed studies (see for example Deegan & Rankin, 1999, 1997) which investigated stakeholder needs, recognitions and perceptions in relation to social and environmental disclosures.⁵ Some of the recent work has directly investigated the influence of particular stakeholder groups such as NGOs on corporate social and environmental disclosure practices (see for example Deegan & Blomquist, 2006). A growing body of empirical research has examined media attention (as a proxy for community concerns) that focuses on corporate social and environmental impacts in order to directly relate the media attention to corporate social and environmental disclosure practices (see for example Brown & Deegan, 1998; O'Donovan, 1999; Deegan et al., 2002).

The increasing engagement of both academic researchers and stakeholder groups as discussed above indicates that social and environmental accounting and disclosure practices have not waned in recent years; rather they continue to be investigated in attempts to determine the rationales underlying such practices. The following section discusses the different areas of social and environmental accounting research.

2.5 Areas of Research in Social and Environmental Accounting

There are various areas of research that focuses on social and environmental accounting: for example, one area looks at the motivations for disclosures, another looks at ethical/accountability issues, another looks at how to cost externalities, while another looks at market reactions. A brief discussion of some areas within this body of research that have preceded this study will be

⁵ Gaining an understanding of what various stakeholder groups expect from organisations is crucial, particularly for managerial decision-making. Some researchers emphasise this understanding. For example, Zadek (2004) argues that organisations need to successfully predict and credibly respond to changing and sometimes volatile stakeholder views and expectations of corporate responsibility.

provided next. This will be followed by a summary of the area of research upon which this study will particularly focus.

One significant area of research in social and environmental accounting is the investigation of management motivations for social and environmental reporting practices. Those researchers who have investigated the motivations behind disclosure have sought to explore ‘why’ organisations report social and environmental information via corporate media such as annual reports. In explaining ‘why’, reference is often made to the positivist approach to research—an approach of ‘explaining what is’. Thus, it is this positivist approach that has generally been applied in investigations of the motivation for social and environmental disclosure. What this area of research has particularly shown is that an organisation reports social and environmental information to manage its stakeholders (see for example Deegan & Blomquist, 2006; Arnold & Hammond, 1994; Arnold, 1990; Ullman, 1985) to secure or maintain legitimacy or to meet community expectations⁶ (see for example a series of voluminous studies as documented in Deegan, 2002), to influence market or share prices (Freedman & Jaggi, 1988) or to avoid regulation (see for example Freedman and Stagliano, 1998; Stanny, 1998; Barth et al., 1997; Mitchell, 1997; Ness & Mirza, 1991).

In particular, those who embrace stakeholder power and community expectations as factors to explain corporate accountability and related disclosure practices appear to offer more realistic explanations for disclosure than those who use market data (Parker, 2005). Although this area has increasingly attracted attention and interest, there is significant scope for further research in this area. In this regard, there is a lack of research that investigates the motivations for social and environmental disclosure practices of organisations operating in or sourcing products from a developing country.

⁶ According to Owen (2008), the aim of this type of empirical research so far within legitimacy theory has been ‘to seek to identify and possibly go on to predict, the driving factors behind managerial disclosure decisions, which are understood to be motivated by a desire to demonstrate corporate conformity with social expectations’ (p. 247).

Another major area of research in social and environmental accounting is the investigation of what organisations should do to be ethical and accountable to the wider stakeholder groups. This area of research can be classified as a normative approach to research, that is, ‘describing what should be’. Owen (2008) notes that early research largely featured descriptive work, together with the normative attempts at model building designed to improve corporate disclosure practices. Indeed, some early normative research provides useful suggestions about how to measure and classify social and environmental disclosures⁷ (see for example; Hackston & Milne, 1996; Gray et al., 1995a; Ernst & Ernst, 1976). One of the important characteristics of the normative research approach is that ‘disclosure decisions should not be responsive to perceived legitimacy threats but should be based on the beliefs about what managers are considered to be accountable for, and what people need to know about’ (Deegan, 2002, p. 298). In other words, this area of research views the decision to disclose social and environmental information as an ethical decision. Gray, Dey, Owen, Evans and Zadek (1997) championed the accountability or normative perspective on social and environmental accounting through the 1980s and 1990s (Parker, 2005). This type of research has sought to examine how social and environmental disclosure can be seen as reflecting and discharging the responsibilities and subsequent accountabilities of organisations, and in so doing this type of research has been motivated by democratic concerns about the rights to information and the means by which organisational behaviour might be controlled by society. Examples of other studies within this area of research include that of Cooper and Owen (2007), Cooper et al. (2003), Adams (2002), Lehman (2001, 1999 and 1995), Gray et al. (1996), and Medawar (1976).

Another area of research that has attracted growing attention focuses on how to cost externalities. Owen (2008, p. 243) notes that research addressing the internalisation of external costs is increasingly gaining importance. For the purposes of this thesis, a brief review of the literature also indicates that an increasing amount of academic and applied research has been conducted and a

⁷ Some of the influential reporting guidelines such as GRI and AA100 have been offered by NGOs and, according to Owen (2008), the lack of academic input in this respect might be considered somewhat unfortunate to say the least.

number of contributions have been made to this area of research (such as how to cost externalities) (see for example Deegan, 2008; Burritt, 2004; Schaltegger & Burritt, 2000; Bartolomeo et al., 1999; Bailey & Soyka, 1996; Bennett et al., 1996; Epstein, 1996; Schaltegger et al., 1996; Tuppen, 1996; Ditz et al., 1995). Within this area some research specifically focuses on the use of activity-based costing (ABC) to incorporate accounting for environmental costs (see for example Deegan, 2003; Bartolomeo et al., 2000; Haveman & Foecke, 2000), some looks at accounting for energy (see Loew, 2003; Bennett & James, 1997; Birkin, 1996), some examines full cost accounting⁸ (see Deegan, 2005; Bebbington et al., 2001; Schaltegger & Burritt, 2000), and some focuses on life cycle costing (see Parker, 2000; Bennett & James 2000; Kreuze & Newell, 1994).

An area of research that is quite distinct from the other three areas discussed above looks at share price reactions to social and environmental disclosure practices. This type of research views the decision to disclose social and environmental information as a decision driven by self-interest. Therefore, this area has embraced the economic interest approach (one branch of the positivist approach—an approach that explains the economic interest of managers and shareholders) and sought to conceptualise the relationship between disclosure and share prices. This area of research possesses some major limitations (see Owen, 2008; Parker, 2005; Deegan, 2002). Parker (2005, p. 846) asserts that the findings of prior studies in this area ‘are somewhat mixed, and increasingly such studies appear to add little, even incrementally to our stock of knowledge—generally failing the “So what?” test’. He further states that this category of research focuses primarily on financial stakeholders such as shareholders and creditors who are invariably neither the drivers nor primary beneficiaries of corporate social and environmental accountability practices and related disclosures. Specifically this area of research, as Parker (2005) notes, ‘attempt[s] to impose an individualistic, economic based conception of agency onto a clearly non-economic communitarian issue, aggravating such “unreality”

⁸ Full cost accounting is the method used to trace and allocate all direct and indirect costs to a product, product line, process, service or activity for the purposes of inventory valuation, product pricing decisions and profitability analysis (Schaltegger & Burritt, 2000).

with their assumptions of free markets which have repeatedly failed in the area of SEA!’ (p. 846).

As discussed above, different areas of research appear to contribute to the social and environmental accounting literature in different ways. Therefore, the contributions of divergent areas of research⁹ can be seen to add significantly to the literature and these are vital to boosting further research and contributions. This study greatly appreciates these various contributions and acknowledges the valuable insights of researchers who have facilitated developments in their respective areas. This thesis attempts to contribute to the first strand of research within social and environmental accounting: that which seeks to investigate management motivations for social and environmental reporting. For the purposes of this study, the review of the different areas of research reveals that the investigation of such motivations has increasingly gained attention and momentum. However, the review also reveals a lack of research which investigates this motivation within the context of a developing country. An overview of the research in the context of developing countries is provided next.

2.6 Research within the Context of a Developing Country

Over the past two decades there has been a great deal of research into the social and environmental reporting practices of organisations operating in developed countries. However, 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 such organisations in relation to their social and environmental performance and related accountability (see Islam & Mathews, 2009; Belal, 2008; Belal & Owen, 2007; de Villiers & van Staden, 2006; Belal, 2001, 2000; Tsang, 1998; Hegde et al., 1997; Jaggi & Zhao, 1996; Teoh & Thong, 1984).

Before discussing some specific studies relevant to this thesis, it is essential to highlight the general understanding of the social and environmental disclosure practices of companies operating within developing countries. The major focus of social and environmental accounting research within the context of

⁹ Except that research which focuses on share price reactions to social disclosure, due to its limitations as discussed above.

developing countries has been on general descriptions of corporate social and environmental disclosure practices. For the purposes of this thesis, the review of the literature reveals that companies operating in developing countries are disclosing social and environmental information on only on a limited scale. Consistent with the findings from other developing countries, prior research¹⁰ that focuses on Bangladesh shows that generally Bangladeshi companies disclose a limited amount of social and environmental information (Belal, 2008, 2001 and 2000). In order to understand the key findings of the prior research on the social and environmental disclosure practices of such organisations, a brief review of some relevant studies within this context is provided next.

An early contribution from Teoh and Thong (1984) investigated corporate social responsibility accounting and reporting from the standpoint of a developing country. Their study was based on an interview questionnaire survey primarily conducted with chief executive officers across 100 companies operating in Malaysia. The findings of their study indicated that social reporting lags behind corporate social involvement and that corporate attention is largely focussed on activities relating to employees and products. The findings also revealed that those companies with a predominantly Malaysian ownership were less committed to fulfilling any social responsibilities and associated reporting, whereas companies with major foreign ownership, particularly those from the United States and Britain, appeared to be more willing to accept their social accountability commitments. Mathews (1993) argues that this study (Teoh & Thong, 1984), along with other studies carried out in the 1980s, appear to be isolated events and not part of any concentrated research effort. However, Teoh and Thong's study does appear to be the first known study within the context of a developing country, and provides some insights which might be consistent with the research aims of this thesis.

In the 1990s and early 2000s there was a notable absence of contributions to the social and environmental accounting literature from a developing country perspective. During this period, research based entirely on secondary data, and

¹⁰ See Chapter 7 of Belal (2008) for general overview of social and environmental accounting research within the context of a developing country such as Bangladesh.

only on a limited scale, was the key priority for most researchers investigating corporate social and environmental disclosure within the context of developing nations. Almost 10 years after Teoh and Thong's study (1984), Abayo, Adams and Roberts (1993) conducted research reviewing Tanzanian companies' annual report disclosure practices and concluded that the annual reports of companies operating in a developing country are likely to contain disclosures of poor quality and insufficient information. A few years later, Gray et al. (1996) referred to another study based on secondary data by the United Nations which found the quantity and quality of social and environmental disclosures in three developing countries was disappointing. As Gray et al. (1996) noted:

The United Nations (1995) reports on the results of a questionnaire survey of 18 transnational companies in the chemical industry and 8 in the food industry which focussed on environmental reporting in India, Malaysia and the Philippines. All types of reporting media were considered. The results showed that the quantity and quality of environmental disclosures in the three host countries was disappointing.

Using secondary data, Belal (2001) examined the social and environmental disclosure practices of a small number of publicly traded companies operating in Bangladesh. Thirty company annual reports over a year were collected for analysis from the companies listed on the country's stock exchange. The results of his study revealed that on average 13 lines were used by the companies to make social and environmental disclosures, which represent only 0.5 percent of the average total number of lines contained in the annual reports of sample companies. Therefore, his study concluded that Bangladeshi companies are disclosing social, ethical and environmental information on a limited scale.

Recently, a further contribution was offered by de Villiers and van Staden (2006) who also utilised annual report content analysis to investigate the environmental disclosure practices of companies operating in South Africa. They conducted a content analysis of more than 140 corporate annual reports over a nine-year period in order to identify the trends in environmental disclosure by South African companies over time. Their results indicated a

reduction in environmental reporting after an initial period of increase, for both mining companies and the top 100 industrial companies. The decrease for mining companies was bigger than for the top 100 companies, both overall and when the results were split between specific and general information. The disclosure of both general and specific information increased from 1994 to 1999; disclosure of specific information then declined by five times more than the decline in disclosure of general information. The researchers suggested that these trends are consistent with legitimacy theory because legitimising objectives may also be served by changing the type (general or specific) or by reducing the volume of environmental disclosures. Their research contributes to the social and environmental accounting literature by way of a theoretical explanation (legitimacy theory) of motivation for social and environmental disclosure practices of companies operating in a developing country.

While most of the previous research has utilised secondary data, a relatively more recent study by Belal and Owen (2007) utilised interviews to document the views of a sample of Bangladeshi managers on the current state of, and future prospects for, social reporting in that country. They conducted a series of interviews with senior managers from 23 Bangladeshi companies representing the multinational, domestic private and domestic public sectors. The results of their study revealed that managers' major motivation for social reporting practices lies in a desire on the part of corporate management to manage powerful stakeholder groups such as multinational companies. As we will see later in this thesis, such a finding is consistent with the results reported in this thesis. The researchers also expressed reservations over the potential for social reporting to create real change in corporate accountability and related practices, particularly when Western-developed social standards are imposed without consideration of local cultural, economic and social contexts. Their study appears to be one among very few studies that utilise a primary research method such as interviews to investigate social accountability and disclosure practices within the context of a developing country. Indeed, there is limited research which utilises the interview method to examine this particular phenomenon.

The above brief review indicates that there is only limited research that seeks to determine theoretical interpretations or explanations of the motivations for corporate social and environmental disclosure practices of organisations operating in developing countries. The review also demonstrates that there is a great deal of scope to embrace the interview method in further social and environmental accounting research, and this method would be particularly effective in the context of investigating this area. The review suggests that there is a general lack of research that interviews managerial groups to understand social disclosure practices in a developing country (exception being Belal and Owen, 2007). Most importantly, the review also reveals that there is a total lack of research that interviews stakeholder groups (Owen, 2008, p. 257), such as news media and NGOs; this is surely necessary in order to gain a full understanding of management motivations in this context.

The discussion within this chapter provides some valuable insights into the research gaps in the social and environmental accounting literature. The following section identifies some major research gaps which this thesis will address.

2.7 Gaps in the Literature

The overall discussion of this chapter leads to a consideration of the following research deficiencies in the social and environmental accounting literature:

- 1) As discussed previously, there is relatively limited research on the social and environmental reporting practices of organisations operating within developing countries, or the external pressures exerted on such organisations in relation to their social and environmental performance and related accountabilities.
- 2) As stated previously, there is a general dearth of research that uses the interview method to investigate the motivations underlying the changing levels of social and environmental disclosure of a major organisation operating in a developing country.
- 3) There is a lack of research that involves stakeholder groups such as the media and NGOs to investigate their expectations or the pressures they can exert, and how these both directly drive the accountabilities and

related disclosure practices of organisations operating in or sourcing products from developing countries.

- 4) There is minimal research that applies theoretical perspectives such as legitimacy theory, stakeholder theory and institutional theory to explain the motivations for organisational social disclosure practices within the context of a developing country. To theorise on social and environmental accounting, an interview-based study is seen to be more appropriate than a secondary data-based study. Nevertheless, most of the prior research has failed to embrace this method.

The above deficiencies have led to the conduct of this research which attempts to fill the gaps by adding to the existing body of knowledge concerning the motivations for the social and environmental reporting practices of organisations operating in or sourcing products from a developing country.

2.8 Conclusion

This chapter sought to describe and summarise social and environmental accounting research in general. Key terms arising from the discussion were defined. The emergence of social and environmental accounting and of the major areas within social and environmental accounting research was briefly introduced, followed by a discussion on research within the context of a developing country. In doing so gaps in the social and environmental accounting literature were highlighted. Keeping these key research gaps in mind, a brief overview of a developing country, Bangladesh, and its major economic sector, the clothing industry—the focus of this study—will be delivered in the next chapter.

Chapter Three

Social and Environmental Accounting Issues and the Clothing Sector in Bangladesh

3.1 Introduction

The purpose of this chapter is to provide an overview of the focus of this research: a major industry in a developing country, in this case the clothing industry in Bangladesh. In particular, some major issues of concern within the clothing sector will be highlighted. Then, a brief consideration of the issue of stakeholder pressure on multinational companies who source part of their products from Bangladesh will be provided. The discussion in this chapter will primarily lead to a detailed outline of the investigation, which forms the first part of the research, of the social and environmental disclosure practices of a major clothing organisation within Bangladesh—the Bangladesh Garments Manufacturers and Exporters Association (BGMEA)—which will be detailed in Chapter 5. Before presenting some concluding remarks, this chapter will also provide a summary of the developments of the three interrelated research issues under study within this thesis.

3.2 The Motivations for Considering Bangladesh

It is important to understand the rationale for choosing Bangladesh as the location for this research. Firstly, as discussed in the previous chapter, there is a relative dearth of research that investigates the social reporting behaviour of organisations operating within developing countries. Secondly, Bangladesh has been the subject of intense international scrutiny, particularly in terms of perceived poor labour conditions and the associated treatment of employees in the clothing industry. Therefore, Bangladesh provides an opportunity to consider how such perceptions and related international pressures in turn influence the operating and social reporting policies of a major organisation in a developing country. As mentioned previously, there also exists a lack of research that specifically explores management's perceptions about the pressures to report social and environmental information within developing

countries. Lastly, and partly as a result of the fact that the research student is of Bangladeshi origin, BGMEA—a large and influential body within Bangladesh—agreed to provide access to all of its key executives for the purposes of this research. This type of access, which is typically unavailable in such research, was indeed crucial to the success of the research undertaken in this thesis.

3.3 Background to the Clothing Industry in Bangladesh

The Bangladesh clothing industry was chosen because it is a mature industry and has undergone many changes since the 1990s, such as the growth of production and employment, increasing globalisation and involvement of activists over social and environmental issues. In particular, the decade of the 1990s saw the most important changes, and the industry's most active player has been BGMEA. A brief overview of the Bangladesh clothing industry is provided next.

Expanding from a handful of factories in the late 1970s, to over 3,500 by the mid 1990s¹¹ and over 4,500 by the mid 2000s, the industry now accounts for 75 percent of the country's foreign exchange earnings (estimate from BGMEA and Bangladesh Export Promotion Bureau (EPB)). As shown in Table 3.1, the export earnings of clothing products increased from US\$624.16 million in 1990 to US\$7900.80 million in 2006. The most significant growth in clothing exports has been recorded since the early 1990s: in 2006, the proportion of foreign earnings was 75.05 percent, compared with 32.45 percent in 1990. Thus, export growth between 1990 and 2006 was significant.

The importers/buyers of Bangladeshi garments are predominantly North-American and European multinational clothing and sports retail companies. The US multinational companies take a very large share of Bangladesh clothing exports: 27.95 percent of total clothing exports are destined for US¹²-based

¹¹ The shipments from Bangladesh factories have turned the country into the seventh largest supplier of garments to the United States (US Department of Labor, 1994).

¹² The other major exporting countries exporting clothing goods to the USA include China, Mexico, Hong Kong, Dominican Republic, Indonesia, India, Philippines, Thailand, Korea, Sri-lanka, Vietnam, and Cambodia (World Bank, 2007).

multinational companies (estimates from the EPB). While 31.82 percent of export earnings come from North American (US and Canadian) multinational companies, almost 50 percent of export earnings come from major European multinational companies headquartered in Germany, the UK, France, Italy, Spain, the Netherlands, Sweden, Denmark and Finland (estimates from the EPB).

Table 3.1: Export of Clothes and Total Export of Bangladesh (1986-2006)

Year	Export of clothes (in million US\$)	Total export of Bangladesh (in million US\$)	Percentage of clothes to total export
1986-87	298.67	1076.61	27.74
1987-88	433.92	1231.20	35.24
1988-89	471.09	1291.56	36.47
1989-90	624.16	1923.7	32.45
1990-91	866.82	1717.55	50.47
1991-92	1182.57	1993.9	59.31
1992-93	1445.02	2382.89	60.64
1993-94	1555.79	2533.9	61.4
1994-95	2228.35	3472.56	64.17
1995-96	2547.13	3882.42	65.61
1996-97	3001.25	4418.28	67.93
1997-98	3781.94	5161.2	73.28
1998-99	4019.98	5312.86	75.67
1999-00	4349.41	5752.2	75.61
2000-01	4859.83	6467.3	75.14
2001-02	4583.75	5986.09	76.57
2002-03	4912.09	6548.44	75.01
2003-04	5686.09	7602.99	74.79
2004-05	6417.67	8654.52	74.15
2005-06	7900.80	10526.16	75.06

Data Source: Export Promotion Bureau of Bangladesh (EPB) compiled by the researcher (<http://www.epb.gov.bd>)

The rise of the clothing industry has significantly increased the associated employment in Bangladesh. The number of workers employed in the industry has increased nearly 10-fold during the last 15 years (UNCTAD, 2005), and it has helped to change the face of female employment in the country (Kabeer & Mahmud, 2004). This industry has generated 2.2 million jobs, of which around 85 percent are occupied by women. In other words, the Bangladesh garment industry is the largest employer of women in the formal manufacturing sector (Ahmed, 2004; Custers, 1997). The significance of the high levels of employment of women in this industry does not relate only to numbers; it also has huge social implications, as these workers are from the poorer sections of society (UNCTAD, 2005). Indirectly, the fate of around 10 million people is

impacted by this sector. Further, members of allied industries are also linked with this sector.

3.4 Some Major Issues of Concern

Bangladesh has featured in numerous campaigns that have highlighted poor working conditions and the use of child labour, especially in the clothing industry.¹³ The clothing industry in Bangladesh has been consistently accused of high-profile human rights abuses by international media and NGOs (Wilkins, 2000). Issues frequently raised relate to the employment of child labour, human rights abuses, poor working environment, and inadequate factory health and safety measures resulting in frequent accidents and deaths. These employee-related issues are examined in this thesis because employee conditions have generally been seen as one of the most important ethical issues in international business (Haltsonen, Kourula & Salmi, 2007; Guvenli & Sanyal, 2002). However, there is a lack of research that pays attention to these specific social and environmental accountability issues. A brief discussion of these issues is provided below.

3.4.1 Child Labour

In one early study Custers (1997) documented the exploitation of child workers within the Bangladeshi clothing sector. A summary of his findings is provided here. As a child worker is a substitute¹⁴ for an adult worker no special provisions are made to limit their working time. Whether a child is younger or older than 14 years of age, he or she is expected to work for the same number of hours in a factory as their male and female adult counterparts. They are forced to work overtime amounting to 100 hours per month (Custers, 1997). Further, the monthly wages paid to child labourers by a factory owner is insufficient to meet their food demands. Child workers have been paid between Tk 200 and Tk 300 per month (US\$5-7) (Custers, 1997).

¹³ For example, in the early 1990s the extensive use of child labour in the Bangladeshi clothing industry received global media attention and led to threats of import boycotts through the US Child Labor Deterrence Act (also known as the Harkin's Bill).

¹⁴ Despite the high levels of unemployment of adult workers, children are often largely substitutes for adult workers and are exploited (Rahman, Khanam & Absar, 1999).

Historically, Bangladesh has been the focus of much international attention over the issue of the participation of children¹⁵ in the garment industry (Rahman, Khanam & Absar, 1999). The widespread use of child labour in garment factories in Bangladesh has been brought to the fore internationally after US Senator Harkin introduced a bill in 1992 in the US Congress known as the Child Labor Deterrence Act (Custers, 1997). The Bill¹⁶ called for a ban on the import of goods produced in companies where children under 15 years of age are employed (US Department of Labor, 1994; Jenkins, Pearson & Seyfang, 2002). The Bill created panic among Bangladeshi clothing factories and garment owners and in the immediate aftermath many factories were affected by massive lay-offs (Custers, 1997). The Bill constituted a threat to the national economy (*BGMEA Annual Report, 1995*). It was used from the very beginning by both the US Embassy and by the Asian American Free Labor Institute (AAFLI) to put pressure on the BGMEA, and each of the subsequent reintroductions caused not only debate but also renewed uncertainties for the BGMEA (Nielsen, 2005). Following Harkin's move, leading Western media organisations and NGOs put sustained pressure on US authorities and on multinational companies to stop buying goods from Bangladeshi manufacturers. This development was viewed with great concern by the Bangladeshi manufacturers and their major representative body, the BGMEA. Consequently, in the mid 1990s the ILO, UNICEF and the US Government assisted the BGMEA to eliminate child labour from the Bangladesh clothing industry. Subsequently, in the late 1990s Senator Harkin visited Bangladesh to observe the progress in the moves to eliminate child labour.

¹⁵ Before November 1, 1996, large numbers of child workers were employed in the Bangladeshi garment industry, although the estimates vary (Rahman, Khanam & Absar, 1999). A study conducted by the Bangladesh Institute of Development Studies observed that 80,000 children were working in this industry in 1993 (Rahman, Khanam & Absar, 1999). A joint survey undertaken by ILO, UNICEF and BGMEA in 1995 found that in 2,100 garment factories, 10,547 child workers (below the age of 14) were employed (BGMEA Annual Report, 1996).

¹⁶ The Harkin's Bill can be criticised on various grounds. The law appears to be an attempt to protect the US domestic market against being flooded with cheap goods produced using under aged labour. However, it lacks any provisions to guard against the negative consequences of the ban for all those families living in urban slum areas in the Third World whose survival is dependent on the income earned by their children (Custers, 1997 p. 148).

International concern over child labour in Bangladesh has predominantly been restricted to the garment industry, yet most working children in Bangladesh are to be found in the vast non-formal sectors of the economy.¹⁷ Child labour is deeply rooted in the socioeconomic customs of the country (Rahman, Khanam & Absar, 1999). Nevertheless, as child labour is not acceptable to the international community, multinational buying companies who source some part of their products from Bangladesh appear to be greatly affected by any employment of the children within the garment industry.

3.4.2 Working Conditions

The working conditions experienced by the garment workforce also create great concerns. In general, working conditions in Bangladesh are far below Western standards (Custers, 1997). There is frequent international criticism that the workers in Bangladeshi clothing factories are not in a position to enjoy basic human rights. The workers often face an inadequate health and safety environment, physical and verbal exploitation, societal vulnerability, and the threat of unemployment.

In a study, Paul-Majumder (1996) documented working conditions in the garment industry. He revealed that the female workers employed in the garment industry in Bangladesh had to pay a high price in terms of ill health to acquire a higher socioeconomic status within society based on their employment and income. A large number of female workers suffered from various illnesses after starting work in the garment industry. This is due to overwork, uncongenial working conditions, and above all, a result of wide-ranging labour law violations (Paul-Majumder, 1996).

In another study of Bangladeshi garment workers, Paul-Majumder (2001) documented some serious areas of concern. He found that 90 percent of the clothing workers experienced illness or disease. The more common diseases were headache; anaemia; fever; chest, stomach, eye and ear pain; coughs and colds; diarrhoea; dysentery; urinary tract infection; and reproductive health

¹⁷ The majority of children are employed in agriculture. Approximately 71 percent of Bangladeshi child labourers are employed in agriculture (Rahman, Khanam & Absar, 1999).

problems. In order to establish a relationship between these diseases and occupational hazards, Paul-Majumder (2001) analysed the health status of the workers before and after entering the garment factory. After analysis the author found that about 75 percent of the garment workers had good health before they joined the garment factory. He concluded that the causes of this health deterioration were occupational hazards, adverse working conditions, absence of staff amenities, stringent terms and conditions of employment, workplace stress, and poor wages. Because of these different kinds of occupational hazards and their adverse effects on health, workers were generally disinclined to continue their job: the average length of service was only four years (Paul-Majumder, 2001). This finding is consistent with the results of surveys carried out by human rights organisations and trade unions which found that a number of factories violated the stipulations regarding the working environment in the Bangladeshi clothing industry (Custers, 1997). These issues specifically appear to create serious concern among multinational companies who source part of their clothing products from Bangladesh.

3.4.3 Factory Fires and Accidents

The clothing sector is notorious for fires. Between 1990 and 1997, 50 garment factories in Bangladesh were reportedly affected by fire; 87 workers died and about 1,000 were injured (Zaman, 2001). In November 2000 a fire in a garment factory killed 800 workers and many were trampled to death as they tried to escape the building through the only stairwell, only to find the doors were locked (Parr & Dhanarajan, 2002). The relatively recent development of fire accidents and deaths are frequently highlighted by NGOs and the media. An account of fire accidents and deaths as highlighted by an international NGO is provided below.

As shown in the following account (Table 3.2) provided by the Netherlands-based international NGO Clean Clothes, factory fires and tragedy have left over 500 workers dead over the period December 2000 to June 2005.

Table 3.2: Number of Dead Workers in the Bangladesh Clothing Sector (2000-2005)

Year	Fire Accidents and Tragedy
December 2000	53 workers die in garment factory fire in Bangladesh
August 2001	24 garment workers die in fire accidents in Bangladesh
June 2004	50 workers die in garment factory tragedy Bangladesh
April 2005	350 Bangladeshi garment workers buried alive

Source: <http://www.cleanclothes.org/news/01-08-17.htm>

3.4.4 Other Issues

Other issues in developing nations such as environmental pollution and energy also appear to be areas of concern. Certainly at local level there seems to be a fair degree of environmental concern (see for example, Belal and Owen, 2007) but this concern is not equally felt at the international level. Although some international research shows that the clothing sector in Bangladesh is one of the major polluters, due to the high level of chemicals discharged that are hazardous to the environment (World Bank, 2006; ADB, 2004; UNESCAP, 2002), this environmental issue appears to engender less international concern than the issue of child labour and working conditions within the sector.

The major issues of child labour and poor working conditions, as discussed above, are of grave concern to multinational buying companies who source part of their products from Bangladesh. A general discussion of stakeholder pressures on multinational companies will be provided next.

3.5 General Evidence of Stakeholder Pressures Exerted on Multinational Buying Companies

Many multinational companies are particularly dependent on international production and purchasing (Haltsonen, Kourula & Salmi, 2007). Simultaneously, pressure on multinational companies from various stakeholder groups pushing for socially responsible production has also grown significantly. Stakeholder concerns over social and human rights are becoming a key issue in major strategic international business decisions. Before highlighting some of the evidence of stakeholder pressure, it is important to understand where and why multinational companies change their production locations.

3.5.1 Multinational Companies and their Production Locations

The global expansion of clothing production network has greatly increased over the last 15 years (World Bank, 2007; Shelton & Wachter, 2005). As a result, clothing manufacturing in many developed countries has almost disappeared (Shelton & Wachter, 2005). Multinational companies headquartered within developed countries typically outsource their products from suppliers located in many developing countries (World Bank, 2007; WTO, 2004; Rahman, 2004; Wilkins, 2000). They outsource their products from many developing countries in a perpetual quest for the least expensive production input possible (Kabeer & Mahmud, 2004; Wilkins, 2000; Custers, 1997). According to their websites (see also World Bank, 2007; WTO, 2004), many of the high-profile multinational clothing companies¹⁸ have moved their production to many of the low-wage¹⁹ countries such as Bangladesh, Vietnam, Thailand, Indonesia, India, China and Cambodia, among others.

¹⁸ Some of the high-profile multinational companies form the top of the production pyramid in the international garments sector, both in terms of capital and profit (Custers, 1997). They also earn the lion's share of profits which are made from the efforts of the Bangladeshi workforce (Custers, 1997, p. 141).

¹⁹ The prevalence of low wages is the principal reason for the relocation of garment production to Bangladesh. The wage of a worker in a Bangladeshi factory is roughly 3% of the wages of a worker in an American garment factory (Custers, 1997, p. 141). Bangladeshi wages are also much lower than those in 'tiger' countries like Hong Kong and South Korea (Custers, 1997); in fact, they are at the bottom end of wages in Asia (Custers, 1997, p. 141). Another study (an ILO study) on labour restructuring estimated that the average annual wage for clothing workers is US\$8,700, although wages range from more than \$30,000 a year in Denmark to \$57 a year in Mozambique (*AccountAbility*, Business for Social Responsibility & World Bank, 2004).

3.5.2 Stakeholder Pressures

The stakeholder pressures often emerge around multinational companies' transferring of production to developing countries where there are lower domestic social standards and where the framework to protect workers is either missing or not implemented. In the period from 1990 to 2004, a number of high-profile multinational clothing companies faced mounting criticisms from stakeholder groups about the use of child and forced labour, factory fire accidents and verbal and physical abuse of workers in their supply factories in developing countries (Haltsonen, Kourula & Salmi, 2007; Bachman, 2000; Spar, 1998; Wah, 1998). For the purposes of this research, the review of the literature indicates that the three specific stakeholder groups who appear to have exerted mounting pressure and a growing influence on multinationals' decisions over how they do business are NGOs, the media and consumers. A brief overview of stakeholder pressure is provided next.

NGOs are pressing hard for change by explicitly asking for the support of human rights in corporate practices (Dicken, 2003; Frenkel & Scott, 2002; Wah, 1998). A range of different NGOs and trade unions have become involved in organisational networks to exert collective pressure on corporations to implement workplace social responsibility policies (Hughes, Buttle & Wrigley, 2007; Braun & Gearhart, 2004). There is a growing number of Western NGOs, labour organisations, civil society and consumer associations joining alliances, such as the Ethical Trading Initiatives (ETI) in UK and Fair Labour Association (FLA)²⁰ in the USA, whose aims are to highlight concerns and to improve labour conditions in the global supply chains which produce goods for the UK and US markets (Hughes, Buttle & Wrigley, 2007). The members of NGOs often appear to attract media attention in order to push for change in the broader accountability roles of multinational companies (Li, 2001).

²⁰ While ETI is a broad initiative aimed at many different industries utilising diverse supply chains for food, clothing and services, the Fair Labour Association (FLA), brought to life as the Apparel Industry partnership under former US President Clinton, represents an alliance of government officials, businesses, NGOs and labour unions aimed at addressing human rights and labour issues primarily in the sportswear and apparel sectors (for details see www.fairlabor.org).

In conjunction with NGOs, the media has been playing a crucial role in raising awareness and concern over multinational companies' operating practices in developing countries. High-profile multinational clothing and sports retail companies have been repeatedly exposed to media criticism about the exploitation of workers in their supply companies in developing countries (Spar, 1998). De Tienne and Lewis (2005, p. 361) documented an example of the severe allegations of a *New York Times* columnist against Nike:

Early that June [1996], Bob Herbert, a *New York Times* columnist, boldly criticized Nike labor conditions with a harsh op-ed piece (1996). The accusations alleged that Nike built its wealth and products with the "slave" labor of young Asian women. The article said Nike used "Sweatshops" of "wretched origins" and compared the corporation to a giant pyramid that crushed the backs of oppressed laborers (Herbert, 1996). This column created a nationwide stir among consumers, activists, and international corporations. Soon afterwards, Nike found itself in a sweltering spotlight, with several nonprofit groups' studies hitting the newsreel.

Some of the poor conditions in factories in developing countries not only relate to the use of child labour but also that workers are underpaid, overworked, not allowed to join trade unions, or exposed to health-damaging chemicals or machinery. Media reports of such stories appear regularly revealing the horrifying conditions under which some of the products of multinational companies are produced. This sort of negative publicity and subsequent damage to a company's corporate image are thought to be much greater if multinational companies do not address these issues (Kolk & van Tulder, 2002).

Another stakeholder group which appears to be fostering concern about the ethical and social responsibilities of multinational companies are consumers. High-profile multinational clothing and sports retail companies have found to their detriment that consumers will reject goods produced in sweatshops in which workers' social rights have been violated (*Financial Times*, March 27, 1998). When NGOs and media organisations in developed countries campaign against the low level of labour standards in developing countries, this raises the awareness of Western consumers who in turn exert more pressure on the

multinational companies to adopt ethical sourcing. Wah (1998) noted that consumers are by far the most important pressure group as an increasing number of people prefer to buy products and services from companies that are socially responsible, and they are willing to pay a premium to be able to do so. As she stated:

[...] a study by the Center for Ethical Concerns, Marymount University, Arlington, Va., shows that 84 percent of US consumers would be willing to pay an additional \$1 on a \$20 clothing item if they knew it was guaranteed to be made in a legitimate shop instead of a sweatshop. On the other hand, companies that get bad press about human rights violations may see their products boycotted. In the long run, the bottom line suffers. (Wah, 1998, p. 19)

In the early 1990s, consumers in the Western world could not see the ecological or working conditions of the suppliers of multinational companies because these locations were kept as strategic 'secrets' (Landrum, 2001). This attitude of multinational companies attracted criticism from the media and NGOs, and the media in particular continued to explore the activities of these production locations to enlighten Western consumers. The literature review of this study indicates that now NGOs and the media appear to be even more active (as discussed above) in shaping consumer behaviour and effecting changes in corporate accountability and related practices.

Hence, the review of the literature (for the purposes of this study) suggests that NGOs, the media and consumers comprise crucial groups that exert pressure on multinational companies operating in or sourcing products from developing countries. From the existing literature, this thesis also documents some examples of direct social and environmental pressures exerted on some of the major multinational clothing and sports retail companies. Table 3.3 outlines these examples. Further, two cases of stakeholder pressures on multinational retail companies, one in the UK and the other in the US, are presented in Appendix 1. These two general cases, as documented by Hughes, Buttle and Wrigley (2007), generally confirm that the media and NGOs in the USA and the UK are the key pressure groups for both US and UK multinational companies that source product from offshore locations.

Table 3.3: Examples of Direct Social and Environmental Pressures and Pressure Groups

Reference	Examples of direct social and environmental pressures exerted on some of the major multinational companies
US Department of Labor (1994)	The broadcasting on 22 December 1992 of an item on NBC television which charged Wal-Mart with buying clothing from Bangladesh made by illegal child labour.
Landrum (2001, p. 57)	Nike and Reebok are the earliest (during the 1990s) active players to engage in poor labour practices in their overseas production
Spar (1998)	Kathie Lee, Nike, Reebok were repeatedly exposed to media criticism over the exploitation of workers in their supply companies in developing countries.
De Tienne & Lewis (2005, p. 361)	In 1996 news media such as <i>The New York Times</i> criticised Nike for building its wealth and products with the 'slave' labour of young Asian women. The news created a nationwide stir among consumers, activists and international corporations. Soon afterwards, Nike found itself in a sweltering spotlight, with several nonprofit groups' studies hitting the newsreels.
Hughes, Buttle & Wrigley (2007, p. 497)	News media focussed on exploitation in the global production of clothing with reference to UK fashion retailers and supermarkets. Supermarkets targeted in these campaigns included the leading four corporations of Tesco, Sainsbury, Safeway (since the take-over by Morrisons) and Asda (since the take-over by Wal-Mart). High street retailers targeted included Marks and Spencer, Next, Debenhams and the Aracadia brands of Topshop, Top Man, Dorothy Perkins, Burton, Miss Selfridge, Evans and Wallis.
Hughes, Buttle & Wrigley (2007, p. 500)	As in the UK, there was an explosion in the US media of exposés on labour conditions in global supply chains during the mid to late 1990s. Articles on the subject appeared frequently in newspapers such as <i>The New York Times</i> and <i>The Wall Street Journal</i> , as well as popular magazines. Retailers and brand manufacturers operating in the apparel and toy sectors were the main targets of criticism, including Gap Inc., Nike, Wal-Mart, Target, Sears and Nordstrom.
Haltsonen, Kourula & Salmi (2007, p. 51-52)	It seems that stakeholder pressure experienced by H&M has mostly taken the form of customer demonstrations and media criticisms. Most often, the pressure has been related to alleged exploitation of workers in less developed countries.

The social and environmental pressures as discussed above appear to have implications for management. A common position taken by a senior manager of a multinational company in 1990 would be to say that the firm has no responsibility for what happens in its suppliers' factories (Blowfield, 2005). However, this was no longer likely to occur by the late 1990s and this is obviously not likely to happen today (Haltsonen, Kourula & Salmi, 2007), as the survival of business is now seen to depend on whether and how business responds to the social and environmental pressures and responsibilities. Since the late 1990s, multinational companies have known that simply avoiding bad press or side-stepping the issue is not enough to cast them in a positive light (Wah, 1998). Rather, one multinational company after another appears to be adopting socially responsible policies and practices as stakeholder groups (and

the broader global community) increase the pressure to address issues such as child labour, forced labour, minimum wages and workplace safety (Wah, 1998). From the literature it is evident that one multinational company after another appears to be demonstrating the highest level of concern that no damage be caused to its reputation in any of the countries in which it operates. These concerns over maintaining the highest standards of social responsibility in turn seem to be having a direct influence on the operating practices of the manufacturers in developing countries.

3.6 BGMEA's Social and Environmental Responsiveness

As evidenced above, many high-profile multinational companies face great pressure due to the extensive campaigns of NGOs and various media 'scandals' related to child labour and working conditions at their suppliers' factories (see also for example Hughes, Buttle & Wrigley, 2007; Haltsonen, Kourula & Salmi, 2007; Egels-Zanden & Hyllman, 2006; Kolk, & van Tulder, 2004; Frenkel & Kim, 2004; Roberts, 2003; Frenkel, 2001). As a result, multinational companies themselves exert the same pressures on their suppliers (see for example Radin, 2004; Kolk & van Tulder, 2002; van Tulder & Kolk, 2002; Sethi 2002; Emmelhainz & Adams, 1999). Therefore, the BGMEA—the body responsible for organising the activities of 4,200 entities involved in the export of garments from Bangladesh—is expected to respond to any pressures exerted by multinational buying companies.

Bearing in mind the above discussion, it is argued that if the BGMEA lowers its social and environmental standards, the survival of the clothing industry within Bangladesh will be threatened as multinational companies have available options to source elsewhere, in places where social and environmental standards are higher. The view specifically taken is that if the industry desires to survive and to achieve competitive advantage, the BGMEA must not only undertake socially responsible actions but importantly must demonstrate these actions and associated accountabilities through disclosures. Therefore, the discussion so far leads this study to investigate the social and environmental disclosure practices of the BGMEA over a longer period of time. A detailed analysis of the BGMEA's disclosure practices will be presented in Chapter 5.

3.7 Development of Three Research Issues: An Overview

While this thesis consists of three parts, the above discussion leads the researcher to focus primarily on the first part: an in-depth investigation of the motivations for the BGMEA to report information to support a view that the industry operates in a socially responsible manner. Following the results described within the first part, the second part will focus on the social and environmental disclosure practices of two large multinational companies – Nike and H&M; the third part will investigate how social and environmental NGOs use the news media to effect changes in corporate activities and associated accountabilities. The background of each part is explored below:

1. The first part will be presented in Chapter 5, which will investigate the social and environmental reporting practices of the BGMEA. By way of interview, this part will document the opinions of numerous senior executives from the BGMEA with regard to any changes in the degree of such pressures since 1985. A complementary perspective of the legitimacy theory, stakeholder theory and institutional theory will then be utilised to perform an analysis of the BGMEA's annual reports (1987-2005), to explore the link between the perceived pressures and changes entailed therein and the social and environmental disclosure practices of the BGMEA across the period of analysis. As will be found in Chapter 5, the social responsibility initiatives and associated disclosures of the BGMEA respond to the concerns of its most powerful stakeholder group – multinational buying companies. In the Chapter 5, BGMEA executives make specific reference to the expectations of, and pressures exerted by, multinational buying companies such as Nike and H&M.
2. The second part will be presented in Chapter 6. The findings of the first part lead to the second part of this thesis which will investigate the social and environmental disclosure practices of two major multinational buying companies: Nike and H&M. Utilising an analytical framework based on both the legitimacy theory and media agenda setting theory, the second part will investigate the linkage between negative media attention, and positive corporate social and environmental disclosures. Nineteen annual reports released by both H&M and Nike from 1988 to

2006 (19 years of annual reports) have been collected and negative news coverage of the social issues of multinational buying companies will be identified – specifically reports in high-profile international news media that address the clothing and sports retail industry over the period 1987-2005 – to determine the connection between media pressure and corporate social disclosure. As will be presented in Chapter 6, for the industry-related social and environmental issues that attract the greatest amount of media attention, the two multinational companies under investigation, Nike and H&M, have reacted by providing positive social and environmental disclosures.

3. The third and final part will be presented in Chapter 7. While the second part will demonstrate the influence of media upon corporate social and environmental disclosure practices, the third and final part of the study will look at what drives the media agenda. The view taken in the third part will be that while the media shapes community concerns (from media agenda setting theory), the media is used by NGOs to report on organisational social responsibility practices. In this regard, this part of the research will investigate how social and environmental NGOs use the media as a vital component of their strategies to effect 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 leading global and local news media outlets will participate in this research.

Combining the three components of the research, the study can be summarised in the following manner. The first part will show that the social and environmental accountability and related disclosure practices of the BGMEA directly respond to the demands and expectations of multinational buying companies. The findings from this will then lead to the second part which reveals that the social and environmental disclosure practices of two major multinational buying companies, Nike and H&M, respond to media pressures (or negative media attention). The findings of the second part will lead to the third which explores how NGOs use the media to create changes in the social

and environmental accountability and related disclosure practices of multinational buying companies as well as their supply organisations in developing countries. Working through the sequence of events provided above, this thesis will ultimately find that real changes occur in the practices of organisations that produce products in developing countries.

3.8 Conclusion

This chapter has briefly discussed some of the major issues of concern in the Bangladeshi clothing industry, such as child labour and poor working conditions, and has provided a general overview of the issue-related stakeholder pressures being exerted upon multinational buying companies who source part of their products from Bangladesh. NGOs, media organisations and consumers comprise the crucial pressure groups that exert pressure on multinational buying companies, who in turn put pressures on suppliers in developing countries such as Bangladesh to be socially and ethically accountable. The discussion of this chapter leads to the first part (outlined in Chapter 5) of this research: to investigate the BGMEA, a major clothing export body in Bangladesh, in order to account for the management motivations related to social and environmental accountability and related disclosure practices. While investigating the social and environmental accountability and related disclosure practices of a major body such as the BGMEA, it is essential to embrace the relevant theoretical frameworks. In this regard, Chapter 4 presents a detailed discussion of legitimacy theory, stakeholder theory and institutional theory as they are relevant to gaining an understanding of the management motivations underlying the disclosure practices of an organisation.

Chapter Four

Theoretical Perspectives

4.1 Introduction

The discussion of the previous chapter leads to a consideration of the BGMEA, a major clothing export body in Bangladesh, to seek to understand the management motivations underlying the organisation's social and environmental accountability and disclosure practices. In order to gain an in-depth understanding of such motivations for the BGMEA, this thesis utilises three complementary theories: legitimacy theory, stakeholder theory and institutional theory. These theories are viewed by many social and environmental accounting researchers as the appropriate theories to understand social and environmental accounting and reporting practices. Thus, this chapter will provide an overview of these theories. The key justification for the application of these theories will also be provided followed by some concluding remarks.

4.2 Summary of Theories Applied in Prior Literature

There are two major theoretical groups within social and environmental accounting research: positivist and normative. The positivist group includes theories such as legitimacy theory, stakeholder theory, institutional theory, agency theory and political cost theory. The normative group primarily includes accountability theory and critical theory. Each group offers particular systematic assumptions, preconceptions and insights and each has its limitations and critics. Table 4.1 provides a summary of the findings from the review of each theory.

The theories within the positivist group offer potential in-depth insights to explain the underlying motivations for corporate social and environmental disclosures. Legitimacy theory explains how an organisation wishing to maintain its 'license to operate' must comply with the expectations of the community in which it operates (Deegan, 2002). Stakeholder theory suggests that an organisation will respond to the concerns and expectations of powerful stakeholders (Ullman, 1985). Institutional theory explains how organisations

embrace operating policies that are similar in form to those embraced by powerful stakeholders (DiMaggio & Powell, 1983). Agency theory explains that organisations will take actions to maximise management and shareholder interests (Watts & Zimmerman, 1978). Political cost theory explains that organisations will take actions to reduce their political costs such as those relating to increased taxes and regulation²¹ (Watts & Zimmerman, 1978). Hence, all of these theories seek to identify and predict the driving factors behind the organisational disclosure decisions. While there are some similarities, agency and political cost theory rely upon the economics-based assumption²² that all action is driven by individual self-interest (tied to wealth maximisation) (Deegan, 2006, p. 294). Unlike agency and political cost theory, stakeholder, institutional and legitimacy theory do not rely on the central assumption that all action must be driven by individual self-interest. For example, legitimacy theory relies upon the ‘central notion of an organisation’s “social contract” with society and predicts that management will adopt particular strategies (including reporting strategies) in a bid to assure the society that the organisation is complying with the society’s values and norms (which are predicted to change over time)’ (Deegan, 2006, p. 294). Bearing in mind both the research objectives (as described in Chapter 1) and the limitations of agency and political cost theory (see an outline of the limitations of self-interest driven positivist approach in Chapter 2), this thesis does not consider agency and political cost theory in an attempt to explain the social and environmental disclosure practices of organisations operating in or sourcing products from a developing country.

The second group of theories provides insights into the contributions towards effecting change in corporate social and environmental accountability practices, but is not adopted in this study as these theories do not explain the underlying

²¹ Watts and Zimmerman (1978) indicate that political cost theory could be used to explain why companies make disclosures, such as environmental information, in an effort to reduce the political costs of environmental regulation (or further regulation) (Ness & Mirza, 1991).

²² Within this assumption, some studies use market price to measure the value of social disclosures (see for example Freedman & Jaggi, 1988), some show environmental disclosure as an instrument to reduce political costs such as increased taxes and regulation (Ness & Mirza, 1991).

motivations for such practices. These theories to a greater degree reject market-related solutions, and consider that all stakeholders are morally responsible and that one stakeholder group (such as shareholders) should not be benefited at the expense of other stakeholders (such as the community or employees). While positivist theories tend to ignore concepts of accountability and transparency (Deegan, 2002), accountability and critical theories accept these concepts. Accountability theory suggests that an organisation has a duty to provide an account of the actions for which it is held responsible (Gray et al., 1996). In this regard, critical theory²³ suggests that organisational actions should play a pivotal role in reducing social inequality and injustice (see Lehman, 2001, 1995, 1999; Andrew, 2000; Gray, 1992; Cooper, 1992). Both accountability theory and critical theory see social and environmental reporting practices as a moral discourse to satisfy a larger range of accountability relationships. However, as these theories seek to prescribe how accounting should be practiced (or perhaps, should not be practiced), they can not be empirically tested (Deegan, 2009). As the objective of this thesis is to understand the motivations for social and environmental disclosure, these theories offer limited insights to explain the phenomena under study. Therefore, these theories are not adopted by this research. However, the researcher acknowledges accountability and critical theory in terms of their significant contribution to the social and environmental literature.²⁴

As shown in Table 4.1, based on the review of the literature pertaining to different theories in the social and environmental accounting literature, it is understood that legitimacy theory, stakeholder theory and institutional theory are the most appropriate theories to develop a theoretical framework for this research. The central supporting factors for the application of these theories are their overlapping insights and methodological potential to explain the

²³ One group of theoretical frameworks which may fall under the banner of critical theory includes deep green ecological perspective (Andrew, 2000; Gray, 1992), the eco-feminist approach (Andrew, 2000; Cooper, 1992) and the fairness perspective (Lehman, 2001, 1999, 1995). Although these theoretical frameworks are not considered useful for the purposes of this thesis, the researcher appreciates the value of these frameworks.

²⁴ As an example, Parker (2005) argues that reactivating a normative research agenda ‘arguably hinges on the preparedness of particularly senior researchers to make the leap of faith from the comfortable templates of positivist or theoretical research design and writings’ (p. 844).

motivations for the social and environmental disclosure practices of an organisation. Further discussion of these theories is relevant and therefore will be provided in the following sections.

Table 4.1: Theories to Explain Motivation for Social and Environmental Disclosure

Basis of Analysis	Positivist Theories				Normative Theories	
	Legitimacy Theory	Stakeholder Theory (Managerial branch)	Institutional Theory	Agency and Political Cost Theory	Accountability Theory	Critical Theory
Broad Overview	Evidence shows this theory provides considerable potential to explain social and environmental disclosures	Widely used in management and accounting literature. It also provides potential to explain the phenomena. Factors such as power should be considered	As insights and assumptions are similar to those used in stakeholder and legitimacy theory, this appears a suitable framework to explain the phenomena	Widely used in financial accounting. But assumptions and conclusions appear questionable when applied to social and environmental research	Little insights to explain why management discloses social information. It provides value judgments	Little insights to explain why management discloses social information. It provides suggestions which may be well-defined and based on strong theoretical claims and judgment.
Research Methods Used	Content analysis, case studies, interviews or surveys can be applied	Content analysis, case studies, interviews or surveys can be applied	Content analysis, case studies, interviews or surveys can be applied	Secondary data typically used	Review, case studies, interview or surveys	Review, case studies, interview or surveys
Prior Empirical Test	This theory has been used in much empirical research in social and environmental accounting	The insights provided can be empirically verifiable	The insights provided can be empirically verifiable	Much used in empirical research	Not developed for empirical testing as it is premised on a view of how things 'should be'	It may not be empirically tested
Prior Application	Widely applied	Widely applied	Limited application in the social and environmental accounting literature but has significant potential	Limited application (Assumptions and conclusions are contested by social researchers)	Limited application particularly to explain motivation for disclosure practices	Limited application particularly to explain motivation for disclosure practices
Relevance to this Thesis	Relevant	Relevant	Relevant	Not relevant	Not relevant	Not relevant

4.3 Theories Relied Upon: An Overview

As discussed previously, the three theories underpinning this thesis are legitimacy theory, stakeholder theory and institutional theory. A detailed discussion of each theory follows.

4.3.1 The Origins

These three theories have their origins in the theoretical paradigm of political economy (Deegan, 2009). The political economy paradigm suggests that the economic realm may not be studied in isolation from the political, social and institutional framework in which the economy is situated (Gray et al., 1996, p. 47). It draws on different disciplines and asks fundamental questions about the way in which dynamic societies are organised and how they might be improved (Gamble, 1995, p. 516). It explicitly recognises the power conflicts that exist within society and the various struggles that occur between various groups within society (Deegan, 2002). While the political economy paradigm has a lengthy history spanning several centuries (Murphy & Tooze, 1991, p. 1), a historical analysis of this paradigm is beyond the scope of this research. However, this chapter does provide detailed discussions of legitimacy theory, stakeholder theory and institutional theory within the context of the political economy paradigm.

4.3.2 Legitimacy Theory

Within the relationship between organisation and society, the responsibilities of organisations and the social expectations of them are constantly being discovered, examined, defined and revised. Legitimacy theory, being derived from the political economy paradigm, provides a view that the interrelationship between an organisation and related social expectations is simply a fact of social life. According to this theory, the survival of an organisation is established both by market forces and community expectations, and hence an understanding of the broader concerns of society expressed in community expectations becomes a necessary precondition for an organisation's survival. The theory focuses on the assumption that an organisation must retain its social role by responding to society's needs and giving society what it wants. This assumption has been

supported by some early studies such as those of Sethi (1974), Shocker and Sethi (1974), Guthrie and Parker (1989) and Suchman (1995).

The most widely used theory to explain motivations behind social and environmental reporting is legitimacy theory. Within the social and environmental accounting literature, legitimacy theory offers insights in describing and explaining the changing levels of social and environmental reporting behaviours of an organisation. In a special edition of *Accounting, Auditing & Accountability Journal (AAAJ)*, Deegan (2002) provides a comprehensive overview of legitimacy theory and a variety of motivations for managers to report social and environmental information. He has found a number of studies²⁵ that have embraced legitimacy theory to explain the motivation behind corporate social and environmental disclosures. Deegan's (2002) review of prior literature has specifically found that corporate annual report disclosure is a tool for maintaining legitimacy. The review also suggests that the greater the likelihood of adverse shifts in community expectations, the greater will be the need to attempt to influence the process through corporate social disclosure. If it is granted that legitimacy theory is able to explain the social and environmental reporting behaviour of an organisation, the next question concerns what the concept of legitimacy is, why a legitimacy gap occurs and what strategies managers utilise to minimise the legitimacy gap in order for their organisations to survive. A consideration of the answers to these questions is provided next.

4.3.2.1 Legitimacy

The central point which can be put forward is the question of the analytic utility of the concept of legitimacy—that is, whether the concept of legitimacy is a useful one in explaining the social and environmental impacts of an organisation. As social relations may be created predictably, the concept of legitimacy can enable a researcher (who addresses this concept) to explain the social relations of an organisation. Lindblom (1994) defines legitimacy as a

²⁵ Deegan's (2002) review of prior studies includes, but are not limited to, that of Deegan et al. (2002), Deegan et al. (2000), O'Donovan (1999), Brown & Deegan (1998), Walden & Shwartz (1997), Deegan & Rankin (1996), Deegan & Gordon (1996), Patten (1995, 1992), Gray et al. (1995a) and Guthrie & Parker (1989).

condition or status which exists when an organisation's value system is congruent with the value system of the larger social system of which the organisation is a part (p. 2). As Nasi et al. (1997, p. 300) state:

It is a measure of the attitude of society toward a corporation and its activities, and it is a matter of degree ranging from highly legitimate to highly illegitimate. It is also important to point out that legitimacy is a social construct based on cultural norms for corporate behaviour.

Legitimacy is better characterised as both part of the context for exchange and a by-product of exchange, rather than viewing legitimacy as something ready for exchange among organisations (Hybels, 1995). The term legitimacy refers to acceptance sanctioned by the community, as distinguished from 'legitimation' which rests upon an organisation's legitimate actions. It 'is not synonymous with economic success or legality because economic success is just one facet of legitimacy and legality is theoretically an enforcer, not a creator, of changes in social values' (Deegan, 2002). Put simply, legitimacy is a function of the right organisational manager in the right position doing the right thing as judged by individuals' private beliefs, the beliefs of their peers and of the community. Pfeffer and Salancik (2003) argue that legitimacy is like any resource that an organisation must obtain from its environment. Unlike many other 'resources', however, it is a 'resource' upon which an organisation can be considered to impact or which it can manipulate through various disclosure-related strategies (Woodward et al., 1996). These established strategies are also used as the baseline to evaluate whether the legitimacy-seeking organisation adheres to social expectations. In other words, the concept of organisational legitimacy is used to investigate whether a particular strategy (for instance, a disclosure strategy) or all strategies as a whole (such as capitalist economic structures or democratic government) have gained or maintained social acceptance.

Legitimacy and changing social expectations are interrelated. Social expectations change because the community has long searched for the kind of society in which every human being is entitled to enjoy a decent life, and can access freedom, justice, equality, a pollution-free environment and a variety of other good things seen as proper to human existence. Boulding (1978) asserts that with the change of community expectations it is important that the

organisation retains its legitimacy in order to survive conditions beyond those of the marketplace. Because of changing social expectations, the amount of legitimacy needed may fluctuate over time, and the impact of such fluctuation in legitimacy is always directly reflected in the organisational arena in one form or another.

4.3.2.2 Social Contract and Legitimacy

Legitimacy theory directly relies upon the notion of the ‘social contract’ (Deegan, 2002; Guthrie & Parker, 1989; Shocker & Sethi, 1974). According to Guthrie and Parker (1989), legitimacy theory itself is grounded in a notion that an organisation operates in society via a ‘social contract’ such that it gains approval to carry out various socially desirable activities in return for endorsement of its rewards and ultimate survival. Fundamentally, the ‘social contract’ is considered to be an implied contract between an organisation and the society, whereby the society grants the organisation permission to operate in compliance with societal expectations about the conduct of the organisation.²⁶

As Mathews (1993, p. 26) states:

The social contract would exist between corporations (usually limited companies) and individual members of society. Society (as a collection of individuals) provides corporations with their legal standing and attributes and the authority to own and use natural resources and to hire employees. Organisations draw on community resources and output both goods and services and waste products to the general environment. The organisation has no inherent rights to these benefits, and in order to allow their existence, society would expect the benefits to exceed the costs to society.

The historical development of the concept of the ‘social contract’ is long and distinguished, playing a noteworthy role in the philosophical theories of Thomas Hobbes (1588–1679, 1994), John Locke (1632–1704, 1993) and Jean-Jacques Rousseau (1712–1778, 1996). According to Rousseau, the purpose of the ‘social contract’ is to ensure liberty, and hence the power is exercised by the sovereign, which is the common power created by the social contract. According to

²⁶ The social contract is a theoretical construct considered to represent the multitude of explicit and implicit expectations that society has about how an organisation should conduct its operations (Donaldson, 1982).

Hobbes, persons give up some of their freedoms in the state of nature in exchange for the advantage of living under an absolute sovereign who can enforce the rule of law. Later 'social contract' theorists have dropped the citizen-sovereign relation in favor of citizen-citizen contract (Blackburn, 1996, p. 354). In so far as a social contract to govern a systematic society is agreed upon, individuals, the community and organisations should act in accordance with its terms. Therefore, a citizen or an organisation is supposed to comply with the expectations of all citizens or the community as a whole.

Based on the notion derived from the social contract, where the community is not satisfied that an organisation is operating in an acceptable manner, then that community will effectively revoke the organisation's 'contract' to continue its operations (Deegan, 2002). Thus, an organisation's failure to comply with the social contract has negative implications. As Deegan (2006, p. 277) states:

Failure to comply with societal expectations (that is, comply with the terms of the 'social contract') may lead to sanctions being imposed by society, for example, in the form of legal restrictions imposed on an organisation's operations, limited resources (for example, financial capital and labour) being provided, and/or reduced demand for its products (sometimes through organised consumer boycotts).

4.3.2.3 Legitimacy Gaps, Threats to Legitimacy and Management Strategy

A legitimacy gap is based in a relational perception which accepts a relationship among organisations and individuals in social life. Legitimacy gaps can arise for many reasons. However, Sethi (1977) argues that the many reasons for legitimacy gaps arising can be summarised as emanating from two main sources. Firstly, societal expectations may change, which can lead to a gap arising even though an organisation may not have altered its practices. The second major source of a legitimacy gap, according to Sethi, occurs when previously unknown information becomes known about an organisation, perhaps through disclosure within the news media. In relation to this second possibility, Nasi et al. (1997, p. 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.

A widening gap will cause an organisation to lose its legitimacy and will pose ‘threats’ to its survival. ‘Threats’ to an entity’s perceived legitimacy are predicted to lead to actions by management to endeavour to minimise the impacts of such legitimacy threats. ‘Threats’ to legitimacy can be seen as hints to an organisation to change aspects of its operations.

When a given organisation is faced with legitimacy threats, the presence or absence of legitimisation strategies is a critical variable in determining its survival. If the legitimisation strategies are absent when threats do arise, the organisation is vulnerable. As evidenced from the previous research, if an organisation finds itself in a situation that necessitates legitimisation strategies, legitimacy theory can offer a powerful explanatory tool to analyse the particular behaviours of that organisation.

It is posited that once legitimacy is threatened, an organisation will embark on a process of legitimisation targeted primarily at those groups who it perceives to be its ‘conferring publics’ (O’Donovan, 2002,1999). For an organisation to manage legitimacy effectively, it must consider the following factors (O’Donovan, 2002, p. 349):

- identify its conferring publics;
- establish what are its conferring publics’ social and environmental values and perceptions of the corporation (public pressure variables);
- decide on the purpose or aim of any potential organisational response to legitimacy threats; and,

- decide what tactics and disclosure options are available and suitable for managing legitimacy, related to the purpose of the organisational response.

If an organisation is threatened it can adopt a number of public disclosure strategies (Lindblom, 1994; Dowling & Pfeffer, 1975). Lindblom (1994) identifies four courses of action that an organisation can take to obtain or maintain legitimacy: the organisation can seek to:

- a. educate and inform its “relevant publics” about (actual) changes in the organisation’s performance and activities;
- b. change the perceptions of the “relevant publics”—but not change its actual behaviour;
- c. manipulate perceptions by deflecting attention from the issue of concern to other related issues through an appeal to, for example, emotive symbols; or
- d. change external expectations of its performance.

In social and environmental accounting literature, many researchers concur that social and environmental disclosure can be employed by an organisation to implement each of the above strategies. A growing number of empirical studies have sought to link legitimacy theory to corporate social disclosure policies and found that corporate disclosure via annual reports takes place as a reaction to legitimacy threats (see for example Deegan et al., 2002; Deegan et al., 2000; Patten, 1992; Hogner, 1982). As Patten (1992, p. 475) demonstrates:

[...] threats to a firm’s legitimacy do entice the firm to include more social responsibility information in its annual report.

An organisation’s legitimacy itself can be threatened simply because it fails to provide disclosures consistent with society’s expectations (Deegan, 2006, 2002; Newson & Deegan, 2002). As Deegan (2006, p. 281) states:

Legitimacy itself can be threatened even when an organisation’s performance is not deviating from society’s expectations of appropriate performance. This might be because the organisation has failed to make disclosures that show it is complying with society’s expectations, which in themselves, might be changing across time. That is, legitimacy is

assumed to be influenced by disclosures of information, and not simply by (undisclosed) changes in corporate actions. If society's expectations about performance change, then arguably an organisation will need to show that what it is doing is also changing (or perhaps it will need to explicitly communicate and justify why its operations have not changed).

Therefore, in order to maintain or increase perceptions of legitimacy, an organisation may choose to respond to changes in public attention through social and environmental disclosures in its annual reports (Patten, 1992, 1991). The implicit argument behind this perspective is that an organisation will disclose social and environmental performance information whenever it is faced with 'threats' to its legitimacy, and these threats are linked to social and environmental issues.

Some accounting researchers have questioned the applicability of legitimacy theory and have proposed alternative theoretical explanations for the motivation behind corporate social and environmental reporting practices. For example, Bebbington, Larrinaga-Gonzalez and Moneva-Abadia (2008) have contended that legitimacy theory is based on a bimodal conceptualisation (something either does or does not exist), while reputation theory refers to the relative standing of organisations to one another; therefore, reputation theory will likely have better traction in explaining the nature of social disclosures. Bebbington et al. (2008) have also argued that a negative social or environmental incident does not affect corporate legitimacy—rather it affects the organisation's reputation which in turn has a second order impact on corporate legitimacy. However, Adams (2008) has provided a critical commentary on the views of Bebbington et al. (2008) and rejects their arguments by stating that reputation theory offers nothing more than legitimacy theory, and indeed that it is legitimacy theory but under another name. Adams (2008) has further argued that legitimacy theory offers greater and more effective explanatory power than Bebbington et al.'s (2008) reputation theory, in terms of understanding corporate social and environmental reporting practices.

4.3.3 Stakeholder Theory

There are two branches of stakeholder theory: the normative branch and the managerial branch. In discussing each branch it is essential to understand the meaning of stakeholders. Therefore, a consideration of the meaning of the term 'stakeholder' is presented next, followed by a discussion of each branch of stakeholder theory.

4.3.3.1 Definition of Stakeholder

Freeman and Reed (1983) have identified stakeholders as 'those groups who have an interest in the actions of the corporation' (p. 89). In a follow-up study, Freeman (1984) revisited stakeholder theory and redefined stakeholders 'as any individual or group who has an interest in the firm because he (or she) *can affect or is affected* by the firm's activities' (p. 41). From this definition, it is understood that the meaning of stakeholders is very broad indeed, going beyond those that have purely formal or contractual ties to the organisation. Other authors subsequently writing on the subject have defined stakeholders similarly. Evan and Freeman (1988) have clarified the definition by stating that stakeholders are 'those groups who have a stake in or a claim on the firm' (p. 79). They have specifically outlined suppliers, customers, employees, stockholders, the local community and management as the stakeholder groups of an organisation. Carroll (1993) has defined a stakeholder as 'any individual or group who can *affect or is affected* by the actions, decisions, policies, practices, or goals of the organisation' (p. 74).

Stakeholders can be identified by the legitimacy of their claims which is substantiated by a relationship of exchange between themselves and the organisation, and hence stakeholders include stockholders, creditors, managers, employees, customers, suppliers, local communities and the general public. As Hill and Jones (1992, p. 133) argue:

The term stakeholder refers to groups of constituents who have a *legitimate claim* on the firm. This *legitimacy* is established through the existence of an exchange relationship, that is, an identifiable contract can be shown to exist between two parties. Stakeholders include stockholders, creditors, managers, employees, customers, suppliers,

local communities and the general public. Each of these groups can be seen as supplying the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements).

Some early studies (see for example Clarkson, 1995; Freeman, 1984) have also found it useful to differentiate stakeholders as either primary or secondary. Clarkson (1995 p.106) argues that a primary stakeholder 'is one without whose continuing participation the corporation cannot survive as a going concern'. Clarkson (1995) has defined secondary stakeholders²⁷ as those who influence or affect, or are influenced or affected by, the organisation, but are not engaged in transactions with the organisation and are not essential to its survival. Clarkson's (1995) identification of stakeholders is consistent with the early findings of Freeman (1984). According to Freeman (1984), primary stakeholders are those upon which the organisation depends for its survival (customers, shareholders, government and employees) and secondary stakeholders are those who have an interest in the organisation or the organisation's activities, though the organisation may not depend on these groups for its survival (such as environmental groups or the media). However, Freeman (1984) indicates that while secondary stakeholders such as NGOs and the media may be less relevant today, if ignored they could become a powerful group tomorrow and have a direct influence on an organisation's operation.

4.3.3.2 Normative or Ethical Branch of Stakeholder Theory

While both the normative and managerial branches of stakeholder theory are system-oriented, the normative branch of stakeholder theory prescribes the relationships between an organisation and its stakeholders, and the agreed upon normative principles of fairness, in the consideration of all stakeholders. Reed (1999, p. 453) explicitly constructs the relation stating that the stakeholder relationship 'is best characterised as a theory of corporate responsibility or a normative theory of the firm'. In other words, normative researchers believe that stakeholder theory is useful as a theory of organisational ethics when it is supplemented by a theory of moral responsibility (Van de Ven, 2005).

²⁷ The definition of secondary stakeholder is similar to the broad definition of stakeholder by Goodijk (2003, p. 227) who states that stakeholders should be more generally defined as 'individuals and entities/institutions who may influence or be affected by the functioning of the company: shareholders, employees, customers, pressure groups, civic institutions, etc.'.

According to this theory, the interest of one stakeholder (for example, a shareholder) should not be pursued at the expense of other stakeholders such as the community or employees (Zsolnai, 2006; Phillips et al., 2003; Goodijk, 2003; Smith, 2003; Phillips, 2003, 1997; Clarkson, 1995; Goodpaster, 1991). Normative stakeholder theory suggests that stakeholders have intrinsic value in and of themselves and the company therefore has an obligation to uphold their rights and serve their interests simply because they exist (Goodijk, 2003; Kaler, 2003; Donaldson & Preston, 1995). As Donaldson and Preston (1995, p. 66) state:

Within the ethical branch of Stakeholder Theory there is a view that stakeholders have intrinsic rights (for example, to safe working conditions, fair pay), and these rights should not be violated. That is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interest of some other group, such as the shareholders.

In support of the normative branch of stakeholder theory, Phillips (2003, 1997) states that normative stakeholders are ‘those to whom the organisation has a moral obligation, an obligation of stakeholder fairness, over and above that due other social actions simply by virtue of them being human’ (Phillips, 2003, p. 31). Van de Ven (2005) states that a normative heart of a theory is a set of normative rules about a certain subject, such as the ‘corporation ought to be governed’ or ‘managers ought to act to...’ do such and such (Van de Ven, 2005). The filling in of the blanks in these judgments is the expression of a certain normative core. Thus, one assumes that an organisation is morally responsible for the actions in the sense that one only has to look for those stakeholders or stakeholder groups that are affected by the actions of the organisation and then determine the responsibility to each of them.

Kaler (2003) contends that all stakeholders should be served depending on their connections, where *accountability* should be matched to these perceived connections. In this case, stakeholders can be classified as having weak or strong connections and *accountability* should be in proportion to these perceived connections, ranging from minimum to maximum *accountability*. Hence, the normative branch of stakeholder theory suggests a connection between

stakeholder expectations and *accountability*. Deegan (2009) suggests that the normative branch of stakeholder theory is consistent with the notion of *rights to information* grounded in an *accountability model* as outlined by Gray et al. (1996). In this regard, Gray et al. (1996, p. 38) describe such accountability as:

The duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held accountable.

According to the *accountability model*, corporate social reporting is assumed to be *responsibility*-driven rather than *demand or survival*-driven which implies that people in society have a right to be informed about certain facets of an organisation's operations (Deegan, 2009). Applying the *accountability model* to corporate social reporting, Gray, Owen and Maunders (1991) argue that the role of corporate social reporting is to inform society about the extent to which the organisation meets the responsibilities imposed upon it.

Normative stakeholder theory suggests that management must not ignore secondary stakeholders. Thus, it would be inappropriate to classify any stakeholders as secondary stakeholders in the modern day business environment as all stakeholders, according to the normative branch of the theory, have a right to be considered by management and have a right to be provided with information about an organisation's social and environmental performance (Deegan, 2009). While the normative branch of stakeholder theory emphasises that all stakeholders have the right to be treated fairly by an organisation, it does not describe the issues of stakeholder *power* (Deegan, 2009). Therefore, according to this theory management motivations that determine the levels and quality of corporate social and environmental disclosure should not be driven by stakeholder *power*.

One of the key limitations of this theory is that it is based on moral decision-making which requires a subjective evaluation as to where the appropriate and optimal balance among competing interests lies and how resources should subsequently be allocated (Humber, 2002). This theory, which equally recognises the interests of all stakeholders, has been criticised as incompatible with the function of business where the objective is to focus on the interests of

the owner (Sternberg, 1997; Ambler & Wilson, 1995). This has led authors such as Goodpaster (1991) to characterise the normative stakeholder rationale as 'ethics without business'. Another key limitation of this theoretical perspective is that it can not be validated by empirical observation (Deegan, 2009).

4.3.3.3 Managerial Branch of Stakeholder Theory

The managerial branch of stakeholder theory²⁸ is based on the premise that an organisation and its stakeholders are interdependent upon one another for resources and managers are responsible for maintaining this exchange relationship for the organisation's survival. There is a great deal of overlap between the managerial branch of stakeholder theory and legitimacy theory.

In the management literature, various researchers have advocated appropriate management strategies or responses to stakeholders once they have been identified. A number of researchers (for example, Mitchell et al., 1997; Clarkson, 1995, 1991, 1988; Logsdon, 1991; Savage et al., 1991; Wartick and Cochran, 1985; Carroll, 1979) have outlined frameworks detailing organisational interaction with stakeholders.

Mitchell et al. (1997) offer a useful organising framework for prioritising stakeholders and exploring the theoretical underpinnings of the stakeholder view. They argue that the core attributes of stakeholders are *power* and legitimacy, and that when these are combined with urgency a typology emerges that has great utility in explaining managers' assessments of stakeholder 'salience'²⁹. The greater the degree to which managers believe stakeholders possess these three attributes, the greater will be their 'salience' to managers. However, the dependent variable 'salience' is problematic to operationally measure because it requires that managers can recognise and analyse specific scenarios of competing stakeholder interests.

The most common concept utilised by many stakeholder theorists to explain how stakeholders influence organisations is *power* (Frooman, 1999; Mitchell et

²⁸ As discussed earlier, the managerial branch of stakeholder theory is positivistic while the ethical branch is normative.

²⁹ Mitchell et al. (1997, p. 854) define salience as 'the degree to which managers give priority to competing claims'.

al., 1997; Carroll, 1993; Savage et al., 1991; Ullman, 1985). Savage et al. (1991) argue that it is important to understand each stakeholder's potential to threaten an organisation. The capacity, opportunity and willingness to threaten the organisation are postulated to be a function of the stakeholder's relative *power* and its relevance to any particular issue with which the organisation must deal. The organisation does not respond to all stakeholders equally but rather responds more to those stakeholders deemed to be 'powerful' (Buhr, 2002; Baily et al., 2000). A stakeholder's (for example, an owner, creditor or regulator) power to influence corporate management is viewed as a function of the stakeholder's degree of control over resources required by the organisation (Ullman, 1985). The more critical the stakeholder's resources are to the continued viability and success of the organisation, the greater the expectation that this stakeholder's demands will be addressed. A successful organisation is considered to be one that satisfies the demands (sometimes conflicting) of the various powerful stakeholder groups.³⁰ In this respect Ullman (1985, p. 2) states:

Our position is that organisations survive to the extent that they are effective. Their effectiveness derives from the management of demands, particularly the demands of interest groups upon which the organisation depends.

While many researchers often struggle to define *power*, Mitchell et al. (1997, p. 865) and Weber (1947) very aptly claim that 'power may be very tricky to define, but it is not that difficult to recognise'. According to Mitchell et al. (1997, p. 865), 'stakeholder power exists where one social actor, A, can get another social actor, B, to do something that B would not have otherwise done'. The positive relationship between stakeholder *power* and salience as proposed by Mitchell et al. (1997) has been empirically supported (Gago & Antolin, 2004; Agle, Mitchell & Sonnenfeld, 1999). Eesley and Lenox (2006) argue that Mitchell et al.'s definition of power does not consider the very important reality that the organisation has *power* over the stakeholder.

³⁰ In considering the managerial perspective of stakeholder theory, Hasnas (1998, p. 32) states: 'when viewed as an empirical theory of management designed to prescribe a method for improving a business's performance, the stakeholder theory does not imply that business has any social responsibilities'.

Within the social and environmental accounting literature, a good deal of research suggests that social performance and disclosure are means to manage relationships with stakeholders (Deegan & Blomquist, 2006; Gray et al., 1996; Gray et al., 1995a; Ullmann, 1985). Ullman (1985) contends that an organisation 'will use either social performance or social disclosure or both techniques simultaneously to manage its relationship with its stakeholders' (p. 553). In describing stakeholder theory, and the role of information in controlling (and potentially manipulating) the actions of powerful stakeholders, Gray et al. (1996, p. 45) state:

Here (under this perspective), the stakeholders are identified by the organisation of concern, by reference to the extent to which the organisation believes the interplay with each group needs to be managed in order to further the interests of the organisation. (The interests of the organisation need not be restricted to conventional profit-seeking assumptions). The more important the stakeholder to the organisation, the more effort will be exerted in managing the relationship. Information is a major element that can be employed by the organisation to manage (or manipulate) the stakeholder in order to gain their support and approval, or to distract their opposition and disapproval.

Stakeholder theory supports a proposition that the disclosure of particular types of information is used to gain or maintain the support of powerful stakeholder groups (Deegan & Blomquist, 2006; Buhr, 2002; Bailey, Harte & Sugden, 2000; O'Donovan, 1997; Gray et al., 1996; Gray et al., 1995a). As Deegan and Blomquist (2006, p. 349) state:

According to stakeholder theory, the disclosure of particular types of information can be used to gain or maintain the support of particular groups. For example, if a potentially powerful group is concerned about the social or environmental performance of an organisation then that organisation might perceive a need to publicly disclose information about particular social or environmental initiatives that it has, or is about to, implement so as to alleviate some of the concerns held by the powerful stakeholders.

The managerial branch of stakeholder theory has some limits. Compared with the normative branch of stakeholder theory, the managerial branch does not prescribe what social and environmental information an organisation should disclose.

4.3.4 Institutional Theory

Another theoretical explanation with similarities to stakeholder theory and legitimacy theory in terms of how and why organisations behave the way they do is institutional theory. Institutional theory is concerned with examining and explaining how institutionalised norms and pressures affect social change among organisations. This theory is slowly but steadily emerging as a useful theoretical framework in relation to the social and environmental implications of an organisation's operations and behaviours. A detailed discussion of this theory follows.

The origins of institutional theory are found in sociologist Philip Selznick's study of organisations which revealed that organisations adapt not only to their internal actors, but to the expectations of external parties (Selznick, 1957). Several researchers have taken Selznick's study about organisational adaptation to the expectations of external parties and have sought to further explain how this process actually works. Scott (1987) argues that institutional theory shifts attention from Keynesian economic models of organisational change which focus on markets, customers and the power of competitors towards an emphasis on the role of actors that shape organisations by imposing restraints and requirements. DiMaggio and Powell (1983) assert that organisations are by definition impacted by the organisational environment in which they operate.

Institutional theory operates across several fields in the social sciences. Cambell and Pedersen (2001, p. 3) assert that the explanatory power of institutional theory is put to the test in the social science fields of political economy, historical sociology, comparative politics, international relations and

organisational analysis³¹. The organisational sociologists who played major roles in accelerating and deepening the theory's application include but are not restricted to the following: Paul DiMaggio, Walter Powell, Richard Scott, John Meyer, Brian Rowen and Neil Fligstein.

According to institutional theory, organisational action is limited by a variety of external pressures (Powell, 1988; Pfeffer & Salancik, 1978; DiMaggio & Powell, 1983). An underlying assumption of this theory is that organisations must be responsive to external demands and expectations in order to maintain their legitimacy (Oliver, 1991; Pfeffer & Salancik, 1978; Meyer & Rowan, 1977). DiMaggio and Powell (1983) argue that an organisational response is not derived from the imperative to make organisations more efficient, but rather driven by the desire to make them conform to expectations in their organisational field. DiMaggio and Powell's (1983) version of institutional theory has been termed neo-institutional theory and focuses on:

[...] the way action is structured and order made possible by shared systems of rules that both constrain the inclination and capacity of actors to optimise as well as privilege some groups whose interests are secured by prevailing rewards and sanctions. (p. 11).

DiMaggio and Powell (1983) observed a striking degree of structural similarity among organisations that are members of the same field. They have been intrigued by the degree of homogeneity in organisational environments and have sought to explain some of the institutional forces that cause organisations to become similar over time. Hence, for example, in health care, all hospitals tend to be structured along the same hierarchical lines; the same is true for public high schools. Organisations look similar because they adopt similar structures. As DiMaggio and Powell have posited, there are processes in place which make modern organisations 'more similar without necessarily making them more

³¹ A number of studies across several fields use institutional theory, which include, but are not limited to, that of Tuttle & Dillard, (2007), Dillard, Rigsby & Goodman (2004), Frumkin & Galaskiewicz (2004), Guler, Guillen & Macpherson (2002), Lemke, Schminke & Donaldson (2001), Carpenter & Feroz (2001), Cambell & Pedersen (2001), Kraatz (1998), Powell, (1998), Davis & Greve (1997), Haunschild & Miner (1997), Christiansen & Molin (1995), Holm (1995), Suchman (1995), Halliday, Powell & Granfors (1993), D'Aunno, Sutton & Price (1991), DiMaggio (1991), Rosenzweig & Singh (1991), Ghoshal & Bartlett (1990), Galaskiewicz & Wasserman (1989), Levitt & Nass (1989), Meyer, Scott & Strang (1987) and Tolbert & Zucker (1983).

efficient' (DiMaggio & Powell, 1983, p. 147). The authors termed this phenomenon 'institutional isomorphism'. As a concept, isomorphism refers to a homogenisation process that occurs when organisations structurally conform to other organisations in their environment, or field. As DiMaggio and Powell (1983, p. 149) explain:

The concept that best captures the process of homogenisation is *isomorphism*. In Hawley's (1968) description, isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions.

Such process compels organisations to adopt structures which are perceived as legitimate, that is, socially acceptable, thus sidestepping any consideration of efficiency. This is useful to organisations in terms of enhancing their likelihood of survival (Oliver, 1991). DiMaggio and Powell (1983) found three primary mechanisms that are responsible for isomorphism—*coercive*, *mimetic*, and *normative*—each of which is briefly discussed below.

4.3.4.1 Coercive Isomorphism

According to DiMaggio and Powell (1983), *coercive* isomorphism 'results from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which organisations function'. *Coercive* isomorphism refers to the similarity within a population of organisations which is a response to political influence and/or a search for organisational legitimacy. As Tuttle and Dillard (2007, p. 393) mention:

Change is imposed by an external source such as a powerful constituent (e.g., customer, supplier, competitor), government regulation, certification body, politically powerful referent groups, or a powerful stakeholder. The primary motivator is conformance to the demands of powerful constituents and stems from a desire for legitimacy as reflected in the political influences exerted by other members of the organisational field. These influences may be formal or informal and may include persuasion as well as invitations to collude. If the influencing group has sufficient power, change may be mandated.

This conceptualisation suggests that an organisation changes because standards of behaviour or elements of structure are imposed on it externally. It can be inferred that there exist two classes or levels of *coercive* isomorphism: one that results from sociocultural expectations which simply exist and are taken-for-granted; and the other arising as a function of dependencies or direct pressures for compliance or conformance stemming from organisation–organisation relations. Meyer and Rowan’s (1977) work predominantly considers the influence of sociocultural expectations while DiMaggio and Powell’s emphasis is on coercion that is achieved through both interdependencies and ‘the problem of legitimacy’ (DiMaggio & Powell, 1991, p. 67).

Coercive isomorphism arises when organisations are subject to influence from societal and cultural expectations within the broader social systems. Organisational conformity to these expectations and norms results in the acquisition of legitimacy, which in turn enhances the organisation’s survival prospects. Meyer and Rowan (1977) assert that organisational legitimacy is the outcome of an implicit ‘social contract’ between an organisation and its broader social context. The need for legitimacy is seen as a force that drives organisations to adopt socially appropriate practices and goals (Meyer & Rowan, 1977). Meyer and Rowan’s (1977) work on the influence of sociocultural expectations is consistent with legitimacy theory which suggests an implicit ‘social contract’ between an organisation and the broader community in which it operates.

Coercive isomorphism also often arises as a function of dependencies among organisations. DiMaggio and Powell (1983) assert that such pressures are often mandated as state or regulatory requirements or as a result of dependencies arising from much-needed critical resources. *Coercive* pressures are exerted upon organisations by other more dominant organisations upon which they find themselves dependent. Thus, organisations strive to become isomorphic with the policies, mandates and beliefs of the dominant organisation/s. An interesting aspect of this theory is that the managerial branch of stakeholder theory (discussed previously) provides equally plausible explanations for the observed phenomena.

Within the social and environmental accounting literature, less emphasis (relative to legitimacy theory and stakeholder theory) has been given to applying institutional theory to provide an understanding of the social responsibility initiatives and associated disclosure practices of an organisation.

4.3.4.2 Mimetic Isomorphism

Mimetic isomorphism occurs when structures within organisations occupying the same field begin to resemble each other because of ‘standard responses to uncertainty’ (DiMaggio & Powell, 1991, p. 67). Under conditions of uncertainty, organisations look to other organisations that are considered ‘successful’, as well as similarly sized organisations, as role models. The presence of ‘successful’ organisations is predictive of mimicry within an organisational population; they are structural agents of mimicry. This *mimetic* behaviour can occur explicitly via transfer of personnel or through the use of consultants or trade associations. Over time, specific organisational features come to be legitimated and adopted at an increasing rate by virtue of the fact that certain characteristics are possessed by many similar organisations. As Tuttle and Dillard (2007, pp. 392-393) assert:

Change is voluntary and associated with one entity copying the practices of another. Mimetic pressures include benchmarking and identifying of best practices and leading players in the field. Mimetic isomorphism occurs when the processes motivated by these pressures become institutionalised so that copying continues because of its institutional acceptance rather than its competitive necessity.

A great deal of research³² uses the notion of *mimetic* isomorphism to explain changing institutional practices. Mizruchi and Fein (1999) have conducted an extensive study of the use of this theory, and they have found that while the original article by DiMaggio and Powell has been cited at least 160 times, most of these studies tend to concentrate specifically on the impact of *mimetic* pressures, which they attribute to a tendency among North American

³² A number of studies use the concept of *mimetic* isomorphism which include, but are not limited to, that of Han (1994), Edelman (1990), Galaskiewicz & Wasserman (1989), Oliver (1988), Fligstein (1985), Tolbert & Zucker (1983) and Starr (1982).

organisational sociologists to emphasise cognitive decision-making over intergovernmental power and coercion.

4.3.4.3 Normative Isomorphism

According to DiMaggio and Powell (1983), *normative* isomorphism indicates that if a given industry is increasingly professionalised, one could expect to observe greater homogeneity among organisational characteristics as a result of personnel transfer, standardised training and education of workers, as well as efforts on the part of these firms to ensure that they provide comparable services to their competitors. Hence, for example, the practices of accounting departments in different firms are not determined by the management of those firms but rather the standards and norms of the accounting profession. A good example within the research on normatisation was provided by Palmer, Jennings and Zhou (1993) whose study showed a strong relationship between CEOs who had attended elite business schools and those executives' companies adopting a multi-divisional form (MDF). The multi-divisional form strategy has been taught as part of conventional wisdom in elite schools, and thus this has been passed on to students who later became CEOs. The actions of these similarly trained executives resulted in organisational similarity within fields. Torres (1988) also found that professionalisation eliminated potential variation among structural forms within a niche.

What is common among *coercive*, *mimetic* and *normative* pressures is that they make organisations conform to the expectations of their environment. All three perspectives indicate that institutions are important because they constitute restrictions on the behaviour of societal and political actors. Indeed, although they usefully identify three different mechanisms of influence operating among organisations in the same environments, *coercive*, *mimetic* and *normative* pressures are all predicted to have the same effect of increased structural

isomorphism.³³ Carpenter and Feroz (2001) argue that empirically it may be difficult to distinguish the three forms of isomorphic pressures, as it is possible that two or more forms will be acting at the same time. This argument is consistent with the views of Tuttle and Dillard (2007), who state that *coercive*, *mimetic* and *normative* isomorphism may occur simultaneously.

As noted previously, institutional theory is a widely applied theory in social science and organisational research. It has also been utilised by a number of accounting researchers to explain management accounting techniques (see Covalleski & Dirsmith, 1988; Broadbent, Jacobs & Laughlin, 2001; Brignall & Modell, 2000), to investigate aspects of audit (see Rollins & Bremser, 1997), to explain the role of the accounting profession (see Fogarty, 1992), and to explain similarity within accounting research (see Tuttle & Dillard, 2007). Social and environmental accounting researchers argue that it can be applied to explain the reasons why organisations adopt particular social and environmental disclosures practices. They contend that organisations may be coerced into adapting their social and environmental performance and associated reporting practices. As Deegan (2006, p.307) argues:

A company could be coerced into adapting its existing voluntary corporate reporting practices (including the issues upon which they report) to bring them into line with the expectations and demands of its powerful stakeholders (while possibly ignoring the expectations of less powerful stakeholders). Because these powerful stakeholders might have similar expectations of other organisations as well, there will tend to be conformity in the practices being adopted by different organisations—institutional practices will tend towards some form of uniformity.

Institutional theory is not free from criticisms. Institutional theory has tended to de-emphasise both the ability of organisations to dominate or defy external

³³ In contrast, Scott and Meyer (1991) argue that under some conditions, more highly structured organisational environments may create increased diversity of form. For example, they suggest that in environments which lack much centralised authority, organisational forms may exhibit increased similarity (because of competitive and mimetic processes), but as authority becomes more centralised, decision-makers may decide to create a variety of more specialised organisational forms, thus increasing organisational diversity by design coercion (Scott & Meyer, 1991).

demands and the usefulness to organisations of pursuing particular strategies (Oliver, 1991). The isomorphic process poses a direct challenge to the view of institutional change that recognises the contribution of rational choice in the sense that organisations respond to social and cultural pressures when they consider change. On this account, preferences for institutional change are not determined by a computation³⁴ of cost and benefits, rather they are determined by the perceptions of legitimate behaviour which are present both in the field and in the society more generally. Further, when testing the concept of isomorphism, Paradis and Cummings (1986) argued that institutional isomorphism is an analytic strategy whose components may not be empirically distinct which in turn has proven to be a principal challenge to organisational researchers.

4.4 Complementary Theoretical Perspectives

As stated previously, legitimacy theory, stakeholder theory and institutional theory all have their basis in the political economy paradigm. As these three theories originated from the same paradigm, they are commensurable. These theories accept organisations as part of a broader social system, as components of the larger social environment within which they exist. They are considered to be system-oriented theories that assume an organisation is influenced by, and in turn influences, the society in which it operates (Deegan, 2009; Gray et al., 1995). Social and environmental accounting research has utilised these three theories (particularly legitimacy and stakeholder theory) in seeking to explain corporate social and environmental accountability behaviour. Several common characteristics, identified by accounting researchers as theories to explain corporate social and environmental reporting practices, are discussed below.

While legitimacy theory suggests an organisation must conform to the social expectations to maintain legitimacy, institutional theory strongly emphasises that an organisation can incorporate institutionalised norms and rules to maintain legitimacy. Stakeholder theory suggests that an organisation needs to conform to the expectations of powerful stakeholders in order to maintain legitimacy. Interestingly, these theories have a shared objective to explain

³⁴ Such a computation would aim at increasing efficiency, which is not the case in this context.

whether and how an organisation maintains legitimacy in a dynamic society. As Deegan (2002, pp. 293-294) states:

Reflecting the overlapping nature of many theories, the notion of legitimacy is also central to institutional theory (see DiMaggio and Powell, 1983). Under this theory, organisations will change their structure or operations to conform with external expectations about what forms or structures are acceptable (legitimate). For example, because the majority of other organisations in an industry might have particular governance structures there might be “institutional” pressure on an organisation to also have such structures in place. That is, there is expected to be some form of movement towards conformance with other “established” organisations. Failure to undertake this process leading to congruence, which is referred to as “isomorphism” (DiMaggio and Powell, 1983, p. 149), has direct implications for an entity’s survival.

Suchman (1995, p. 576) contends that ‘legitimacy and institutionalisation are virtually synonymous. Both phenomena empower organisations primarily by making them seem natural and meaningful’. Deegan (2009) asserts that while legitimacy theory explains why managers might embrace specific strategies such as disclosure strategies to compensate for the legitimacy-threatening impacts of particular events, institutional theory tends to take a broader view to explain why organisations adopt a particular form or disclosure strategy. However, Deegan (2002, p. 294) argues that ‘in contrast to legitimacy theory, wherein there is perceived to be an ability of managers to alter perceptions of legitimacy (perhaps through disclosures), under institutional theory managers are expected to conform with “norms” that are largely imposed upon them’.

While legitimacy theory emphasises the importance of compliance with social expectations, stakeholder theory recognises that society is composed of different stakeholder groups which have different and even conflicting expectations of organisations. While legitimacy theory generally focuses upon the expectations of ‘society’ in general, stakeholder theory explicitly refers to issues of stakeholder power. Further, whereas stakeholder theory describes the expectations of powerful stakeholders, and may ignore other stakeholder groups

in society because they are perceived as relatively less powerful, legitimacy theory considers the broader perspective—that is, the average expectations of all stakeholder groups in a society—to explain organisational practices. Therefore, the perspective provided within legitimacy theory is broader than that of stakeholder theory, such that the former tends to consider the expectations of society in general. Nevertheless, and as indicated earlier, there is a great deal of overlap between the two theories.

When institutional theory describes coercive isomorphism, it shares common views with stakeholder theory: institutional theory describes an organisation as coerced into a particular form or practice by its powerful stakeholder group, and stakeholder theory explores how stakeholder power can exert pressures on an organisation to follow that practice. Institutional theory differs from stakeholder theory, however, in that while institutional theory views the organisation as embedded in an external environment in which the existence of institutions external to the organisation, such as laws, regulations and norms, influence its structure and the creation of institutions within the organisation, stakeholder theory perceives that organisations act in response to resource control power wielded by stakeholders.

Social and environmental accounting researchers such as Gray et al. (1995a) and Deegan (2006) argue that joint consideration of different theories originating from the same paradigm will enrich understanding of social and environmental disclosures. As Gray et al. (1995a, p. 67) state:

[...] the different theoretical perspectives (legitimacy theory and stakeholder theory) need not be seen as competitors for explanation but as sources of interpretation of different factors at different levels of resolution. In this sense, legitimacy theory and stakeholder theory enrich, rather than compete for, our understandings of corporate social disclosure practices.

When Deegan (2006) discusses the complementary perspectives of different theories, he provides an explanation of the relevance of institutional theory to both stakeholder theory and legitimacy theory to understand the motivations for corporate social disclosure behaviour. As Deegan (2006, p.305) argues:

A key reason why institutional theory is relevant to researchers who investigate voluntary corporate reporting practices is that it provides a complementary perspective to both stakeholder theory and legitimacy theory, in understanding how organisations understand and respond to changing social and institutional pressures and expectations. Among other factors, it links organisational practices (such as accounting and corporate reporting) to the values of the society in which an organisation operates, and to a need to maintain organisational legitimacy. There is a view that organisational form and practices might tend towards some form of homogeneity—that is, the structure of the organisation (including the structure of its reporting systems) and the practices adopted by different organisations tend to become similar to conform with what society, or particular powerful groups, consider to be ‘normal’.

Based on the discussions presented above, this thesis argues that no single theory alone is capable of describing the reinforcement of the existing condition of legitimacy, or sufficient to explain changes in social expectations or the dynamics of legitimacy. A combination of the three theories discussed above is required to provide us with a more rounded understanding of organisational responses associated with various social and environmental pressures.

4.5 Justification of the Theories Adopted for this Research

The review of theoretical literature indicates that legitimacy theory and stakeholder theory have been utilised by numerous researchers to explain how the social and environmental reporting practices of organisations respond to pressures exerted by particular communities or stakeholder groups. Apart from these two theories, another theory that is emerging in the social and environmental accounting literature and which also has been applied to explain social and environmental reporting practices is institutional theory. As discussed previously, the three theories should not be considered as sharply distinct theories. Rather, they have been developed from a similar philosophical background and provide complementary and overlapping perspectives. All three see the organisation as part of a broader social system in which they are impacted by, as well as able to influence, the expectations of other parties

within that social system. In relation to this, it is the contention of the researcher that a joint consideration of these three related theories provides richer insights into what drives social and environmental reporting practices than would be possible were only one theory to be considered in isolation. Further justifications for the application of these theories are provided next.

As discussed previously, legitimacy theory, stakeholder theory and institutional theory provide rich insights into the factors that motivate managerial behaviours in relation to the social and environmental disclosure practices of organisations. Previous social and environmental accounting research which utilised these theories indicate that organisations operating in developed countries respond to the expectations of stakeholder groups specifically, and more generally to those of the broader community in which they operate, through the provision of social and environmental information within annual reports, and in so doing reveal the legitimisation motives underlying such organisations' disclosures. While prior research grants that the disclosure strategy of organisations is brought on by a crisis of legitimacy, little can be foretold about the behaviour of organisations operating in a developing country. In this regard, this thesis extends the research to investigate whether and how the disclosure behaviour of a major body in a developing country—in this case the BGMEA in Bangladesh—responds to the pressures and expectations of broader stakeholder groups.

Hence, this thesis will determine to what extent legitimacy theory, stakeholder theory and institutional theory are applicable in the context of a developing country. Theoretically, there is no apparent reason why these theories would be more appropriate in one national context than another. While the details of these three theories have been discussed in this chapter, an outline of their specific application will be provided in Chapters 5, 6 and 7.

4.6 Conclusion

This chapter has provided a generic discussion of legitimacy theory, stakeholder theory and institutional theory, theories originating from the political economy paradigm. The discussion on the complementary perspectives of these three theories forms the underlying theoretical foundation for this research, particularly for the first part of the analysis outlined in Chapter 5. The theoretical perspectives suggest that organisations can be seen to provide social and environmental responsibility information in response to stakeholder, general social and institutional pressures. The specific application of these theories will further be summarised in Chapters 5, 6 and 7. Having developed the relevant theoretical perspectives, the following three chapters will provide details of the three interrelated parts of the thesis.

Chapter Five

Motivation for BGMEA to Report Social Responsibility Information

5.1 Introduction

Across 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 (see Deegan, 2002, for an overview of some of the research). However, whilst there is a deal of research that explores social and environmental reporting practices in developed countries, 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 developing countries in relation to their social and environmental performance and related accountability (see Chapter 2, for an overview of some of the research).

In relation to past research, various researchers in the social and environmental accounting area have provided different explanations about why organisations might adopt social and environmental reporting practices. For example, various studies have linked the type and extent of social reporting to various legitimacy threatening events (such as major social or environmental incidents, major media campaigns, or successful environmental prosecutions); to the apparent information demands of powerful stakeholders; or, to various institutional pressures. However, most studies infer a relationship by looking at the apparent associations between social and environmental reporting and particular independent variables (for example, using secondary data, the researchers relate social and environmental disclosure practices to the extent of media coverage, the occurrence of particular social or environmental incidents, or the membership of environmental lobby groups) rather than gathering primary data by explicitly seeking the views of management about the factors that motivate them to report. There is a general lack of research (notable exceptions being

O'Donovan, 2002; O'Dwyer, 2002)³⁵ that directly seeks the views of management about what external pressures they perceive are imposed upon them by particular stakeholder groups, and how such pressures in turn impact their social and environmental reporting behaviours. This lack of research is particularly apparent with respect to developing countries (see Chapter 2 for a brief overview of the prior research).

This part of the thesis seeks to remove some of the above mentioned void. Specifically, a number of senior executives of a large export oriented clothing trade body, namely, BGMEA, are interviewed to elicit their views about what social and environmental pressures and expectations are imposed upon them by their respective stakeholders, and how these pressures and expectations have changed across time. This part then links these perceptions to their organisation's operating and reporting practices. What this component of the thesis shows is that there is a direct relationship between changes in powerful stakeholders' concerns (as reflected by the interview responses provided by BGMEA executives) and the operating and reporting practices of the organisation. In reviewing the linkage between the executives' perceptions of pressures, and the disclosures the organisation makes, this part investigates the extent and type of annual report social disclosure of BGMEA over a 19 year period from 1987-2005.

The balance of this chapter is organised as follows. The next section, section 5.2 provides information about the organisation that is the focus of this research, this being BGMEA. Following this, section 5.3 provides a summary of the theoretical perspectives applied for this part. Section 5.4 then describes research methods utilised within this component of the research³⁶. The section describes an approach to interviewing the executives of BGMEA and then describes how the annual reports of BGMEA across the period from 1987 to 2005 were analysed. Section 5.5 provides the results of the interviews and the analysis of

³⁵ For the overview of the reference to the general lack of research which directly seeks the views of management, see Owen, (2008).

³⁶ As indicated previously, the research methods are discussed separately in each chapter (Chapter 5, Chapter 6 and Chapter 7) as the method(s) pertain to each component of the thesis.

annual reports and then links the two findings. Section 5.6 provides concluding comments.

5.2 BGMEA

According to BGMEA's website, BMGEA is the only government recognised trade body that represents the export oriented garment manufacturers and exporters 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 clothing³⁷ (Nielsen, 2005). Since inception, the association has been working to promote and protect the interests of the clothing sector of Bangladesh and to establish and promote contacts with foreign buyers, business and trade associations, organisations and chambers, and to develop the export base of apparels (<http://www.bgmea.com>). BGMEA also acts as a lobby group to protect the interest of the sector and as a promoter of trade negotiations in international markets. It frequently negotiates with global trade bodies such as World Trade Organisation (WTO), and United Nations (UN) agencies like International Labor Organisation (ILO) and United Nations Conference on Trade and Development (UNCTAD). The total membership of the association as of end of April 2006 was 4220 clothing companies, many of which have widespread interaction with global buying companies such as Wal-Mart, H&M, Reebok, NIKE and others (*BGMEA Annual Report, 2005*). The BGMEA is run by a 27-member elected Board (<http://www.bgmea.com>). The Board consists of the President, four vice-presidents and a number of directors who are responsible for formulating and implementing the policies of the BGMEA. The directors of BGMEA are particularly responsible for running the operational body which is divided into Work Cells, each with their own mandates, responsibilities and objectives. The major Work Cells are: administration, accounts, (social) compliance, constructions and maintenance, customs, trade fair, labour and safety measures (<http://www.bgmea.com>). The number of workers employed in BGMEA member units has increased nearly tenfold during the last 20 years. The clothing industry within Bangladesh is economically significant and contributes around 75 percent of national export

³⁷ The BGMEA has a legal mandate from the Government of Bangladesh to give individual clothing companies licenses to manufacture and export.

earnings. It also generates 2.2 million direct jobs (where around 85 percent are women). Numerous allied industries are also linked with this sector.

5.3 Theoretical Perspectives Applied for this Stage of Research

This part of the broader study uses a joint consideration of legitimacy theory, stakeholder theory and institutional theory which have been detailed in Chapter 4. The view taken in this part is that a joint consideration of these three related theories provides richer insights into what drives social and environmental reporting practices than would be possible if only one theory was considered in isolation.³⁸ While Chapter 4 has provided detailed discussion of these three theories, this section only highlights the applicability of these three theories to explain motivations for the social and environmental reporting practices of BGMEA—a major trade body in Bangladesh. In doing so this section offers some propositions which will support the research questions for this part of the thesis.

Legitimacy theory is the most widely used theory to explain management motivation for social and environmental disclosures. As stated in Chapter 4, legitimacy theory suggests that “threats” to an entity’s perceived legitimacy are predicted to lead to responsive actions by management who will endeavour to minimise the impacts of such legitimacy threats. That is, managers will employ legitimisation strategies including various disclosure-related strategies as a response to legitimacy threats. Legitimation strategies, if employed, may vary between countries and general comments made about how managers react to particular events need to explicitly consider the specific national, historical and cultural context (Deegan, 2002). What is deemed to be ‘legitimate’ behaviour in one country or point in time may not be legitimate in another country or another point in time.

The insights provided by legitimacy theory (as detailed in Chapter 4) suggest that organisations must be responsive to changing community expectations. Hence, one can expect, consistent with the theory, that if the expectations of the

³⁸ The joint consideration of alternative theories is arguably more defensible when the respective theories are derived from similar theoretical underpinnings. Arguably it would not be as appropriate to combine the insights from theories that are derived from conflicting paradigms.

international community change (and the Bangladesh clothing industry relies on the international community to buy its products) then BGMEA will also need to demonstrate that it has also changed so as to accommodate the changing expectations, else breach its social contract³⁹. If the legitimacy of the industry is called into question, then strategies will need to be embraced to re-establish legitimacy. In the early 1990s the issue of child labour in Bangladesh created much negative publicity world-wide, particularly for a number of major sports clothing companies who sourced some of their products from Bangladesh. In response, the sports clothing companies made statements that they would ensure that future suppliers did not use child labour. At such a point in time it would seem that the survival of the Bangladesh clothing industry was in some jeopardy and, consistent with legitimacy theory, it would be expected those in charge of the industry (BGMEA) not only undertake actions to eliminate the unacceptable (to foreign buyers) use of child labour amongst its member organisations, but importantly, also make disclosures to highlight such efforts. Consistent with this expectation, in the BGMEA 1995 annual report the President of BGMEA stated:

We have been campaigning for our child labour free status through direct interaction with the buyers, arranging internationally accepted opinion leaders' visit to the garment factories, publishing through international information media, raising discussion in all local and international forum we have been attending, and through every possible way. We have at last got all concerned quarters into confidence that the ready-made garment sectors of Bangladesh has really made history in eliminating the child labour from factories and rehabilitating them in schools under MOU Programme in most honourable way. We are wholeheartedly trying to save the interest of the garment manufacturers and exporters as well as the buyers.

The legitimisation process is a continuous process because new events or incidents that threaten organisational legitimacy can arise, or past legitimacy threatening events can recur. For example, the 1990s BGMEA's crisis on child labour returned over a decade later as *CBC News Canada* highlighted some pictures of child labourers who manufactured clothes for Wal-Mart-Canada. The

³⁹ The detailed discussion of 'social contract' has been provided in Chapter 4.

BGMEA immediately responded with a circular sent to all member organisations by the president of BGMEA in which the president emphasised that complying with international expectations regarding child labour was essential to the survival of the industry. It is interesting to note that the circular – consistent with various other disclosures being made at the time – did not discuss any moral or ethical issues associated with the use of child labour, but rather, emphasised the potentially negative economic effects of being identified as using child labour, and the impacts this had on the survival of the industry. An extract from the circular (Circular No. BGA/ssd/2005/128, Dec. 10, 2005) stated:

For the last few days Canadian Television CBC News, highlighted some pictures of child labourers manufacturing garments in some factories in Dhaka and in response to this news, the Canadian Government has attempted to ban importing Bangladeshi garments by Wal-Mart-Canada. This news has left negative impacts on the entire garment industry in Bangladesh. After this circulation, if we find any child labour in any garment factories, BGMEA will be compelled to withdraw every cooperation and service it has provided. We hope, after this circulation, there will be no child labour in your factory. Your cooperation by not employing any child worker is essential for our continued existence and for survival.

The second theory often utilised by researchers to explain what motivates organisations to disclose social and environmental information is stakeholder theory. As discussed in the previous chapter (Chapter 4) stakeholder theory has two major branches – these being the *ethical* and *managerial* branches. There is a great deal of overlap between the managerial branch of stakeholder theory and legitimacy theory. It is the managerial branch of stakeholder theory that is used by a number of researchers to explain why organisations produce social and environmental information. The review of stakeholder theory (detailed in Chapter 4) suggests that social and environmental information is a major element that can be employed by the organisation to control the actions of powerful stakeholder in order to gain their support and approval.

From the detailed discussion of stakeholder theory provided in Chapter 4, it is suggested that a successful organisation is considered to be one that satisfies the demands (sometimes conflicting) of the various powerful stakeholder groups. Based on this perspective, organisations will react to the demands of employees when unemployment is very low (which is not the case in Bangladesh), or will react to the expectations of multinational buying companies when such organisations are the major customers of the industry, and such customers are perceived as having other potential sources of supply.

As already indicated, the disclosure of information is used as a strategy to win or maintain the support of powerful stakeholders. Hence, if for example, it is accepted by the members of the BGMEA that multinational buying companies are a 'powerful' stakeholder group then the BGMEA may feel a need to react to the expectations of multinational buying companies. Conversely, if multinational buying companies are not deemed to be a powerful stakeholder group (their views and support are not expected to influence the success of the clothing industry) then their concerns may be ignored in favour of the concerns of other, more 'powerful', stakeholder groups such as, perhaps, the ILO, UNICEF, NGOs, government, or labour unions.

Whilst legitimacy theory focuses upon the expectations of 'society' in general, stakeholder theory explicitly refers to issues of stakeholder power. The focus of stakeholder theory is therefore narrower than that utilised within legitimacy theory given that legitimacy theory tends to consider the expectations of society in general. Nevertheless, and as indicated earlier, there is a great deal of overlap between the two theories.

The other theory this component of the thesis considers, again with a great deal of overlap with stakeholder theory and legitimacy theory, and which is also being utilised by social and environmental accounting researchers, is institutional theory. As discussed in Chapter 4, institutional theory tends to be used to explain existing organisational structures and has been used to show that particular operating or reporting policies and structures might be employed because of pressures from stakeholders who expect to see particular (and somewhat homogeneous) practices in place. Institutional theory has been used

to explain why there is often a degree of correspondence between the institutional practices used within different organisations. According to DiMaggio and Powell (1983), the greater the dependence of an organisation on another organisation, the more similar it will become to that organisation in structure, climate, and behavioural focus. Such a process is referred to as coercive isomorphism⁴⁰.

The above view provided by institutional theory implies that organisations will be coerced by their powerful stakeholders into adopting and maintaining particular practices including particular reporting practices. The apparent adoption of such practices is deemed to provide an organisation with a level of legitimacy that would not otherwise be available if it was to deviate from 'accepted' organisational forms or policies. Consistent with this perspective the review of BGMEA annual reports has shown that BGMEA made statements about the social responsibility initiatives or policies it has instituted and how their adoption was implemented to satisfy the representatives of US and EU governments, ILO officials, UNICEF officials, and multinational buying companies.

As has been seen from the brief discussion above as well as the overall discussion in Chapter 4, all three theories tend to provide a complementary perspective. Again, it is the contention of this part that a joint consideration of the three theories provides a richer basis for understanding and explaining

⁴⁰ As discussed in Chapter 4, there are two other categories of isomorphism, these being normative isomorphism and mimetic isomorphism. This part of the thesis only considers coercive isomorphism because insight grounded within the concept of coercive isomorphism is consistent with legitimacy theory and stakeholder theory. For this part of the thesis, the researcher argues that utilising the concept of coercive isomorphism simply adds to provide a 'richer' explanation of the motivation for social disclosure and related practices of BGMEA. The other categories such as normative isomorphism and mimetic isomorphism appear to have limited insight to understand the direct pressures of powerful stakeholder groups and how such pressures directly influence the practices of an organization including disclosure related practices. Further, it is a difficult exercise to identify that one form of isomorphism, above the others, is the driver for the adoption of particular organisational structures. As Carpenter and Feroz (2001, p. 573) state, "two or more isomorphic pressures may be operating simultaneously making it nearly impossible to determine which form of institutional pressure was more potent in all cases". Further, the three categories of isomorphism are often considered to be linked. For example, Unerman and Bennett (2004) maintain that without coercive pressure from stakeholders it is unlikely there would be pressure to mimic or surpass the social reporting (institutional practices) of other organisations. Hence, whilst our research is informed by the concept of coercive isomorphism, it needs to be appreciated that this form of isomorphism is often linked to normative and mimetic isomorphism.

reporting behaviour than would be possible from considering one of the theories alone. Differences among the theories largely relate to issues of resolution with stakeholder theory focussing on how particular strategies of an organisation reacts to particular stakeholder demands and expectations whereas legitimacy theory discusses how particular disclosure strategies might be undertaken to gain, or maintain the support of 'society'. Institutional theory explores how - at a broader level - particular organisational forms (such as multinational buying companies' codes of conduct) might be adopted in order to bring legitimacy to an organisation. Relying on the insights provided by the theories, the processes an organisation will adopt will be tied to efforts to *survive* in a profitable manner, rather than being driven by any underlying ethical or moral imperatives. Where particular stakeholders or societies are deemed to be important to an organisation's survival, then an organisation will make efforts to ensure that its activities and processes are consistent with their respective expectations. Furthermore, as stated in Chapter 4, whilst the above three theories have typically been applied in the context of developed countries, this part will determine whether they also apply in the context of developing countries. Theoretically, there is no apparent reason why the theories would be more appropriate in one national context as opposed to another.

Hence, with the above theories in mind, the central purpose of this stage of the thesis is to explore whether BGMEA operating and reporting activities appear to respond to the expectations of those stakeholders upon which it is dependent. Further, this part explores whether the respective powerful stakeholder demands or expectations are in turn shaped by the expectations of the communities in which they operate.

5.4 Research Methods

As explained earlier, managers from BGMEA were interviewed to find out what pressures and expectations were being imposed upon them by their stakeholders. The annual reports of BGMEA were then reviewed to see if the reports appear to reflect or respond to the pressures or issues discussed by the managers. This component now explains the conduct of the interviews and the process utilised to analyse BGMEA annual reports.

5.4.1 Conducting Interviews

A total of 12 in-depth interviews with senior officials from BGMEA were undertaken over a three-month period from November 2005 to January 2006. Interviews were deemed to be the best way to obtain information, from the managers' perspective, about the various pressures that were being exerted upon the industry. This part of research considered that given it was investigating the pressures that were being exerted on the industry, and how these pressures in turn influenced the decision by managers to disclose social responsibility information, then the most direct way to access the information was to interview senior managers within the focus organisation. As Burgess (1982, p. 107) states:

Interviews provide the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, inclusive accounts that are based on personal experience.

The executives interviewed were deemed 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, except two, were tape-recorded with the consent of interviewees and were subsequently translated and transcribed. Two interviewees did not agree to tape recorded interviews. In this context, interviews were conducted by intensive note-taking with the consent of interviewees. Translation and transcription were carefully scrutinised against the tape recordings and amendments made where necessary. All interviews were conducted in person. Interviews lasted between half an hour and one and half hours. While an interview guide was utilised, interview questions were open-ended. A copy of interview guide is produced in Appendix 2. Before each

interview this research project was explained to each interviewee in broad terms (but without identifying any relationships it is expected to find). Everyone was also given a written explanation in English with contact information about the project. 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 3. A sample copy of interview transcript is produced in Appendix 4. 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 the appendix. Therefore, anonymity of respondents is maintained to as great a degree as possible whilst still allowing sufficient information to be provided about the respondents. As Appendix 3 shows, interviews were conducted with BGMEA current and out going presidents, secretary, three chairmen from the BGMEA labour cell, social compliance cell and fire and safety cell, 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, this component of research has been able to capture the views of the most senior executives within the organisation.

The main topics that this study addresses as part of the interviews can be summarised as follows:

- 1) What was the nature of the social and environmental expectations and pressures imposed upon the ready-made garment industry in Bangladesh, and how did these expectations change across time?
- 2) What motivated 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 broader community.
- 4) Whether there were pressures to embrace structures or processes that are similar to those utilised by powerful stakeholders.

In the results section the text of a number of the comments provided by the interviewees will be provided. This text will be provided where it is considered to be reflective of the opinions of the group. Whilst it is acknowledged that

providing extensive quotes is not favoured by all researchers, this part considers that the provision of the quotes allows this thesis to provide a richer insight into the pressures the managers believe they faced. The quotes also allow this part of the thesis to be better able to place the disclosure responses of the industry in context. Further, as known from prior research, the results of this part of the thesis will provide particular insights into the pressures being exerted on organisations within a developing nation that is not otherwise available within the accounting literature.

Whilst interviews enable the researcher to collect information that is not otherwise available and allow the researcher to gain an insight into managers' perceptions of the pressures exerted on the industry – something necessary for this part of the research – the interview responses cannot be deemed to be reliable by any absolute measure. Responses will potentially be influenced by various factors, and the reliability of the respondents' recollections will be influenced by the willingness or ability to provide an accurate account of the past (which might in turn be influenced by various cognitive, cultural, political, or organisational factors), the existence of reflexivity (that is, giving the interviewer the information the respondent thinks the interviewer wants to hear), and so forth (Easterby-Smith et al., 1991). Hence, as with most research that relies upon interviews as a main source of collecting information about interviewees' perceptions of past events, the results need to be considered in light of potential biases or inaccuracies in the interviewees' responses.

5.4.2 Annual Report Content Analysis

All annual reports released by BGMEA from 1987 to 2005 (19 years of annual reports) were obtained via a request made directly to the Secretary of BGMEA.⁴¹ In analysing the annual reports it was necessary to classify the disclosures into various categories of social and environmental disclosure. It was also necessary to adopt a basis of measurement for the disclosure.

In relation to classifying the disclosures, content analysis was employed (Krippendorff, 1980). The content analysis instrument used by Hackston and Milne (1996) was utilised with some adaptations. The content classifications of Hackston and Milne (1996) which are based on the earlier schemes developed by Gray et al. (1995b), Guthrie (1982) and Ernst & Ernst (1978) 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 employment and empowerment and other human right issues were added to the human resource category. The issue “community poverty alleviation” was added to the community involvement category. The reason for the inclusion of these issues is that these issues are believed to be key organisational social performance indicators in developing countries. A copy of organisational social and environmental disclosure categories is produced in Appendix 5.

The extent of disclosure made in relation to a particular disclosure category was measured by the number of words. Number of words has commonly been used in previous social and environmental disclosure research (Deegan & Gordon, 1996; Deegan & Rankin, 1996; Gray et al., 1995b; Guthrie & Parker, 1990), and therefore to provide a basis for comparison with prior research, the same measurement basis was adopted. 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 & Milne, 1996). A typical BGMEA annual report includes a

⁴¹ Although BGMEA incorporated in 1982, BGMEA only had 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 1982-1986.

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 predominately highlighted in the “report of the association” and in the “president's statement” within its annual report. The minutes of previous annual general meetings are also an occasional source of social performance information within annual reports. The BGMEA annual reports are predominantly addressed to its 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.

5.5 Results:

The results of this chapter are presented in two parts. Firstly, the results of interviews with BGMEA executives are provided. The interview responses are then linked to the disclosure strategies adopted by BGMEA.

5.5.1 Opinions of the BGMEA Officials

5.5.1.1 Perception of Changing Stakeholder Expectations

The BGMEA officials were initially asked to identify whether they were under any pressure in terms of the social and environmental implications of their industry's performance. The respondents unanimously indicated that stakeholders, such as the multi-national buying companies and various international government agencies, had emphasised that they expected Bangladesh producers to attend to various social issues – particularly child-labour, else risk the chance of losing supply contracts. Such expectations were generally absent until the early 1990s, but the concerns gained momentum as a result of various NGOs and media bodies raising concerns about the poor working conditions of employees. Reflective of the changes in perceived pressures, and the resultant reactions of BMGEA and their members, it was stated:

The 1990 buyers⁴² only wanted product, no social compliances were required and no restriction was placed on the employment of child

⁴² Interviewees use the term ‘buyers’ and ‘multinational buying companies’ interchangeably.

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 keep fit with global requirements and restrictions. Western consumers and human right organisations pressured foreign buyers, and then foreign buyers pressured us. (Interviewee: 7)

The above quote emphasises how the organisation felt 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 terms of the social and environmental expectations that were imposed upon their industry. To date, the respondents indicated that most pressure related to social performance, however, they believed that in the near future consideration will need to be given to improving environmental performance and associated accountabilities. Typical responses included:

New issues such as environmental issues will be coming up as these issues are a growing concern in Western countries. We are asking government to give us specific areas of land where we can have a number of garment factories. We can have a garment village so that we can have central effluent treatment systems. We are taking all these issues into consideration. Then buyers need to also consider the fact that all these come at a cost and we are helping the buyers to protect their brand image. But buyers are not contributing anything. We urge the government to allocate a special fund for small and medium units to attain social and environmental compliances and set up separate garment village in Bangladesh. (Interviewee 10)

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

Again, what the above quotes emphasise is the reactive nature of the garment manufacturers 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 impact the survival of the Bangladesh clothing industry, then according to the BGMEA executives, the industry will, in turn, react to such pressures.

Table 5.1: List of Major Social Pressures Identified in Interviews with BGMEA Executives

Year	Major pressures and pressure groups as perceived by interviewees
1987 to 1991	1. Minimal social or environmental pressures were evident
1992 to 1996	1. Introduction of Harkin's Bill (<i>Child Labor Deterrence Act</i>) to US congress to ban importation of goods manufactured using child labourers 2. Media such as NBC Date line highlights child labour used in Bangladeshi and Chinese factories for Wal-Mart product 3. Involvement of ILO, UNICEF and US government to pressure BGMEA to eliminate child labor 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 3. Various demonstrations of university and college students take place at the high profile centres (in the USA) of multinational companies to protest for greater social responsibility in supply factories 4. Issues of maternity leave, 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 were introduced, with, non-compliance with codes 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 ⁴³ for workers' rights in developing countries (for example, the right to maternity leave) 5. Environmental performance becoming an issue of concern for a number of powerful stakeholders

In relation to perceived pressures and the respective sources of the pressure, from the interview responses, the researcher is able to summarise the major pressures as perceived by the interviewees. The perceptions of the various managers were consistent among the group and there were no major inconsistencies in the perspectives provided within the interviews. The researcher is 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

⁴³ 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.

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 5.1. The summary of perceptions is provided for a 20-year period from 1987 to 2006, and is divided into four five-year equal periods, these being: 1987-1991; 1992-1996; 1997-2001; and, 2002-2006.

5.5.1.2 Perceptions of Motivation for Social Responsibility Performance and Reporting

Directly tied to 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 of 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. Typical responses included:

Social responsibility depends on perceptions. Some people may say, I don't believe it, and other people may say I believe it. Many individuals can say, I don't even understand it. Why this variation? Answer is perhaps related to motivation, if you would like to work with buyers such as Reebok, Nike you must need to understand it. Social responsibility is a never ending matter for a modern day business, so is social disclosure; where ever is located. While BGMEA is an active partner of a global clothing market, it has to respond to the concerns of buyers. (Interviewee: 11)

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 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 fares, annual reports, and monthly news letters. (Interviewee: 8)

Buyers know that we are complying with their standards. Many buyers collect BGMEA annual report and monthly news letters. 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)

As has been indicated earlier in section 5.5 the responses of the members of BGMEA appear to be driven by economic motivations rather than any ethical or moral reasoning. 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 included:

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 – consistent with legitimacy theory – that the disclosures are made in an effort to win support, and any disclosures which are potentially “detrimental”, are excluded from the reports. The strategic nature of the association's disclosure is highlighted. The executives further stated:

We give social compliance issue first priority. At the international level, our reputation is deteriorating; we immediately take positive steps to ensure adequate safety measure for garments workers in order to survive. However, recent factory accidents causing many workers deaths led us into legitimacy crisis in the international arena. We are taking different attempts [to minimise accidents] and disclosing through annual reports, monthly news letter and through 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, any

more; 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 legitimization 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. The representative responses included:

Media is so cautious; media is so sensitive! On Bangladesh there was NBC dateline in 1992, even 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 focussed against any company the share price falls from 100 to 10, that is how social compliance has become real focus, not in Bangladesh, 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)

Actually some NGOs have ill-motives. They always provide bad news about us. They are providing day care services to some garment companies in return for money from factory owners and also from foreign NGOs, and I must say they are doing business. We seek help, they get funding from abroad to help us and our workers but they don't help us. Rather, about our activities, they provide humiliating news to buyers and consumers. What is happening is that they are exaggerating facts because they become attractive by providing bad news. Many buyers are good; they don't hear what the NGOs are doing rather they hear BGMEA, appreciate BGMEA's social responsibility performance and believe in information given in our annual reports and news letters. (Interviewee: 5)

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 – created a need for BGMEA to respond. Particularly, opinions provided by the BGMEA officials overwhelmingly focussed 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 lead to initiatives being employed 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 motivated the industry to react. All officials of BGMEA interviewed indicated that multinational buying companies were the most powerful stakeholder group that appeared to have influence over the social performance and reporting of BGMEA. Typical responses included:

Buyers have been persuading us to follow their guidelines of production and corporate behaviour. The auditors of buyers have been investigating whether our work environment has been humane. Buyers don't want any promises; they want BGMEA to take immediate actions. We take immediate affirmative actions and disclose it through news letter and annual reports because we believe our affirmative actions and related disclosure are now the pre-condition 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)

5.5.1.3 The Influence of Broader Community

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 the global community as a whole that influences 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, and these community concerns in large part were being driven by various media and NGO campaigns. There was also a view from respondents that it perhaps was 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 manufactures. 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 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. We see that sometimes 15-16 years old children working in a factory. Now, since the US college and university students do not understand the difference between socio-economic conditions of third world and developed country, they start demonstrating in front of the stalls that how can the price of this garment be \$99 when its made for \$7? 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, impose conditions on Bangladeshi manufactures that if you are not complying we will not give you the order. That's why BGMEA is responding. (Interviewee: 10)

Social compliance issues started after the Uruguay Round, people started talking more in 1998, 1999 where there was media news against Nike, that Nike is buying from sweatshops, Wal-Mart is buying from sweatshops. And the consumer is so sensitive! That if today a guy from NBC or CNN is coming and visiting a factory in a way that indicates he is a customer, he will come as a buyer with small hidden camera, he will shoot the label from the factory. One minute show in NBC or CNN, kill Wal-Mart as buyer, kill Nike as a buyer. That's how, today, the social compliance issue has become so sensitive! (Interviewee: 2)

5.5.1.4 Pressures to Embrace Structures or Process that are Similar to Those Utilised by Powerful Stakeholders

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

I have been recently appointed as a chairman of BGMEA's compliance cell where buyers' practices are documented as BGMEA's code of conduct for its member units. My cell with ILO's assistance is responsible, however voluntarily, for making individual factory compliant with buyers' practices and reporting to administration department to disclose compliance through newsletter and annual reports. (Interviewee: 8)

We have drafted our code of conduct which is based upon ILO conventions and major buyers' codes of conduct. Once our code of conduct is accepted by our government, BGMEA's compliance team

will go monitoring on the code of conduct to determine whether individual factories abide by this. (Interviewee: 10)

BGMEA officials perceived that they adopted universally accepted best practices and codes as a direct response to the perceived social pressures exerted by powerful stakeholders (consistent with the concept of coercive isomorphism as described by DiMaggio and Powell (1983)). Further, the interviewees' responses also indicated that their operating and reporting policies were affected by the expectations of representatives from ILO, UNICEF, and the US Government.

Hence, in summarising the total responses from the interviews (of which only a small but representative subset have been reproduced herein), the researcher found from the BGMEA's perspective that:

- 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 the livelihood of the industry required them to respond to the concerns.
- In the late 1990s, broader social issues became a prominent concern of Western communities, and resultingly, a concern for multinational buying companies. Such issues included health and safety issues, 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 work-place safety following a number of major factory fires.
- Environmental issues were not of direct concern to powerful stakeholders, however there was an expectation that environmental issues will become an issue in the near term and that a reactive response will need to be made.

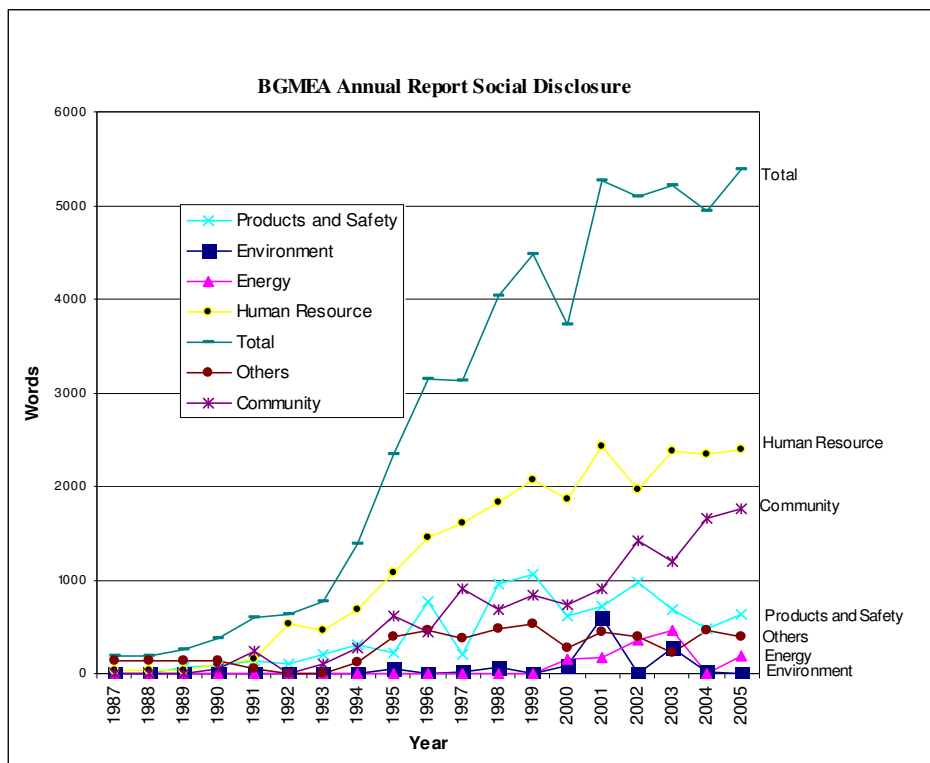
- Because of the global nature of the industry, there was a view that for survival purposes the industry had to respond to the concerns from developed countries even though there was an underlying feeling that, in many ways, the concerns were unjustified because it was not appropriate to expect employee practices in developing countries to parallel those in developed countries.

Having gained and documented a rich insight into the various pressures being exerted on the industry the next step in this 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 as the theories within this part of the research would predict then the researcher would expect to find an absence of social disclosures until the early 1990s at which point the researcher would expect to find an increase in disclosures relating to the elimination of child labour and improving the conditions provided to employees. Since this concern was maintained, or even increased, across the period from the early 1990s the researcher would expect to see employee-related disclosures increase across the period of the study. Initially, a great deal of the disclosure would be predicted to be associated with child labour issues. However, towards the end of the 1990s, issues such as worker safety, worker conditions and contributions to community-based projects would be expected to be the focus of disclosure. Conversely, the researcher would expect to see a general absence of environmental disclosures across the period of analysis given the lack of pressure exerted on the industry in terms of its environmental performance. This would be in contrast to the social and environmental disclosure practices in many Western organisations wherein the early 1990s saw a growth in environmental disclosures with less emphasis being given to social disclosures. This part of the thesis will now consider the social and environmental disclosure practices of BGMEA.

5. 5.2 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. By category, the trends in disclosure are shown in Figure 5-1. As one 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 wherein annual report disclosures in the early 1990s showed rapid growth in the extent of environmental disclosures. The amount of human resource reporting is higher than other categories of disclosures. The 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.

Figure 5-1 BGMEA Annual Report Social Disclosure (1987-2005)



The summary aggregated totals over 19-year period from 1987 to 2005 are displayed in Table 5.2 for each of the six general themes of disclosure.

While the general trend of total disclosure is upward between 1987 and 2005, the human resource disclosures account for the highest proportion of total disclosures across the period of study. This is consistent with the pressures identified by the interviewees. Table 5.3 provides a more detailed analysis of the human resource disclosures and demonstrates that the issue of child labour, employee health and safety, employee training, women employment and empowerment principally represent total human resource 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 1992/1993 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 a MOU with ILO and UNICEF (with the active support of the US Embassy and the US Department of Law), for eliminating child labour from the clothing industry in Bangladesh and educating child workers.

Table 5.2: Social Disclosure of BGMEA (in 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

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

Table 5.3: Human Resources Disclosure of BGMEA (in words)

Year	Health safety	Women employment and empowerment	Employee training	Child Labour and related actions	Others 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

The second highest overall category of disclosure related to community involvement disclosure (Table 5.4), which was generally increasing 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 that the multinational buying companies and NGOs considered that BGMEA members should attend to as part of their obligations to local communities. Donations and community support activity disclosure mainly cover donations to the Prime Minister Relief Fund for flood, cyclones and cold weather victims, direct distribution of relief to

flood victims, support for community sports, logistic supports to government, police and administration departments. All such disclosure increased in 1995 and tended to increase through to 2005.

Table 5.4: Community Involvement Disclosure (in 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

Community health disclosure including information about the establishment of hospital and medical facilities for workers and their family members, general community awareness (through community campaign) about AIDS and other major diseases and women general health issues received an increased level of attention in recent annual reports. 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 (from 1995 to 2005), and information about the establishment (1999) and subsequent educational activities (1999-2005) of the BGMEA's Bangladesh Institute of Fashion Technology.

Table 5.5: Product and Safety Disclosure (in words)

Year	Product development and research	Product quality and safety	Others	Total
1987	0	0	0	0
1988	0	0	0	0
1989	75	0	0	75
1990	87	0	0	87
1991	110	0	25	135
1992	111	0	0	111
1993	212	0	0	212
1994	290	0	0	316
1995	200	0	19	219
1996	426	220	122	768
1997	207	0	0	207
1998	556	200	207	963
1999	545	212	307	1064
2000	350	250	17	617
2001	418	265	35	718
2002	570	269	128	967
2003	405	279	0	684
2004	130	350	0	480
2005	144	361	129	634

The product and safety disclosure (Table 5.5), which was the third ranked category of disclosure, attracted considerably less disclosure than the other two categories of disclosure already discussed. The disclosure predominantly covered product development and research information, and information regarding product quality and safety and associated compliance issues.

5.6 Conclusion

This component of the thesis provides a contribution to the social and environmental accounting literature as it provides a detailed insight into the external pressures being exerted on a major organisation in a developing country and then seeks to link these pressures to the organisation's disclosure policies. No such study of this nature linking perceptions of pressures to annual report disclosures across an extended period of time within a developing country is known to exist. This part has demonstrated the extent of pressure that can be exerted on an industry within a developing country. It has shown that unless a researcher explores, in some depth, the social and environmental expectations and pressures being exerted on an industry within a developing country then he or she will be unable to understand the rationale for particular

disclosures. This part of the thesis has shown that the clothing industry in Bangladesh directly responded to the pressures as they were perceived to exist by the managers within the industry. Part of the response was in the form of social disclosure. If there was no pressure, then there would perhaps be little or no disclosure. The disclosure appears to be motivated by survival considerations, rather than any real attempts to embrace broader accountability for their activities.

According to BGMEA officials interviewed for this component of this thesis, it was 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, US Governments, NGOs, and the media are important stakeholders of BGMEA, and that they influence the practices of BGMEA – particularly social responsibility and reporting practices. The evidence provided in this part does suggest that the perceived social pressures were able to encourage changes in BGMEA annual report social disclosures. The reactions by BGMEA through annual report social disclosure can be explained by a joint consideration of legitimacy theory, stakeholder theory, and institutional theory. Stakeholder theory would suggest that an organisation will respond to the concerns and expectations of powerful stakeholders, and some of the response will be in the form of strategic disclosures. Consistent with this perspective, BGMEA noted that its operating and disclosure policies reacted to the expectations of multinational buying corporations – the group deemed to be the most powerful stakeholder.

Legitimacy theory would suggest that for an organisation to maintain its “license to operate” then it must comply with the expectations of the community in which it operates. Given the global nature of the clothing industry, it was the global community's expectations which the BGMEA officials believed influenced the operations of the Bangladesh clothing industry. More specifically, Western communities imposed their expectations on multinational buying companies who in turn, imposed the expectations on the industry. From an institutional theory perspective, the researcher would expect to find that

BGMEA and the industry would embrace operating policies and codes of conduct that were similar in form to those embraced by powerful stakeholders (coercive isomorphism). This was also found to be the case. Taken together, this part of the thesis shows that theoretical perspectives previously applied to explain social and environmental reporting practices in developed countries also have applicability in developing countries.

This component of the thesis has demonstrated the existence of a power imbalance. It appeared that, unlike the Bangladesh workforce, stakeholders such as multinational buying companies were able to dictate the behaviour they expected the Bangladesh clothing industry to embrace. Whilst this might have ultimately led to improved conditions for local workers (from a Western perspective), and greater accountability of the industry, it does raise issues about the responsibilities of powerful stakeholders when dealing with industries in developing countries. Their power to create change is real, and ideally should be used in a manner that provides real benefits for local industries and communities. However, as this part shows, and consistent with legitimacy theory, the powerful stakeholders will only appear to demand particular activities when their own livelihood depends upon it (that is, where their consumers demand it). The chapter emphasises the power of consumers to create change, and the role of the media and NGOs to motivate consumers to demand change.

This part of the thesis has shown that the social responsibility initiatives of BGMEA respond directly to the concerns of multinational buying companies. In this part, BGMEA executives have made specific reference to the expectations of, and pressures exerted by, multinational buying companies such as Nike and H&M. The findings of this part then directly lead to the second part of the thesis which will investigate the social and environmental disclosures practices of two major multinational buying companies: Nike and H&M. The second part of the thesis will be presented in the next chapter (Chapter 7).

Chapter Six

Media Pressures and Social Disclosure by Nike and Hennes & Mauritz

6.1 Introduction

This chapter is the second component of a broader study of the social and environmental reporting and operating practices of organisations operating in, or sourcing products from, developing countries. The first part (Chapter 5; published as Islam & Deegan, 2008) utilised interviews with a number of senior executives of a large export oriented clothing trade organisation operating within a developing country, namely BGMEA. The interviews sought the senior executives' views about the various social and environmental pressures and expectations imposed upon BGMEA, and its member organisations, by their respective stakeholders, and how these pressures and expectations changed across time. Within Chapter 5, the BGMEA executives' perceptions about the expectations of powerful stakeholders, and how these expectations have changed across time, were shown to be directly linked to BGMEA's operating and reporting practices (annual report disclosure practices over the period from 1987 to 2005 were reviewed). According to the BGMEA officials, the social responsibility initiatives of BGMEA directly responded to the concerns of multinational buying companies – the group they believed constituted the most powerful stakeholder group. The BGMEA executives made specific reference to the expectations of, and pressures exerted by, buying companies such as Nike and H&M – the companies that are the focus of this part of the thesis.

This part investigates the corporate social responsibility disclosures of Nike and H&M. Like a number of other multinational companies, these companies source many of their products from lower cost developing countries, and have done so for a number of decades. In large part, the decision to source products from developing countries has been motivated by the relatively low costs of obtaining products and services from these countries. However, hand-in-hand with the low costs has generally been poor workplace practices and the absence of

frameworks to protect the safety and rights of local workers. Whilst the poor workplace practices and use of child labour did not appear to attract global attention prior to the 1990s, since the mid-1990s 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 (Bachman, 2000; Spar, 1998; Wah, 1998).

The association of multinational companies with dubious workplace practices in developing countries has highlighted issues about the corporate social responsibilities of corporations with regards to workers within their supply chains. Questions arise about whether corporate social responsibilities and associated accountabilities justifiably extend beyond the direct employees of an organisation (for example, see Christopherson & Lillie, 2005; Barrientos, 2000; Mc Clintock, 1999). However, there is a general lack of research in the social and environmental accounting literature that specifically focuses on the disclosure practices of multinational companies sourcing their products from developing countries and how global pressures in turn impact their disclosure practices. This part of the thesis seeks to investigate factors that motivate multinational companies to make disclosures in relation to their activities in developing countries. In doing so, this part explores whether motivations that have been found to explain corporate social disclosures in developed countries also seem to provide insights when applied within the context of a developing country.

This stage of research draws upon both legitimacy theory and media agenda setting theory to explore a hypothesised link between community concerns, and the social disclosure practices of two multinational companies. Arguments based on media agenda setting theory are advanced which suggest that the global news media is able to influence the expectations of the global community. Relying upon legitimacy theory, a relationship between global community expectations (which the researcher argues are shaped by the global news media) and corporate disclosure practices is explored across the two

global clothing and sports retail companies. The two companies at the centre of the analysis are major multinational buying companies sourcing a significant proportion of their products from numerous manufacturers operating in developing countries inclusive of Bangladesh, India, Cambodia, Vietnam, and Indonesia. Consistent with legitimacy theory, large multinational companies will find it costly to be linked with supply chain organisations that are found to breach the expectations of the global community. As such, multinational companies, when exposed to negative global news coverage pertaining to suppliers' labour practices, are expected to exert pressure on suppliers to conform with the expectations that have been placed upon them by the community. The researcher will expect, consistent with legitimacy theory, that the multinational companies not only act to create changes in the suppliers' practices, but they will make disclosures to show the global community that they are responding to community concerns.

This part of the thesis contributes to the social and environmental accounting literature because it provides insights into the disclosure practices of multinational companies with respect to their operations within developing countries – an area in which there is limited published research, but which nevertheless has been an area of performance that has attracted considerable community attention. Further, whilst past research (for example, Brown & Deegan, 1998; Deegan et al., 2002) has focussed on the relationship between media attention and corporate disclosure it has focussed on media attention generated within the 'home country' of the corporations in question. By contrast, this component of the thesis explores whether media coverage of a 'global' nature appears to impact corporate social disclosures.

The balance of this chapter is structured as follows. The next section, section 6.2 provides a brief background to the multinational companies who are the focus of this part. Section 6.3 provides a brief overview of previous relevant research and the theoretical perspectives applied within this part of the thesis and Section 6.4 provides the hypothesis. Section 6.5 provides details of the research methods employed, and Section 6.6 provides the results of this part of the thesis. Section

6.7 provides concluding comments and discusses some implication that flow from the chapter's findings.

6.2 Brief Background of Nike and Hennes & Mauritz

In this chapter the disclosure practices of two major clothing and sports retail companies are investigated. One company, H&M, is a Swedish based international clothing retail corporation with almost 1200 stores across 24 countries. According to H&M's own website, H&M does not own any manufacturing factories⁴⁴, but instead works with around 700 suppliers in primarily Asia and Europe (*H&M Social Responsibility Report 2004*). H&M employs over 60,000 people, and its turnover in 2006 was US\$11.21 billion (*H&M Annual Report 2006*). H&M sources a major proportion of its clothes from Bangladesh (*H&M Annual Report, 2006, BGMEA Annual Report, 2005*).

According to its own website, Nike is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities (<http://www.nike.com>). Nike produces approximately 50,000 product styles per year and sells its products in more than 160 countries (*Nike Annual Report, 2006*). It employs approximately 28,000 employees worldwide (<http://www.nike.com> and *Nike Annual Report, 2006*). Almost 800,000 workers are employed in 687 contracted factories within 49 countries producing Nike-branded product (<http://www.nike.com> and *Nike Corporate Responsibility Report 2005-06*). The majority of Nike contracted factories are in 10 developing countries – China, India, Indonesia, Vietnam Brazil, Thailand, Mexico, Turkey, Honduras and Bangladesh (*Nike Corporate Responsibility Report, 2005-06*). Nike reported net revenues of \$15 billion for the 2006 financial year (*Nike Annual Report, 2006*).

⁴⁴ It is interesting that the organisation appears to emphasise this point on its website. In many respects this might represent an effort to distance itself from the potential operating deficiencies that might exist in some suppliers' factories.

6.3 Prior Research

As stated previously, this part of the thesis embraces legitimacy theory and media agenda setting theory to explore a hypothesised link between community concerns, and the social disclosure practices of H&M and Nike. A brief discussion of the applicability of these two theories is provided next.

From the detailed discussion of legitimacy theory provided in Chapter 4, it is suggested that whilst organisations might change their operations to conform to changing community expectations, to be effective in retaining or regaining legitimacy it is vital that the organisation inform its 'relevant publics' about such changes. In considering expectations, it is further argued that organisations operating solely within a particular location (for example, within one country) must respond to the expectations of people within that location, whereas organisations operating globally must respond to global expectations if they are to succeed (Zarzeski, 1996; Newson & Deegan, 2002).

Pursuant to legitimacy theory (as detailed in Chapter 4), if the community expects an organisation to attend to issues beyond financial performance then the ultimate survival of that organisation requires the organisation to demonstrate broader (beyond financial) responsibilities. The demonstration by organisations of broader responsibilities is considered to be driven by a strategic desire to ensure the success of the organisation, rather than being driven by a desire to embrace morally appropriate behaviours (Deegan & Blomquist, 2006). Reflective of this strategic approach, the Chairman of H&M stated:

As an international corporation we have a great responsibility to the world around us. Taking responsibility for how people and the environment are affected by our activities is well in line with our fundamental values. CSR, or Corporate Social Responsibility, is therefore an important *strategic issue* for H&M. Embracing social responsibility also accords completely with the company's fundamental values (*H&M Annual Report 2003*, emphasis added)

As with other industries, if the legitimacy of global clothing, sports and retail companies is called into question, then strategies will need to be embraced to manage external perceptions of legitimacy, else organisations will risk losing

valuable community support. Legitimacy is considered to be a resource upon which an organisation is dependent for survival (Dowling & Pfeffer, 1975). In the 1990s, and again recently, the issue of child labour, and poor working condition in third world countries' supply factories created much negative media publicity world-wide. Consistent with legitimacy theory, it would be expected those managers in charge of global companies to not only undertake actions to eliminate the unacceptable use of child labour in their supply chain – the use of which is unacceptable to the communities in which the global companies operate - and to eliminate exploitation of workers by their suppliers but to make disclosures to highlight such efforts. Consistent with global community concerns about employee conditions in Asian supply factories, and the need for corporations to make disclosures consistent with meeting, or exceeding, community concerns, Nike made the following statement in its 1999 Annual Report⁴⁵:

Nike's mission for corporate responsibility is to lead in corporate citizenship through programs that reflect caring for the world family of Nike, our team-mates, our consumers, and those who provide services to Nike..... Our global labor practice auditors are Pricewaterhouse Coopers (PwC). A local team of PwC's Vietnamese employees visited Vietnam in May 1999, to ensure our age and other labor practices standards are being met (*Nike Annual Report 1999*).

However, less than a decade before the above statement was made, Nike and other multinational companies did not appear to accept any responsibility for the particular labour practices being applied in supply factories (typically arguing that the suppliers were not owned by their respective companies), and they appeared to impose limited requirements on suppliers in terms of their labour practices. It was only when Western consumers raised concerns about child labour, 'sweatshop' conditions, and so forth that multinational companies appeared to start imposing requirements for improved labour practices, arguably because the failure to respond to the heightened concerns had implications for the success of their respective organisations (produced in Chapter 5).

⁴⁵ As will subsequently be shown, 1997 and 1998 were years in which the industry, and particularly Nike, was the focus of sustained negative media attention for various labour practices used by its supply factories located in developing countries. Disclosures such as this are arguably a response to such attention.

Because of the potential implications that being associated with poor labour conditions will have for an organisation's legitimacy, organisations will make disclosures to indicate that they are taking actions to ensure that poor labour practices are not being adopted by organisations within the supply chain. As the Managing Director of H&M stated in the H&M annual report 2003:

Our clothes must always be manufactured and sold under good working conditions. For many years now we have had a Code of Conduct that our suppliers must sign up to and abide by. Among other things, the Code contains requirements concerning the working environment and related safety, freedom of association, minimum wages and a ban on child labour. H&M carries out inspections to bring about improvements and ensure that the Code of Conduct is being observed in practice. We are proud of this work and pleased with the improvements that we have achieved to date.

Again, approximately a decade earlier and arguably because Western consumer concerns had not been aroused, there was a general absence of such policies aimed at creating safe working environments and reducing the use of child labour in developing countries. Consistent with this view, and as Chapter 5 indicated, when a senior member of the BGMEA was interviewed in 2006 in relation to changing pressures being imposed on supply factories in Bangladesh, he stated:

The 1990 (multinational) buyers only wanted product, no social compliances were required and no restriction was placed on the employment of child labour. Now (multinational) 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 right organisations pressured foreign buyers, and then foreign buyers pressured us (see Chapter 5; Islam & Deegan, 2008, p. 860).

As the above quote emphasises, it appeared that the necessary prerequisite for intervention by the multinational buying companies was the changing demands of Western consumers. A point of time came when Western buyers concerns

about labour conditions in supply factories were raised, and the multinational companies necessarily were required to respond, else risk losing the support of the community.

While legitimacy theory suggests that managers will seek to eliminate or minimise a legitimacy gap (the gap between the society's perception of an organisation's value system, and the value system of the larger social systems) by disclosing particular information, this part is left to consider what factors may have brought particular issues to the attention of the 'relevant publics' in the first place. As has been indicated above, poor labour practices had existed in developing countries for decades, but it was only in the latter part of the 1990s that Western consumers seemed to become concerned. What caused this change? As produced in Chapter 4, one factor that has been suggested as being particularly influential in creating legitimacy gaps for an organisation is the news media. The news media can be particularly effective at informing the community of aspects of corporate performance that were previously unknown. The revelation of previously unknown information can in turn create legitimacy problems for an organisation.

Building on a belief that the media is an important factor in shaping community concerns and expectations a number of researchers developed a theory – known as media agenda setting theory – to further explain the potential of the media to influence community expectations, and subsequently, corporate communications (see, for example, Carroll & McCombs, 2003; Deephouse, 2000; Fomburn & Shanley, 1990). Media agenda setting theory posits that the media shapes public awareness, with the media agenda preceding public concern for particular issues (McCombs & Shaw, 1972). The view taken is that the public needs the media to tell them how important an issue within the “real world” is as, for many issues, individuals do not learn this from available real world cues. Neuman (1990) identifies a distinction between “obtrusive” and “unobtrusive” issues. He notes, for example, that inflation is seen as a “classic example” of an obtrusive issue because the public would become aware of it every time they went to the store and they do not need the media to report the official statistics to realise that this issue affects their lives. Unobtrusive issues,

on the other hand, would include foreign events (such as polluting activities undertaken at off-shore locations, or workplace practices in remote factories) which cannot be experienced or known by the public without the media functioning as a conduit (Zucker, 1978; Neuman, 1990). It is argued that the media's agenda setting effect is most apparent in relation to unobtrusive events.

An important dynamic which is closely associated with the media agenda setting effect is the time lag. The agenda setting hypothesis predicts that a matching public agenda lags behind the media coverage of an issue (McCombs and Shaw, 1994). Ader (1995) found that the time lag between changes in the media agenda and changes in the public agenda are typically less than about four months. Previous time-lags employed in agenda-setting research have ranged from one week to nine months (Wanta, Golan, & Lee, 2004).

Accounting researchers have embraced media agenda setting theory to explain changing community expectations and the implications these changing expectations have on corporate disclosure policies. In the first known study in the accounting literature to explicitly adopt media agenda setting theory in conjunction with legitimacy theory, Brown and Deegan (1998) adopted media coverage as a proxy for community concern to explain corporate annual report disclosures of Australian companies. In relation to their study, Brown and Deegan (1998, p. 34) state:

[...] this study has contributed to the literature because it has shown, unlike any other known study, that the environmental disclosure strategies of management is associated with the extent of media attention. More specifically, variations in media attention appear to be positively associated with variations in corporate disclosures.

Another two studies conducted within Australia (Deegan et al., 2002; O'Donovan, 1999) also confirmed that media attention of a continuing nature, particularly negative media coverage, through its perceived impacts on corporate legitimacy, do elicit a disclosure response from corporations (the disclosures in question occurring within the corporations' annual reports).

Although media agenda setting theory was not discussed in the theoretical perspectives chapter (Chapter 4), it is acknowledged here that this theory plays major roles in this and part three/final part of the thesis.

Whilst a joint consideration of legitimacy theory and media agenda setting theory has provided useful insights into why corporations operating in developed countries make corporate social disclosures, there is a general absence of such research within the context of operations undertaken within a developing country. This part of the thesis extends research by considering media coverage given to issues happening within developing countries and this part reviews how multinational companies react to this media attention.

In reviewing multinational companies' disclosure practices as they pertain to developing countries, the previous part (Chapter 5) is of particular relevance to this part of broader study. Whilst previous part (Chapter 5) provided evidence that the social and environmental operating and reporting practices of a major clothing export association in a developing country (BGMEA) responded to the pressures exerted by large multinational buying companies, this part (Chapter 6) steps back a level and explores the factors that appeared to influence the operating and reporting practices of these powerful stakeholders themselves. The view taken in this part of the thesis is that the global community's expectations impacted the behaviour of the multinational buying companies, and in turn, the multinational buying companies exerted pressure on suppliers in developing countries to ensure that the behaviour of the suppliers was in accordance with the expectations that were imposed upon the multinational buying companies. In particular, this part explores whether there appears to be a linkage between changes in the multinationals companies behaviour (in particular changes in their reporting behaviour, and changes imposed on supply companies), and changes in the extent of media coverage directed at labour practices in the multinational companies' supply chains. This is done on the basis of a belief that the media agenda drove changes in the expectations of the Western consumers – parties upon which the multinational companies were dependent upon for their survival.

Hence, with legitimacy theory and media agenda setting theory in mind, if the global news media agenda impacts global community concerns for particular issues (from media agenda setting theory), it would be expected that the extent and type of corporate social disclosure, in the annual report of a global organisation, will be directly related to the focus and extent of the media attention, with the disclosure reaction lagging behind the media attention.

6.4 Hypothesis Development

From the previous discussion it has been argued that the multinational companies will react to negative media coverage by undertaking actions which aim to restore their legitimacy. This could involve them not only taking actions to bring their activities, or more particularly, those of their suppliers in line with community expectations, but also making disclosures to highlight the changes made within their supply chain. However, in developing the hypothesis of this part of the thesis – to be provided below - this part needs to consider a number of additional issues.

One issue relates to whether this component of the research restricts its attention to media coverage that specifically addresses the company, or whether it should consider media coverage addressing the industry as a whole. It is argued 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. As Milstein, Hart and York (2002, p.160) state:

Despite the best intentions of some organisations, when a single organisation within an industry violates social and political norms, all organisational actors within the industry may suffer negative consequences as stakeholder anger is broadly applied to a perceived group of similar firms.

The above view is consistent with Patten (1992) who, whilst not specifically studying media agenda setting effects, did find that various North American oil companies provided a disclosure response to the Exxon Valdez disaster (in Alaska) of 1989 – a disaster that attracted extensive negative media attention. Patten's results indicate that there were increased environmental disclosures by

the North American oil companies for the post-1989 period, and the disclosure reaction took place across the industry, even though the incident itself was directly related to one oil company. The consideration of an industry-wide effect is also consistent with Brown and Deegan (1998) who found that the social and environmental disclosure practices of management within selected Australian industries was associated with the extent of negative media attention directed towards their industry, rather than specifically aimed at their company. Similar findings were reported in Deegan et al. (2000).

A second issue to consider is whether this part should consider relevant media coverage of any nature, or whether it should focus on negative media coverage. Previous research suggests that negative media attention is more likely to have an effect on the public's salience for a particular issue, relative to positive or favourable media coverage (Dearing & Roger, 1996, p.64). Prior accounting studies (O'Donovan, 1999; Deegan et al., 2002) have also shown that when there is perceived to be adverse public opinion about particular facets of an organisation, brought about by negative media attention about specific corporations or industries, then reporting media such as the annual report are used by managers in an attempt to bring public opinion back in support of the specific corporations. Hence disclosure reactions to negative media attention will be studied.

A third issue to consider is whether this study restricts the media that it reviews to local or global media. Whilst previous studies indicate that managers make disclosure responses to negative media coverage, researchers have limited their analysis to the local news media. By contrast, as the researcher is concentrating on organisations that operate globally and that have large numbers of consumers dispersed throughout the world, it was decided to explore the disclosure reactions of the companies to global media coverage. Coverage of issues by the media on an international basis are expected to impact expectations of the global consumers – particularly for issues of a non-obtrusive nature.

A final issue to consider is the nature of the corporate disclosure response. In particular, whether the researcher restricts the analysis to positive corporate social disclosures, or whether to consider all social disclosures. In relation to the

nature of the corporate disclosure, the expectation of the researcher is that corporate managers will utilise positive (or favourable) disclosures in an attempt to bring support back to an organisation in those times when the organisation has been subject to negative media attention – a view consistent with legitimacy theory.

Having identified that this chapter is reviewing negative media coverage of an industry-wide and global nature, and that it is concentrating on positive corporate disclosures made by the respective organisations, the researcher is now in a position to formally state the central hypothesis, which is:

The higher (lower) the level of negative media coverage directed towards a particular aspect of a global industry's social and environmental performance, the higher (lower) the level of related positive social and environmental performance disclosures made by organisations within that industry.

Apart from the above hypothesis, as will be considered as a result of the media analysis, whether there is a correspondence between the timing that Chapter 5 found that multinational companies put pressures on the suppliers in Bangladesh (and other countries) to improve their workplace practices (which was deemed to occur from the second half of the 1990s), and the timing when the multinational companies appeared to be the subject of increased negative global media coverage in relation to supplier workplace practices. If the agenda setting effect of the media is a factor then it would be expected 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 prior to the mid-1990s.

6.5 Research Methods

Corporations have a number of vehicles available to make disclosures, including annual reports, special purpose social and environmental reports, sustainability reports, web-based disclosures, media-based advertisements, and so forth. This part of the thesis 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 analysis, which commences in 1988, the research is unable to review special purpose social and environmental reports, or sustainability reports, because such reports, as they are currently known, did not exist in the early years of analysis. Further, because of the nature of web-based disclosures, which typically do not provide access to previous period's disclosures, it is difficult to gain a perception of the changes in disclosure across time. Also, web-based disclosures did not exist in the early periods of analysis. Hence, because the researcher wanted to review a medium of disclosure that was used throughout the period of analysis, he restricted the analysis of corporate disclosures to the annual report. It is acknowledged that this only provides a subset of the total disclosure being made and it is also acknowledged that the decision to exclude other avenues of disclosure acts to introduce a bias against the researcher finding significant results. Even though the annual report is only one medium in which corporations can make disclosures, annual reports are nevertheless reviewed by a broad cross-section of the community. Annual reports are also considered to be an important document for organisations seeking to shape their own "social imagery" (Gray et al., 1995b).

Nineteen annual reports released by H&M and Nike respectively from each of the years 1988 to 2006 were collected. Various sources were used to obtain the reports including the Corporate Library of the London Business School, Swedish Companies Registration Office, Thomson Corporation, and company websites. In analysing the annual reports it was necessary to classify the disclosures into various categories of social and environmental disclosure. It was also necessary to adopt a basis of measurement for the disclosure.

In relation to classifying the disclosures, the content analysis instrument used by Hackston and Milne (1996) was utilised with adaptations. As indicated in

Chapter 5, the content classifications of Hackston and Milne (1996) which are based on the earlier schemes developed by Gray et al. (1995b), Guthrie (1982) and Ernst & Ernst (1978) broadly embraced six categories of disclosure, these being: environment, energy, human resources, product, community involvement, and others. Within these broad themes, further specific categories are incorporated. Additional issues – these being improvement of working conditions, child labour elimination, and other human right issues associated with the subcontracting relationship with the manufacturers in developing countries - were added to the human resource category. The reason for the inclusion of these issues is that these issues are believed to be key corporate social performance indicators for global companies that source product from manufacturers operating within developing countries. During the coding process the researcher was also open to creating additional categories should it become apparent that other specific areas were the focus of corporate disclosure, or media attention. Appendix 6 provides a summary of the classification scheme used in this research.

As indicated in the section devoted to hypothesis development, this research focuses on positive social and environmental disclosures within the annual report. Consistent with Deegan and Gordon (1996), positive disclosures are defined as disclosures of information about corporate social or environmental activities or performance which present the organisation in a positive light and which reflect a positive or beneficial impact upon society or the environment (or both).

The extent of disclosure was measured by the number of words (also see Chapter 5). The number of words was counted from those sentences, section headings and sub-headings that refer to positive social and environmental activities and performances of companies under examination. As produced in Chapter 5, number of words has commonly been used in previous social and environmental disclosure research. Further, measures, such as words, have been found to be highly correlated with other measures, such as sentences, or percentage of pages dedicated to particular disclosures (Hackston & Milne, 1996).

The same classification scheme discussed above was also used to classify the content of media articles. While different companies have different reporting dates (Nike, 31 May; H&M 30 November), in order to maintain consistency, this part of the thesis considered media pressures towards each company for the year ending 31 December, 5 months before Nike's reporting date, and 11 months before H&M's reporting date⁴⁶. The researcher accepts a time lag between the calendar year (for media pressure) and the respective company's reporting date given that 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 the international newspaper and press media. Consistent with Hogner (1982) and Brown and Deegan (1998), negative (unfavourable) media articles are defined as those articles which contain information about the activities of the company or industry which indicate that the operations/strategies of the company/industry are detrimental to the societies or environments in which the company and industry operate.

Newspaper and press coverage of social issues recorded in high profile international media which address the clothing and sports retail industry over the period 1987-2005 were identified. The researcher specifically searched for articles mentioning the clothing and retail sports industry in the 'Industry Name/subject' of the Dow Jones Factiva search menu. The researcher also included the subject words 'Child labor', 'Community', 'Corporate Social Responsibility', 'Human rights', 'Poverty', 'Product safety', 'Social Issues', 'Sweatshop', 'Welfare', 'Workplace Safety', 'Environmental', and 'Sustainable Development'.

The search produced a large volume of data. The abstract of each article was examined for stories concerning any of the general categories. As a next step, this part reviewed each article for specific content relating to any of the specific

⁴⁶ However, the annual reports would not be completed for a period of time following reporting date, hence lengthening the period of time between 31 December and reporting date.

categories. That is, once articles that contained a general discussion of social issues were identified, each article was reread to identify the specific issues mentioned. Some articles appeared in more than one newspaper within the 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.

To enable a consistent comparison across the years 1987-2005, the researcher selected only those newspapers and presses within the Factiva Data Base which were available in the database for all of the sample years (January 1987 to December 2005). The researcher reviewed the following leading global newspapers: *USA Today*, *The Washington Post*, *The New York Times*, *The Wall Street Journal* (USA, Europe and Asia), *The Guardian*, *The Times*, *Financial Times*, *The International Herald Tribune*, *The Sun*, and presses including *Reuters News*, *Dow Jones International News*, and *Agence France Presse*. Obviously the sample of media represents only a small subset of the total newspapers and press services operating internationally. Nevertheless, the newspapers and press services that this part of the thesis has 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. Further, the newspapers appear to be aimed at a reasonably diverse readership. Hence, whilst there is limited guidance in the literature as to how to select particular newspapers, if this part of the thesis is to consider the 'global media', it is argued that the newspapers that have been selected would reasonably be considered to have the 'reach' to create media agenda setting affects. Further, as this part uses the same sample of newspapers and presses for the period of analysis it is well placed to understand the trends in media coverage given to particular social and environmental issues (and to relate these changes to changes in corporate disclosures). The researcher has not controlled for the possibility that different newspapers or presses appeal to different audiences, or the possibility that they will have different impacts on the public agenda. The results of this component of the thesis need to be considered in this light. Nevertheless, it is proposed that the selection includes an adequate number of newspapers in countries in which major global clothing and retail companies

operate and provides a reasonable indication of the extent and variation of media attention being devoted to specific social and environmental issues.

Turning the attention to how the extent of media coverage was classified and measured, each media article was classified into the same specific sub-categories used to classify the corporate disclosures (see Appendix 6) and each article was given a score of 1 for statistical analysis. That is, the researcher did not attempt to differentially weight the sources of different articles thereby implicitly assuming that all news media had the same perceived ability to impact global community expectations. Again, there is limited guidance in this area and the results need to be considered in this light. Nevertheless, this study again emphasises that all of the papers and press services reviewed had extensive readerships.

Lastly, the choice of time period from 1987/88 to 2005/06 allows sufficient time to see how changes in levels of media attention appeared to influence levels of disclosure. It is also relatively consistent with the time period used in previous social and environmental accounting research (for example, see Chapter 5 published as Islam & Deegan 2008; Deegan, et al., 2002).

6.6 Results

This component of the research commences the discussion of the results with descriptive information about the extent of media coverage found within the period of this study. Table 6.1 provides information about the number of negative media articles addressing the clothing and sporting goods industry. In total, there were 712 negative media articles pertaining to the industry of which 81 percent of the articles addressed issues associated with human resources (577 articles from a total of 712). Within the Human Resource category, the issue attracting the most media attention - approximately 70% of the total of the negative articles (495 of 712 negative articles) - was employee practices adopted within developing countries. This 70 percent is further subdivided. Issues associated with poor working environments within developing countries accounted for approximately 50 percent of the total media articles (350 of 712 negative media articles), whereas the use of child labour in developing countries

accounted for 20 percent of the total articles (145 of 712 negative media articles). Apart from the human resource issues associated with developing countries, approximately 11 percent of the total articles (82 of 712 negative media 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. Twenty six out of the 712 negative articles in the analysis mentioned product related issues, and 58 and 50 negative articles mentioned environmental, and community involvement issues, respectively.

Whilst it is not the intention of this part to provide detailed descriptions of the contents of the various articles (beyond the summarised classification data) it is nevertheless useful to put the nature of the coverage into context. The articles frequently used emotive terms and language to describe the nature of the employment practices being adopted in the factories supplying the products to the multinational companies. The emotive nature of the articles would arguably contribute to the legitimacy-threatening potential of the media coverage. Words such as ‘abusive’, ‘exploitation’, ‘forced child labour’, ‘sexual harassment’, and ‘sweatshops’ were frequently used. For example, in relation to the use of the term ‘sweatshop’ the following are a sample of some of the headlines across the period of analysis:

- ‘US drive to boycott sweatshop clothing’, *The Times*, 27 December 1996.
- ‘Clinton plan to eliminate sweatshops in apparel industry called too weak’, *The Wall Street Journal*, 15 April 1997.
- ‘The foul smell of soccer’s sweatshop child labourers’, *The Guardian*, 12 May 1997.
- ‘Clothing, sneaker makers take limited steps on sweatshops’, *Dow Jones News*, 16 June 1999.
- ‘Labor groups join coalition to eliminate sweatshops’, *The New York Times*, 8 August 2001.
- ‘Adidas sweats over third world subcontractors sweatshops’, *Dow Jones International News*, 23 September 2002.
- ‘Sportswear firms to investigate Oxfam sweatshop claims’, *The Guardian*, 4 March 2004.

Turning back to the review of Table 6.1, issues associated with poor working conditions in developing countries appeared to peak in the latter half of the 1990s. Consistent with this finding, related research in Chapter 5 – as previously discussed – reported that executives of the major clothing export association within Bangladesh (BGMEA) believed that it was not until the mid to late 1990s that large multi-national 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 the changing labour practices. This was perceived by BGMEA executives to be because of the negative media attention being directed at large multinational buying companies in relation to poor labour conditions in developing countries.

Table 6.1: Negative Media Coverage (unfavourable media articles) Addressing the Clothing and Sporting Goods Industry

Year	Issue of Environment (all countries)	Issue of Human Resources			Product Issue (all countries)	Issue of Community (all countries)	Other (all countries)	Total
		Domestic human resource issues within the respective companies (not within developing countries)	Manufacturing working conditions (in developing countries)	Use of child labour (in developing countries)				
1987	0	2	0	0	0	0	0	2
1988	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0
1990	1	2	1	1	0	0	0	5
1991	0	3	2	2	0	0	0	7
1992	0	4	5	5	0	0	0	14
1993	0	5	4	2	0	0	0	11
1994	0	2	7	3	0	1	1	14
1995	1	5	9	16	0	0	0	31
1996	0	0	34	29	0	1	0	64
1997	3	0	83	32	0	3	0	121
1998	0	2	63	11	0	4	0	80
1999	2	1	30	4	1	3	0	41
2000	6	0	17	8	3	3	0	37
2001	5	1	21	1	7	0	0	35
2002	11	5	9	0	4	3	0	32
2003	14	4	13	0	2	14	0	47
2004	8	27	26	8	4	12	0	85
2005	7	19	26	23	5	6	0	86
Total	58	82	350	145	26	50	1	712

The results of this part of the thesis confirm that the industry was indeed subject to extensive negative media attention at that time for poor working conditions

and the use of child labour in developing countries. The 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 by BGMEA officials (see Chapter 5).

The results for the testing of the hypothesis are produced in Tables 6.2 and 6.3. Table 6.2 documents the correlations between negative media articles (by number of articles) and positive annual report disclosures (by words) by *total* social and environmental disclosure in each respective year, and separately by each of the six main themes of disclosure over the 19 year review period. A copy of the detailed correlations and associated results is produced in Appendix 7.

Table 6.2: Correlation by Theme between Industry Related Media Articles and Corporate Social Disclosures (1988 – 2005)

Spearman rank-order correlation coefficient		
General Themes	H&M	Nike
Total	+ .835 (p=.001)	+ .746 (p=.001)
Environment	+ .804 (p=.001)	+ .152 (p=.263)
Energy	-	-
Human Resources	+ .657 (p=.001)	+ .699 (p=.0005)
Product	+ .832 (p=.001)	+ .203 (p=.203)
Community	+ .739 (p=.001)	+ .445 (p=.026)
Others	+ .320 (p=.091)	- .211 (p=.183)

Note: This table correlates the number of annual report sentences, with the number of unfavourable media articles over the 19 years of the study for each of the above themes. The time lag between the calendar year (for unfavourable articles) and the company reporting dates is 11 months and 5 months respectively for H&M and Nike

Table 6.2 shows that the correlation between the *total* number of social disclosures (words) over 19 years of the study, and the number of negative media articles in the same years are statistically significant (the first row of Table 6.2).⁴⁷ Table 6.2 also presents results of tests for correlation across 19 years for each general theme. The results for ‘human resource’ and ‘community’ produced statistically significant positive correlations for both companies investigated. The themes of ‘product’, ‘environment’ and ‘others’ produced significant positive correlations for H&M only. Energy did not produce any

⁴⁷ A p. value of 0.10 or less is deemed to represent a significant finding for the purpose of our analysis.

results for either of the companies investigated because of zero media attention (which was also accompanied by low levels of disclosure).

As shown in Table 6.3, a further measure of correlation was calculated for nine specific themes. These nine specific themes were those issues that attracted the greatest amount (98%) of the negative media attention. These nine specific themes, which also represented the issues responsible for the greatest proportion of social and environmental disclosure, accounted for 14,328 words for H&M (or 92% of H&M’s total social disclosures across the period) and 8,376 words of disclosure for Nike (93% of Nike’s total social disclosures).

Table 6.3: Correlation by Specific Theme between the Media Articles by Industry and Social Disclosure Made by Specific Theme

Spearman rank-order correlation coefficient		
Specific Themes	H&M	Nike
<i>Environment</i>		
-Pollution reductions in the conduct of business operations	+ .889 (p=.000)	+ .350 (p=.077)
-Compliance with environmental standard and regulation	+ .850 (p=.000)	-.228 (p=.172)
<i>Human Resources</i>		
-Home based human resources-domestic	-.038 (p=.433)	-.190 (p=.213)
-Working condition-developing countries	+ .699 (p=.000)	+ .671 (p=.001)
-Elimination of child labour-developing countries	+ .534 (p=.0019)	+ .559 (p=.006)
<i>Product</i>		
-Product research and development	+ .80 (p=.000)	+ .124 (p=.306)
<i>Community</i>		
- Donation and community support activities	+ .419 (p=.035)	+ .540 (p=.009)
-Community health supports	+ .684 (p=.000)	-
-Community education supports	+ .566 (p=.006)	-

Note: This table correlates the number of annual report sentences, with the number of unfavourable media articles over the 19 years of the study for each of the above themes. The time lag between the calendar year (for unfavourable articles) and the company reporting dates is 11 months and 5 months respectively for H&M and Nike

A significant positive correlation was obtained for eight out of 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 in developing countries, 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 (see Table 6.1) 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. However, a mitigating factor here was that there was minimal variation in related media attention until the last two years of the study, at which point the media attention grew (see Table 6.1), as did the related corporate disclosures. Hence, whilst both media attention and corporate disclosures fluctuated at a relatively high level in the last two years of the study for domestic human resource issues, no significant results were generated for these issues because of the low levels of variation in the previous 17 years of analysis.

Out of 16 correlations identified for 9 specific issues for two companies, 12 correlations were statistically significant. Hence, there was general support for the hypothesis.

6.7 Concluding Remarks

This part of the thesis examines the relationship between the amount of negative media attention directed towards the social responsibility performance of two major global clothing and sports retail companies (H&M and Nike) and their industry, and their level of positive annual report social disclosures over a 19 year period. In doing so, the researcher sought to determine if the pattern of the organisations' social and environmental disclosure can be explained by a joint consideration of media agenda setting theory and legitimacy theory. Relative to previous research, the researcher utilised a measure of international media attention, rather than restricting the analysis to media attention within the respective corporation's 'home country'.

The results of this part of the broader study are generally supportive of the hypothesis. For those topics that generated the greatest amount of negative global media attention – and these topics related to working conditions and the use of child labour in developing countries – the results were supportive of the

hypothesis. The results thereby have provided insights into the drivers behind corporate disclosures as they relate to operations within developing countries – an area in which there is very little published research.

Whilst 8 of the 9 correlations reported in Table 6.3 were significant for H&M (the only insignificant finding related to domestic human resource issues), thereby providing strong support for the hypothesis, only 4 correlations were significant for Nike. However, for Nike, the most significant correlations were 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. Whilst the following is speculation, it is arguable that because a great deal of the negative media attention in relation to developing countries was particularly focussed on Nike, the management of Nike might have believed there was a necessity to focus their legitimising disclosures on a restricted set of social performance issues, and particularly, to focus legitimising disclosures on labour issues in developing countries. However, again, this is speculation but is an issue worthy of further research – perhaps there are thresholds of media attention beyond which media attention to other issues becomes less important in relation to current legitimising efforts? Clearly, the media attention at the time was primarily focussed on employee-related issues in supply factories in developing countries and this attention is associated with a subsequent increase in related disclosures consistent with a joint consideration of both media agenda setting theory and legitimacy theory.

In providing concluding comments to this part of the thesis it is also useful to consider the results of this part in conjunction with the results of previous part (see Chapter 5; published as Islam & Deegan, 2008) – a study that this chapter has already made a number of references to. As have already been indicated, Chapter 5 investigated the operating and reporting practices of a major garments exporting association located within Bangladesh (BGMEA), and found that the actions of the organisation directly responded to the pressures exerted by multinational buying companies. Utilising a combined consideration of previous

chapter, the results of some other previous research noted in this part, as well as the results of this part, the following can be stated:

- Previous research has suggested that the media is able to influence the public's salience for issues (Carroll & McCombs, 2003; Ader, 1995), particularly those issues of an unobtrusive nature (such as the social performance of organisations in offshore locations);
- Corporate managers are aware of the media's ability to influence public perceptions (as demonstrated in O'Donovan, 1999) and will change their operating and disclosure policies accordingly. Indeed, this part of the thesis has demonstrated that large corporations from developed 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;
- In consequence of particular community expectations (which have been shaped by the media's agenda), powerful Western corporations required corporations within the supply chain to adopt policies consistent with the changed community expectations (as per the results of the Chapter 5).

Hence, if we accept the sequence of events as reflected in the above dot points, then for unobtrusive events, it is the media's focus on large multi-national companies and their industry that is the potential catalyst for multi-national companies requiring suppliers in developing countries to change their employment practices. In this regard, this part of the broader study 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. As indicated earlier, this research can be usefully considered in conjunction with prior research in Chapter 5, which showed that senior executives in an export oriented trade association in Bangladesh (BGMEA) explicitly noted that prior to the mid-1990s (a time when there was minimal media attention), multinational buying companies 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 in this research, provides a potential explanation for the absence of pressure being exerted on supply factories by the multinational buying companies.

The results, which were generated by using secondary data, are consistent with the corporations making a disclosure response to the media agenda. It is acknowledged that the perspective that the focus and extent of media coverage influences community expectations, and these changing expectations in turn influences corporate annual report disclosure is perhaps somewhat mechanistic, but it does nevertheless provide some useful insights about the role of the media in creating change. However, clearly there could be a variety of other factors that influence managers' corporate social disclosure choice as it relates to operations within developing countries, and there could be a variety of media in which managers make disclosures in reaction to perceived legitimacy threats. Further useful and richer insights would be derived by undertaking direct interviews with executives from the multinational companies in question. With this in mind, the researcher sought to arrange a number of interviews. However, despite a number of attempts, it was unsuccessful in obtaining the agreement of senior executives⁴⁸ from either Nike or H&M to participate in an interview.⁴⁹ Despite the lack of success this part of the thesis would encourage other researchers to pursue this avenue of research to further build the understanding of the social disclosure practices adopted by multinational companies sourcing products from developing countries.

⁴⁸ However, H&M agreed to provide access to 'two field level managers' in Bangladesh for the purpose of conducting an interview. While these managers noted that they were unaware of the exact motivations for H&M's strategic disclosure decisions, they did provide an opinion that from their knowledge of the industry it was a necessity for their organisation to respond to the changing concerns of western consumers. They believed that western consumers react strongly against multinational corporations when articles about child labour or worker exploitation are published in the western press. As part of their role in H&M they were required to help ensure that supply factories did not use child labour and that they respected the rights of the workers to fair treatment and a safe work environment.

⁴⁹ However, this research nevertheless has the insights provided by O'Donovan (1999), who based on interview data, showed that large multinational companies did make disclosure and operational reactions in response to sustained negative media attention.

Although the media might be effective in ultimately causing changes in a company's operating and reporting policies, as well as those organisations in the supply chain, an issue that has not been investigated is what factors impact the media's own agenda. That is, this chapter has not 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? Obviously, the media needs to be made aware of particular issues in the first place. 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. In this regard it would seem that the media would be an important ally for NGOs in their quests to create change, however this does raise various issues about the need for the media to be objective. If the sequence of events depicted above is accepted, then clearly the media is a very powerful player in creating changes in corporate social and environmental performance and associated reporting. Parties wishing to create change in other organisations, particularly in relation to unobtrusive events, will conceivably need to consider co-opting the media as part of any strategy to create broad changes in other organisations' or industries' operating practices. In this regard, the next chapter (Chapter 7) investigates how NGOs, particularly those operating in a developing country, use the news media as part of a strategy to create change in the operating policies and associated accountability of multinational companies.

Chapter Seven

NGOs' use of the Media to Create Changes in Corporate Activities and Accountabilities

7.1 Introduction

Within the social and environmental accounting research literature, disclosure has been found to be influenced by a variety of factors including: a desire to establish, maintain or regain organisational legitimacy; a perceived need to satisfy the information requirements of powerful stakeholders; as an effort to conform with industry norms of reporting; or, by a management belief that it is important from an ethical perspective to demonstrate transparency in relation to social and environmental performance (Deegan, 2009). Another factor that has been shown to drive corporate social responsibility disclosure is media attention – particularly negative media attention (see Chapter 6).

Although numerous social and environmental accounting researchers have provided evidence of the relationship between the media agenda and corporate disclosure policies, there is a general paucity of information about seemingly important and related issues, such as: what influences the media's agenda; the extent to which individuals within the media consider they are able to influence corporate operations and associated accountabilities; or, details about how particular groups, such as social and environmental non-government organisations (NGOs) may strategically cooperate with the media to create changes in the operations and accountabilities of corporations. An understanding of some of these issues is arguably necessary to more fully understand the context in which the media apparently plays a part in creating changes in corporate social and environmental disclosure practices. To this end, this component of the thesis explores the role of the media in exposing particular social and environmental issues relating to multinational companies operating within a developing country, and this part also explores how organisations such as social and/or environmental NGOs use the media as part of their strategies to create changes in the operating and disclosure practices of target organisations and industries. This component of the research explicitly

seeks the views of senior officers from global and local NGOs operating in Bangladesh as well as the views of journalists from major global and local news media.

The balance of this chapter is organised as follows. The next section, section 7.2, provides a brief overview of research that seeks to explain corporate social and environmental disclosure practices. In particular, reference will be made to the applicability of legitimacy theory and media agenda setting theory. Section 7.3 then describes the research method embraced for this research which is based upon interviewing a sample of representatives from NGOs and the news media. Section 7.4 provides the results of the interviews, and Section 7.5 provides concluding comments.

7.2 Overview of Relevant Prior Research Together with an Overview of the Theoretical Background Embraced Within this Component of the Study

There is a deal of literature that shows that management reacts to changing community expectations. The reaction is frequently explained through the insights provided by legitimacy theory, which are discussed in detail in Chapter 4. Therefore, this section directly addresses the proposition derived from legitimacy theory.

As indicated in Chapter 4, one of the major sources of a legitimacy gap, according to Sethi (1977), occurs when previously unknown information becomes known about the organisation – perhaps through disclosure being made within the news media. The potential role of NGOs and journalists (the media) in revealing information that was previously in the ‘corporate shadow’⁵⁰ is an issue that is investigated in this chapter. This chapter explores the actions of NGOs because it is generally accepted that NGOs act as ‘agents of change’ in terms of corporate operating policies and associated accountabilities (Deegan & Blomquist, 2006).

⁵⁰ The body of information about the corporation that is unavailable to the public (Bowles, 1991).

While legitimacy theory asserts that managers need to respond to changing community expectations if they are to be deemed to be ‘legitimate’ (and to be complying with their ‘social contract’), the theory provides limited insights into the factors that create changes in community expectations. With this in mind, Brown and Deegan (1998) utilised a joint consideration of legitimacy theory *and* media agenda setting theory to explain the relationship between the print media coverage given to various industries’ environmental effects, and the levels of annual report environmental disclosures made by a sample of firms within those industries.⁵¹ Brown and Deegan’s results were consistent with their expectations. For those social and environmental issues attracting greater media attention, there was a correspondingly higher level of related disclosure, with such disclosures believed to be motivated by a desire to retain, or regain, community support.

As noted in Chapter 6, media agenda setting theory posits that the media agenda drives community expectations. Zucker (1978) demonstrated that the effect of the media on community expectations is more apparent in relation to stories being run about unobtrusive events. Ader (1995) subsequently confirmed Zucker’s findings. As Ader (1995, p 301) states:

Agenda setting did not occur for the obtrusive issues because individual can rely on real-world conditions and interpersonal discussion for information, while for unobtrusive issues, the individuals only have information from the media to rely on.

Neuman (1990) also identifies a distinction between “obtrusive” and “unobtrusive” events with examples. He notes that inflation is seen as a “classic example” of an obtrusive event because the public would become aware of it every time they went to the store and they do not need the media to report the official statistics to realise that this issue affects their lives. Ader (1995) identifies unobtrusive events as those events for which individuals have little personal contact and for which they rely on media as their only source of information. For example, unobtrusive issues would include events (such as

⁵¹ Brown and Deegan (1998) was the first known paper to introduce media agenda setting theory into the social accounting literature – a theory that has been widely embraced in the journalism-related literature for decades (see, Ader, 1995; Newman 1990; Zucker, 1978; McCombs & Shaw, 1972).

polluting activities undertaken at off-shore locations, or the working conditions of employees located in remote or off-shore locations) which cannot be experienced or known by the public without the media functioning as a conduit (Ader, 1995; Neuman, 1990; Zucker, 1978). Because this chapter explores the media's role in bringing to the attention of Western consumers the working conditions of employees in a developing country, this chapter will be focussing on 'unobtrusive events' – events in which the media is relatively more able to influence community attitudes.

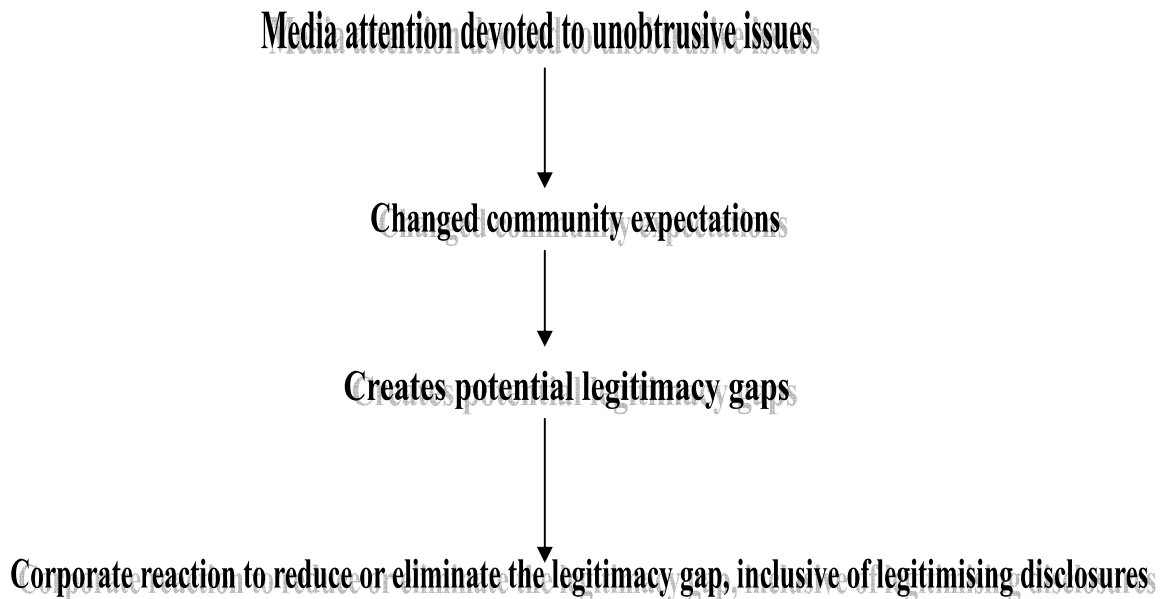
Consistent with the theoretical perspectives provided above, there is a deal of interview-based research that shows that corporate management accepts that media drives the public agenda on unobtrusive issues, such as social and environmental responsibility issues, and that organisations need to react through corporate disclosure. For example, O'Donovan (1999) provides the results of interviews with senior executives from three large Australian companies. The executives confirmed that, from their perspective, the media does shape community expectations in relation to social and environmental performance issues, and that corporate disclosure through such avenues as annual reports, is an important way to minimise the impacts the media agenda might have on the ongoing success of the organisation. From a developing country perspective, similar findings were reported in the first part of the thesis (Chapter 5). As produced in the first part of the thesis the BGMEA officials interviewed identified the news media as being powerful in shaping the expectations of Western consumers (and they had a perception that the media campaigns were actively encouraged by various NGO and labour rights organisations' campaigns). The BGMEA official believed that, in response to the changing expectations of Western buyers, and in the interests of maintaining their market share, the multinational buying companies (such as Nike, GAP, H&M, and Reebok) demanded that local suppliers within the developing country change their operating and disclosure policies to bring them in line with Western consumer expectations. As one senior executive of BGMEA stated in relation to the role of the media in creating changed expectations, and ultimately changes in production practices (reproduced from Chapter 5):

Social compliance issues started after the Uruguay Round, people started talking more in 1998, 1999 where there was media news against Nike, that Nike is buying from 'sweatshops'; that Wal-Mart is buying from 'sweatshops'. And the consumer is so sensitive! That if today a guy from NBC or CNN is coming and visiting a factory in a way that indicates he is a customer, he will come as a buyer with small hidden camera, he will shoot the label from the factory. One minute show in NBC or CNN, can kill Wal-Mart as buyer, kill Nike as a buyer. That's how, today, the social compliance issue has become so sensitive!

Linked to the above research, within the second part of the thesis (Chapter 6) further research into the disclosure practices of multinational buying companies was undertaken. Specifically, the second part (Chapter 6) investigated the linkage between negative media attention in the global media, and positive corporate social and environmental disclosures within the annual reports of two major global clothing and retail companies, specifically Nike and H&M. The perspective taken was that if the multinational buying companies considered that their legitimacy had been threatened by sustained media attention then they would respond by making various corporate disclosures. This second component of the research reviewed media attention and corporate disclosures over a 19 year period (1988 to 2006) and their results showed that for those social and environmental issues attracting the greatest amount of negative media attention, the corporations reacted by providing higher levels of positive (legitimising) social and environmental disclosures within their annual reports. As Chapter 6 indicated, the results were particularly significant in relation to use of child labour and other labour practices in developing countries – the issues attracting the greatest amount of negative media attention for the companies in question. This finding that corporate social disclosure appeared to be impacted by the extent of media attention was consistent with other research undertaken in developed countries (Deegan et al., 2002; O'Donovan, 1999; Brown & Deegan, 1998).

Taking account of available research evidence, this part of the thesis can diagrammatically summarise recent research findings as in Figure 7-1.

Figure 7-1 Simplistic Representation of Sequence of Events as Explained by a Dual Consideration of Media Agenda Setting Theory and Legitimacy Theory



While available research 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) – as represented in Figure 7-1 – we are still left to consider what factors create the media agenda. That is, only part of the cycle is being understood. Available research in the social and environmental accounting area simply shows that corporate disclosures are positively related to media attention – in particular, negative media attention. But how, or why, does something become the focus of the media in the first place? In the concluding sections of the previous part of this thesis (Chapter 6) (which as indicated above used secondary data to explore the correspondence between media attention and corporate social disclosure), the following directly related point was raised:

Although the media might be effective in ultimately causing changes in a company's operating and reporting policies, as well as those organisations in the supply chain, an issue that has not been

investigated is what factors impact the media's own agenda. That is, this chapter has not considered the factors that cause the media to focus on particular issues in preference to others

Whilst not having any evidence, the second component of the thesis (Chapter 6) provides the following speculation:

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. In this regard it would seem logical that the media would be an important ally for NGOs in their quests to create change. Parties wishing to create change in other organisations, particularly in relation to unobtrusive events, will conceivably need to consider co-opting the media as part of any strategy to create broad changes in other organisations' or industries' operating and accountability practices.

This research undertaken for the purposes of this chapter (the third component of the total research project) provides evidence to address the speculation raised within the second component of the research (Chapter 6). If this research is to better understand the factors that culminate in corporate disclosures, then this research takes the position that is necessary to explore how (or if) the media is strategically used to create changes in corporate disclosure practices. Is the media strategically used by particular interest groups as a tool to ultimately improve corporate social accountabilities?

According to public relation and sociological researchers, and consistent with the above speculation within Chapter 6, NGOs and labour right organisations are very adept in encouraging the news media to run stories on particular social and environmental issues (Li, 2001; Gamson, & Modigliani, 1987; Hilgartner & Bosk, 1988). It has also been shown that journalists often rely on NGOs and labour rights organisations to identify newsworthy issues – particularly in relation to 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 being run (through their own research activities) and this tends to make journalists responsive to the representations made by such groups particularly given that many of the issues being 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 (Taylor & Doerfel 2005; Carpenter, 2001; Li, 2001; Huckins, 1999). In a study of the impact of NGOs on the media agenda and community concerns, Li (2001) argues that NGOs are increasingly becoming skilled in using the news media; indeed, they are perceived to be ‘expert manipulators’ of the media. As Li (2001 p. 14) concluded:

The rise of non-governmental organisations 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.

With the above discussion in mind, and because of the responsiveness of corporation to changing expectations (from legitimacy theory) together with the ability of the media to influence community expectations (from media agenda setting theory), then it would be expected 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, the main research questions the researcher seeks to address in this part of the thesis are:

1. Do social and environmental NGOs actively utilise the media as an important instrument to create change in corporate activities and associated accountabilities?
2. Do social and environmental NGOs consider the media as a vital component of any efforts to create change in corporate activities and associated accountabilities?
3. Does the media (journalists) respond to representations made by social and environmental NGOs?
4. Does the media itself consider that it is a key element in creating change in corporate activities and associated accountabilities?

It is acknowledged that the aims of this part of research might appear relatively modest, but by providing insights into the above questions, this part will provide valuable information in explaining the social and environmental disclosure practices being adopted in developing countries. At the present time a number of authors in the social and environmental accounting literature provide arguments, generally on the basis of secondary data, that media attention will, with a slight time lag, ultimately cause changes in the social disclosures being made by corporations who are implicated by the media coverage. This part of the thesis will provide information about the process leading to an issue becoming the topic of news coverage in the first place, and whether that process in itself was motivated by a desire to change the activities and associated accountabilities of target corporations or industries. The results reported in this chapter could indicate that it is the actions of NGOs and labour rights organisations in bringing issues to the attention of the media that ultimately explains, at least in part, why organisations in developing countries make particular disclosures, and that without an NGO-media partnership there would be little development in, or scrutiny of, the social and environmental disclosure practices of organisations operating in developing countries (and out of the direct sight of Western consumers). Again, it is argued that such insights are important for researchers seeking to understand social and environmental disclosures, particularly as they pertain to operations within developing countries.

7.3 Research Methods

The research method embraced in this part relies upon the use of semi-structured interviews. As already indicated the researcher developed a number of general research questions to inform an in-depth investigation of the role of the media, and NGO's strategic use of the media, to create changes in corporate operating and reporting policies. A developing country – Bangladesh – has been selected as the focus of in-depth interviews because of the growing interest of researchers in understanding the social and environmental disclosure practices of corporations operating in, or sourcing products from, developing countries (also see a summary of the motivations for considering Bangladesh in Chapter 3) and because this part of the thesis usefully ties in with, and provides a

valuable addition to, the first part of the thesis (Chapter 5). As produced in Chapter 3, Bangladesh has also been associated with perceived poor labour conditions and associated accountability in the clothing industry and hence provides an environment in which the researcher would expect to find NGOs and labour rights organisations attempting to create change. Whether the media is used as part of the strategies to create change is something that this component of research will determine. A summary of interview guide is produced in Appendix 8.

Ten in-depth interviews with senior representatives of social and environmental NGOs were completed in 2006. Three senior members from Oxfam's livelihood projects, and two senior officials from two major local NGOs - Phulki (funded by Oxfam etc.) and Nari Uddog Kendra (funded by CIDA) - were interviewed. Further, two high profile leaders from two major 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, representatives from both local-based and global NGOs and workers federation were interviewed. A full listing of all interviewees (including name, position, location, organisations, with which they are affiliated and interview date) is located in the Appendix 9. The participants of this research were experienced in addressing corporate social accountability issues, and hence they were well placed to inform the researcher about if, and possibly how, they use the media to create change in corporate social practices and associated accountabilities.

Following the interviews with the senior representatives of social and environmental NGOs, the researcher 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 (Associate France Press)* and *Reuters* were interviewed. Three senior staff reporters from three leading local newspapers, namely *Daily Star*, *New Age* and *Prothom Alo*, were also interviewed. A full listing of all interviewees (including name, position, location, organisations, with which they are affiliated and interview

date) is located in Appendix 10. All journalists interviewed specialised in reporting on the garment and textile industry in Bangladesh and hence were able to provide informed insights which were directly related to this research aims.

All interviews, except three, were tape-recorded with the consent of interviewees and were subsequently translated into English and transcribed. Three of our interviewees did not agree to tape recorded interviews. In this context, interviews were conducted by intensive note-taking with the consent of interviewees. Translation and transcription were carefully scrutinised against the tape recordings, and amendments made where necessary. All interviews were conducted in person. Interviews lasted between 30 minutes and two hours. While an interview guide was utilised, interview questions were open-ended. Before each interview, the research project was explained to each interviewee in broad terms (but without identifying any relationships it was expected to find). Everyone was also given a written explanation in English.

While the open-ended interviews were used to understand meanings and interpretations provided by the small number of subjects, interviewees were able to provide in depth and additional explanation where they believed it was necessary. In the results section, this chapter will provide the text of a number of the comments provided by the interviewees. This text will be provided where it is considered to be reflective of the opinions of the group. Whilst the details of these interviewees appear in Appendix 9 and 10, 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 the appendix. Therefore, anonymity of respondents is maintained to as great a degree as possible whilst still allowing sufficient information to be provided about the respondents.

7.4 Results

This 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. Again, the aim of this part of the thesis is to understand how important these individuals consider the media is in terms of creating changes in the operations and associated accountabilities of multinational organisations operating within developing countries.

7.4.1 Opinions of the Members of NGOs

As an initial step in confirming and understanding the focus of the NGOs, the representatives of NGOs were interviewed about the broad area of concern that the NGOs were addressing 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. They also indicated that the direction of campaigns pertaining to workplace reform, and associated workers' rights, were primarily driven by the larger, global social and environmental NGOs, who in themselves tend to act as donors or as supporters of the local-based NGOs. 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. Two representative responses were⁵²:

We have certain agendas that have been delivered to us by our overseas donors. At the field level, our goals, and our donors' goals, are the same in respect of building awareness of conditions and rights in respect of workers who are manufacturing products for end-users in Western countries. Our partners and donors have broader strategic agendas to influence the Western media and consumer associations by providing the media with stories about the latest cases of ethical, as well as unethical, practices across clothing industry. [Interviewee: 10]

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

⁵² Again, as has been noted elsewhere, the presented quotes are provided because they represent the views of the group being interviewed.

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 a training and awareness project. 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 relation to the changing nature of the campaign agendas, all interviewees were asked about what their current agendas were and whether these changed across time. Whilst child labour was a key issue in the mid-1990s, other important workplace issues such as workplace health and safety, freedom of associations 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 their most important allies were in creating change. There was a general consensus among all NGOs that the media is the most critical ally of NGOs. The NGOs indicated that the power of the media is tied to the ability the media has to create concerns within the global community, and particularly with Western consumers. The NGOs believed changing community perceptions and creating concerns with Western consumers was crucial to achieving their aims.

There was a shared belief from the NGOs 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 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 the corporations to address various workplace issues. That is, there was also a view the NGO-media relationship increased the ability of NGOs to have corporations listen to, and respond to, their concerns. However, it was emphasised that not all corporate responses are of the nature desired by the NGO. Representative responses included:

For those multinational companies which are not following and implementing workplace social standards expected by our partners and ILO, we, in conjunction with our partners in Western countries, encourage the media to spread the news among Western consumers so that pressures on multinational companies is intensified. We expect a growing level of prevailing global community awareness would, driven by the media, push more and more multinational companies to ultimately respond to our concerns.[Interviewee: 9]

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 the NGOs to have an agenda-setting effect on media. Through interviews with the NGOs there was also a perception raised that the media was more responsive to 'bad news' stories about corporations, relative 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 of interest from journalists relative to 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. Representative responses included the following:

You know, the media is always a powerful tool to change public mentality. Corporate irresponsible 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 will highlight it in 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]

We prefer to work on a problem to solve it. First we need to identify a problem then create community concerns by providing bad news around the problem to the media so that media highlight it to create great concerns within the community. Once we are successful in creating greater community concerns, organisations come to us with their problems to solve. This is how bad news helps us to influence the media, and this is how we can create change.[Interviewee : 9]

Whilst a clear view emerged from the interviews that the news media is an important ally of the NGOs, this part of the research further explored whether the NGOs believed they could achieve their goals without the media (even if it was to take longer). All interviewees indicated that they need the media to create change in the operating practices in developing countries. Without media attention, the power of NGOs to create change is greatly eroded. The typical responses included:

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

Our voice has a value to the society because we are for the workers, we are for the community, and we should also say we are for the global community. 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, the researcher would expect that NGO's would make every effort to foster strong relationships with the media. In this regard the interviewees indicated that they do indeed make every effort to foster strong NGO-media relationships.

In concluding the section on NGOs it can be seen that the insights provided by the NGOs are consistent with the views provided by a number of social and environmental accounting researchers, this being that if the media runs stories about negative aspects of a multinational company's operations in a developing country then this will create changes in community perceptions, and create legitimacy problems, which ultimately will create pressures for the multinational companies to address the issues. Hence, this part of the thesis is able to provide researchers some comfort that what their theories indicate (in terms of the media impacting community concerns which in turn evoke a corporate reaction) conforms with the perceptions of people who actually work in the field. Such 'direct' insights have not previously been provided in the social and environmental accounting literature.

This part of the thesis now turns attention to the news media representatives. Of interest will be whether they hold comparable views about the media's role in creating change.

7. 4.2 Opinions of the Journalists

All media representatives were asked about the sources of the stories they wrote about poor working conditions in Bangladesh factories. The majority of respondents stated that one of the most important sources were social and environmental NGOs. Typical responses included:

We frequently report on general working conditions of garment workers. Think about the Spectrum collapse where hundreds of workers were badly affected, some were instantly killed; many NGOs and workers' leaders came forward to us, many press conferences were organised. Interestingly, those NGOs and labour organisations working for in change workers' standards of living and their social status; we have a good relation with them. Those particularly focussing on women workers' issues such as NUK, Karmajibi Nari provide us with

their findings. We try to understand what is actually happening and we report accordingly. [Interviewee :v]

We get frequent information from trade union leaders and human rights NGOs. When accidents occur our sources becomes diversified, we get information from police, NGOs, labour leaders and the owners of the organisations. However, opinions of labour right 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 NGO press conferences was another important source of information. In relation to why they believed the NGOs developed close relationships with the media the view provided was 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, consistent with media agenda setting theory, that the media agenda can impact the concerns of Western communities, particularly in relation to the treatment of workers employed by clothing factories within developing countries (an unobtrusive issue from the perspective of Western consumers). Representative responses included:

NGOs know we can connect them to the people around the world.
[Interviewee: v]

We understand what the motives of the major NGOs are. One of the important motives is that it is their regular task to call media conferences because they have their international link, such as they call a conference to fulfil their donors' requirements that they must ensure that they demonstrate that they are working for the workers, monitoring the working conditions and recording the present status.[Interviewee : i]

They call us to explain why labour unrest has begun so that we don't misunderstand them and so that we can support them by writing their stories on their behalf. They also explain to us why owners do not respond to their actions alone, and they urge us to create pressures on owners by highlighting issues of concerns. [Interviewee: iii]

Some of the issues such as child labour, health and safety, worker exploitations 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 we write on social compliance issues, it becomes a very important and sensitive factor for the buyer. Those suppliers who don't comply with social requirements will not sell their goods - this is the clear message from the global community.[Interviewee: vi]

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

You must understand workers are underpaid; they are neglected and exploited, and they are fighting for their basic needs such as salary, health care facilities, and workplace protections. We are experienced in observing employers' negligence towards women workers, inadequate, health and safety leading to massive human destructions. It is my personal belief that NGOs are playing a constructive role in creating change. We are also supporting the constructive role taken by NGOs. To play a constructive role, workers and human rights organisations are the most important source of frequent news on poor working conditions in developing countries. They often give us information on the subject. They also call press conferences where they discuss their problems with us. It has important business implications. That's why multinational companies and their suppliers are listening to us and listening to NGOs.[Interviewee: iii]

The media and NGOs everywhere in the world where goods are produced for foreign people are highlighting working conditions to create broader concerns. Specifically, from time to time NGOs are coming to us with their findings on some key issues such as health and safety, exploitation. Their activities have an impact on us and we

highlight it – this puts pressure on multinational companies to create change. [Interviewee: vii]

The above statements indicate that the news media is particularly interested in highlighting bad stories pertaining to multinational companies, and their suppliers in developing countries as they relate to workplace practices. 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 impact the media's agenda (which, as have been argued, in turn influences the public's salience for particular issues). A representative response was:

Their press conferences and open discussions in the conferences help us 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 they pursue us so that we 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 their goal of improving working conditions. All indicated that NGOs need the media to highlight their efforts to create changes in workplace policies and accountability practices. The majority of interviewees felt that their support as media representatives is essential for NGOs to spread their concerns about the workplace practices of suppliers, as well as multinational companies sourcing products from suppliers in developing countries. Again, this view is consistent with the positions embraced by the NGOs. Representative responses included:

Yes NGOs need us to highlight their efforts to create change. The main stream news media is always pro-worker and in order to keep readers your report must be pro-worker rather than pro-industrialist. If we are pro-industrialist, our role would be seen as anti-social. NGOs need us to publish their stories about working conditions. Their purpose is served when we report it. If we support NGOs then ultimately factory working conditions will improve.[Interviewee : i]

NGOs know it, and they understand they need us to write about their concerns. They recognise this in many conferences and they are grateful to us. Many times, they start their conferences by stating that

without our help they would not attain their objective or goal.
[Interviewee : vi]

The global community will not understand the role of NGOs if their roles are not communicated through us. NGOs and labour union 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 livelihoods of workers. [Interviewee: iii]

All were then asked whether they, as the members of the news media industry, have been instrumental in creating a change in working practices and conditions in developing countries. They indicated the media has become a powerful force in creating change in corporate operating and disclosure practices. Representative responses included:

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. [Interviewee: ii]

Once upon a time, we had massive use of child labour in the factories, mid level managers used to exploit workers quite frequently, and they tortured workers for not being able to reach targets. Due to our writings on these issues, the leading multinational companies organised training for mid-level managers to learn appropriate behaviour with their subordinates, they put massive pressures and threats of breach of contracts if the contractors employ child labours. Therefore, because of our writings, because of our positive roles, situations are far improved. [Interviewee: iii]

Our reports create big pressure for the multinational companies, particularly when an international news agency reports on this issue. [Interviewee: vi]

Our news is important because no social compliance and reporting means no buyer will come to you to source the product. [Interviewee: vii]

All were asked how the global news media collects information about working practices within developing countries such as Bangladesh. They indicated that while the global news media has its own representatives in developing countries, they also rely upon interactions with journalists from local news media. Hence, whilst some journalists might be employed by local newspapers, their stories frequently will gain international coverage. The typical responses included:

Specifically the news on social compliance, international media borrows news from 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 as 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 local workers or leaders or NGOs to enter into factories to record the conditions through a hidden video camera. [Interviewee :i]

Stories on working conditions are equally run by the local media and international media. I personally have made many reports on the garment workers. You need to understand that both local and global media are equally important to create any social change; the attempt to change in working condition has no exception. We accept that the local media is so important to change the perceptions of local people. As the garment business is global in nature, perhaps more global than any other business in this world, the global media has a keen interest in the economic and social impact of this business, therefore they create a demand for the information. So what we write it creates an impact on the global community. [Interviewee: v]

When we report we interact with local journalist too. But interaction is not as important as we move rigorously some time more rigorously

than local journalists do. When NGOs organise conferences we all attend; we normally don't depend upon local media. We sometimes get information earlier than the local journalists. NGOs or labour federations tell us their stories before they go to the local journalists. Big news media such as BBC, CNN usually buy our news. I believe the news has a huge impact on global business, consumers and policy makers. [Interviewee : vi]

Finally all were asked whether the media has had positive impacts 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. Representative responses included:

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 accepted by the global organisations such as ILO and UN organisations. Changes have occurred. For steady growth, suppliers in Bangladesh need loyal buyers. For having a loyal buyer they must show compliance activities. [Interviewee: vii]

Look we need to understand the global business trends where some specific social issues get priorities for example, elimination of child labour, elimination of exploitation, and eco-friendly productions. We have a large group of readers locally and globally who expect us to focus our reporting on these issues. They respond to these issues, and so have manufacturers. It has had a positive side for Bangladeshi manufacturers; they go ahead of their competition. [Interviewee: iii]

In concluding this section pertaining to journalists' opinions, it is clear from the evidence that journalists believe that media attention is crucial to creating changes in the workplace conditions found in developing countries. The views are also consistent with the views of the NGOs and with the theoretical insights provided by a number of researchers working within the social and environmental accounting area.

7.5 Concluding Comments

As has been shown previously a significant amount of social and environmental accounting research (including research undertaken within the second part of this thesis as produced in Chapter 6) has relied upon secondary data to show a link between increased media attention to a particular issue (often determined by the number of articles in a sample of newspapers that address a particular issue) and specific changes in corporate social responsibility activities and related disclosures. The basis of explaining the disclosure reaction has been based on a dual consideration of legitimacy theory and media agenda setting theory, wherein media attention, particularly negative media attention, directed to particular aspects of an organisation social performance will impact community expectations and generate a potential 'legitimacy gap' for the organisation. In response, the organisation will produce social disclosures in an effort to address the potential legitimacy crisis. There has also been previous speculation by researchers that if the media does have the power to create change, as media agenda setting theory suggests, then NGOs as 'agents of change' in developing countries would find it crucial to enlist the help of the news media to generate their preferred outcomes.

The results reported in this chapter of the thesis provide evidence to support this previously untested perspective about NGOs' utilisation of the media. This part has shown explicitly, and by way of primary data, that NGOs do consider the media as a vital component of their strategies to create change, and this part has also shown that both the media and the NGOs agree that the media agenda has been responsible for creating real changes in the operations and disclosure policies of organisations sourcing products from Bangladesh (although there is agreement that whilst workers' conditions have greatly improved in the last decade, further improvements are also necessary). It has been also shown that, within the context of a developing country, the news media does appear to be particularly responsive to the concerns of NGOs, and will run stories to support and promote NGO causes. What was also emphasised by both the NGOs and the media representatives was that NGOs would be relatively powerless to create change if it was not for the community agenda setting effects of the news media.

From the account of events provided in this part of the thesis 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 programs of multinational companies operating within developing countries. As a result of the evidence provided in this chapter, 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.

This part of the research has emphasised the role of NGOs in creating changes in corporate activities within developing countries. Given the continuing globalisation of various industries, and the ongoing outsourcing of various processes to developing countries, many of which do not have effective regulations to support workers rights, further research to understand the roles of stakeholders such as NGOs and the media continues to be important. It is hoped this research will motivate other researchers to further consider the roles of NGOs, the media, and other stakeholder groups as they relate to influencing corporate social responsibility activities within developing countries.

Chapter Eight

Conclusion

8.1 Introduction

This thesis explores the social and environmental reporting practices of organisations operating in or sourcing products from, a developing country. The first component of the thesis reveals that changing social and environmental pressures being exerted on multinational companies can ultimately lead to changes in the social and environmental reporting behaviours of a major organisation operating within a developing country, specifically, Bangladesh. The findings of the first component, as outlined in Chapter 5, leads to an investigation of two related research issues which are then addressed in Chapters 6 and 7. The second part (Chapter 6) investigates whether global media pressures influence the social and environmental reporting behaviours of two major global sports and retail companies: Nike and H&M. The results generally support the view that for those industry-related social and environmental issues which attract the greatest amount of negative media attention, the corporations concerned react by providing positive social and environmental disclosures. Based on the findings outlined in the second part (Chapter 6), the third and final part (Chapter 7) investigates how social and environmental NGOs use the media to create changes in corporate social and environmental accountabilities and related practices. The third part concludes that social and environmental NGOs use the media as a vital component of their strategies to effect changes in the operations and disclosure policies of organisations operating in, or sourcing products from, a developing country. The remainder of the sections in this chapter provides an overview of the findings and original contributions of this thesis, the research limitations, and further potential directions for this area of research.

8.2 Findings and Original Contributions

Three interrelated research issues are investigated in this broader study. The first part of the thesis involves gaining an in-depth understanding of the motivations underlying the social and environmental disclosure practices of a major clothing body in a developing country, in this study BGMEA in Bangladesh. The findings in the first part of the study then lead to the second part that performs an investigation of the influence of global news on the social and environmental reporting behaviours of two multinational clothing and sports retail companies, in this case Nike and H&M. The third and final issue, which flows from the second component of the thesis, involves investigating NGOs' strategic use of the news media to create changes in corporate social and environmental accountabilities and related practices. A summary of the findings is provided below.

The results of the first part of the broader study (the primary research) indicate that particular stakeholder groups—multinational clothing and sports retail companies being the most powerful—have since the early 1990s placed pressure on the Bangladeshi clothing industry in terms of its social performance. This pressure, which is also directly related to the expectations of the global community, in turn drives the social policies and related disclosure practices of BGMEA, the major body of the Bangladesh clothing industry. Without pressure being exerted by powerful stakeholders, and 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 expected by the global community. This section of the broader study is the first known study to interview managers from a large organisation in a developing country about changing stakeholder expectations and then to link these changing expectations to annual report disclosures across an extended period of analysis. This part of the thesis also offers an original contribution in terms of theoretical applications. By applying stakeholder theory, this part shows that BGMEA's operating and disclosure policies reacted to the expectations of multinational buying companies – the group deemed to be the most powerful stakeholder. By considering legitimacy theory, this part finds that Western communities imposed their expectations on multinational buying companies, who in turn,

imposed the expectations on the clothing industry, which in turn influenced operating and reporting policies of BGMEA. Furthermore, by applying institutional theory, this section of the broader study finds that BGMEA and the clothing industry embraced operating policies and codes of conduct that were similar in forms to those embraced by powerful stakeholders such as multinational buying companies. In this manner, a joint consideration of legitimacy theory, stakeholder theory and institutional theory has applicability within the context of a developing country.

- 1) The second part of the broader study embraces a combination of legitimacy theory and media agenda setting theory to investigate the linkage between negative media attention and positive corporate social and environmental disclosures. Based on the reference provided in the first part, the second part focuses on two large multinational companies, Nike and H&M. The results of the second component of the research generally support the view that for those industry-related social and environmental issues that attract the greatest amount of negative media attention, the companies concerned react by providing positive social and environmental disclosures. The results are particularly significant in relation to labour practices in developing countries—the issue attracting the greatest amount of negative media attention for the companies in question. This part of the broader study provides an original addition to the field as it is the first available study to specifically focus on the disclosure practices of multinational companies sourcing their products from developing countries and on how global pressures impact their disclosure practices.
- 2) While the second part demonstrates that the media influences corporate social and environmental disclosure practices, the third part of the thesis shows what drives the media. Based on the speculation provided in the second part, the third part tests the proposition that the media is an important ally of NGOs in their quest to influence change in corporate accountabilities. Through the use of primary data, the results of this part of the study provide evidence to support previously untested perspectives about NGOs' utilisation of the media. The results of this

section reveal that NGOs use the media because the media is responsible for creating *real* changes in the operations and disclosure policies of organisations sourcing products from Bangladesh. This phase of the thesis makes an original contribution in so far as it is the first study to investigate how the media is used to create changes in corporate disclosure practices.

The results of the study can usefully be considered together. Working backwards (in terms of the sequence in which the components of the research were undertaken, and how they are presented in this thesis) the findings of this thesis suggest the following sequence of events:

- 1) NGOs are a key factor in creating changes to the social and environmental operating and accountability practices of organisations operating within developing countries. In trying to create change, NGOs require communities – both local and global – to be aware of the social and environmental performance of focal organisations and industries. Informed communities are then able to make choices as to whether to support, or abandon, particular organisations. The results of this thesis show that central to the NGOs actions in generating community awareness is news media coverage. The results emphasise that NGOs consider the media to be a vital component of their efforts to create change.
- 2) Once the media runs a concerted campaign on particular social or environmental issues (which are deemed to be unobtrusive issues), this media attention leads to changes in community demands and expectations (from media agenda setting theory). These changing demands and expectations then evoke a reaction from the organisations that are the subject of the media coverage (from legitimacy theory). The results of this study show that the disclosure practices of two major multinational buying companies appeared to respond to the media coverage.
- 3) The third part of the thesis investigates the pressures being exerted on a major garment manufacturing association within Bangladesh. The results

show that BGMEA directly responded to the demands and expectations of its most powerful stakeholder, this being the multinational buying companies. Working through the sequence of events provided above it can be argued that there effectively is a 'flow on' effect. The NGOs collaborate with the news media to run stories about conditions in developing countries. These stories shape community expectations which in turn impact the operations of organisations sourcing products from developing countries. Multinational companies respond by altering their disclosure practices and they also respond by making direct demands on organisations in developing countries to change their practices so as to conform with the heightened expectations of their customers. Through this sequence of events we ultimately find that real changes occur in the practices of organisations producing products in developing countries.

Overall, the thesis shows that stakeholder theory, legitimacy theory, institutional theory and media agenda setting theory previously applied to explain social and environmental disclosure practices in developed countries have applicability in developing countries.

8.3 Research Limitations

This broader study primarily applies legitimacy theory, stakeholder theory and institutional theory to explore the underlying motivations for social and environmental disclosure practices of a major organisation in a developing country. These theories are typical of those adopted by leading accounting researchers in the field of corporate social and environmental accounting. In order to apply these three theories specifically in the context of a developing country, it is necessary to understand the required research methods. Prior research has not used these theories to explore such practices in developing countries, perhaps because it has been difficult for researchers to access relevant information or perhaps the secondary sources used by researchers did not offer relevant information to apply these theories. As these theories require a very intense and in-depth type of research method that includes, in the best possible scenario, primary data such as interviews, the interview methods embraced in

this study did allow for these theories to be operational. Hence the information obtained from in-depth interviews with managers and relevant stakeholders was the most effective way to gain deep insights into the motivations underlying the social and environmental reporting practices of major organisations operating in or sourcing products from a developing country. Despite this fact, the following limitations to this study need to be noted:

- 1) Inherent in all research using interviews is the issue of reliability. Whilst adopting interviews as the primary method of inquiry enabled this study to collect information that would not otherwise be available and to gain an insight into managers' and relevant stakeholders' perceptions of the pressures exerted on organisations—something necessary for this research—the interview responses cannot be deemed to be reliable by any absolute measure. Potentially, responses will be influenced by various factors, and the reliability of the respondents' recollections will be influenced by their willingness or ability to provide an accurate account of the past (which might in turn be influenced by various cognitive, cultural, political or organisational factors), the existence of reflexivity (that is, giving the interviewer the information the respondent thinks the interviewer wants to hear), and so forth (Easterby-Smith et al., 1991). Hence, as with most research that relies upon interviews as a main source of information, the results need to be considered in light of potential biases or inaccuracies in the responses.
- 2) During the coding process (for both primary and secondary data), interpretations and judgment by the researcher were required to categorise the data. Subjectivity was therefore unavoidable, which could lead to possible bias in the results. It seems likely that the researcher's prior expertise in relation to the specialised areas being investigated would be more satisfactory and productive than employing a research assistant to attempt a formalised 'coding' of the transcripts (Walker, 1985). For this study, the coding process was performed by the researcher himself, who was closely supervised by an expert who has long-term local and global experience in the field of social and environmental accounting. Using this research expertise, adequate

efforts were undertaken to ensure consistency while conducting and coding interviews and categorising secondary data such as annual reports or global media articles.

- 3) Another possible limitation was in relation to translating and transcribing the interviews conducted in Bangladesh by the researcher himself. The experience and knowledge of the researcher in terms of translating and transcribing interview data could raise concerns about interpretation issues. Marshal and Rossman, (2006) argue that more concerns about interpretation issues are raised when someone other than the researcher performs the task. Hayes and Mattimoe (2004) suggest that the researcher should do the transcription himself because an outside transcriber can type salient and material and irrelevant parts where the interviewee has rambled. They also suggest that if the researcher has a small number of interviews to transcribe, it may be better to do this task by himself. Miles and Huberman (1994) argue that the coding process is dependent on the knowledge and skill of the transcriber. As the researcher in this study is fluent in Bengali and English, the researcher acting as a translator as well as a transcriber caused no concern over issues of interpretation, but instead offered the benefit of assembling the meaning in a consistent way throughout the broader study.

8.4 Implications for Future Research

The following are some examples of issues which are worthy of further research that could stem easily and directly from this research:

- 1) As the primary part of the broader study (Chapter 5, published as Islam and Deegan, 2008 in *AAAJ*) demonstrates, unlike the local workforce in Bangladesh, stakeholders such as multinational buying companies were able to dictate the behaviour they expected from the Bangladesh clothing industry. Whilst this might ultimately lead to improved conditions for local workers, and greater accountability within the industry, it does raise issues about the responsibilities of powerful stakeholders when dealing with industries in developing countries. Their power is *real*, and ideally should be used in a manner that provides real benefits for local

industries and communities. The findings of the first part of the broader study provide a basis for testing whether the impact of this influence of multinational companies can bring any *real* benefits to the workers or local communities. For there to be any progress towards empowering workers and local communities, there also needs to be substantial domestic initiatives (such as those undertaken by NGOs, government and trade union bodies) in this area (Belal & Owen, 2007). Hence, research on domestic stakeholder empowerment in a developing country also requires further investigation. Furthermore, while this broader study considers multinational companies, media and NGOs as the major groups that have the most influence in shaping community concerns, other groups such as professional accountants, lawyers and government may hold some influence. In this regard, further research could also seek the views of other groups and the public as a whole to extend the applicability of findings and theories.

- 2) While the primary purpose of this broader study is to investigate the social and environmental disclosure practices of a major organisation in a developing country—in this case a clothing export body in Bangladesh—investigation of the disclosure behaviours of non-export or domestic organisations in a developing country requires further exploration and this may become a focus of further research. Belal and Owen (2007) question whether domestic organisations in a developing country will buy into social accountability practices. Their findings show that while civil society organisations in Bangladesh have not developed to the extent that they are able to create change in social accountability practices within the domestic industry, the commitment of trade unions to the cause of social accountability offers much hope for more substantial change in accountability practices in the near future. Directly tied to the issue of corporate social accountability in a developing country, an investigation of the role of international agencies, accountability bodies and NGOs in empowering domestic stakeholders such as local trade unions deserves further attention.

- 3) Within the primary study (Chapter 5) it is found that environmental issues and related disclosure are presently given minimal priority by managers of a major organisation in Bangladesh. However, the findings also indicate that in the near future consideration will need to be given to improving environmental performance and associated accountabilities. This finding provides a thread that can be developed further, for example, in discussion of corporations dealing with necessarily sensitive environmental issues in a developing country. Furthermore, as certain environmental problems such as climate change increasingly become global problems and as the global community exerts pressure for global solutions to be found, organisations operating in developing countries may be compelled to respond to such concerns. In this regard, it would clearly be of interest to know why, despite the absence of mandatory requirements⁵³ in developing countries, some major organisations in these regions endeavour to address climate change and international emissions issues.

- 4) The second part of the broader study (Chapter 6) provides results, generated by using secondary data that are consistent with corporations making disclosures in response to the media's agenda. However, clearly there could be a variety of other factors that influence managers' corporate social disclosure choices as it relates to operations within developing countries, and there could be a variety of ways in which managers make their disclosures in reaction to perceived legitimacy threats. Further, more useful and richer insights could be derived by undertaking direct interviews with executives from the multinational companies in question. With this in mind, this study sought to arrange a number of interviews. However, despite a number of attempts, the researcher was unsuccessful in obtaining an agreement from senior executives of either Nike or H&M to participate in an interview. Despite the lack of success this study would encourage other researchers to pursue this avenue of research to further build an understanding of the

⁵³ It is a fact that the regulator in a developing country is not yet ready to adopt mandatory environmental requirements such as reporting and verification requirements.

social disclosure practices adopted by multinational companies sourcing products from developing countries.

- 5) The final part of the broader study (Chapter 7) emphasises the role of NGOs in creating change in corporate activities within developing countries. Given the continuing globalisation of various industries, and the ongoing outsourcing of various processes to developing countries, many of which do not have effective regulations to support workers' rights, further research to understand the roles of stakeholders such as NGOs and the media continues to be important. Furthermore, a consideration of the roles of key social actors such as the media and NGOs in dealing with particular social and environmental issues relating to multinational companies operating within developing countries further raises the question of the *real* benefits for the local community such as workers. This part of the broader study opens for researchers a real chance to adopt a more critical perspective on changes in operating and associated reporting practices. More insights into the socio-economic context of a developing country such as Bangladesh can be conveyed, together with the obstacles to achieving fundamental societal change in developing countries with weak civil society organisations, and that are highly dependent on international markets controlled by western multinationals.
- 6) Finally, it is suggested that the theoretical perspectives and interview instruments embraced within this broader study could be replicated in studies of similar organisations in the same or another developing country.

Bibliography

- Abayo, A., Adams, C. & Roberts, C., 1993, 'Measuring the Quality of Corporate Disclosure in Less Developed Countries: The Case of Tanzania', *Journal of International Accounting Auditing and Taxation*, Vol. 2, pp. 145–58.
- Abrams, F., 1999, 'The Global Sweatshop: Campaign Starts to Achieve Results', *The Independent*, 1 October.
- AccountAbility*, Business for Social Responsibility & World Bank, 2004, *Managing the Transition to a Responsible Global Textiles and Garment Industry*, MFA Forum Secretariat, London.
- Adams, C., 2008, 'A Commentary on: Corporate Social Responsibility Reporting and Reputation Risk Management', *Accounting, Auditing, & Accountability Journal*, Vol. 21, No. 3, pp. 365 -70.
- Adams, C., 2002, 'Internal Organisational Factors Influencing Corporate Social and Ethical Reporting', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 2, pp. 223-50.
- Adams, R., 2002, 'Retail Profitability and Sweatshops: A Global Dilemma', *Journal of Retailing and Consumer Services*, Vol. 9, pp. 147–53.
- ADB, 2004, *Country Environmental Analysis Bangladesh*, Asian Development Bank, Manila.
- Ader, C., 1995, 'A Longitudinal Study of Agenda Setting for the Issue of Environmental Pollution', *Journalism and Mass Communication Quarterly*, Vol. 72, No. 2, pp. 300-11.
- Agle, B., Mitchell, R. & Sonnenfeld, J., 1999, 'Who Matters to CEOs? An Investigation of Stakeholder Attributes and Salience, Corporate Performance and CE Values', *Academy of Management Journal*, Vol. 42, pp. 507-25.
- Ahmed, F., 2004, 'The Rise of the Bangladesh Garment Industry: Globalization, Women Workers, and Voice', *National Women's Studies Association (NWSA) Journal*, Vol. 16, No. 2, pp. 34-45.

- Ambler, T. & Wilson, A., 1995, 'Problems of Stakeholder Theory', *Business Ethics*, Vol. 4, No. 1, pp. 30-35.
- Anderson, J. & Frankle, A., 1980, 'Voluntary Social Reporting: An Iso-beta Portfolio analysis', *The Accounting Review*, Vol. 55, No. 3, pp. 467-79.
- Andrew, J., 2000, 'The Accounting Craft and Environmental crisis: Reconsidering Environmental Ethics', *Accounting Forum*, Vol. 24, No. 2, pp. 197-222.
- Arnold, P., 1990, 'The State and Political Theory in Corporate Social Disclosure Research: A Response to Guthrie and Parker', *Advances in Public Interest Accounting*, Vol. 3, No. 2, pp. 177-81.
- Arnold, P. & Hammond, T., 1994, 'The Role of Accounting in Ideological Conflict – Lessons from the South African Disinvestment Movement', *Accounting, Organizations and Society*, Vol. 19, No. 2, pp. 111-26.
- Bachman, S., 2000, 'The Political Economy of Child labour and its Impacts on International Business', *Business Economics*, Vol. 35, No. 3, pp. 30-41.
- Bailey, D., Harte, G. & Sugden, R., 2000, 'Corporate Disclosure and the Deregulation of International Investment', *Accounting, Auditing & Accountability Journal*, Vol. 13, No. 2, pp. 197-218.
- Bailey, P. & Soyka, P., 1996, 'Environmental Accounting - Making it Work for Your Company', *Total Quality Environmental Management*, Vol. 5, No. 4, pp. 13-30.
- Barrientos, S., 2000, 'Globalisation and Ethical Trade: Assessing the Implications for Development', *Journal of International Development*, Vol. 12, pp.559-70.
- Bartolomeo, M., Bennett, M., Bouma, J., Heydkamp, P., James, P. & Wolters, T., 2000, 'Environmental Management Accounting in Europe: Current Practice and Future Potential', *The European Accounting Review*, Vol. 9, No. 1, pp. 31-52.
- Bartolomeo, M., Bennett, M., Bouma, J., Heydkamp, P., James, P., Walle, F. & Wolters, T., 1999, *Eco-Management Accounting*, Kluwer Academic Publishers, Dordrecht.

- Barth, M., McNichols, M. & Wilson, P., 1997, 'Factors Influencing Firms' Disclosures about Environmental Liabilities', *Review of Accounting Studies*, Vol. 2, pp. 35-64.
- Bebbington, J., Gray, R., Hibbitt, C. & Kirk, E., 2001, *Full Cost Accounting: An Agenda for Action*, Association of Chartered Certified Accountants, London.
- Bebbington, J., Larrinaga-Gonzalez, C. & Moneva-Abadia, J., 2008, 'Corporate Social Responsibility Reporting and Reputation Risk Management', *Accounting, Auditing & Accountability Journal*, Vol. 21, No. 3, pp. 337-62.
- Bebbington, J. & Thomson, I., 2007, 'Social and Environmental Accounting, Auditing and Reporting: A Potential Source of Organisational Risk Governance?', *Environment and Planning C: Government and Policy*, Vol. 25, pp. 38-55.
- Belal, A. 2000, 'Environmental Reporting in Developing Countries: Empirical Evidence from Bangladesh', *Eco-Management and Auditing*, Vol. 7, No.3, 2000, pp.114-21.
- Belal, A., 2001, 'A Study of Corporate Social Disclosures in Bangladesh', *Managerial Auditing Journal*, Vol. 16, No. 5, pp. 274-89.
- Belal, A. & Owen, D., 2007, 'The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh: An Engagement-based Study', *Accounting, Auditing & Accountability Journal*, Vol. 20, No. 3, pp. 472-94.
- Belal, A., 2008, *Corporate Social Responsibility (CSR) Reporting in Developing Countries: The Case of Bangladesh*, Ashgate Publishers, Aldershot.
- Belkaoui, A., 1976, 'The impact of the Disclosure of the Environmental Effects of Organizational Behaviour on the Market', *Financial Management*, Vol. 5, No. 4, pp. 26-31.
- Bennett, M. & James, P., 2000, *The Green Bottom Line: Environmental Accounting for Management: Current Practice and Future Trends*, 2nd ed., Greenleaf Publishing, Sheffield.

- Bennett, M. & James, P., 1997, 'Environment-Related Management Accounting: Current Practice and Future Trends', *Greener Management International*, No. 17, pp. 32-52.
- Bennett, M., James, P., Lane, G. & Tuppen, C., 1996, *Environmental Accounting in Industry: A Practical Review*, British Telecom, London.
- Birkin, F., 1996, 'Environmental Management Accounting', *Management Accounting*, Vol. 74, No. 2, pp. 34-7.
- Blackburn, S., 1996, *The Oxford Dictionary of Philosophy*, Oxford University Press, Oxford.
- Blowfield, M., 2005, 'Corporate Social Responsibility – the Failing Discipline and why it Matters for International Relations', *International Relations*, June.
- Boulding, K., 1978, 'The Legitimacy of the Business Institution', In Epstein, E. and Votaw, D. (eds), *Rationality, Legitimacy, Responsibility: Search for New Directions in Business and Society*, Goodyear Publishing, Santa Monica, CA.
- Bowles, M., 1991, 'The Organization Shadow', *Organization Studies*, Vol. 12, pp. 387-404.
- Braun, R. & Gearhart, J., 2004, 'Who Should Code your Conduct? Trade Union and NGO differences in the Fight for Workers' Rights', *Development in Practice*, Vol. 14, pp. 183–96.
- Brignall, S. & Modell, S., 2000, 'An Institutional Perspective on Performance Measurement and Management in the "New Public Sector"', *Management Accounting Research*, Vol.11, No. 3, pp. 281-306.
- Broadbent, J., Jacobs, K. & Laughlin, R., 2001, 'Organisational Resistance Strategies to Unwanted Accounting and Future Changes: the Case of General Medical Practices in the UK', *Accounting, Auditing & Accountability Journal*, Vol. 14, No. 5, pp. 565-86.
- Brown, N. & Deegan, C., 1998, 'The Public Disclosure of Environmental Performance Information: A Dual Test of Media Agenda Setting Theory

- and Legitimacy Theory', *Accounting and Business Research*, Vol. 29, No. 1, pp. 21–41.
- Buhr, N., 2002, 'A Structuration View on the Initiation of Environmental Reports', *Critical Perspectives on Accounting*, Vol. 13, No. 1, pp.17-38.
- Burgess, R., 1982, *Field Research: A Source Book and Field Manual*, Allen & Unwin, London.
- Burns, L. & Wholey, D., 1993, 'Adoption and Abandonment of Matrix Management Programs: Effects of Organisational Characteristics and Interorganisational Networks', *Academy of Management Journal*, Vol. 1, pp. 106-138.
- Burritt, R., 2004, 'Environmental Management Accounting: Roadblocks on the Way to the Green and Pleasant Land', *Business Strategy and the Environment*, Vol. 13, pp. 13-32.
- Burritt, R., Hahn, T. & Schaltegger, S., 2002, 'Towards a Comprehensive Framework for Environmental Management Accounting - Links Between Business Actors and Environmental Management Accounting Tools', *Australian Accounting Review*, Vol. 12, No. 2, pp. 39-50.
- Cambell, J. & Pedersen, O., 2001, 'The Rise of Neoliberalism and Institutional Analysis', In Cambell, J. & Pedersen, O. (eds), *The rise of Neoliberalism and Institutional Analysis*, Princeton University Press, Princeton, pp. 1-23.
- Carpenter, C., 2001, 'Business, Green Groups and the Media: the Role of Non-Governmental Organizations in the Climate Change Debate', *International Affairs*, Vol. 77, No. 2, pp. 313-28.
- Carpenter, V. & Feroz, E., 2001, 'Institutional Theory and Accounting Rule Choice: An Analysis of Four US State Governments' Decisions to Adopt Generally Accepted Accounting Principles', *Accounting, Organizations and Society*, Vol. 26, pp. 565-96.
- Carroll, A., 1993, *Business and Society: Ethics and Stakeholder Management*, 2nd ed., South-Western, Cincinnati.

- Carroll, A., 1979, 'A Three Dimensional Conceptual Model of Corporate Performance', *Academy of Management Review*, Vol. 4, pp. 497-505.
- Carroll, C. & McCombs, M., 2003, 'Agenda Setting Effects of Business News on the Public's Images and Opinions About Major Corporations', *Corporate Reputation Review*, Vol. 6, pp. 36-46.
- Christensen, S. & Molin, J., 1995, 'Origin and Transformation of Organisations: Institutional Analysis of the Danish Red Cross' In Scott, W. and Christensen, S. (eds), *The Institutional Construction of Organizations: International and Longitudinal Studies*, Sage Publications, Thousand Oaks, CA, pp. 67-90.
- Christopherson, S. & Lillie, N., 2005, 'Neither Global nor Standard: Corporate Strategies in the New Era of Labour Standards', *Environment and Planning A*, Vol. 37, pp. 1919-38.
- Clarkson, M., 1995, 'Stakeholder Framework for Analysing and Evaluating Corporate Social Performance', *Academy of Management Review*, Vol. 20, pp. 92-117.
- Clarkson, M., 1991, 'Defining, Evaluating and Managing Corporate Social Performance: The Stakeholder Management Model', In Preston, L. (eds), *Research in Corporate Social Performance and Policy*, Jai Press, Greenwich CT, pp. 331-58.
- Clarkson, M., 1988, 'Corporate Social Performance in Canada, 1976-1986', In Preston, L. (eds), *Research in Corporate Social Performance and Policy*, Jai Press, Greenwich CT, pp. 241-65.
- Cooper, C., 1992, 'The Non and Nom of Accounting for (M) Other Nature', *Accounting, Auditing & Accountability Journal*, Vol. 5, No. 3, pp. 16-39.
- Cooper, C., Neu, D. & Lehman, G., 2003, 'Globalisation and its Discontents: A Concern about Growth and Globalization', *Accounting Forum*, Vol. 27, No. 4, pp. 359-64.
- Cooper, S. & Owen, D., 2007, 'Corporate Social Reporting and Stakeholder Accountability: The Missing Link', *Accounting, Organizations and Society*, Vol. 32, No.7-8, pp. 649-67.

- Covaleski, M. & Dirsmith, M., 1988, 'An Institutional Perspective on the Rise, Social Transformation, and Fall of a University Budget Category', *Administrative Science Quarterly*, Vol. 33, pp. 562-87.
- Cravey, A., 2004, 'Students and the Anti-sweatshop Movement', *Antipode*, Vol. 36, pp. 203–8.
- Custers, P., 1997, *Capital Accumulation and Women's Labor in Asian Economics*, Zed Books, London.
- D'Aunno, T., Sutttn, R. & Price, R., 1991, 'Isomorphism and External Support in Conflicting Institutional Environments: A study of Drug Abuse Treatment Units', *Academy of Management Journal*, Vol. 14, pp. 636-61.
- Davis, K., 1973, 'The Case for and against Business Assumption of Social Responsibilities', *Academy of Management Journal*, Vol. 16, pp. 312-22.
- Davis, G. & Greve, H., 1997, 'Corporate Elite Networks and Governance Changes in the 1980s', *American Journal of Sociology*, Vol. 103, pp. 1-37.
- Dearing, J. & Rogers, E., 1996, *Agenda Setting*, Sage Publications, Thousand Oaks, CA.
- Deegan, C., 2008, 'Environmental Costing in Capital Investment Decisions: Electricity Distributors and the Choice of Power Poles', *Australian Accounting Review*, Vol. 18, No. 1, pp. 2-15.
- Deegan, C., 2007, *Australian Financial Accounting*, 5th ed., McGraw-Hill, Sydney.
- Deegan, C., 2009, *Financial Accounting Theory*, 3rd ed., McGraw Hill, Sydney.
- Deegan, C., 2006, *Financial Accounting Theory*, 2nd ed., McGraw Hill, Sydney.
- Deegan, C., 2005, 'Environmental Management Accounting: An Overview and Application of the Concept', In Hoque, Z. (eds), *Handbook of Cost and Management Accounting*, Spiramus Press, London.
- Deegan, C., 2003, 'Environmental Management Accounting: An Introduction and Case Studies for Australia', Institute of Chartered Accountants in Australia, Melbourne.

- Deegan, C., 2002, 'The Legitimizing effect of Social and Environmental Disclosures: A Theoretical Foundation', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 282–311.
- Deegan, C. & Blomquist, C., 2006, 'Stakeholder Influence on Corporate Reporting: An Exploration of the Interaction between WWF-Australia and the Australian Minerals Industry', *Accounting, Organizations and Society*, Vol. 31, pp. 343–72.
- Deegan, C. & Gordon, B., 1996, 'A Study of the Environmental Disclosure Practices of Australian Corporations', *Accounting and Business Research*, Vol. 26, No. 3, pp. 187-99.
- Deegan, C. & Rankin, M., 1999, 'The Environmental Reporting Expectations Gap: Australian Evidence', *British Accounting Review*, Vol. 31, pp. 313-46.
- Deegan, C. & Rankin, M., 1997, 'The Materiality of Environmental Information to Users of Annual Reports', *Accounting, Auditing & Accountability Journal*, Vol. 10, No. 4, pp. 562-83.
- Deegan, C. & Rankin, M., 1996, 'Do Australian Companies Report Environmental News Objectively? – An Analysis of Environmental Disclosures by Firms Prosecuted by the Environmental Protection Authority', *Accounting, Auditing & Accountability Journal*, Vol. 9, No. 2, pp. 52-69.
- Deegan, C., Rankin, M. & Tobin, J., 2002, 'An Examination of the Corporate Social and Environmental Disclosures BHP from 1983-1997: A Test of Legitimacy Theory', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 312-43.
- Deegan, C., Rankin, M. & Voght, P., 2000, 'Firms Disclosure Reactions to Major Social Incidents: Australian Evidence', *Accounting Forum*, Vol. 24, No.1, pp. 101-30.
- Deephouse, D., 2000, 'Media Reputation as a Strategic Resource: An Integration of Mass Communication and Resource-based Theories', *Journal of Management*, Vol. 26, No. 2, pp. 1091-1112.

- De Tienne, K. & Lewis, L., 2005, 'The Pragmatic and Ethical Barriers to Corporate Social Responsibility Disclosure: The Nike Case', *Journal of Business Ethics*, Vol. 60, pp. 359-76.
- de Villiers, C. & van Staden, C., 2006, 'Can less Environmental Disclosure have a Legitimising effect? – Evidence from Africa', *Accounting, Organizations and Society*, Vol. 31, pp. 763–81.
- Dicken, P., 2003, *Global Shift: Reshaping the Global Economic Map in the 21st Century*, Sage Publications.
- Dillard, J., Rigsby, J. & Goodman, C., 2004, 'The Making and Remaking of Organization Context: Duality and the Institutionalization Process', *Accounting, Auditing & Accountability Journal*, Vol. 17, No. 4, pp. 506-42.
- DiMaggio, P., 1991, 'Constructing an Organisational Field as a Professional Project: U.S. Art Museums, 1920-1940', In Powell, W. and DiMaggio, P. (eds), *The New Institutionalism in Organizational Analysis*, The University of Chicago Press, Chicago, pp. 63-82.
- DiMaggio, P., 1988, 'Interest and Agency in Institutional Theory', In Zucker, L. (eds), *Institutional Patterns and Organizations: Culture and Environment*, Ballinger, Cambridge MA.
- DiMaggio, P. & Powell, W., 1991, 'Introduction', In Powell, W and DiMaggio, P. (eds), *The New Institutionalism in Organizational Analysis*, The University of Chicago Press, Chicago, pp.1-38.
- DiMaggio, P. & Powell, W., 1983, 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields', *American Sociological Review*, Vol. 48, pp.146-60.
- Ditz, D., Ranganathan, J. & Banks, R., 1995, *Green Ledgers: Case Studies in Corporate Environmental Accounting*, World Resources Institute, Washington D.C.
- Doh, J. & Guay, T., 2006, 'Corporate Social Responsibility, Public Policy, and NGO Activism in Europe and the United States: An Institutional-

- Stakeholder Perspective', *Journal of Management Studies*, Vol. 43, pp. 47–73.
- Donaldson, T., 1982, *Corporations and Morality*, Englewood Cliffs, Prentice-Hall, NJ.
- Donaldson, T. & Preston, L., 1995, 'The Stakeholder Theory of the Corporation-concepts, Evidence, and Implications', *Academy of Management Review*, Vol. 20, No. 1, pp. 65-92.
- Dowling, J. & Pfeffer, J., 1975, 'Organizational Legitimacy: Social Values and Organizational Behaviour', *Pacific Sociological Review*, Vol. 18, No.1, pp. 122–36.
- Durham, M., 1996, 'Western Tastes for Prawns Causes Third World Misery', *The Observer*, 12 May.
- Easterby-Smith, M., Thorpe, R. & Lowe, A., 1991, *Management Research: An Introduction*, Sage Publications, London.
- Edelman, L., 1990, 'Legal Environments and Organizational Governance: The Expansion of Due Process in the American Workplace,' *American Journal of Sociology*, Vol. 6, No. 5, pp. 1401-40.
- Eesley, C. & Lenox, M., 2006, 'Firm Responses to Secondary Stakeholder Action', *Strategic Management Journal*, Vol. 27, pp. 765-81.
- Egels-Zanden, N. & Hyllman, P., 2006, 'Exploring the Effects of Union-NGO Relationships on Corporate Responsibility: The Case of the Swedish Clean Clothes Campaign', *Journal of Business Ethics*, Vol. 64, pp. 303-16.
- Emmelhainz, M. & Adams, R., 1999, 'The Apparel Industry Response to 'Sweatshop' Concerns: A Review and Analysis of Codes of Conduct', *Journal of Supply Chain Management*, Vol. 35, No. 4, pp. 51-57.
- Epstein, M., 1996, *Measuring Corporate Environmental Performance: Best Practices for Costing and Managing an Effective Environmental Strategy*, Irwin Professional Publishing, Chicago.

- Ernst & Ernst, 1978, *Social Responsibility Disclosure: Survey of Fortune 500 Annual Reports*, Ernst & Ernst, Cleveland, OH.
- Evan, W. & Freeman, R., 1988, 'A Stakeholder Theory of the Modern Corporation: Kantian Capitalism', In Beauchamp, T. and Bowie, N. (eds), *Ethical Theory and Business*, Englewood Cliffs, NJ, pp. 75-93.
- Fligstein, N., 1991, 'The Structural Transformation of American Industry: An Institutional Account of the Causes of Diversification in the Largest Firms, 1919-1979', In Powell, W. and DiMaggio, P. (eds), *The New Institutionalism in Organisational Analysis*, The University of Chicago Press, Chicago.
- Fligstein, N., 1985, 'The Spread of the Multidivisional Form among Large Firms, 1919-1979', *American Sociological Review*, Vol. 50, pp. 377-91.
- Fogarty, T., 1992, 'Financial Accounting Standards Setting as An Institutionalized Action Field: Constraints, Opportunities and Dilemmas', *Journal of Accounting and Public Policy*, Vol. 11, No. 4, pp. 331-55.
- Fomburn, C. & Shanley, M., 1990, 'What's in a Name? Reputation Building and Corporate Strategy', *Academy of Management Journal*, Vol. 33, No. 2, pp. 233-58.
- Freedman, M. & Jaggi, B., 1988, 'An Analysis of the Association between Pollution Disclosure and Economic Performance', *Accounting, Auditing & Accountability Journal*, Vol. 1, No. 2, pp. 43-58.
- Freedman, R. & Stagliano, A., 1998, 'Political Pressure and Environmental disclosure: The Case of EPA and the Superfund', In Ponemon, L., Epstein, M. and Gaa, J. (eds), *Research on Accounting Ethics*, Vol. 4, pp. 211-24, Connecticut: Jai Press, Stamford.
- Freeman, R., 1984, *Strategic Management: A Stakeholder Approach*, Pitman Publishing Inc., Boston.
- Freeman, R. & Reed, D., 1983, 'Stockholders and Stakeholders: A New Perspective on Corporate Governance', *Californian Management Review*, Vol. 25, No. 2, pp. 88-106.

- Freidberg, S., 2004, 'The Ethical Complex of Corporate Food Power', *Environment and Planning D: Society and Space*, Vol. 22, pp. 513–31.
- Frenkel, S., 2001, 'Globalization, Athletic Footwear Commodity Chains and Employment Relations in China', *Organisational Studies*, Vol. 22, No. 4 pp. 531-62.
- Frenkel, S. & Kim, S., 2004, 'Corporate Codes of Labour Practice and Employment Relations in Sports Shoe Contractor Factories in South Korea', *Asia Pacific Journal of Human Resources*, Vol. 42, No. 1, pp. 6-31.
- Frenkel, S. & Scott, D., 2002, 'Compliance, Collaboration, and Codes of Labor Practices: The Adidas Connection', *California Management Review*, Vol. 45, No. 1, pp. 29-49.
- Frooman, J., 1999, 'Stakeholder Influence Strategies', *Academy of Management Review*, Vol. 24, No. 2, pp. 191-205.
- Frumkin, P. & Galaskiewicz, J., 2004, 'Institutional Isomorphism and Public Sector Organisations', *Journal of Public Administration Research and Theory*, Vol. 14, No. 3, pp. 283-307.
- Gago, R. & Antolin, M., 2004, 'Stakeholder Saliency in Corporate Environmental Strategy', *Corporate Governance*, Vol. 4, pp. 65-76.
- Galaskiewicz, J. & Wasserman, S., 1989, 'Mimetic Processes within An Interorganisational Field: An Empirical Test', *Administrative Science Quarterly*, Vol. 34, pp. 454-79.
- Gamble, A., 1995, 'The New Political Economy', *Political Studies*, Vol. 43, No. 4, pp. 516-30.
- Gamson, W. & Modigliani, A., 1987, 'The Changing Culture of Affirmative Action', In Braungart, R.(eds), *Research in Political Sociology*, Vol. 3, Jai Press, Greenwich Conn., pp. 137-77.
- Gauthier, Y., Leblanc, M., Farley, L. & Martel, L., 1997, *Introductory Guide to Environmental Accounting*, KPMG, Montreal.

- Ghoshal, S. & Bartlett, C., 1990, 'The Multinational Organisation as an Interorganizational Network', *Academy of Management Review*, Vol. 15, pp. 603-25.
- Goodijk, R., 2003, 'Partnership at Corporate Level: The Meaning of the Stakeholder Model', *Journal of Change Management*, Vol. 3, pp. 33-38.
- Goodpaster, K., 1991, 'Business Ethics and Stakeholder Analysis', *Business Ethics Quarterly*, Vol. 2, No.1, pp. 53-73.
- Gray, R., 2002, 'The Social Accounting Project and Accounting, Organisations and Society: Privileging engagement, Imaginings, New Accountings and Pragmatism over Critique?', *Accounting, Organizations and Society*, Vol. 27, No.7, pp. 687-708.
- Gray, R., 2000, 'Current Development and Trends in Social and Environmental Auditing, Reporting and Attestation: A Review and Comment', *International Journal of Auditing*, Vol. 4, No. 3, pp. 247-68.
- Gray, R., 1992, 'Accounting and Environmentalism: an Exploration of the Challenge of Gently Accounting for Accountability, Transparency and Sustainability', *Accounting, Organizations and Society*, Vol. 17, No. 5, pp. 399-425.
- Gray, R., Dey, C., Owen, D., Evans, R. & Zadek, S., 1997, 'Struggling with the Praxis of Social Accounting: Stakeholders, Accountability, Audits and Procedures', *Accounting, Auditing, & Accountability Journal*, Vol. 10, No. 3, pp. 325-64.
- Gray, R., Kouhy, R. & Lavers, S., 1995a, 'Corporate Social and Environmental Reporting: A Review of the Literature and a Longitudinal Study of UK Disclosure', *Accounting, Auditing & Accountability Journal*, Vol. 8, No. 2, pp. 47-77.
- Gray, R., Kouhy, R. & Lavers, S., 1995b, 'Methodological Themes: Constructing a Research Database of Social and Environmental Reporting by UK Companies', *Accounting, Auditing & Accountability Journal*, Vol. 8, No. 2, pp. 78-101.

- Gray, R., Owen, D. & Adams, C., 1996, *Accounting and Accountability: Social and Environmental Accounting in a Changing World*, Prentice Hall, Hemel Hempstead.
- Gray, R., Owen, D. & Maunders, K., 1991, 'Accountability, Corporate Social Reporting and the External Social Audits', *Advances in Public Interest Accounting*, Vol. 4, pp. 1-21.
- Gray, R., Owen, D. & Maunders, K., 1987, *Corporate Social Reporting: Accounting and Accountability*, Prentice Hall, Hemel Hempstead.
- Greenhouse, S. & Barbaro M., 2006, 'An Ugly Side of Free Trade: Sweatshops in Jordan', *New York Times*, 3 May.
- Gregg, S., 2001, 'Stakeholder Theory', *Policy*, Vol. 17, pp. 33-38.
- Guler, I., Guillen, F. & Macpherson, J., 2002, 'Global Competition, Institution, and the Diffusion of Organisational Practices: The International Spread of ISO 9000 Quality Certificates', *Administrative Science Quarterly*, Vol. 47, pp. 207-32.
- Guthrie, J., 1982, 'Social Accounting in Australia: Social Responsibility Disclosure in the Top 150 Listed Australian Companies' 1980 Annual Reports', Unpublished Masters Dissertation, West Australian Institute of Technology.
- Guthrie, J. & Parker, L., 1990, 'Corporate Social Disclosure Practice: A Comparative International Analysis', *Advances in Public Interest Accounting*, Vol. 3, pp. 159 – 75.
- Guthrie, J. & Parker, L., 1989, 'Corporate Social Reporting: A Rebuttal of Legitimacy Theory', *Accounting and Business Research*, Vol. 9, No. 76, pp. 343-52.
- Güvenli, T. & Sanyal, R., 2002, 'Ethical Concerns in International Business: Are Some Issues More Important than Others', *Business and Society Review*, Vol. 107, No. 2, pp. 195-206.
- Hackston, D. & Milne, M., 1996, 'Some Determinants of Social and Environmental Disclosures in New Zealand Companies', *Accounting, Auditing & Accountability Journal*, Vol. 9, No. 1, pp. 77–108.

- Halliday, T., Powell, M. & Granfors, M., 1993, 'After Minimalism: Transformation of State Bar Association from Market Dependence to State Reliance, 1918 to 1950', *American Sociological Review*, Vol. 58, pp. 515-35.
- Haltsonen, I., Kourula, A. & Salmi, A., 2007, 'Stakeholder Pressure and Socially Responsible Purchasing', *Finance, Marketing and Production*, Special Issue, pp. 47-56.
- Han, S., 1994, 'Mimetic Isomorphism and its Effect on the Audit Services Market', *Social Forces*, Vol. 73, No. 2, pp. 637-63.
- Hannan, M. & Freeman, J., 1977, 'The Population of Ecology Organizations', *American Journal of Sociology*, Vol. 82, pp. 929-64.
- Hartwick, E., 2000, 'Towards a Geographical Politics of Consumption', *Environment and Planning A*, Vol. 32, pp. 1177-92.
- Hasnas, J., 1998, 'The Normative Theories of Business Ethics: A Guide for the Perplexed', *Business Ethics Quarterly*, Vol. 8, No. 1, pp. 19-42.
- Haunschild, P. & Miner, A., 1997, 'Modes of Interorganisational Imitation: The Effects of Outcome Salience and Uncertainty', *Administrative Science Quarterly*, Vol. 42, pp. 472-500.
- Haveman, M. & Foecke, T., 2000, 'Applying Environmental Accounting to Electroplating Operations', In Bennett, M. & James, P. (eds), *The Green Bottom Line: Environmental Accounting for Management - Current Practice and Future Trends*, Greenleaf Publishing, Sheffield, pp. 212-35.
- Hawley, A., 1968, 'Human Ecology', In Sills, D. (eds), *International Encyclopedia of the Social Sciences*, pp. 328-37, Macmillan, New York.
- Hayes, T. & Mattimoe, R., 2004, 'To Tape or Not to Tape: Reflections on Methods of Data Collection', In Humphrey, C. & Lee, B. (eds), *The Real Life Guide to Accounting Research: A Behind-the-scenes View of Using Qualitative Research Methods*, Elsevier, The Netherlands, pp. 359-72.

- Hegde, P., Bloom, R. & Fuglister, J., 1997, 'Social Financial Reporting in India: A Case', *The International Journal of Accounting*, Vol. 32, No. 2, pp. 155-72.
- Herbert, B., 1996, 'Nike's Pyramid Scheme', *New York Times*, 10 June.
- Herbohn, K., 2005, 'A Full Cost Environmental Accounting Experiment', *Accounting, Organizations and Society*, Vol. 30, No. 6, pp. 519-36.
- Hilgartner, S. & Bosk, C., 1988, 'The Rise and Fall of Social Problems: A Public Arenas Model', *American Journal of Sociology*, Vol. 94, No. 1, pp. 53-78.
- Hill, C. & Jones, T., 1992, 'Stakeholder-agency Theory', *Journal of Management Studies*, Vol. 29, pp. 131-52.
- Hobbes, T., 1994, *Leviathan*, Curley, E. (eds), Indianapolis: Hackett, Orig. pub. 1651.
- Hogner, R., 1982, 'Corporate Social Reporting: Eight Decades of Development in US Steel', *Research in Corporate Performance and Policy*, Vol. 4, pp. 243-50.
- Holm, P., 1995, 'The Dynamics of Institutionalization: Transformation Processes in Norwegian fisheries', *Administrative Science Quarterly*, Vol. 40, No. 3, pp. 398-422.
- Huckins, K., 1999, 'Interest-group Influence on the Media Agenda: A Case Study', *Journal of Mass Communication Quarterly*, Vol. 76, No. 1, pp. 76-86.
- Hughes, A., 2001, 'Multi-stakeholder Approaches to Ethical Trade: Towards a Reorganisation of UK Retailers' Global Supply Shains?', *Journal of Economic Geography*, Vol. 1, pp. 421-37.
- Hughes, A., Buttle, M. & Wrigley, N., 2007, 'Organisational Geographies of Corporate Responsibility: A UK-US Comparison of Retailers' Ethical Trading Initiatives', *Journal of Economic Geography: Transnational Retail, Supply Networks, and the Global*, Vol. 7, No. 4, pp. 491-513.

- Humber, J., 2002, 'Beyond Stockholders and Stakeholders: A plea for Corporate Moral Autonomy', *Journal of Business Ethics*, Vol. 36, pp. 207-21.
- Hybels, R., 1995, 'On legitimacy, Legitimation, and Organizations: A Critical Review and Integrative Theoretical Model', *Academy of Management Journal*, Special Issue: Best Papers Procedures, pp. 241-45.
- Ingram, R., 1978, 'An Investigation of the Information Content of (Certain) Social Responsibility Disclosures', *Journal of Accounting Research*, Vol. 16, No. 2, pp. 270-85.
- International Labour Organisation, 1998, *Declaration on Fundamental Principles and Rights at Work*, ILO, Geneva [on line link: www.ilo.org/declaration].
- Islam, M. & Deegan, C., 2008, 'Motivations for an Organisation within a Developing Country to Report Social Responsibility Information: Evidence from Bangladesh', *Accounting, Auditing & Accountability Journal*, Vol. 21, No. 6, pp. 850-74.
- Islam, M. & Deegan, C., Forthcoming, 'Media Pressures and Corporate Disclosure of Social Responsibility Performance: A Case Study of Two Global Clothing and Sports Retail Companies', *Accounting and Business Research*.
- Islam, M. & M. Mathews, 2009, 'Grameen Bank's Social Performance Disclosure: Responding to a Negative Assessment by Wall Street Journal in Late 2001' *Asian Review of Accounting*, Vol. 17, No. 2, pp. 149-162.
- Jaggi, B. & Zhao, R., 1996, 'Environmental Performance and Reporting: Perceptions of Managers and Accounting Professionals in Hong Kong', *The International Journal of Accounting*, Vol. 31, No. 3, pp. 333-46.
- Jenkins, R., 2002, 'The Political Economy of Codes of Conduct', In Jenkins, R. Pearson and Seyfang, G. (eds), *Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy* , Earthscan, London.

- Jenkins, R., Pearson, R. & Seyfang, G., 2002, 'Introduction', In Jenkins, R., Pearson, R. and Seyfang, G. (eds), *Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy*, Earthscan, London.
- Johns, R. & Vural, L., 2000, 'Class, Geography, and the Consumerist Turn: UNITE and the Stop Sweatshops Campaign', *Environment and Planning A*, Vol. 32, pp. 1193–1213.
- Kabeer, N. & Mahmud, S., 2004, 'Globalisation, Gender and poverty: Bangladeshi Women Workers in Export and Local Markets', *Journal of International Development*, Vol. 16, pp. 93-109.
- Kaler, J., 2003, 'Differentiating Stakeholder Theories', *Journal of Business Ethics*, Vol. 46, pp. 71-83.
- Klein, N., 2000, *No Logo*, Harper Collins, London.
- Knox, S. & Maklan, S., 2004, 'Corporate Social Responsibility: Moving Beyond Investment Towards Measuring Outcomes', *European Management Journal*, Vol. 22, No. 5, pp. 508-16.
- Kolk, A. & Van Tulder, R., 2004, 'Ethics in International Business: Multinational Approaches to Child labour', *Journal of World Business*, Vol. 39, No. 1, pp. 49-60.
- Kolk, A. & van Tulder, R., 2002, 'The Effectiveness of Self-regulation: Corporate Codes of Conduct and Child labour', *European Management Journal*, Vol. 20, No. 3, pp. 260-71.
- Kraatz, M., 1998, 'Learning by Association? – Interorganizational Networks and Adaptations to Environmental Change', *Academy of Management Journal*, Vol. 41, No. 6, pp. 621-43.
- Kreuze, J. & Newell, G., 1994, 'ABC and Life-Cycle Costing for Environmental Expenditures', *Management Accounting*, Vol. 75, No. 8, p. 38.
- Krippendorff, K., 1980, *Content Analysis: An Introduction to Its Methodology*, Sage Publications, Beverly Hills, CA.
- Landrum, L., 2001, 'Environmental and Social Responsibility Rhetoric of Nike and Reebok', *Tamara: Journal of Critical Postmodern Organization Science*, Vol. 1, No. 2, pp. 48-62.

- Lehman, G., 2001, 'Reclaiming the Public Sphere: Problems and Prospects for Corporate Social and Environmental Accounting', *Critical Perspectives on Accounting*, Vol. 12, No. 6, pp. 713-33.
- Lehman, G., 1999, 'Disclosing New Worlds: a Role for Social and Environmental Accounting and Auditing', *Accounting, Organizations and Society*, Vol. 24, No. 3, pp. 217-42.
- Lehman, G., 1995, 'A Legitimate Concern with Environmental Accounting' *Critical Perspectives on Accounting*, Vol. 6, No. 5, pp. 393-413.
- Lemke, D., Schminke & Donaldson, L., 2001, 'Wither Goest Thou? Seeking Trends in Organization Theory Research in the 1990s', *Working Paper*, Revision of Lemke, D., Schminke, M., Clark, N. and Muir, P., 1999, Best Papers Proceedings of the Academy of Management.
- Levitt, B. & Nass, C., 1989, 'The Lid on the Garbage Can: Institutional Constraints on Decision-Making in the Technical Core of College-Text Publishers', *Administrative Science Quarterly*, Vol. 34, pp. 190-207.
- Li, G., 2001, 'An Analysis: The Impact of Non-Government Organizations On the Practices of Public Relations', *Public Relations Quarterly*, Vol. 46, No. 4, pp. 11-14.
- Liedtke, M., 2004, 'Gap Acknowledges Labor Violations', *Washington Post*, 13 May.
- Lindblom, C., 1994, 'The Implications of Organizational Legitimacy for Corporate Social Performance and Disclosure', *Critical Perspectives on Accounting Conference*, New York, NY.
- Locke, J., 1993, 'Two Treatises of Government', In Goldie, M. (eds), Everyman London, Orig. published in 1689.
- Loew, T., 2003, 'Environmental Cost Accounting: Classifying and Comparing Selected Approaches', In Bennett, M., Rikhardsson, P. and Schaltegger, S. (eds), *Environmental Management Accounting - Purpose and Progress*, Kluwer Academic Publishers, Dordrecht, pp. 41-56.

- Logsdon, J., 1991, 'Interests and Interdependence in the Formation of Social Problem Solving Collaboration', *Journal of Applied Behavioural Science*, Vol. 27, No. 1, pp. 23-37.
- Marshall, C. & Rossman, G., 2006, *Designing Qualitative Research*, 4th ed., Sage Publications, Thousand Oak.
- Mathews, M., 1997, 'Twenty-Five Years of Social and Environmental Accounting Research: Is there a Silver Jubilee to Celebrate?', *Accounting, Auditing, & Accountability Journal*, Vol. 10, No. 4, pp. 481-531.
- Mathews, M., 1995, 'Social and Environmental Accounting: A Practical Demonstration of Ethical Concern?', *Journal of Business Ethics*, Vol. 14, pp. 663-71.
- Mathews, M., 1993, *Socially Responsible Accounting*, Chapman & Hall, London.
- Mathews, M. & Perera, M., 1995, *Accounting Theory and Development*, 3rd ed., Thomas Nelson, Melbourne.
- Mathiason, N., 2006, 'Green Savaged over Arcadia's Ethical Standards', *The Observer*, 5 March.
- Mathiason, N. & Aglionby, J., 2006a, 'The True Cost of Cheap Clothing', *The Observer*, 23 April.
- Mathiason, N. & Aglionby, J., 2006b, 'Exposed: Life at Factory that Supplies Our Fashion Stores', *The Observer*, 23 April.
- McCombs, M. & Shaw, D., 1972, 'The Agenda Setting Function of the Mass Media', *Public Opinion Quarterly*, Vol. 36, pp. 176-87.
- McCombs, M. & Shaw, D., 1994, 'Agenda-setting Function', In Griffin, E. (eds), *A First Look at Communication Theory*, 2nd ed., McGraw-Hill, New York.
- Mc Clintock, B., 1999, 'The Multinational Corporation and Social Justice: Experiments in Supranational Governance', *Review of Social Economy*, Vol. 57, pp. 507-22.

- Medawar, C., 1976, 'The Social Audit: A Political View', *Accounting, Organizations and Society*, Vol. 1, No. 4, pp. 389-94.
- Meyer, J. & Rowan, B., 1977, 'Institutional Organizations: Formal Structures as Myth and Ceremony,' *American Journal of Sociology*, Vol. 83, pp.340-63.
- Meyer, J., Scott, W. & Strang, D., 1987, 'Centralization, Fragmentation, and School District Complexity', *Administrative Science Quarterly*, Vol. 32, pp.186-201.
- Miles, M. & Huberman, A., 1994, *Qualitative Data Analysis*, Sage Publications, Beverly Hills, CA.
- Milne, M. & Patten, D., 2002, 'Securing Organisational Legitimacy: An Experimental Decision Case Examining the Impact of Environmental Disclosures', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 372-405.
- Milstein, M., Hart, S. & York, A., 2002, 'Coercion Breeds Variation: The Differential Impact of Isomorphic Pressures on Environmental Strategies', In Hoffman, A. and Ventresca, M. (eds), *Organisations, Policy, and the Natural Environment*, Stanford University Press, pp. 151-72.
- Mitchell, T., 1997, 'The Impact of Accounting and Disclosure Choice: Lessons from Superfund', *Working Paper*, Columbia University.
- Mitchell, R., Agle, B. & Wood, D., 1997, 'Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What really Counts', *Academy of Management Review*, Vol. 22, No. 4, pp. 853-86.
- Mizruchi, M. & Fein, L., 1999, 'The Social Construction of Organisational Knowledge: A Study of Uses of Coercive, Mimetic and Normative Isomorphism', *Administrative Science Quarterly*, Vol. 44, No. 4, pp. 653-83.
- Monks, J., 1999, 'Sweatshop Workers', *The Independent*, 27 September.
- Murphy, C. & Tooze, R., 1991, 'Getting Beyond the "Common Sense" of the IPE Orthodoxy', In Murphy, C. and Tooze, R. (eds), *The New*

- International Political Economy*, Lynne Rienner Publishers, Boulder, USA.
- Nasi, T., Nasi, S., Phillips, N. & Zyglidopoulos, S., 1997, 'The Evolution of Corporate Social Responsiveness: An Exploratory Study of Finnish and Canadian Forestry Companies', *Business and Society*, Vol. 38, No. 3, pp. 296-321.
- Ness, K. & Mirza, A., 1991, 'Corporate Social Disclosure: A Note on a Test of Agency Theory', *British Accounting Review*, Vol. 23, pp. 211-17.
- Neuman, W., 1990, 'The Threshold of Public Attention', *Public Opinion Quarterly*, Vol. 49, pp. 159-76.
- Newson, M. & Deegan, C., 2002, 'Global Expectations and their Association with Corporate Social Disclosure Practices in Australia, Singapore and South Korea', *The International Journal of Accounting*, Vol. 37, pp. 183-213.
- Nielsen, M., 2005, 'The Politics of Corporate Responsibility and Child labour in the Bangladeshi Garment Industry', *International Affairs*, Vol. 81, No. 3, pp. 559-80.
- Nocera, J., 2005, 'Our Love-Hate Relationship with Wal-Mart', *New York Times*, 5 November.
- O'Donovan, G., 2002, 'Environmental Disclosures in the Annual Report: Extending the Applicability and Predictive Power of Legitimacy Theory', *Accounting, Auditing & Accountability Journal*, Vol. 15, No.3, pp. 344-71.
- O'Donovan, G., 1999, 'Managing Legitimacy through Increased Corporate Environmental Reporting: An Exploratory Study', *Interdisciplinary Environmental Review*, Vol. 1, No. 1, pp. 63-99.
- O'Donovan, G., 1997, 'The Decision to Include Environmental Information in the Corporate Annual Report: Some Australian Case Study Evidence', *American Accounting Association, Southwest Region Meeting Conference*.
- O'Dwyer, B., 2005a, 'Stakeholder Democracy: Challenges and Contributions from Social Accounting', *Business Ethics: A European Review*, Vol. 14, No. 1, pp. 28-41.

- O'Dwyer, B., 2005b, 'The Construction of a Social Account: A Case Study in an Overseas Aid Agency', *Accounting, Organizations and Society*, Vol. 30, No. 3, pp. 279-96.
- O'Dwyer, B., 2002, 'Managerial Perceptions of Corporate Social Disclosure: An Irish Story', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 406-36.
- O'Dwyer, B. & Owen, D., 2005, 'Assurance Statement Practice in Environmental, Social and Sustainability Reporting: A Critical Evaluation', *The British Accounting Review*, Vol. 37, No. 2, pp. 205-29.
- Oliver, C., 1991, 'Strategic Responses to Institutional Process', *Academy of Management Review*, Vol. 16, No. 1, pp. 145-79.
- Oliver, C., 1988, 'The Collective Strategy Framework: An Application to Competing Predictions of Isomorphism', *Administrative Science Quarterly*, Vol. 33, pp. 543-61.
- Orton, L. & Madden, P., 1996, *The Global Supermarket: Britain's Biggest Shops and Food from the Third World*, Christian Aid, London.
- Owen, D., 2008, 'Chronicles of Wasted time? A Personal Reflection on the Current State of, and Future Prospects for, Social and Environmental Accounting Research', *Accounting, Auditing & Accountability Journal*, Vol. 21, No. 2, pp. 240-67.
- Owen, D., 2004, 'Adventures in Social and Environmental Accounting and Auditing Research: A Personal Reflection', In Humphrey, C. and Lee, W. (eds), *The Real Life Guide to Accounting Research*, Elsevier, Oxford, pp. 23-36.
- Owen, D., Gray, R. & Bebbington, K., 1997, 'Green Accounting Cosmetic Irrelevance or Radical Agenda for Change?', *Asia Pacific Journal of Accounting*, Vol. 4, No. 2, pp. 175-98.
- Paradis, L. & Cummings, P., 1986, 'The Evolution of Hospice in America toward Organizational Homogeneity', *Journal of Health and Social Behaviour*, Vol. 27, pp. 370-86.

- Palmer, D., Jennings, P. & Zhou, X., 1993, 'Late Adoption of the Multi-divisional Form', *Administrative Science Quarterly*, Vol. 38, pp. 100-31.
- Parker, L., 2005, 'Social and Environmental Accountability Research: A View from the Commentary Box', *Accounting, Auditing & Accountability Journal*, Vol. 18, No. 6, pp. 842-60.
- Parker, L., 2000, 'Environmental Costing: A Path to Implementation', *Australian Accounting Review*, Vol. 10, No. 3, pp. 43-51.
- Parr, J. & Dhanarajan, S., 2002, *Stitching Values Together: Implementing Core Labour Standards through Management Training in the Bangladesh Ready-Made Garment Sector*, IBLF and Oxfam.
- Patten, D., 1995, 'Variability in Social Disclosure: A Legitimacy-based Analysis', *Advances in Public Interest Accounting*, Vol. 6, pp. 273-85.
- Patten, D., 1992, 'Intra-industry Environmental Disclosure in Response to the Alaska oil spill: A Note on Legitimacy Theory', *Accounting, Organizations and Society*, Vol. 17, pp. 471-75.
- Patten, D., 1991, 'Exposure, Legitimacy, and Social Disclosure', *Journal of Accounting and Public Policy*, Vol. 10, pp. 297-308.
- Paul-Majumder, P., 2001, 'Occupational Hazards and Health Consequences of the Growth of Garment Industry in Bangladesh', In Paul-Majumder, P. & Sen, B. (eds), *Growth of Garment Industry in Bangladesh: Economic and Social Dimension – Proceedings of a National Seminar on Ready-made Garment Industry*, BIDS Publication, Dhaka, pp. 172-207.
- Paul-Majumder, P., 1996, 'Health Impact of Women's Wage Employment: A Case Study of the Garment Industry of Bangladesh', *The Bangladesh Development Studies*, Vol. 24, No. 1 & 2.
- Pfeffer, J. & Salancik, G., 2003, *The External Control of Organizations: A Resource Dependence Perspective*, Stanford University Press.
- Pfeffer, J. & Salancik, G., 1978, *The External Control of Organisations: A Resource Dependence Perspective*, Harper & Row, New York.

- Phillips, R., 2003, 'Stakeholder Legitimacy', *Business Ethics Quarterly*, Vol. 13, pp. 25-41.
- Phillips, R., 1997, 'Stakeholder Theory and A Principle of Fairness', *Business Ethics Quarterly*, Vol. 7, pp. 51-66.
- Phillips, R., Freeman, R. & Wicks, A., 2003, 'What Stakeholder Theory is Not?', *Business Ethics Quarterly*, Vol. 13, pp. 479-502.
- Powell, W., 1988, 'Institutional Effects on Organizational Structure and Performance', In Zucker, L. (eds), *Institutional Patterns and Organizations, Culture and Environment*, Ballinger, Cambridge, MA, pp. 115-38.
- Powell, W., 1998, 'Learning from Collaboration: Knowledge and Networks in the Biotechnology and Pharmaceutical Industries', *California Management Review*, Vol. 40, No. 3, pp. 228-40.
- Pratley, N. & Finch, J., 2005, 'Shop Tactics', *The Guardian*, 6 January.
- Radin T., 2004, 'The Effectiveness of Global Codes of Conduct: Role Models That Make Sense', *Business and Society Review*, Vol. 109, No. 4, pp. 415-47.
- Rahman, S., 2004, *Global Shift: Bangladesh Garment Industry in Perspective*, Centre for Development Research, Bangladesh (CDRB) Publication, Dhaka.
- Rahman, M., Khanam, R. & Absar, N., 1999, 'Child labor in Bangladesh: A Critical Appraisal of Harkin's Bill and the MOU-Type Schooling Program', *Journal of Economic Issues*, Vol. 33, No. 4, pp. 985-1003.
- Ramanathan, K., 1976, 'Toward a Theory of Corporate Social Accounting' *Accounting Review*, Vol. 51, No. 3, pp. 516-28.
- Raworth, K., 2004, *Trading Away Our Rights: Women Working in Global Supply Chains*, Oxfam International, Oxford.
- Raynard, P. & Forstater, M., 2002, *Corporate Social Responsibility: Implication for Small and Medium Enterprises in Developing Countries*, United Nations Industrial Development Organization (OECD), Vienna.

- Reed, D., 1999, 'Stakeholder Management Theory: A Critical Theory Perspective', *Business Ethics Quarterly*, Vol. 9, No. 3, pp. 453-83.
- Rikhardsson, P., Bennett, M., Bouma, J. & Schaltegger, S., 2005, 'Environmental Management Accounting: Innovation or Managerial Fad?', In Rikhardsson, P. Bennett, M., Bouma, J. and Schaltegger, S. (eds), *Implementing Environmental Management Accounting: Status and Challenges*, Springer, Dordrecht.
- Roberts, S., 2003, 'Supply Chain Specific? Understanding the Patchy Success of Ethical Sourcing Initiatives', *Journal of Business Ethics*, Vol. 44, No. 2-3, pp. 159-70.
- Rollins, T. & Bremser, W., 1997, 'The SEC's Enforcement Actions against Auditors: An Auditor Reputation and Institutional Theory Perspective', *Critical Perspective on Accounting*, Vol. 8, No. 3, pp. 191-206.
- Rosenzweig, P. & Singh, J., 1991, 'Organizational Environments and Multinational Enterprise', *Academy of Management Review*, Vol. 16, pp. 340-61.
- Rousseau, J., 1996, 'On the Social Contract', In Wootton, D. (eds), *Modern Political Thought: Readings from Machiavelli to Nietzsche*, Hackett Publishing, Indianapolis.
- Russell, J., 2004, 'Locating the Publicity of US Anti-sweatshop Activism', *Antipode*, Vol. 36, pp. 217-21.
- Savage, G., Nix, T., Whitehead, C. & Blair, J., 1991, 'Strategies for Assessing and Managing Organizational Stakeholders', *Academy of Management Executive*, Vol. 5, No. 2, pp. 51-75.
- Schaltegger, S. & Burritt, R., 2000, *Contemporary Environmental Accounting: Issues, Concepts and Practice*, Greenleaf Publishing, Sheffield.
- Schaltegger, S., Muller, K. & Hindrichsen, H., 1996, *Corporate Environmental Accounting*, Wiley, Chichester.
- Scott, W., 1995, *Institutions and Organizations*, Sage Publications, Thousand Oaks, CA.

- Scott, W., 1991, 'Unpacking Institutional Arguments', In Powell, W. and DiMaggio, P. (eds), *The New Institutionalism in Organizational Analysis*, The University of Chicago Press, Chicago, pp. 164-82.
- Scott, W., 1987, 'The Adolescence of Institutional Theory', *Administrative Science Quarterly*, Vol. 32, pp. 493-511.
- Scott, W. & Meyer, J., 1991, 'The Organization of Societal Sectors: Propositions and Early Evidence', In Powell, W. and DiMaggio, P. (eds), *The New Institutionalism in Organizational Analysis*, The University of Chicago Press, Chicago, pp. 108-40.
- Selznick, P., 1957, *Leadership in Administration*, Harper & Row, NY.
- Sethi, S., 2002, 'Standards for Corporate Conduct in the International Arena: Challenges and Opportunities for Multinational Corporations', *Business and Society Review*, Vol.107, No.1, pp. 20-24.
- Sethi, S., 1977, 'Dimensions of Corporate Social Performance: An Analytical Framework', In Carroll, A. (eds), *Managing Corporate Social Responsibility*, Little Brown, Boston, M.A.
- Sethi, S., 1974, 'Corporate Social Policy in a Dynamic Society: The options Available to Business', In Sethi, S. (eds), *The Unstable Ground: Corporate Social Policy in a Dynamic Society*, Melvill Publishing Company, Los Angeles, CA, pp.1-5.
- Shelton, R. & Wachter, K., 2005, 'Effects of Global Sourcing on Textiles and Apparel', *Journal of Fashion Marketing and Management*, Vol. 9, No. 3, pp. 318-29.
- Shocker, A. & Sethi, S., 1974, 'An Approach to Incorporating Social Preferences in Developing Corporate Action Strategies', In Sethi, S. (eds), *The Unstable Ground: Corporate Social Policy in a Dynamic Society*, Melvill Publishing Company, Los Angeles, CA, pp. 67-80.
- Silvey, R., 2004, 'A Wrench in the Global Works: Anti-sweatshop Activism on Campus', *Antipode*, Vol. 36, pp. 191-97.
- Smith, J., 2003, 'The Shareholders vs. Stakeholders Debate', *MIT Sloan Management Review*, pp. 85-90.

- Spar, D., 1998, 'The Spotlight and the Bottom line: How Multinationals Export Human rights', *Foreign Affairs*, March/April, pp. 7-12.
- Stanny, E., 1998, 'Effect of Regulation on Changes in Disclosure of and Reserved Amounts for Environmental Liabilities', *Journal of Financial Statement Analysis*, Summer, pp.34-49.
- Starr, P., 1982, *The Social Transformation of American Medicine*, Cambridge, Harvard University Press.
- Sternberg, E., 1997, 'The Defects of Stakeholder Theory', *Corporate Governance*, Vol. 5, No. 1, pp. 3-10.
- Suchman, M., 1995, 'Localism and Globalism in Institutional Analysis: The Emergence of Contractual Norms in Venture Finance', In Scott, W. and Chriatensen, S. (eds), *The Institutional Construction of Organizations: International and Longitudinal Studies*, Sage Publications, Thousand Oaks, CA, pp. 39-66.
- Taylor, M. & Doerfel, M., 2005, 'Another Dimension to Explicating Relationships: Measuring Inter-organizational Linkages', *Public Relation Review*, Vol. 31, pp. 121-29.
- Teoh, H. & Thong, G., 1984, 'Another Look at Corporate Social Responsibility and Reporting: an Empirical Study in a Developing Country', *Accounting, Organisations and Society*, Vol. 9, No. 2, pp. 189-206.
- Tilt, C., 1994, 'The Influence of External Pressure Groups on Corporate Social Disclosure', *Accounting, Auditing & Accountability Journal*, Vol. 7, No. 4, pp. 47-72.
- Tinker, T. & Gray, R., 2003, 'Beyond a Critique of Pure Reason: from Policy to Politics to Praxis in Environmental and Social Research', *Accounting, Auditing & Accountability Journal*, Vol. 16, No. 5, pp. 727-61.
- Tinker, A., Merino, B. & Neimark, M., 1982, 'The Normative Origins of Positive Theories: Ideology and Accounting Thought', *Accounting, Organizations and Society*, Vol. 7, No. 2, pp. 167-200.

- Tolbert, P. & Zucker, L., 1983, 'Institutional Sources of Change in Organizational Structure: The Diffusion of Civil Service Reform, 1880-1930', *Administrative Science Quarterly*, Vol. 23, pp. 22-39.
- Torres, D., 1988, 'Professionalism, Variation, and Organizational Survival,' *American Sociological Review*, Vol. 53, pp. 380-94.
- Tsang, E., 1998, 'A Longitudinal Study of Corporate Social Reporting in Singapore: the Case of the Banking, Food and Beverages and Hotel Industries', *Accounting Auditing & Accountability Journal*, Vol. 11, No. 5, pp. 624-35.
- Tuppen, C., 1996, *Environmental Accounting in Industry: A Practical Review*, British Telecommunications, London.
- Tuttle, B. & Dillard, J., 2007, 'Beyond Competition: Institutional Isomorphism in U.S. Accounting Research', *Accounting Horizons*, Vol. 21, No. 4, pp. 387-409.
- Ullmann, A., 1985, 'Data in Search of a Theory: a Critical Examination of the Relationships among Social Performance, Social Disclosure and Economic Performance of US firms', *Academy of Management Review*, Vol. 10, No. 3, pp. 540-57.
- UNCTAD, 2005, *Policy Reforms and Trade Liberalization in Bangladesh*, UNCTAD Policy Issues in International Trade and Commodities Study Series, November 22, Switzerland.
- Unerman, J. & Bennett, M., 2004, 'Increased Stakeholder Dialogue and the Internet: Towards Greater Corporate Accountability or Reinforcing Capitalist Hegemony?', *Accounting, Organizations and Society*, Vol. 29, No. 7, pp 685 – 707.
- UNESCAP, 2002, *Promotion of New Forms of Financing for Transfer, Development and Application of Environmentally Sound Technologies*, United Nations Economic and Social Commission for Asia and the Pacific, Bangkok.

- US Department of Labor, 1996, *The Apparel Industry and Codes of Conduct: a Solution to the International Child labor Problem?*, The US Department of Labor, Bureau of International Labor Affairs, Washington.
- US Department of Labor, 1994, *By the Sweat and Toll of Children—A Report to Congress Bureau of International Labor Affairs*, The US Department of Labor, Bureau of International Labor Affairs, Washington.
- Van de Ven, B., 2005, 'Human Rights a Normative Basis for Stakeholder Legitimacy', *Corporate Governance*, Vol. 5, pp. 48-59.
- van Tulder, R. & Kolk, A., 2002, 'Multinationality and Corporate Ethics: Codes of Conduct in the Sporting Goods Industry', *Journal of International Business Studies*, Vol. 32, No. 2, pp. 267-83.
- Wah, L., 1998, 'Treading the Sacred Ground', *Management Review*, Vol. 87, No.7, pp. 18-22.
- Walden, W. & Schwartz, B., 1997, 'Environmental Disclosures and Public Policy Pressure', *Journal of Accounting and Public Policy*, Vol. 16, pp. 125-54.
- Walker, R., 1985, *Applied Qualitative Research*, Aldershot, Gower.
- Wanta, W., Golan, G. & Lee, C., 2004, 'Agenda Setting and International News: Media Influence on Public Perceptions of Foreign Nations', *Journalism and Mass Communication Quarterly*, Vol. 18, No. 2, pp. 364-77.
- Wartick, S. & Cochran, P., 1985, 'The Evolution of the Corporate Social Performance Model', *Academy of Management Review*, Vol. 10, pp. 758-69.
- Watts, R. & Zimmerman. J., 1978, 'Towards a Positive Theory of the Determination of Accounting Standards', *The Accounting Review*, Vol. 53, No 1, pp. 112-34.
- Weber, M., 1958, *The Protestant Ethic and the Spirit of Capitalism*, Translated by Parsons, T., Charles Scribner's Sons, New York.

- Weber, M., 1947, *The Theory of Social and Economic Organization*, Free Press, New York.
- Weiss, J., 1994, *Business Ethics: A Managerial Stakeholder Approach*, Wadsworth Publishing Company, Belmont.
- Wilkins, M., 2000, 'Globalization and Human Rights: The Apparel Industry in the Developing World', *International Affairs Review*, Vol. 14, No. 1.
- Wijeratna, A., 2005, *Rotten Fruit: Tesco Profits as Women Pay a Huge Price*, Action Aid, London.
- Woodward, D., Edwards, P. & Birkin, F., 1996, 'Organizational Legitimacy and Stakeholder Information Provision', *British Journal of Management*, Vol. 7, pp. 329-47.
- World Bank, 2007, *Clothing and Export Diversification: Still a Route to Growth for Low Income Countries?*, International Trade Department, The World Bank MSN MC2-201, Washington DC.
- World Bank, 2006, *Bangladesh Country Environmental Analysis*, Vol. 1, Main Report, Report No. 36945-BD, World Bank South Asia Environment and Social Development Unit, Washington D.C.
- WTO, 2004, *The Global Textile and Clothing Industry Post the Agreement on Textiles and Clothing*, Discussion Paper, No. 5, World Trade Organization, Geneva, Switzerland.
- Yakhou, M. & Dorweiler, V., 2004, 'Environmental Accounting: An Essential Component of Business Strategy', *Business Strategy and the Environment*, Vol. 13, pp. 65-77.
- Zadek, S., 2004, 'The Path to Corporate Responsibility', *Harvard Business Review*, Vol. 82, No. 12, pp. 125-32.
- Zaman, H., 2001, 'Paid Work and Socio-political Consciousness of Garment Workers in Bangladesh', *Journal of Contemporary Asia*, Vol. 31, No. 2, pp.145-60.

Zarzeski, M., 1996, 'Spontaneous Harmonisation Effects of Culture and Market Forces on Accounting Disclosure Practices', *Accounting Horizons*, Vol. 10, No. 1, pp. 18 - 37.

Zsolnai, L., 2006, 'Extended Stakeholder Theory', *Society and Business Review*, Vol. 1, No. 1, pp. 37-44.

Zucker, L., 1987, 'Institutional Theories of Organisation', *Annual Review of Sociology*, Vol. 13, pp. 443-64.

Zucker, H., 1978, 'The Variable Nature of News Media Influence', In Rubin, B. (eds), *Communication Yearbook No 2*, New Jersey, pp. 225-45.

Appendix One: Stakeholder Pressures— Two Cases

In their study Hughes, Buttle and Wrigley (2007), documented two cases of the emergence of stakeholder pressures on multinational retail companies for socially responsible or ethical sourcing of goods: these are the case of the UK and the case of the USA. The review of this study shows that media and NGOs are the key pressure groups for both US multinational and UK multinational companies that source product from off-shore locations. As Hughes, Buttle, and Wrigley (2007, pp.496-498) stated the case of UK:

From the mid-1990s onwards, ethical trading has risen in profile through both critical media attention and organisational campaigning by civil society organisations (Freidberg, 2004). Media reports in the late 1990s focussed on the poor working conditions of overseas labourers supplying own-brand products to the UK supermarket chains and clothing retailers in particular. Articles appeared in broadsheets, highlighting poor environmental and working conditions at sites of export production (for example, Durham, 1996; Bowcott, 1997; Abrams, 1999; Monks, 1999). Radio and television documentaries, particularly the well-known *Mange Tout* film, were also part of the process (Hughes, 2001a). At the same time, direct pressure was exerted on UK food and clothing retail corporations by NGO campaigns. In the mid-1990s, Christian Aid's focus on supermarkets' global sourcing practices (Orton and Madden, 1996) and CAFOD's Fashion Victims campaign against the high street clothing retailers represented two key examples. The Labour Behind the Label group- a UK-based coalition of labour unions and activists united in their solidarity with garment workers in the global South and affiliated with the European-wide Clean Clothes Campaign also focussed on exploitation in the global production of clothing with reference to UK fashion retailers and supermarkets. Supermarkets targeted in these campaigns included the leading four corporations of Tesco, Sainsbury, Safeway (since taken over by Morrisons) and Asda (since taken over by Wal-Mart). High street retailers targeted included Marks and Spencer, Next, Debenhams and the Aracadia brands of Topshop, Top Man, Dorothy Perkins, Burton, Miss Selfridge, Evans and Wallis, since acquired by Philip Green. The Ethical Trading Initiative (ETI) has its origins in this NGO campaigning in the mid-1990s, along with decisions made by many UK retailers to respond to the criticism by acting collectively and in collaboration with willing NGOs and trade

unions. There was a push by NGOs and trade unions to institutionalise recommendations for socially responsible trade. As a result, the Monitoring and Verification Working Group was set up, including representatives from the Trades Union Congress (TUC), the International Textile, Garment and Leather Workers' Federation (ITGLWF), the International Confederation of Free Trade Unions (ICFTU), Oxfam, CAFOD, Save The Children, the World Development Movement and the New Economics Foundation. Co-operation with the group's recommendations was gained from high-profile retailers, including Sainsbury and the high street retailer, Littlewoods. The idea of establishing a more formal tripartite alliance of companies, NGOs and trade unions, in order to develop ethical trade collaboratively, was then taken to the Department for International Development (DFID) of the UK government, which endorsed the initiative, not least because it epitomised the 'third-way' politics associated with its then new Prime Minister Tony Blair. The ETI was formally established in 1997 and now represents one of the largest and most strategically significant civil initiatives of its kind in Europe. Its endorsement and sponsorship by the DFID and its base location in London roots the organisation in national political structures. However, its origins in the political work of various UK-based NGOs and trade unions with links to overseas civil society organisations at sites of export production also demonstrate the rooting of the ETI in transnational networks and negotiations. Since the establishment of the ETI, journalists and campaigning groups have continued their focus on retailers' supply chains, with a developing critical spotlight on retailers' ethical trading programmes themselves. Television documentaries have continued with, for example, BBC Panorama and Real Story programmes in 2000 and 2005 examining retailers' labour codes in global supply chains for clothing and horticulture, respectively. Newspaper reports have also maintained their critical focus on supermarketers and high street clothing retailers with respect to their supply chain management (Pratley and Finch, 2005; Mathieson, 2006; Mathieson and Aglionby, 2006a, 2006b). And, despite the establishment of the ETI, campaigns aimed at retailers have continued, exemplified by Action Aid's Rotten Fruit report (Wijeratna, 2005) illustrating how workers on South African fruit farms supplying Tesco are being exploited despite the retailer's claims to be trading responsibly, and Oxfam's Trading Away Our Rights (Raworth, 2004), which focusses the debate on the power and purchasing practices of retailers.

As Hughes, Buttle, and Wrigley (2007 pp. 500-502) stated the case of USA:

The story of the anti-sweatshop movement in the USA and the way it became so symbolic of resistance to neoliberalism is well documented. As in the UK, there was an explosion in the US media of exposés on labour conditions in global supply chains during the mid to late 1990s, with Klein (2000, 327) noting that between 1995 and 1996, 'North Americans couldn't turn on their televisions without hearing shameful stories about the exploitative labor practices behind the most popular, mass-marketed labels . . .' Articles on the subject appeared frequently in newspapers such as the New York Times and the Wall Street Journal, as well as popular magazines. Retailers and brand manufacturers operating in the apparel and toy sectors were the main targets of criticism, including Gap Inc., Nike, Wal-Mart, Target, Sears and Nordstrom (Klein, 2000). Most famously, in May 1996 Charles Kernaghan of the National Labor Committee (NLC) made talk show host, Kathie Lee Gifford, cry on US primetime television when he revealed that child labourers in Honduras and sweatshop workers in New York were involved in the production of her sportswear range sold in Wal-Mart stores (Adams, 2002; Featherstone and USAS, 2002; Jenkins, 2002). At the same time, direct protests and campaigns against clothing brands and retailers were being launched by NGOs, unions, consumer organisations and student groups. While these began in the early 1990s with the anti-sweatshop work of organisations like the NLC and had their roots in earlier collective organisation of garment industry workers in the global South (Featherstone and USAS, 2002), the mid-1990s represented a pivotal point in the development of a significant US-based anti-sweatshop movement. During this time, Sweatshop Watch formed in California, many Student Labor Action Coalitions formed at universities across the USA, and the Union of Needletrades, Industrial and Textile Employees (UNITE) founded the Stop Sweatshops Campaign with the National Consumers League (NCL) (Hartwick, 2000; Johns and Vural, 2000; Featherstone and USAS, 2002). The engines of this political activism were located at sites of retail and consumption in the USA rather than at sites of production, which Johns and Vural (2000) argue is a corollary of the overarching 'consumerist turn' in the global economy beginning in the late twentieth century. However, emphasising the point that this consumer-based activism was fuelled by political connections made with workers in the global South, Cravey (2004, 207) talks about 'an increasingly complex geography of

activist connections' and Silvey (2004) refers to the 'transnational alliances' (191) and 'translocal political agendas' (193) that have characterised the US anti-sweatshop movement. These observations support the view that the US anti-sweatshop movement was produced through networked relations between individuals and groups which cross-cut spatial scales. Nonetheless, Russell (2004) highlights the US base of the anti-sweatshop movement and emphasises the way in which it has been so powerfully motivated by notions of consumer sovereignty. The embeddedness of the anti-sweatshop movement in national political, as well as cultural, processes is illustrated by the establishment of US MSIs in the mid-1990s. In 1996, concerned that the campaigns and publicity on sweatshops would threaten its continued drive for free trade, the Clinton Administration initiated the Apparel Industry Partnership (AIP)—a multi-stakeholder group of companies, unions, human rights organisations and consumer groups—to reach consensus on the monitoring of labour conditions in global supply chains (Adams, 2002; Featherstone and USAS, 2002; Jenkins, 2002). In 1998, the Fair Labor Association (FLA) was formed from the AIP, and arguably remains the most strategically significant MSI for ethical trade in the USA. However, several groups left the organisation due to fundamental disagreement over issues of a 'living wage' clause in the code of conduct and methods used to conduct independent monitoring of supply chains. Most significantly, it was trade union representatives from UNITE, along with the Interfaith Centre for Corporate Responsibility, who led the walkout from the FLA. At the same time, campus-based protests against sweatshops, particularly those targeting college sportswear brands including Nike, were gathering momentum. In 1998, with the support of UNITE, United Students Against Sweatshops (USAS) was established (Featherstone, 2004), which became increasingly opposed to the FLA and its apparent domination by corporate members such as Liz Claiborne, Nike and Reebok. In due course this opposition led to the formation of the Worker Rights Consortium (WRC), a MSI focussed on the supply chains for college clothing brands. The WRC continues to represent an arguably more radical alternative to the FLA in the USA, illustrating a more fractured landscape of ethical trading MSIs in the USA than the UK. As in the UK, the subject of sweatshops in connection with retailers' supply chains continues to feature in the US media (for example, Goodman and Pan, 2004; Liedtke, 2004; Nocera, 2005; Greenhouse and Barbaro, 2006). The US retailers targeted in these reports include Wal-Mart, JC Penney, Sears, Target and Gap Inc. Documentaries also have been released by independent media organisations

in the USA, exemplified by *Stolen Childhoods* (Morris, 2005) and *Wal-Mart: The High Cost of Low Price*. While student activism on the theme of sweatshops continues through USAS, it is now mainly channelled into the ongoing programmes of the WRC such as recent sweat-free campus campaigns. Focus on the retail sector has developed, though, through the emergence in 2005 of two groups targeting Wal-Mart—Wake-up Wal-Mart and Wal-Mart Watch—though these organisations address a broader range of issues relating to Wal-Mart's domination of the US market, rather than purely supply chain exploitation.

Appendix Two: Summary of Interview Guide- Semi-structured Interview Questions about the Motivations for BGMEA to Undertake Social and Environmental Activities and Related Reporting Practices.

The first part of each interview will discuss general ideas about corporate social responsibility and motivation for social activities and reporting/disclosure in the Bangladeshi business environment. The discussion will be conducted primarily in the local language as the interviewees will feel more comfortable to share their views in their local language. With consent, this general discussion will be tape recorded along with the core, in-depth discussion on corporate social and environmental activities and associated reporting practices of BGMEA. Before posing the questions to the Bangladeshi managers and stakeholders, the researcher will need to explain that he wants to know what they think and what their observations are. If he is interviewing someone whom he has come to know over a period of time, he should explain why he thinks their opinions and observations on a particular topic are important. He will tell all interviewees that he is seeking to learn from them. The idea is to encourage people to open up and allow them to express themselves on their own terms and at their own pace. In this regard, a substantial number of the interview questions will depend on the respondents' responses.

The following semi-structured (open-ended) questions will be used to guide the core, in-depth discussion:

1. Is BGMEA under any pressure in terms of the social and environmental implications of your industry's performance? Related to this issue please share your own experience? Please let us know what and how have these pressures have changed across time?
2. What motivate the BGMEA to disclose social performance information through annual reports and through other media if any?
3. What are the main concerns of powerful stakeholder groups of BGMEA? Why are powerful stakeholder groups so concerned about the clothing industry's social performance? Whether the officials of BGMEA consider that concerns of 'powerful stakeholder groups' reflect the concerns of broader community.
4. How would you rank BGMEA's current social practices? Do you think it is a universally acceptable?
5. Have you adopted particular practices suggested by powerful stakeholders?
6. Do you think, in future powerful stakeholder group will bring new social issues to you?

7. Do you consider the views of trade union leaders in relation to your policies for treating workers, Why? (Details opinion on trade union activities)
8. Do you consider the views of NGOs in relation to your social responsibility towards community (details opinion on NGOs activities)?
9. Do you consider the views of international buyers regarding demands for certain levels or types of social performance and related accountability (details opinion on buyer's pressure to make organization comply)?
10. What else would you like to tell me?

Thank you for your cooperation

A number of questions are overlapping. The researcher believes that asking the same question in different ways can facilitate a more in-depth discussion of the issue raised. Using overlapping questions also indicates whether respondents are consistent in their opinions. The researcher must ensure the respondents understand the questions in their local language. The researcher expects that the majority of tape-recorded interviews will be in the local languages. Before analysing the data, the researcher will first need to translate and transcribe it into English

Appendix Three: Interview Participants from Bangladesh Garments Manufacturers and Exporters Associations (BGMEA)

Interviews with the senior officials of BGMEA

Interviewees and Interview dates	Positions
Mr. Tipu Munshi (05/12/05)	President of BGMEA, several times he was a director of BGMEA
Mr. Annisul Huq (22/12/05)	Immediate past president, past vice president, and several times past director and present director of BGMEA
Mr. Shahadat Hossain Chowdhury (Arun) (24/11/05, 01/12/05)	Vice President (Finance), and past director of BGMEA
Mr. M Fashiur Rahman(27/11/05, 3/12/2005)	Secretary, BGMEA
Mr. Ali Azim (08/12/05)	Chairman, BGMEA, Fire and safety cell and member of BGMEA standing committee
Mr. Abdul Mannan (06/12/05)	Deputy Secretary. Fire and Safety Cell BGMEA
Mr. Syed Farid uddin Ahmed(26/11/05, 29/11/05)	Chairman, BGMEA Labour Arbitration committee and member of BGMEA standing committee
Mr. Enamul Haque (3/12/05, 5/12/05)	Chairman, BGMEA compliance cell, member of BGMEA standing committee
Mr. S.M Syeed Mahmood (28/11/05, 7/12/05, 18/01/06)	Deputy Secretary, Compliance Cell, BGMEA and the member of BGMEA-ILO project on RMG work environment.
Barrister Jenefe Jabbar (26/12/05)	Chief Social Compliance Adviser and the author of BGMEA draft social code of conduct
Mr. Atiqul Islam (20/12/05)	Past vice president and director of BGMEA
Mr. Kazi Fakhrul Islam (19/01/06)	Chief Accountant, BGMEA

Appendix Four: An Example of Transcription of Interview

(Translated and transcribed)

Transcript No.2

Interviewee Name and Status: Mr. Annisul Huq, Immediate past president (President 2004), past vice president, and several times past director and present director of BGMEA

Date of Interview: 22/12/05

Duration: 1 hour 15 minutes.

(Key answers with additional comments Identified)

Islam: Mr Ex-president, at present which issues are you placing more importance on for BGMEA?

Huq: What issues do you want to know? There are issues of management; there are issues of marketing; there are issues of social compliance.

Islam: Whether manufacturers in Bangladesh place importance on social compliance...?

Huq: When you look at the social and financial, both issues are equally important. If there is no profitability, there is no business. For profitability you have hundreds of mechanisms, you have your market access, you have your subsidy, you have your better infrastructure and you have your mechanism to reduce corruption. So it is totally one subject. And social compliance is another complete subject as it is the pre-condition for doing business. You have to be very specific about what you want to know regarding the social compliance issue.

Islam: I would like to understand BGMEA's social compliance practices. Therefore my first question is this: are officials of BGMEA under any pressure in terms of the social and environmental implications of your industry's performance? Related to this issue please share your own experiences?

Huq: OK. The sector was restricted under the Multifibre Agreement (MFA) arrangement; it was restricted by quota which means that a buyer [a multinational company], until December 31 2004, could not buy any products from anywhere, since it was restricted by quota. Especially a US buyer—he could not buy as much as he wanted from Bangladesh or China. For a buyer from the European Union, he could not buy from any other supplying sources but he could buy as much as he wanted from Bangladesh because it was a quota-free country. So because of that restriction, lots of other restrictions of social compliance issues were not so vibrant or were not so important in the

early 1990s. Social compliance or social responsibility issues started to grow in importance since 1995 but have really gained momentum in the late 1990s and after the phase-out of quota system. After the phase-out of quota system, I mean starting in 2005, what [has been] the scenario of business? OK, the scenario during the quota period before 2005 was that since a buyer could not buy anything from one source, he had to go ten different sources for buying. So if he wanted to buy 100,000 pieces of shirts, he could not buy them all from China: 50,000 from China; 10,000 from India; 5,000 from Bangladesh; 4,000 from Pakistan; 3,000 from Indonesia; some from Nepal; and some from the Maldives. So he had to run to many places to source the 100,000 pieces of clothes. During the quota period, there was a quota premium for us because I could sell to five different places. It meant that we got some preferences because the price is high. Once the quota system was gone after 2005, everybody started to compete. Now there is no restriction on price which means that the MFA phase-out of quotas has implications such as a price war and vibrant issues of social compliance.

Social compliance as a complete part of business was not prominent in the early 1990s. Social compliance issues started after the Uruguay Round, people started talking more in 1998, 1999 where there was media news against Nike, that Nike is buying from sweatshops, Wal-Mart is buying from sweatshops. And the consumer is so sensitive! That if today a guy from NBC or CNN is coming and visiting a factory in a way that indicates he is a customer, he will come as a buyer with small hidden camera, he will shoot the label from the factory. One minute show in NBC or CNN, kill Wal-Mart as buyer, kill Nike as a buyer. That's how, to day, the social compliance issue has become so sensitive!
(Interrupted by Islam)

Islam: How did consumers know about it?

Huq: It is because of the media! He [the journalist] shoots; he exposes it on television. He goes in a way that he deceives himself or he shoots it now, that it is 9 o'clock [pm] or midnight and the factory is running, or he shoots child labour coming out of the factory or somehow rather he convinces the factory guy, he will come as a buyer with a small hidden camera, he will shoot the label from the factory.

The media is so cautious; the media is so sensitive! On Bangladesh there was NBC *Dateline* in 1992, even beginning of this year. A half an hour show—very negative! The media's work is making the report and if that sort of report is focussed against any company the share price falls from 100 to ten, that is how social compliance has become a real focus, not [only] in Bangladesh, everywhere. Bangladesh has a problem, more problems because Bangladesh is not such a strong country politically or economically, they [the media and NGOs] cannot play so much in China. Right now I had a fight with my factory manager coming here, I told him to leave the work, only reasons—one of the mid-level factory managers scolded (abused verbally) a girl who complained to my buyer H&M. The buyer H&M immediately called my factory manager—just see, within a minute it can go to buyer, within a minute she can make a phone

call or during lunch time she can say outside, or she can go outside and inform an NGO or trade union leader. To see this situation we can't stay silent, we have to keep our mid-level managers away from uttering any verbal abuse. At the industry level, BGMEA has been maintaining its long-lasting reputation through its massive awareness programs for our socially responsible behaviour, with adequate different media disclosure. We, now the individual members, must support BGMEA to solve problems and to make the international community know that we have solved our social problems.

Islam: You said the media are so sensitive. Why are NGOs also involved in putting pressure on business?

Huq: The NGOs, it is their job to find out a problem. They are sometime more powerful than media. They call customers [multinational clothing companies] if there is any problem in any factory anywhere. Tomorrow morning before I know any problem the union leader Mr Neil Carnie will know it in Europe, the union leader Jeff Thomson from AFLCIO in USA will know it. Before I know, being seating here, he will know it and in the morning when I open my email and I will see that there is a problem in a factory in Bangladesh, before even I know it goes to the NGOs. So what are NGOs doing if there is a problem such as if you are not paying one month's salary—workers call NGOs, trade union leaders. The NGOs or trade union leaders call the buyer [multinational company], the master buyer (maybe Wal-Mart), and within a minute the buyer comes to your factory. They often say 'You cannot shout [at] a girl (verbal abuse).' Look, you cannot run a factory in a country like ours and then let alone you will not give some workers salary and others not—this is not even thinkable.

So compliance has become a big issue and every factory today, almost every factory has their own compliance management. I've got to show you, I have a report, I made workers to work overtime because goods came in late to the factory, in some departments I made one hour extra overtime that is not as per the country's rule, so the buyer sent a rejection letter. I had an exit door which as per the rule should have been 6 feet 6 inches high but it was actually 6 feet 4, so the buyer rejected my factory. Today that is [a] bigger problem than my marketing problem.

I have to now show that I am keeping adequate product security. I have to provide the police reports; where is each of my worker's home addresses, what is their background etc.? You go to the finishing department you can see we have bought 200 screening machines, we are buying video cameras, here is packaging, outside should be video cameras, we need to show our buyers where and how our goods are processed and packaged. A log book should be maintained, [showing] which worker is entering to pack the shirts and which goods are entering into the finishing carton, it has to be recorded always, you can just imagine where compliance is going on! (*A telephone calls, interrupting*)

Islam: In BGMEA's annual report, you mentioned that 102 factories are socially compliant? Please comment on this?

Huq: We have been working with ILO, ILO-BGMEA. Before this report, we had 102 compliant factories. In the meantime, ILO and BGMEA representatives have worked together and now we have 302 factories compliant. Compliance is a continuous process today; you have this problem tomorrow, you have that problem.

[Turning back to personal experience] I would like to share a funny story of a social compliance from my own experience.

Look, our activities are nothing but to satisfy our most valuable buyers [multinational companies]. Let me share my personal experience about [the pressure from] buyers. I don't mention the buyer's name. He came to my factory and argued that these twelve girls are child labourers, because they looked small and short. We challenged, we called the doctor, we checked birth certificates from the Commissioner; nothing was found but they were not satisfied, in a point in time they said 'no', they also challenged. Then we did X-rays on their bones and with that X-ray report, I flew to Hong Kong, see so silly! I flew to Hong Kong and gave that bone X-ray to a Hong Kong doctor and the Hong Kong doctor examined the bone X-rays and certified that they are over eighteen. Child labour was always a problem in Bangladesh. To solve this problem at the industry level, during my presidency in BGMEA, I tried to create awareness among the member companies of BGMEA so that they wouldn't dare to employ child labour. If you see our annual reports you can see details of it. We have a pretty good history of our initiatives to eliminate child labour. You can see [in our] annual report of 1995, we signed a Memorandum Of Understanding (MOU) with ILO and UNICEF to eliminate child labour from the industry. The second MOU was signed in 1998 with the same parties. Our child labour elimination performance is reflected in our industry's present social and economic success.

Child labour is always a problem in Bangladesh. Then another story [joke!], in a US trade conference for garments I said:

'Once upon a time there was a competition in USA, you know what competition? Which country's cat is the strongest? In that competition, surprisingly, the Bangladeshi cat stood first [was awarded first]. These cats they are actually all tigers; you know in our factory all the workers they look like child workers'. You know what, everybody in the conference table was laughing to hear this.

Islam: In your (BGMEA) annual report you have provided full of social compliance information such as elimination of child labour, health and safety etc.? What is your motivation behind this?

Huq: Today, compliance has become such an issue that if your factory is not compliant by any buyer in future you will not be able to run it. We have to have good factory, we have to have well-managed factory, we have to have good environment, otherwise the factories will become slowly closed. That's why 50 percent factories of Bangladesh will be closed because our factories established in cities and lot of factories will not be able to give proper attention to the social compliance issues. -- (interrupted by employees), sorry, stop your tape records?

Islam: What benefit would BGMEA earn by forming a social compliance cell?

Huq: Actually the compliance issue is the most important issue today. If your country is proved to be a source of not being ethical you will lose customers and simply you will not survive.

Islam: How do you send messages that BGMEA's factory is socially compliant? Which media are you using?

Huq: We have our annual reports, special reports, websites, and press conferences.

In individual factories like my one, we have to pay huge audit fees every month. Today SEARS is auditing, tomorrow is Wal-Mart, the day after IPS is auditing, another day accounting firm Price Waterhouse Coopers (PWC) is auditing. This is regular auditing and these audits are extensive. It takes two days to audit, in a factory they go through any file they want. Then we send our positive audit report [unqualified] to our buyers by saying we are compliant.

Islam: what is BGMEA doing in an effort to make its factories socially compliant, please say few words?

Huq: We have 232 staff. We have social compliance cell, we have health and safety cell and we have labour cell. The deputy head of each cell is a retired government employee specialised in concerned field. We have adviser, Barrister Jeneffe Jabbar in social compliance cell who was a past GAP consultant. She always takes care of all social compliance issues that the buyers are concerned about. About social reporting, within annual report, we have teams of experts from different departments. Usually president and vice president finance with secretary of BGMEA have an active role about what should be included in annual reports other than audited financial statements.

Islam: How would you rank BGMEA's current social compliance practices? Do you think they are universally acceptable?

Huq: Yes, of course [they are] universally acceptable practices. We are [making a] substantial effort to survive in a global environment. We encountered the media, we made a BGMEA cell, a 24-hour doctor's facility, we faced with the buyer in helping wounded people. We worked with EU trade union leader Neil Kearney, European NGO Clean Cloth, trade unions in Bangladesh. We had to collaborate with ILO and UNICEF in maintaining the core values [of the] ILO

conventions and the buyers' code of conduct based on ILO conventions. And we have been disclosing all of our social actions through annual reports like our many multinational buyers.

Islam: Have you adopted any universal practice as suggested by your buyers?

Huq: Yes, the ILO conventions, and buyers' codes of conduct as mentioned before.

Islam: How do you feel when buyers closely monitor/audit your workplace practices?

Huq: Oh! They are making things harder. All customers, if there is a guy or a worker [who] calls H&M, they will come the next morning which I don't appreciate— *(Interrupted by Islam)*

Islam: Why?

Huq: I don't appreciate that in my own administration H&M will give its head. I mean, it's not easy to run a factory; it's very easy to monitor, [to] say, 'why did you scold?' Look, that guy is giving me 5 pieces [of] production compared to the other one [who] is giving fifteen pieces. That guy goes to the toilet ten times compared to someone who is going five times and why shouldn't my manager scold?

Islam: Just as further clarification, what is your view on the role of NGOs?

Huq: All NGOs come to their demand of not doing business. No one is pro-product. I mean, everything is production; they are not coming and saying that you have to have so much of production. One line is giving 20 pieces per line per hour; another line is giving with the same strength 40 pieces per line per hour. They have no position [about] how the factory productivity will improve. They are coming [with] only agendas for the workers' facilities; sometimes they [go] out of their way to get [things] for the workforces. We from BGMEA, we believe that we must be good to our workers; we must be compliant to local laws or international laws and humanitarian laws. We must take care of our workers; if we don't take care we will not be able to make our factory good. But we have seen, in the name of compliance, there are unnecessary pressures. Each country has or each nation has got different sorts of heritage, history, environment; the environment in a Laos factory or a Vietnamese factory or in a Chinese factory is more regimental than the environment of a Bangladeshi factory. So you cannot compare on the same parameters, so that sort of passion or that sort of orientation needs to be accounted—

(Interrupted by a Mr. Huq's mobile)

Islam: You said some NGOs are bad

Huq: We are saying one thing that we don't want unnecessary pressures in the name of humanitarian requirement; we are pro-worker and BGMEA never endorse[s] what is not right. We know that we need to be socially compliant, but we also know that suddenly we cannot do that, we have to do that [in] phase[s]. If you want to transfer a factory [to] a better place you need one's year time, but NGOs came and said it has be done within three months-this is not accepted.

Islam: So far I know, you have visited so many countries, do you think compared to other developing countries Bangladesh is better in terms of social compliance?

Huq: We are much better than Pakistan, we are much better than China, but China is such a huge country that a customer doesn't have guards to command China's people or India's people. They have other advantages. If I make two hours' extra overtime, half an hour excess, my auditor will just cancel my factory. He cannot do it in China, they are more strong—take it or leave it—because of their Chinese political strength because NGOs have limited access to Chinese factories.

Islam: Previously you mentioned that 102 factories are socially compliant—what about other factories?

Huq: Look, all of my own factories are compliant. I didn't need BGMEA to make my factories compliant. But BGMEA is concerned where those factories are not compliant, [with] those who need help. So BGMEA is helping 102 factories and making compliant doesn't mean that others are non-compliant. There are hundreds of factories which are compliant by their own.

Islam: Why do you think buyers are so concerned about your operating practices?

Huq: I think you got my answer from our earlier discussion; buyers are so concerned because of Western media, and NGOs, and consumers put huge pressures on buyers on particular social issues such as child labour, factory safety etc. Let me give an example. Massive accident in Spectrum Sweater (a garment company fell into massive fire accidents and dies many workers in 2005) —whole world was shaken in textile arena. Everything was faced in. There were thousands of queries, all over the world, so much of pressure from USA's trade union, so much of pressure from local union, so much of pressure from civil society and NGOs. We believe we successfully solved this problem and disclosed effective and sustainable solution to the global community.

Islam: Do you think that in future all buyers will bring new compliant issues to you?

Huq: Yes they are concerned about our dyeing process. They are saying it pollutes the environment. We have already approached our government to provide us [with] adequate infrastructure facilities to cope with new challenges.

Islam: What do you think about the buyer's responsibility to you?

Huq: No buyer is taking responsibility. I have not seen in my 25 years' business career. I mean they are not saying that— (*Interrupted by Islam*)

Islam: But they are mentioning in their annual report that they have responsibility for developing countries..?

Huq: Such a big spectrum issue [and] only two buyers gave money to the poor victims. Most of the buyers did nothing. They are not saying OK for your compliance I am paying you two dollars more, OK. Thanks.

Thank you Mr Huq for giving us your valuable time.

Appendix Five: Organisational Social and Environmental Disclosure Categories in Developing Countries

Categories of Social and Environmental Disclosure

A. Environment

Environmental Pollution

Pollution control in the conduct of the business operations;
Capital, operating and research and development expenditures for pollution abatement;
Statements indicating that the organisation's operations are in compliance with environmental laws and regulations;
Recognition of the need to comply with society standards and regulations;
Statements indicating that pollution from operations has been or will be reduced;
Prevention or repair of damage to the environment resulting from processing or natural resources, e.g. land reclamation or reforestation;
Conservation or natural resources, e.g. recycling glass, metals, oil, water and paper;
Using, or researching, recycled materials;
Efficiently using materials resources in the manufacturing process;
Supporting anti-litter campaigns;
Receiving an award relating to the organisation's environmental programmes or policies;
Preventing waste.

Aesthetics

Designing facilities harmonious with the environment;
Contributions in terms of cash or art/sculptures to beautify the environment;
Restoring historical buildings/structures.

Other

Undertaking environmental impact studies to monitor the organisation's impact on the environment; conducting reviews of performance, employing specialist consultants;
Wildlife conservation;
Training employees in environmental issues.

B. Energy

Conservation of energy in the conduct of business operations;
Using energy more efficiently during the manufacturing process;
Utilising waste materials for energy production;
Disclosing energy savings resulting from product recycling;
Discussing the organisation's efforts to reduce energy consumption;

Disclosing increased energy efficiency of products;
Research aimed at improving energy efficiency of products;
Receiving an award for an energy conservation programme;
Voicing the organisation's concern about the energy shortage;
Disclosing the organisation's energy policies.

C. Human Resources

Employee Health and Safety. This broad category includes issues associated with:

Reducing or eliminating pollutants, irritants, or hazards in the work environment;
Promoting employee safety and physical or mental health;
Disclosing accident statistics;
Disclosing legal non-compliances on health and safety of workers;
Declaring sweatshop free work environments in supply factories;
Complying with health and safety standards and regulations;
Receiving a safety award;
Establishing a safety department/committee/policy;
Conducting research to improve work safety;
Providing low cost health care for employees;
Compensation, litigation or enquiries, related to safety;
Providing information on industrial action related to health and safety;
Providing assistance for treatment of occupational illness;
Training to employees on health and safety;
Effective auditing system to ensure that workers are working in humane conditions.

Employment of Minorities or Women. This broad category includes issues associated with:

Recruiting or employing racial minorities and/or women;
Disclosing percentage or number of minority and/or women employees in the workforce and/or in the various managerial levels;
Employment of youth or local community personnel;
Information on apprenticeship schemes;
Establishing goals for minority representation in the workforce;
Programme for the advancement of minorities in the workplace;
Employment of other special interest groups, e.g. the handicapped, ex-convicts or former drug addicts;
Disclosures about internal advancement statistics;
Information about support for day care and maternity leave;
Receiving Appreciation from buyers about employment of poor and vulnerable.

Elimination of Child Labour:

Declaring policy regarding minimum age requirement of employment;
Declaring child and forced labour free factory premises by applying ILO convention;
Giving financial and other assistance to former child labour in school;
Effective auditing system to ensure that child labour is not used;
Policy regarding penalty and sanction for non-compliance with child labour policy.

Employee Training. This broad category includes issues associated with:

Training employees through in-house programmes;
Giving financial assistance to employees in educational institutions or continuing education courses;
Establishment of trainee centres.

Employee Assistance/Benefits. This broad category includes issues associated with:

Providing assistance or guidance to employees who are in the process of retiring or who have been made redundant;
Providing staff accommodation/staff home ownership schemes;
Providing scholarships for employees' children;
Providing recreational activities/facilities.

Employee Remuneration. This broad category includes issues associated with:

Providing amount and/or percentage figures for salaries, wages, Disclosing workers compensation arrangements;
Any policies/objectives/reasons for the organisation's remuneration package/schemes;
Providing wages which must be sufficient to meet the basic need of the workers and their families.

Employee Profiles. This broad category includes issues associated with:

Providing the number of employees in the organisation and/or at each branch/subsidiary;
Providing the occupations/managerial levels involved;
Providing the disposition of staff – where the staff are stationed and the number involved;
Providing statistics on the number of staff, the length of service in the organisation and their age groups;
Providing information on the qualifications of employees recruited.

Employee Morale. This broad category includes issues associated with:

Providing information on the organisation/management's relationships with the employees in an effort to improve job satisfaction and employee motivation;
Expressing appreciation or recognition of the employees;
Seeking employees' opinions and input to planning;
Providing information on the stability of the workers' jobs and the organisation's future;
Providing information on the availability of a separate employee report;
Providing information about any awards for effective communication with employees;
Providing information about communication with employees on management styles and management programmes which may directly affect the employees;
Providing information about commitments that organisation does not use physical and mental punishment.

Industrial Relations. This broad category includes issues associated with:

Providing information on the right to collective bargaining and freedom of association under ILO convention;
Reporting on the organisation'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.

Other. This broad category includes issues associated with:

Improvements to the general working conditions – both in the factories and for the office staff;
Information on the re-organisation of the organisation/discussions/branches which affect the staff in any way;
The closing down of any part of the organisation, the resultant redundancies created, and any relocation/retraining efforts made by the organisation to retain staff;
Reporting industrial action associated with a reduction in employees;
Information and statistics on employee turnover;
Information about support for day-care, maternity and paternity leave;
Information of working hours that must comply with applicable laws.

D. Products

Product Development

Information on developments related to the products, including its packaging, eg. making containers reusable;
The amount/percentage figures of research and development expenditure and/or its benefits;
Information on any research projects set up to improve the product in any way.

Product Safety

Disclosing that products meet applicable safety standards;
Disclosing legal non-compliances on health and safety of customer;
Making products safer for consumers;
Conducting safety research on the products;
Disclosing improved or more sanitary procedures in the Processing and preparation of products;
Information on the safety of the product.

Product Quality

Information on the quality of the products as reflected in prizes/awards received;
Verifiable information that the quality of the product has increased .

E. Community Involvement

Donations of cash, products or employee services to support established community activities, events, organisations, education and the arts;
Summer or part-time employment of students;
Sponsoring public health projects;
Aiding medical research;
Establishing educational institutions and Sponsoring educational conferences, seminars or art exhibits;
Funding scholarship programmes or activities;
Other special community related activities, e.g. providing civic amenities, supporting town planning;
Supporting national pride/government sponsored campaigns;
Supporting the development of local industries or community programmes and activities;
Recognising local and indigenous communities;
Providing aid or compensation to communities around their operations;
Performance relating to community women empowerment;
Performance relating to community poverty alleviation.

F. Others

Corporate objectives/policies: general disclosure of corporate objectives/policies relating to the social responsibility of the organisation to the various segments of society; disclosing corporate governance practices;
Disclosing/reporting to groups in society other than shareholders and employees, e.g. consumers/ *buyers* any other information that relates to the social responsibility of the company.

Adapted from Hackston and Milne (1996), and Deegan et al. (2002) with changes in italic (only individual items)

Appendix Six: Summary of the Classification of Social and Environmental Disclosure- Disclosure practices of Multinational Companies Sourcing Product from Developing Countries.

A. Environment

Statement of pollution reductions in the conduct of business operations;
Demonstrating compliance with environmental standard and regulation;
Designing facilities harmonious with the environment;
Wildlife conservation; and
Training employees in environmental issues.

B. Energy

Using energy more efficiently during the manufacturing process;
Utilising waste materials for energy production; and
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 to employees on health and safety;
Eliminate discrimination at work place ;
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;
Providing the number of employees in the company;
Provides 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; and
Providing information on how industrial action was reduced/negotiate.

Manufacturing Working Condition - Developing Countries

Providing general information about working conditions and relationship with suppliers and associates;
Declaring sweatshop free work environments in supply 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 organisation does not use physical and mental punishment;
Appreciate suppliers and associate who employ poor and vulnerable women in third world countries;
Providing information on the right to collective bargaining and freedom of association under 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 involve improving; working conditions in their factories;
Providing wages which must be sufficient to meet the basic need of the workers and their families;
Information about support for day care and maternity leave; and
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 ILO convention;
Giving financial and other assistance to former child labour in school;
Effective auditing system to ensure that suppliers are not using child labour;
and
Policy regarding penalty and sanction for non-compliance with child labour policy.

D. Products

Product research and development by the company to improve its products in terms of quality and safety; and
Information on the quality of the products as reflected in prizes/awards received.

E. Community Involvement

Donations and community support activities;
Community health projects and aiding medical research;
Establishing educational institutions, funding scholarship programmes and sponsoring educational conferences, seminars or art exhibits;
Other special community related activities, e.g. providing civic amenities, supporting town planning;
Supporting national pride/government sponsored campaigns; and
Recognising local and indigenous communities.

F. Others

Corporate objectives/policies: 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 Seven: Detailed Descriptive Statistics - Spearman's rank Correlations

(Output table for Correlations-Original Data)

H&M

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\H&M General.sav

Correlations

			TotalDisc	IndustrTotal
Spearman's rho	TotalDisc	Correlation Coefficient	1.000	.835(**)
		Sig. (1-tailed)	.000	.000
		N	19	19
	IndustrTotal	Correlation Coefficient	.835(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\H&M General.sav

Correlations

			EnvIndus	ENVDisc
Spearman's rho	EnvIndus	Correlation Coefficient	1.000	.804(**)
		Sig. (1-tailed)	.	.000
		N	19	19
	ENVDisc	Correlation Coefficient	.804(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\H&M General.sav

Correlations

			HRDisc	HRIndus
Spearman's rho	HRDisc	Correlation Coefficient	1.000	.657(**)
		Sig. (1-tailed)	.	.001
		N	19	19
	HRIndus	Correlation Coefficient	.657(**)	1.000
		Sig. (1-tailed)	.001	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed)

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\H&M General.sav

Correlations

			ProdIndus	ProdDIs
Spearman's rho	ProdIndus	Correlation Coefficient	1.000	.832(**)
		Sig. (1-tailed)	.	.001
		N	19	19
	ProdDIs	Correlation Coefficient	.832(**)	1.000
		Sig. (1-tailed)	.001	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\H&M General.sav

Correlations

			CommunDis	CommIndus
Spearman's rho	CommunDis	Correlation Coefficient	1.000	.739(**)
		Sig. (1-tailed)	.	.000
		N	19	19
	CommIndus	Correlation Coefficient	.739(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\H&M General.sav

Correlations

			OtherInd	OtherDisc
Spearman's rho	OtherInd	Correlation Coefficient	1.000	.320
		Sig. (1-tailed)	.	.091
		N	19	19
	OtherDisc	Correlation Coefficient	.320	1.000
		Sig. (1-tailed)	.091	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			CleanIndus	CleanDIs
Spearman's rho	CleanIndus	Correlation Coefficient	1.000	.889(**)
		Sig. (1-tailed)	.	.000
		N	19	19
	CleanDIs	Correlation Coefficient	.889(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			StandDis	StandIndus
Spearman's rho	StandDis	Correlation Coefficient	1.000	.850(**)
		Sig. (1-tailed)	.	.000
		N	19	19
	StandIndus	Correlation Coefficient	.850(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			HHRIndu	HHRDiscl
Spearman's rho	HHRIndu	Correlation Coefficient	1.000	-.038
		Sig. (1-tailed)	.	.433
		N	19	19
	HHRDiscl	Correlation Coefficient	-.038	1.000
		Sig. (1-tailed)	.433	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			WorkDisc	WorkIndu
Spearman's rho	WorkDisc	Correlation Coefficient	1.000	.699(**)
		Sig. (1-tailed)	.	.000
		N	19	19
	WorkIndu	Correlation Coefficient	.699(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			ChildIndus	ChildDisc
Spearman's rho	ChildIndus	Correlation Coefficient	1.000	.534(**)
		Sig. (1-tailed)	.	.0019
		N	19	19
	ChildDisc	Correlation Coefficient	.534(**)	1.000
		Sig. (1-tailed)	.0019	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			ProdDis	ProdIndus
Spearman's rho	ProdDis	Correlation Coefficient	1.000	.800(**)
		Sig. (1-tailed)	.	.000
		N	19	19
	ProdIndus	Correlation Coefficient	.800(**)	1.000
		Sig. (1-tailed)	.000	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			DonIndus	DonDis
Spearman's rho	DonIndus	Correlation Coefficient	1.000	.419(*)
		Sig. (1-tailed)	.	.037
		N	19	19
	DonDis	Correlation Coefficient	.419(*)	1.000
		Sig. (1-tailed)	.037	.
		N	19	19

* Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			HealthDis	HealthIndus
Spearman's rho	HealthDis	Correlation Coefficient	1.000	.684(**)
		Sig. (1-tailed)	.	.001
		N	19	19
	HealthIndus	Correlation Coefficient	.684(**)	1.000
		Sig. (1-tailed)	.001	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\H&M\H&M Specific.sav

Correlations

			EduIndus	EduDiscl
Spearman's rho	EduIndus	Correlation Coefficient	1.000	.566(**)
		Sig. (1-tailed)	.	.006
		N	19	19
	EduDiscl	Correlation Coefficient	.566(**)	1.000
		Sig. (1-tailed)	.006	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

NIKE

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\Media Spss\Nike\Nike in Total.sav

Correlations

			NikeDisc	IndusArtcle
Spearman's rho	NikeDisc	Correlation Coefficient	1.000	.746(*)
		Sig. (1-tailed)	.	.001
		N	19	19
	IndusArtcle	Correlation Coefficient	.746(*)	1.000
		Sig. (1-tailed)	.001	.
		N	19	19

* Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet0] C:\Documents and Settings\E62909\Desktop\Nike IndustryGeneral.sav

Correlations

			EnvInd	EnvDisc
Spearman's rho	EnvInd	Correlation Coefficient	1.000	.152
		Sig. (1-tailed)	.	.263
		N	19	19
	EnvDisc	Correlation Coefficient	.152	1.000
		Sig. (1-tailed)	.263	.
		N	19	19

Nonparametric Correlations

[DataSet0] C:\Documents and Settings\E62909\Desktop\Nike IndustryGeneral.sav

Correlations

			HRInd	HRDisc
Spearman's rho	HRInd	Correlation Coefficient	1.000	.699(**)
		Sig. (1-tailed)	.	.0005
		N	19	19
	HRDisc	Correlation Coefficient	.699(**)	1.000
		Sig. (1-tailed)	.0005	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet0] C:\Documents and Settings\E62909\Desktop\Nike IndustryGeneral.sav

Correlations

			ProdDiscl	ProdInd
Spearman's rho	ProdDiscl	Correlation Coefficient	1.000	.203
		Sig. (1-tailed)	.	.203
		N	19	19
	ProdInd	Correlation Coefficient	.203	1.000
		Sig. (1-tailed)	.203	.
		N	19	19

Nonparametric Correlations

[DataSet0] C:\Documents and Settings\E62909\Desktop\Nike IndustryGeneral.sav

Correlations

			CommInd	CommunDis
Spearman's rho	CommInd	Correlation Coefficient	1.000	.445
		Sig. (1-tailed)	.	.026
		N	19	19
	CommunDis	Correlation Coefficient	.445	1.000
		Sig. (1-tailed)	.026	.
		N	19	19

Nonparametric Correlations

[DataSet0] C:\Documents and Settings\E62909\Desktop\Nike IndustryGeneral.sav

Correlations

			OtherDisc	OtherInd
Spearman's rho	OtherDisc	Correlation Coefficient	1.000	-.211
		Sig. (1-tailed)	.	.183
		N	19	19
	OtherInd	Correlation Coefficient	-.211	1.000
		Sig. (1-tailed)	.183	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			CleanArIND	CleanDis
Spearman's rho	CleanArIND	Correlation Coefficient	1.000	.350
		Sig. (1-tailed)	.	.077
		N	19	19
	CleanDis	Correlation Coefficient	.077	1.000
		Sig. (1-tailed)	.350	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			StanArtIND	StanDis
Spearman's rho	StanArtIND	Correlation Coefficient	1.000	-.228
		Sig. (1-tailed)	.	.172
		N	19	19
	StanDis	Correlation Coefficient	-.228	1.000
		Sig. (1-tailed)	.172	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			HHRArtIND	HHRDis
Spearman's rho	HHRArtIND	Correlation Coefficient	1.000	-.190
		Sig. (1-tailed)	.	.213
		N	19	19
	HHRDis	Correlation Coefficient	-.190	1.000
		Sig. (1-tailed)	.213	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			ManDis	ManARTIND
Spearman's rho	ManDis	Correlation Coefficient	1.000	.671(**)
		Sig. (1-tailed)	.	.001
		N	19	19
	ManARTIND	Correlation Coefficient	.671(**)	1.000
		Sig. (1-tailed)	.001	.
		N	19	19

** Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			ChildArtIND	ChildDiscl
Spearman's rho	ChildArtIND	Correlation Coefficient	1.000	.559(*)
		Sig. (1-tailed)	.	.006
		N	19	19
	ChildDiscl	Correlation Coefficient	.559(*)	1.000
		Sig. (1-tailed)	.006	.
		N	19	19

* Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			PodDisc	ProdArtIND
Spearman's rho	PodDisc	Correlation Coefficient	1.000	.124
		Sig. (1-tailed)	.	.306
		N	19	19
	ProdArtIND	Correlation Coefficient	.124	1.000
		Sig. (1-tailed)	.306	.
		N	19	19

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			DonArIND	DonDis
Spearman's rho	DonArIND	Correlation Coefficient	1.000	.540(*)
		Sig. (1-tailed)	.	.009
		N	19	19
	DonDis	Correlation Coefficient	.540(*)	1.000
		Sig. (1-tailed)	.009	.
		N	19	19

* Correlation is significant at the 0.01 level (1-tailed).

Nonparametric Correlations

[DataSet1] C:\Documents and Settings\E62909\Desktop\NikeInd.sav

Correlations

			HealthDis	HealARtIND
Spearman's rho	HealthDis	Correlation Coefficient	1.000	.
		Sig. (1-tailed)	.	.
		N	19	19
	HealARtIND	Correlation Coefficient	.	1.000
		Sig. (1-tailed)	.	.
		N	19	19

Appendix Eight: Interview Guide- Interview with the Members of Social and Environmental NGOs and the Media

Objectives:

- To understand how NGOs and labour organisations utilise news media to report on working conditions and social compliance of garment sector.
- To understand the role of the media in creating change in working conditions and related accountabilities of the garment industry in a developing country such as Bangladesh.

Social and Environmental NGOs:

Contact persons: Contact representatives of local and global NGOs operating in Bangladesh

Questions:

1. What is your broad area of concern that you have been addressing through your works and the basis on which your operational agendas are set?
2. What are your current agendas and activities and do these activities change across time?
3. Who are your most important allies in creating change in corporate workplace practices and related accountabilities?
4. Do you believe you could achieve your goals without the news media?
5. Do you think the actions of the media can change bad practices such as exploitation of workers, poor health and safety or elimination of child labour? Would you please give me an example?
6. Do you think your media can influence Western media to put pressures on multinational companies to be socially accountable in their supply chain?
7. What is the link? How does the Western media communicate with local media or don't they?
8. Do you share your news with foreign journalist? If yes how would you do that? Would you give an example?

News Media:

Contact Persons: Journalists from local and global news media operating in Bangladesh and who particularly report on garments workers rights and the social responsibility of garment Industry

Questions:

1. The media often runs stories about such things as poor working conditions in developing countries, how do you find out about this?
2. Why do you think the NGOs invite you [the media] to their conferences?
3. Why do you do you believe the NGOs develop a close relationship with you?
4. When you attend press conference organised by any labour right NGOs or workers federations during or after incidents or for any other reasons, what is their common message being delivered to you?
5. Do you have your own specific agendas on the social implications of the garment industry?
6. How do NGOs and Labour right organisation help you when you intend to collect news (such as health and safety or rights of workers within factories) on garment factories or foreign buyers?
7. Do you think NGOs and Labour right organisations need you to highlight their concerns in their efforts to create change? If yes, would you given an example of how do they need you to highlight their concerns?
8. How do global news media collect information about working practices within a developing country such as Bangladesh
9. Do you think media has positive impacts on the clothing sector in Bangladesh?

(Some questions are overlapping. The researcher believes that asking the same question in different ways can facilitate a more in-depth discussion of the issue raised. Using overlapping questions also indicates whether respondents are consistent in their opinions. A substantial number of the interview questions will depend on the respondents' responses).

Appendix Nine: Interview Participants from Social and Environmental NGOs

Name of interviewees and Interview dates	Positions	Background of participants' organisations
Dr. Rafique Uddin Ahmed (02/12/05)	National Project Coordinator, Project Name: A partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh,	<p>ILO: Universally accepted body, ILO has a successful history of eliminating child labour from Bangladesh clothing industry. It signed the 1st 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 which enrolled in 336 BGMEA/ILO/UNICEF special MOU schools (BGMEA annual report 2005). Following the success of the first phase of the project, ILO signed 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) completed in December 2005.</p>
Mr. Md. Rejaul Haque with his team (17/12/05)	Seniour Member and National Project Monitor, : A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh	
Mr. S.M Syeed Mahmood (07/12/05 and 18/01/06)	The Senior Member of Project : A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh	
Ms. Asma Parvin (08/01/06)	Acting Project Coordinator, Livelihood Programme, Bangladesh Program, Oxfam	<p>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 lasting solutions to poverty and injustice. From 1975, Oxfam in Bangladesh began working with local partners to assist communities rebuilding their lives. This saw the beginning of the NGO movement that has since gained tremendous</p>
Ms. Salma Islam (08/01/06)	Policy Analyst and Environmental Scientist, Livelihood Programme, Bangladesh Program, Oxfam	

<p>Ms. Elora Ferdous (08/01/06)</p>	<p>Senior Campaign Facilitator, Livelihood Programme, Bangladesh Program, Oxfam</p>	<p>momentum in the country (www.oxfam.org). Oxfam's Livelihoods Programme in Bangladesh works on trade issues related to garment workers rights and market access. The main component of this programme is to ensure better working conditions in garment industry through local NGO partners such as Karmojibi Nari, and Phulki (one of our interview participants) (www.oxfam.org, last updated July 2006).</p>
<p>Mr. Babul Akter (30/11/05)</p>	<p>General Secretary, Bangladesh Garment and Industrial Workers Federation(BGIWF)</p>	<p>BGIWF and NGWF : Two major workers federations: There are eight national garment worker federations in Bangladesh. Bangladesh Garment and Industrial Workers Federations (BGIWF) and National Garment Workers Federation (NGWF) are the main federations of trade union bodies that appear to protect interest of garment workers in Bangladesh. These two major federations frequently organise campaigns, rally, press conference, and dialogue with other international trade union leaders and international NGOs such as Clean Clothes, Oxfam etc. to raise their voice on the problems such as lack of implementations of maternity leave, inadequate workers safety, and worker abuse by financially, physically and mentally, pressure for positive actions and possible support for the victim workers.</p>
<p>Mr. Amirul Haque Amin, (11/12/05)</p>	<p>General Secretary, National Garment Workers Federation(NGWF)</p>	
<p>Ms. Suraiya Haque (13/12/05)</p>	<p>Executive Director, Phulki-Donor Based Local NGO for the Welfare of Garment Workers. Phulki has a Partnership Project with Oxfam and H&M</p>	<p>Phulki and NUK: Two major donors funded local NGOs. Phulki an Oxfam's local partner provides training to floor-level managers in factories on worker's rights, literacy education and women workers day care services. Besides partnership with Oxfam, it is an affiliated auditor of US based International Free Labor Association (FLA) to perform social audit in garment companies(www.phulki.org).</p> <p>Nari Uddug Kendra (NUK Centre for women initiatives,)- a local NGO</p>
<p>Ms. Riful Jannat (11/12/05)</p>	<p>Project Coordinator-Improvement of Women Garment Worker's Condition Project, Nari Uddug Kendra(NUK-Center for Women Development)-A Donor based Local NGO for the</p>	

	<p>Welfare of Garment Workers, CIDA is Currently Funding NUK</p>	<p>(predominantly funded by CIDA) has been working since 1991 (Phulki also started in the same time) for sustenance of the RMG sector in the country by protecting the rights of garments workers and providing them with housing, health care and safety standards (www.nuk-bd.org).</p>
--	------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Appendix Ten: Interview Participants from News Media

Name of interviewees and Interview dates	Positions	Background of participants' organisations	
Mr. Kazi Azizul Islam (28/06/08)	Senior Staff Reporter, Business	<i>New Age</i> , a leading English daily (local news paper in Bangladesh)	Leading local news papers in Bangladesh: <i>Daily Star</i> , <i>Prothom Alo</i> and <i>New Age</i> : Being well aware of its social responsibilities and duties, these newspapers work to ensure human rights to all, remove gender discrimination, advocate rule of law, press freedom, transparency and accountability in the administration and in the world of trade and industry and above all to uphold national interests. Besides running news reports on these issues, these news papers carries special reports, human-interest stories, features, articles and essays written by its staffs and other professionals and talents from across the country and abroad.
Mr. Manzur Ahmed (04/07/08)	Seniour Staff Reporter Garment Sector	<i>Prothom Alo</i> , A leading Bangla daily (local news paper in Bangladesh)	
Mr. Reffaet Ullah Mridha (30/06/08)	Seniour Staff Reporter, Garment Sector	<i>Daily Star</i> , a leading English daily (local news paper in Bangladesh)	
Mr. Aminul Islam (25/06/08)	Senior Staff Reporter, General Business, Coal, Mine, Mineral Resources and the Environment	<i>New Age</i> , a leading English daily (local news paper in Bangladesh)	
Mr. Julhas Alam (28/06/08)	Senior Correspondent Business and Garment Sector	<p><i>Associated Press (AP)</i> is the world's oldest and largest newsgathering organisation. The <i>Associated Press</i> is the backbone of the world's information system serving thousands of daily newspaper, radio, television and online customers with coverage in all media and news in all formats. It is the largest and oldest news organisation in the world, serving 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 worldwide bureaus. AP is owned by its 1,500 U.S. daily newspaper members.</p> <p>AP supplies a steady stream of news around the clock to its domestic members, international subscribers and commercial customers. The <i>Associated Press</i> is the essential global news network, delivering fast, unbiased news from every</p>	

		corner of the world to all media platforms and formats. Founded in 1846, AP today is the largest and most trusted source of independent news and information. On any given day, more than half the world's population sees news from AP.
Mr. Sirajul Islam Quadir (04/07/08)	Senior Correspondent Business and Garment Sector (Main stream: Garments Business)	Reuters- Thomson <i>Reuters</i> 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. Global information and news services to the world's newspapers, websites, television networks, radio stations, as well as direct to business professionals. <i>Reuters</i> is the world's largest international multimedia news organisation providing indispensable news and information tailored for media and business professionals. Over 2,400 seasoned Reuters journalists report from 196 bureaus across the globe, bringing you fast, accurate, objective and comprehensive coverage of important international and domestic news in multiple languages.
Mr. Shafiqul Islam (04/07/08)	Senior Correspondent, Business Reports(Main Area: Garment Business)	Associate France Press (AFP) - is a global news agency. It has journalists in 165 countries, 5 regional headquarters. AFP is the world's oldest established news agency, founded in 1835 by Charles-Louis Havas, the father of global journalism. Today, the agency continues to expand its operations worldwide, reaching thousands of subscribers via radio, television, newspapers and companies from its main headquarters in Paris and regional centers in Washington, Hong Kong, Nicosia and Montevideo. All share the same goal: to guarantee top quality international service tailored to the specific needs of clients in each region.