Stakeholder Roles In Improving Occupational Health and Safety (OHS): A Case Study of Bangladesh Garment Industry

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Abstract

Deplorable working environment raised public scrutiny in many developing countries of the world. To ensure social responsibilities of business, worker rights, safe working environment in the factories, different stakeholder groups work together to do business uninterrupted in many sectors including garment industry. The article presents a conceptualization of stakeholder theory on Occupational Health and Safety in the Bangladesh Ready-made Garment Industry (RMG) that emphasizes the role and possible contribution of the stakeholders. The paper finds that establishing good relationship between owners and workers, ensuring good governance, building brighter image of the sector to the world, and taking sustainable reform initiatives are main challenges facing the Bangladesh RMG sector in improving the current working environment. Stakeholders’ can contribute significantly to improve the situation. It is found that government and garment owners’ can play prime roles while other stakeholders’ also have good space for improving safety issues from their standpoints.

Keywords: RMG Sector, Stakeholders’ Roles, CSR, OHS, Workers Safety and Working Conditions.

1. INTRODUCTION

Stakeholder Management has caught corporate attention in the mid-eighties [1]. It is predicted that corporate managers incorporate stakeholder management for evaluating business environments, collaborating with stakeholder groups. In Bangladesh, the roles of various stakeholders in the country’s ready-made garment industry (RMG) has came under public enquiry when a garment factory collapsed and caused huge loss of lives in 2013. The Rana Plaza incident has taken light the existing loopholes of the sector in ensuring Occupational Health and Safety (OHS) at works for the workers [2].

ILO recognizes OHS as a basic dimension of social protection and a working environment that is safe and not harmful to the health is the right of all workers [3]. This can include labor rights such as being paid a livable salary and a safe working environment. Empirical research also showed how OHS is directly linked with social outcomes. Butcher [4] demonstrated that deficiencies in implementing OHS policy lead to unfavorable social and economic outcomes. Butcher also disclosed that workplace injury or illness has huge impacts on not only for the individual, but also for the family, the firm and the whole community.

There are ample of researches exist on the importance of CSR in the contexts of Bangladesh RMG industry. However, very few of them analyze the roles and responsibilities of stakeholders in terms of improving working conditions and social responsibilities [5] [6] [7]). Therefore, there is a need to conduct further study involving wider range of stakeholders on the issue [7]. In contrast, the main objective of this paper is to analyze the roles of different stakeholders’ to foster OHS at Bangladesh garment industry. Considering the vastness of OHS, this paper considers particularly workers safety issues at work place. More exclusively the objectives are as follow-

1. To identify the existing challenges of the sector in ensuring workers safety at work.
2. To identify involved stakeholders of the sector
3. To understand the policies regarding OHS
4. To analyze the roles of stakeholders’ in improving working conditions

The paper considers the experiences of different stakeholders’ to identify their roles to improve the existing working environment. According to Knox and Maklan [8], the outlook of stakeholders towards any initiatives is very important because no programs or initiatives can be sustained without satisfying involved stakeholders.

2. LITERATURE REVIEW
2.1 OHS
The Joint ILO/WHO Committee on Occupational Health defined that Occupational health should aim at: the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations; the prevention of departures of workers for excuse of unfitness caused by unsuitable working environment, the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his physiological and psychological capabilities; and, to summarize, the adaptation of work to man and of each man to his job [9].

2.2 OHS and Bangladesh
ILO Convention 155 on Occupational Safety and Health sets out a national policy to promote OHS and improve working conditions by government and within enterprises. However, the Bangladesh government is yet to sign it. Another important convention of ILO is the Occupational Health Services Convention, 1985 (No.161). This convention offers advice the formation of enterprise-level occupational health services. This service is mainly intended to serve a preventive function, advising employers, workers and other representatives of an enterprise how to ensure a safe and healthy working environment. Numerous other formal strategies and conventions exist that directly or indirectly cover OHS. In Bangladesh, the Bangladesh Labor Law 2006 is an important source that considers the OHS issues. Bangladesh government has upgraded the law in 2013 to foster worker rights. The Labour Inspection Convention, 1947 (No. 81), Factory Act 1965 and Factory Rules 1979 also have incorporated OHS issue.

2.3 Stakeholder Approach
Freeman [10] defines stakeholders as a group of people who have a direct or indirect relationship with the firm’s achievements. The most important aspect of the stakeholders approach is that it incorporates all parts of Corporate Social Responsibility. In the stakeholder approach, the traditional idea of a stakeholder pool is re-conceptualized. Beside traditional stakeholders (shareholders, customers, suppliers, employees) the concept is extended to include silent stakeholders, namely community and the environment [11]. Thus, the stakeholder theory extends a firm’s position beyond direct income maximization. Different stakeholders may have different demands. Papasolomou-Doukakis, Krambis-Kapardis and Katsioloudes [12] identified key stakeholders including investors and the environment and see OHS as an important expectation by employees of the firm (Table 1).
TABLE 1: CSR Actions Vis-à-vis Key Stakeholders.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Actions vis-à-vis key stakeholders</th>
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<tbody>
<tr>
<td>Employees</td>
<td>Provides a family friendly work environment</td>
</tr>
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<td></td>
<td>Engages in responsible human resource management</td>
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<td></td>
<td>Provides an equitable reward and wage system for employees</td>
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<td></td>
<td>Engages in open and flexible communication with employees</td>
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<td></td>
<td>Invests in employee development</td>
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<td></td>
<td>Encourages freedom of speech and promotes employee rights to speak up and report their concerns at work</td>
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<tr>
<td></td>
<td>Provides child care support/paternity/maternity leave in addition to what is expected by law</td>
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<tr>
<td></td>
<td>Engages in employment diversity in hiring and promoting women, ethnic minorities and the physically handicapped</td>
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<tr>
<td></td>
<td>Promotes a dignified and fair treatment of all employees</td>
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<tr>
<td>Consumers</td>
<td>Respects the rights of consumers</td>
</tr>
<tr>
<td></td>
<td>Offers quality products and services</td>
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<tr>
<td></td>
<td>Provides information that is truthful, honest and useful</td>
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<td></td>
<td>Products and services provided are safe and fit with their intended use</td>
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<tr>
<td></td>
<td>Avoids false and misleading advertising</td>
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<td></td>
<td>Discloses all substantial risks associated with product or service</td>
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<td></td>
<td>Avoids sales promotions that are deceptive/manipulative</td>
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<tr>
<td></td>
<td>Avoids manipulating the availability of a product for purpose of exploitation</td>
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<tr>
<td></td>
<td>Avoids engagement in price fixing</td>
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<tr>
<td>Community</td>
<td>Fosters reciprocal relationships between the corporation and community</td>
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<td></td>
<td>Invests in communities in which corporation operates</td>
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<td></td>
<td>Launches community development activities</td>
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<td></td>
<td>Encourages employee participation in community projects</td>
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<tr>
<td>Investors</td>
<td>Strives for a competitive return on investment</td>
</tr>
<tr>
<td></td>
<td>Engages in fair and honest business practices in relationships with shareholders</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Engages in fair trading transactions with suppliers</td>
</tr>
<tr>
<td>Environment</td>
<td>Demonstrates a commitment to sustainable development</td>
</tr>
<tr>
<td></td>
<td>Demonstrates a commitment to the environment</td>
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</tbody>
</table>

Through satisfying respective stakeholders' firm can reduces risk resulted from safety issues and loss of company's reputation [13]. That is why; new management concept incorporates the interest of various stakeholders along with shareholders. The engagement would be effective when the firms have clear understanding about the demands of stakeholders. According to Smith, Ansett and Erez [14], stakeholder engagement with firm can generate important results in many ways including:

1. Stakeholder participation can help to identify problems and implement the solution of problems.
2. Managers can see the future of the business while working with the stakeholder
3. Stakeholder engagement can increase mutual trust
4. Stakeholder can contribute to the policy formulation
5. Effective engagement among firm and stakeholder can increase firms image.

2.4 Bangladesh Garment Industry

More than 3.6 million workers lead their life working in the Bangladesh garment sector, majority of them are women. The boom continued after its launch. Bangladesh, the world's 78th biggest exporter of clothes in 1980, was the eighth biggest in 2006, and by 2013 ranked second only to China [14]. High capacity and cheap labor consolidated Bangladesh position in the world market. United Nations and European union are the most prolific market of "Made in Bangladesh" brand. However the standard of working environment and security has not developed at the rate of sectors growth and productivity [16].

2.5 Recent Initiatives in Bangladesh Garment Industry

Bangladesh government amended the country's Labor Law in 2013. The new amendment incorporates provisions like forming trade unions without informing owners, safeguarding safety measures for employees in their workplaces. Provision of safety committees and the establishment of workplace health centers are also included in the law. Inspection is an integral part of the law. According to the law, inspectors can enter any factory to measure compliance with the law, and can apply penalties for breaches of the law (Amended Labour Law 2013). Bangladesh government adopted National Tripartite Action Plan for building and
fire safety (NTAB) in conducting building assessment (structural integrity, fire and electrical safety) with a target of covering 1500 factories.

Beside government programs, the two stakeholder initiatives called ‘Accord’ and ‘Alliance’ was established in the aftermath of two major incidents in the Bangladesh garment industry (a fire in Tazreen Fashion Ltd. on November 24, 2012 and Rana Plaza collapsing on April 24, 2013), which together killed at least 1200 workers. The Accord, a legally binding agreement is signed by a majority of European buyers. It aims to ensure a sustainable and safe garment industry in Bangladesh where “no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures” [17].

In contrast, a majority of North American importers joined together and established another stakeholder initiative titled The Alliance for Bangladesh Worker Safety whose aim is to improve workers’ safety in the Bangladesh RMG sector. Both programs have a five-year plan. However, unlike the Accord, the Alliance is not a legally binding agreement. International labor Organization also initiated and participated in various programs [18].

3. METHODOLOGY

The paper is used both primary and secondary data. Primary data derived from semi structured interviews of different stakeholders including 8 garment owners, 20 general workers, 5 union leaders, 5 BGMEA officials, 5 human right workers and 3 journalists from Dhaka city. Secondary data were gathered from various published materials such as peer reviewed journal articles, books, official reports of BGMEA, TIB reports, Accord and Alliance reports, books, newspaper, website materials.

4. FINDINGS AND DISCUSSIONS

4.1 Major Challenges In Improving Workers Safety

From the primary and secondary sources, four main existing challenges are identified:

- Tension between workers and owners
- Lack of good governance
- Image crisis
- Challenges to sustainable reforms

4.1.1 Tension Between Workers And Owners

The study finds that in many cases, the relationship between owners and workers in Bangladesh garment industry is not amicable [5]. Workers often claim that owners have deprived them of their legal rights and benefits, while owners often argue that workers are not behaving logically and responsibly [7]. One of the participated trade union leaders commented, owners should realize that workers could raise owners profit by their hard labor and dutifulness, so owners should respect the workers, and listen to their problems. On the other hand, interviewed Owners criticized the roles of many trade union leaders. In many cases, they actually exploit general workers on different issues. However, both the workers and owners agreed that developing a cordial and responsible relationship between them is a priority for the sustainable solution of the safety issue.

4.1.2 Lack of Good Governance

Many argue that the Rana Plaza incident was a result of weak governance in the sector. Transparency International Bangladesh [19] investigated four main challenges in improving good governance in the sector:

- Little coordination among various state and private stakeholders;
- Lack of active roles of state departments
- Political influence over decision making and implementation regarding the sector
- Corruption and Irregularities.

Another report by the same organization reveals that both the government and BGMEA have taken many laudable initiatives to improve the situation recently. For example, workers can
join trade union without informing owners and factory owners. Many factories have started to pay overtime money with monthly salary. The report found that BGMEA has been more active than before in ensuring workers’ safety [20]. The findings also suggest that time consumed for decision-making process, lack of coordination among different government bodies, proper regulation of trade unions and supporting workers for collective bargaining issues need to be improved for raising the quality of governance of the sector.

4.1.3 Image Crisis
The findings reveal that the image of Bangladesh ready-made garment industry is not properly depicted to the world. The national and international media mainly focus on the negative side of the sector. As a result, the sector faces various challenges in promoting the brand "Made in Bangladesh". According to Berg, Hedrich, Kempf & Tochtermann [15], 93 % of their interviewees from EU and American CPOs agreed that social compliance in the Bangladesh garment sectors has somewhat improved (67%) and 26% suggest it has strongly improved. It is undisputable that Bangladesh must overcome the existing image crisis regarding safety issues. Our participants also focused on improving social compliance for upgrading the image.

4.1.4 Challenges For Sustainable Reforms
Since the incident of Rana Plaza, significant improvements have been made regarding OHS [3]. However, lack of social compliance is a long tradition in the sector, and many challenges need to be overcome before sustainable reforms are achieved. The in-depth interviews indicated some particular challenges:

- The high cost of remediation and the avoidance tendency of buyers in providing financial support to the garment owners.
- Lack of familiarity and availability of modern safety equipment
- Implementing social compliance in shared/ multi-tenant factories
- Controlling sub-contracting: no current programs incorporate sub-contractors into improved OHS
- Trade unions are divided within the sector and have little power to influence management decisions on workplace safety
- Awareness of labor rights is low; participation of women workers in trade unions is low and they can easily be exploited.

4.2 Roles of Stakeholder
There are at least 20 stakeholders in the Bangladesh readymade garment industry. These include the major parties common to all sectors such as producers, workers and consumers. Among these stakeholders, almost 17 government departments are directly involved with the industry and play different roles in upgrading workers safety from their particular perspectives. However, this study considered government as a single stakeholder. In addition, this study found that the mass media played an important role in improving OHS in the Bangladesh apparel industry so Media is listed as a stakeholder. The major stakeholders are listed below:

- Government
- Owners
- Trade unions
- Buyers
- Customers
- Owners’ association
- NGOs and Activist
- Media
Drawing on the interviews with respondents and on secondary sources, the roles of these stakeholders are discussed below.

4.2.1 Government
The findings suggest that government should take a leading role in executing OHS related policies. Respondents agreed that along with national policy, the country is a signatory to the ILO convention relating to decent work. Efficient implementation and continuous monitoring of internal policy and the ILO convention would improve the situation dramatically. The government should emphasize economic growth and social compliance simultaneously in order to achieve a sustainable garment sector. A strong political commitment, effective coordination and continuous monitoring are needed to improve governance in the current situation.

For example, one participant, a trade union leader argued that, ‘only a strong commitment from the government and owners can solve the problem. If government does not monitor the effectiveness of the law, all attempts will fail’.

In this regard, previous literatures including Fox, Ward & Howard [21] developed most useful roles of government in CSR activities such as mandating (legislative), facilitating (guidelines on content, fiscal and funding mechanisms, creating framework conditions), partnering (engagement with multistakeholder processes, stimulating dialogue) and endorsing (tools and publicity).

One of the main roles of government in CSR is to increase awareness and build capacity for CSR implementation. In addition, government can play important role in disseminating CSR report and increase quality of the report. Government has five policy instruments for promoting CSR activities includes legal, economic, informational, partnering and hybrid [22].

4.2.2 Factory Owners
Factory owners can contribute much through complying with existing laws and implementing social responsibilities. It has been found that factory owners are ignoring their roles in many ways including:

- Violating technical compliance
- Not executing social compliance
- Ignoring labor rights
- Manipulating the implementation of national policy through wielding political and social influence and power unethically

Taplin [23] commented that many garment owners’ merely focus on profit maximization and frequently ignore safety issues. Zabin [24] also revealed that garment owners are facing tight competition both in domestic and international market. As a result, they want to minimize production cost overlooking CSR.

However, Situation is improving day by day. Rana plaza incident has changed the situation significantly. Owners now realize that without ensuring worker rights and safety issues, they cannot continue their business. One of our interviewed workers said,

Recently we have noticed that management is very serious about our problems. They consider our complaints seriously. Because of Accord and Alliance, many factories closed down and I have heard that owners gave financial support for the displaced workers.

Many of the interviewed stakeholders’ think that responsible behavior towards workers and ethical business practices by owners can solve most existing loopholes in terms of OHS in Bangladesh’s garment industry: For example, one of the participants said ‘if the owners would be careful, most problems will be solved automatically’. Therefore, owners should take necessary actions to improve workers safety [24].
4.2.3 Buyers
There are two types of buyers (domestic and international) involved in the Bangladesh RMG sector. However, many previous studies revealed that buyers focus solely on getting quality products at a lower cost and are not interested in labor rights or working conditions [19] [20]. On the contrary, they can play a very substantial role through focusing on working condition when placing orders and in assisting government/ owners to maintain satisfactory working environment as a part of their social responsibility to the business. ‘Foreign buyers may assist them by providing adequate funding and training. In addition, buyers can work as pressure group to follow CSR in the business. For example, Azizul Islam and Deegan [25] showed that multinational buyers are most influential stakeholders in regards to social performance and reporting. When buyers persuade owners to take initiatives on compliance issues, working environment and corporate behavior, owners take immediate actions.

Currently Bangladesh garment owners are facing challenges to continue the factory remediation programs suggested by the Accord and Alliance. Interviewed owners argue that buyers can significantly contribute to the safety issues in providing financial support for factory remediation programs.

4.2.4 Owners’ Association
The Bangladesh Readymade Garments Manufacturers and Exporters Association (BGMEA) is a leading organization that comprises owners of the woven garment, knit and sweater manufacturing and exporting companies of Bangladesh. The organization mainly works to protect the business interests of the owners and also for the improvement of the sector.

According to one participating BGMEA officials,

Our policy is “ZERO” tolerance on the question of safety. BGMEA regularly monitor member’s factories to check compliance, and runs a social compliance improvement project to improve compliance standards, and organizes training for member factories on social and environmental standards.

In addition, it plays arbitration role between owners and workers to affiliated factories. Currently it operates a clinic and a big hospital for workers. However, some limitations were found at field level such as lack of transparency and accountability in their activities, biasness towards owners, sometimes providing compliance certificate to non-compliant factories. BGMEA should eliminate such loopholes and working for the development of overall sector to ensure all legitimate rights and facilities of the workers.

According to Yunus and Yamagata [26], BGMEA is one of the strong business organizations of the country. The organization has very close relationship with the political leaders. Using its political establishment, BGMEA can get governmental supports to make any positive change in the sector.

4.2.5 Trade Unions
Trade unions can contribute in improving working conditions through playing an effective mediating role between owners and workers. In contrast, one of the participated trade unions shared his observations.

Most trade union leaders have no idea or practical experiences about trade union movement; they are working for personal motives, not for workers’ rights. Trade unions’ activities should be limited to protecting workers’ rights but in Bangladesh they are influenced by political power.

From previous literatures, several ways are identified where trade union can work effectively including:

• Monitoring social compliance of factories and providing feedback to the authorities;
• Encouraging workers to follow the rules and regulations of OHS;
• Collective bargaining on behalf of the workers in protecting workers’ safety and rights.
Belal and Owen [27] also remarked that trade union can play important roles to foster social accountability of the business. They can liaison between management and workers to solve workers problems, actively participate in corporate decision-making.

4.2.6 NGOs and Human Rights Activists
NGOs and Human Rights Activist can strengthen the compliance process through carrying out valuable neutral research, providing feedback on actions and working as a coordinator among different stakeholders. Using their strong network they can influence foreign buyers to monitor social compliance while placing orders. They can also provide neutral and effective policy recommendations for the government. For example, one of the participated human right activists described their work:

We are currently doing research on labor resistance in three sectors in Bangladesh. Readymade Garments (RMG) is one of them. I am closely monitoring the activities of the Accord and Alliance activities from different avenues from a rights-based approach.

In addition, they can educate worker in different ways. The executive director of a NGO describes their responsibility as

Our main objective is to establish workers' rights under the light of national laws, rules and regulations and ILO. To do so, we are building awareness programs and campaigns for educating workers about their safety and rights.

NGOs have media power and strong network. Therefore, not following to NGOs is risky for company as it may instigate to bad press that can ruin company’s image [28]. So, NGOs should use their capabilities in positive way for overall development of the sector.

4.2.7 Mass Media
The media can play an effective role in creating awareness on OHS issues through continuous publicity. They can communicate various limitations through neutral investigative reporting, and disseminating best practices. There are some world standard factories in Bangladesh that follow labor rights and safety issues efficiently. Focusing on these positive aspects may provide a pragmatic solution to improve the image of the sector. According to the journalist participating in the study:

When we publish any special news or report regarding safety issues, various authorities often communicate with newspaper office and take it seriously. Through doing so, we actually influence the policy making process. In addition, our investigative and other regular news are very effective in creating awareness among the workers and masses.

Today media is so alert in Bangladesh. Media can influence other stakeholders to improve the situation. Any bad news on a company can hurt its image and business interest. Therefore, their news and programme can influence other stakeholders to follow social compliance of the business [25].

4.2.8 Customers
After Rana Plaza incident, working conditions in Bangladesh have received significant analysis all over the world. Individual customers and various consumer associations protested against the deplorable working conditions in the global supply chain. Many of them called for a boycott of products produced in sweatshop working conditions. On April 24, 2014 thousands of people in 50 countries observed the day as ‘Fashion Revolution Day’ focusing on the slogan “Who made your clothes?” [29]. In these ways, they have exerted extra pressure on global brands and garment owners to maintain healthy working condition, ensure labor rights, and increasing awareness among the customers about buying a responsible brand product. Another report published in ‘the guardian’ suggested that boycotting products is not the solution: it will make the situation of the workers worse [30]. Our interviewees also express their same kind of concerns. One of the union leaders commented,
Customers should know who make them beautiful, but remember that we need this job. Customers should pressurize brands, and then brands should pressurize owners to comply with labor standards.

Similarly, Ditlev-Simonsen, and Wenstøp [28] commented that customer should consider working environment of the factories while selecting products. This way, customer can influence the corporation to obey social responsibilities of business.

5. CONCLUSIONS
In this research, each of the participated stakeholders was asked about their roles in upgrading the current OHS in the Bangladesh garment industry. To do so, we first identified major challenges and asked about the ways they can contribute to improve the situation. The paper finds that establishing good relationship between owners and workers, ensuring good governance, increasing image of sector to the world, and taking initiatives for sustainable reforms are the main challenges facing the Bangladesh RMG sector in improving the current working environment. In addition, stakeholders’ of different groups can contribute significantly to improve the situation. It is found that government and garment owners’ can play prime roles while other stakeholders’ also have good space for improving safety issues from their standpoints.

One major limitation of the study is the sample size. The research considers very limited sample and the result may not appropriately generalize for the whole sector. Therefore, big sample can contribute well to the topic.

Another limitation of the study is the location of sample size. We considered convenience sampling method and data collected from a particular location. Future research can consider spreads the sample size outside of Dhaka because stakeholders’ roles and demands might varies on demographic variables.

6. FUTURE RESEARCH
In this paper, different stakeholders boldly identified their possible roles in improving current OHS status in Bangladesh garment industry. For this, effective stakeholder dialogue is very crucial. However, very few attempts have been noticed in this regard. Future study is therefore required to instigate effective stakeholder dialogue in the Bangladesh RMG sector so that each and every stakeholder can contribute broadly for fostering OHS in the sector.

7. REFERENCES


