

The Impact of Stakeholder Pressures on Workplace Compliance in the Bangladeshi Apparel Manufacturers

Zafar Waziha Sarker, Ohio University

Haesun Park-Poaps, Ohio University

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Bangladesh is one of the top three apparel exporters in the world. Apparel production is the largest industrial sector in Bangladesh, which accounts for 83.49% of the country's total exports, employing 4 million workers (BGMEA, 2019). Although the sector has made significant progress in the global market, it has also faced negative publicities due to two industrial disasters in 2012 and 2013 (Mausumi & Rahman, 2018). After these incidents, human rights organizations, non-governmental organizations (NGOs), the government, workers, and even retailers and brands have expressed their concerns and pushed Bangladeshi apparel manufacturers to improve the working environment (Kamal & Deegan, 2013). As a result, apparel retailers and brands began requiring a workplace compliance certificate from the manufacturing sites. To address the concern, apparel manufacturers need to satisfy the demands of these stakeholders to make the workplace safe (Kamal & Deegan, 2013).

However, given that multiple stakeholders have been involved in the issue, which stakeholders are in fact influential forces that make the factories compliant or receptive to safe workplace standards have not been systematically investigated. Research in the area is extremely scant, several studies have qualitatively assessed workers' or managers' perceptions or interpreted that various stakeholders' concerns influence the implementation of workplace safety initiatives in apparel factories (Mausumi & Rahman, 2018; Hossain & Arefin, 2015). However, such a relationship has not been studied with a quantitative approach.

The purpose of this study was to examine various stakeholder pressures on workplace compliance among Bangladeshi apparel manufacturers. The stakeholder theory (Freeman, 2010) provided a framework for this study to identify the legitimate and influential stakeholders regarding workplace compliance in the apparel sector. A broad definition of stakeholders includes "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Yu & Choi, 2016, p. 227). Freeman and Reed (1983) defined stakeholders as a group of people who are responsible for the survival of an organization. Based on the literature as well as the history of workplace compliance in Bangladesh, five primary and one secondary stakeholder forces were identified. This study examined whether pressures from owners, buyers, workers, government, NGOs, and competitors influence workplace compliance.

Considering the sensitive nature of the subject a dual data approach, matching a primary data source with a secondary, was used for the data. It is important for the researchers not to ask the respondents about factory compliance status to avoid social desirability bias and ensure the validity of the data. The source of the secondary data is the "Accord" operating in Bangladesh, an organization that originated from global brands and retailers (Accord, 2019). The Accord's open compliance reports specify the compliance statuses of the apparel factories.

An online survey among the managers of Bangladeshi apparel factories was conducted to collect the primary data. The factories were considered as units of analysis, corresponding to the Accord's reports. The survey questionnaire consisted of two sections. In the first section, the participants were asked to answer some demographic information about them and their factories. The second part of the questionnaire included items to measure managerial perceptions of the stakeholder pressures regarding workplace compliance. The multi-item measures have been adapted from the ethical supply chain and workplace safety literature (i.e., Park-Poaps & Rees, 2010; Zhang et. al., 2015; Wu et. al., 2017; Helmig, et.al, 2016). A seven-point Likert scale was used for all scale items. A pilot study was conducted to increase the validity of the instrument with five professors and factory compliance managers from Bangladesh. They were asked to review and comment on the questionnaire instrument, and revisions were made accordingly.

Emails with the survey link were sent to a total of 150 compliant and 150 non-compliant factories, using the stratified sampling method. Within two weeks of the first email invitation, 36 responses were recorded. The data collection will conclude after an additional reminder email and the second invitation for the survey are sent. As of now, a total of 33 responses were deemed usable for analysis. Among those respondents, one (3.03%) was female and 32 (96.7%) were males. The average years of working experience at their current factory were 6 years ($SD = .98$). Most of the respondents held a managerial position at the factory. The average number of employees in the factories was 8558.

The mean score of the multi-item scale for pressure from owner, was 6.26 ($SD = .73$, Cronbach $\alpha = .68$), 5.0 for NGOs ($SD = 2.04$, $\alpha = .84$), 6.05 for buyers ($SD = .86$, $\alpha = 0.81$), 5.59 for workers ($SD = .98$, $\alpha = 0.72$), 5.02 for government ($SD = 1.18$, $\alpha = 0.73$), and 5.81 for competitors ($SD = .69$, $\alpha = .44$). These results indicated that factory owners put the highest pressure on the workplace compliance issue than any other stakeholders. The next highest rating was found consecutively from buyers, competitors, workers, government, and NGOs. According to the Accord's compliance reports, among the 33 factories that responded, 18 (54.5%) were identified as compliant and 15 (45.5%) as non-compliant. T-tests revealed the results for owner ($t = .02$, $df = 30$, $p > .05$), NGOs ($t = 1.3$, $df = 30$, $p > .05$), buyers ($t = -1.42$, $df = 31$, $p > .05$), workers ($t = -1.54$, $df = 30$, $p > .05$), government ($t = -.94$, $df = 31$, $p > .05$), and competitors ($t = -.51$, $df = 31$, $p > .05$). These results indicated that factories were not statistically different in perceiving the pressures from the stakeholders by the factory compliance status. Due to the limited numbers of data at the time of analysis, the results do not carry the full significance.

In this study, the influence of stakeholders on workplace compliance in Bangladesh was studied quantitatively for the first time. Therefore, the results of this study contribute to the literature about the roles of the stakeholders in governing worker safety issues as well as other social issues in developing countries. The results of this study could also help apparel manufacturers understand and address the concerns of important stakeholders as a requirement to legitimate their existence. The study results can also foster sustainable development of the developing world, by raising awareness among various stakeholders about the culture and characteristics of the developing world in the process of incorporating workplace safety.

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