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**MOTIVATIONS FOR AN ORGANISATION WITHIN A DEVELOPING
COUNTRY TO REPORT SOCIAL RESPONSIBILITY
INFORMATION: EVIDENCE FROM BANGLADESH**

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MOTIVATIONS FOR ORGANISATIONS WITHIN DEVELOPING COUNTRIES TO REPORT SOCIAL RESPONSIBILITY INFORMATION: EVIDENCE FROM BANGLADESH

ABSTRACT

Purpose – The aim of the paper is to describe and explain, using a combination of interviews and content analysis, the social and environmental reporting practices of a major garment export organisation within a developing country.

Design/methodology/approach – Senior executives from a major organisation in Bangladesh are interviewed to determine the pressures being exerted on them in terms of their social and environmental performance. The perceptions of pressures are then used to explain – via content analysis - changing social and environmental disclosure practices.

Findings – The results show that particular stakeholder groups 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 industry's social policies and related disclosure practices.

Research limitations/implications – The findings show that, within the context of a developing country, unless we consider the managers' perceptions about the social and environmental expectations being imposed upon them by powerful stakeholder groups then we will be unable to understand organisational disclosure practices.

Originality/value – This paper is the first known paper to interview managers from a large organisation in a developing country about changing stakeholder expectations and then link these changing expectations to annual report disclosures across an extended period of analysis.

Keywords - Social Reporting, social pressure, stakeholder, legitimacy, developing country, annual reports, Bangladesh.

Paper type – Research paper

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 (however, see Belal 2001; De Villiers and Van Staden, 2006; Hegde, Bloom, and Fuglister, 1997; Jaggi and Zhao, 1996; Teoh and Thong, 1984; and Tsang, 1998).

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'Dywer, 2002) which 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.

This paper seeks to remove some of the above mentioned void. Specifically, we interview a number of senior executives of a large export oriented clothing trade organisation, namely, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), 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. We then link these perceptions to their organisation's operating and reporting practices. What we show 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 study investigates the extent and type of annual report social disclosure of BGMEA over a 19 year period from 1987-2005.

Bangladesh has been selected as the location for the research for a number of reasons. Firstly, and as indicated above, there is a relative lack of research that investigates the reporting behaviour of organisations within developing countries. Secondly, Bangladesh has been the subject of extensive international scrutiny, particularly in terms of perceived poor labour conditions and 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 general lack of research that specifically explores management's perceptions about the pressures to report social and environmental information within a developing country. Lastly, and as a result of direct representations of one of the researchers who is of

Bangladeshi origin, BGMEA – a large and influential organisation within Bangladesh - agreed to provide access to all its key executives for the purposes of our research. This type of access – which is typically unavailable in such research - was crucial to the research we sought to undertake.

Bangladesh has featured in numerous campaigns that have highlighted poor working conditions and the use of child labour, especially in the clothing industry¹. 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 employment of child labour, human right abuses, poor working environment, and inadequate factory health and safety measures resulting in frequent accidents and deaths.

The balance of this paper is organized as follows. The next section, section 2 provides information about the organisation that is the focus of our research, this being BGMEA. Following this, section 3 provides a brief overview of some of the theoretical perspectives that have commonly been used by researchers working in the social and environmental reporting area. Section 4 then describes our research method. The section describes our approach to interviewing the executives of BGMEA and then describes how we analysed the annual reports of BGMEA across the period from 1987 to 2005. Section 5 provides the results of our interviews and our analysis of annual reports and then links the two findings. Section 6 provides concluding comments.

2. Bangladesh Garment Manufacturers and Exporters Associations

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

¹ For example, in the early 1990s the extensive use of child labour by 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).

members have the legal right to export clothing² (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.³ BGMEA also acts as a lobby group to protect the interests of the sector and as a promoter of trade negotiations in international markets. It frequently negotiates with global trade bodies such as World Trade Organization (WTO), and United Nations (UN) agencies such as International Labor Organization (ILO) and United Nations Conference on Trade and Development (UNCTAD). The total membership of the association as of end of April 2006 was 4,220 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. 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 76% of national export earnings. It also generates 2.2 million direct jobs (where around 85% are women). Numerous allied industries are also linked with this sector.

3. Theoretical Perspectives of Managerial Motivations for Social and Environmental Reporting

In recent times, legitimacy theory and stakeholder theory have been applied by numerous researchers to explain how the social and environmental reporting practices of organisations respond to particular pressures being exerted by particular communities or particular 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. It is not the intention of this paper to provide a detailed description of these three theories as there are a number of

² The BGMEA has a legal mandate from the Government of Bangladesh to give individual clothing companies licenses to manufacture and export.

³ As determined by a review of BGMEA's website at www.bgmea.com.

other publications that do this in detail [for example, Chapter 8 of Deegan (2006) is dedicated to describing these three theories]. Nevertheless, we will provide a brief overview of these theories as these theories inform some of the discussion that follows. As Deegan (2006) demonstrates, 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 theories see the organisation as part of a broader social system in which they are impacted by, as well as are able to influence, the expectations of other parties within a given social system. It is the contention of this paper that a joint consideration of these three related theories provides richer insights into the factors that drive social and environmental reporting practices than would be possible if only one theory was considered in isolation.⁴

The most widely used theory to explain social reporting is legitimacy theory. *Legitimacy Theory* asserts that organisations continually seek to ensure that they are perceived as operating within the bounds and norms of their respective societies, that is, they attempt to ensure that their activities are perceived by outside parties as being ‘legitimate’. These bounds and norms are not considered to be fixed, but change over time, thereby requiring organisations to be responsive to the ethical (or moral) environment in which they operate. Lindblom (1994) distinguishes between *legitimacy* which is considered to be a status or condition, and *legitimation* which she considers to be the process that leads to an organisation being adjudged *legitimate*. According to Lindblom (p. 2), legitimacy is:

... a condition or status which exists when an entity’s value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity’s legitimacy.

“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. Within

⁴ 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.

legitimacy theory, 'legitimacy' is considered to be a resource on which an organisation is dependent for survival (Dowling and Pfeffer, 1975, O'Donovan, 2002). It is something that is conferred upon the organisation by society, and it is something that is desired or sought by the organisation. However, unlike many other 'resources', it is a 'resource' that the organisation is considered to be able to impact or manipulate through various disclosure-related strategies (Woodward et al, 1996).

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). Within this paper we are particularly interested in how managers in a developing country react to pressures being exerted by international stakeholders. The insights provided by legitimacy theory suggest that organisations must be responsive to changing expectations. As Lindblom (1994, p. 3) states:

Legitimacy is dynamic in that the relevant publics continuously evaluate corporate output, methods, and goals against an ever evolving expectation. The legitimacy gap will fluctuate without any changes in action on the part of the corporation. Indeed, as expectations of the relevant publics change the corporation must make changes or the legitimacy gap will grow as the level of conflict increases and the levels of positive and passive support decreases.

From the very brief overview of legitimacy theory provided above we can expect, consistent with the theory, that if the expectations of the 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 contract. 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, we would expect those in charge of the industry (BGMEA) to not only undertake actions to eliminate the unacceptable (to foreign buyers) use of child labour amongst its member organisations, but importantly, to 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 legitimation 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 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 Deegan (2006) explains, 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. In this regard, Gray, Kouhy and Lavers (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.

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. In describing stakeholder theory, and the role of information in controlling (and potentially manipulating) the actions of powerful stakeholders, Gray, Owen and Adams (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.

A stakeholder's (for example, owner's, creditor's, or regulator's) power to influence corporate management is viewed as a function of the stakeholder's degree of control over resources required by the organisation. The more critical the stakeholder's resources are to the continued viability and success of the organisation, the greater the expectation that stakeholder demands will be addressed. A successful organisation is considered to be one that satisfies the demands (sometimes conflicting) of the various powerful stakeholder groups (Ullman, 1985).

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. 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.

Hence, if for example, if 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 we consider, 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. 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. One key aspect of institutional theory is the concept of *isomorphism*. Dillard, Rigsby and Goodman (2004, p. 509) explain that ‘isomorphism refers to the adaptation of an institutional practice by an organisation’. 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 isomorphism.⁵

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

⁵ DiMaggio and Powell (1983) also refer to two other categories of isomorphism, these being normative isomorphism and mimetic isomorphism. 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.

our 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 we can see from the brief discussion above, all three theories tend to provide a complementary perspective. Again, it is our contention that a joint consideration of the three theories provides a richer basis for understanding and explaining 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 focusing 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. Whilst the above three theories have typically been applied in the context of developed countries, this paper 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, for the purposes of our study, and with the above theories in mind, the central purpose of this paper is to explore whether BGMEA operating and reporting activities appear to respond to the expectations of those stakeholders upon which it is dependent.

Further, we explore whether the respective powerful stakeholder demands or expectations are in turn shaped by the expectations of the communities in which they operate.

4. Research Methods

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

4.1 Conducting Interviews

Twelve 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. We considered that given we were 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 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 half an hour and one and half hours. While we utilised an interview guide, interview questions were open-ended. Before each interview we explained our project to each interviewee in broad terms (but without identifying any relationships we expected to find). Everyone was also given a written explanation in English with contact information. Interviewees were asked to sign a consent form and they signed a waiver agreeing to attribution of any quotes. The details of these interviewees appear in Appendix 1. The interviewees will be referred to by a coded number, the order of which does not necessarily reflect the order in which they appear in 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 1 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, we have been able to capture the views of the most senior executives within the organisation.

The main topics that we addressed as part of the interviews can be summarised as follows:

- 1) 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 our results section we 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 it is acknowledged that providing extensive quotes is not favoured by all researchers, we consider that the provision of the quotes allows us to provide a richer insight into the pressures the managers believe they faced. The quotes also allow us to be better able to place the disclosure responses of the industry in context. Further, to our knowledge, our results will provide particular insights into the pressures being exerted on organisations within a developing nation that are not otherwise available within the accounting literature.

Whilst interviews enable us to collect information that is not otherwise available and allow us to gain an insight into managers' perceptions of the pressures exerted on the industry – something necessary for this 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.

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.⁶ 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.

⁶ Although BGMEA incorporated in 1982, BGMEA only had the last 19 years of annual reports available in its library. According to BGMEA executives, there had been irregular annual general meetings/annual reports for the period 1982-1986

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 Ernst & Ernst (1978), Guthrie (1982) and Gray Kouhy and Lavers (1995b) 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 corporate social performance indicators in developing countries.

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 (see, for example: Guthrie and Parker, 1990; Gray et al, 1995b; Deegan and Gordon, 1996; Deegan and Rankin, 1996), and therefore to provide a basis for comparison with prior research, we adopted the same measurement basis. Further, measures, such as words, have been found to be highly correlated with other measures also used in the literature, such as sentences or percentage of pages dedicated to particular disclosure themes (Hackston and Milne, 1996). A typical BGMEA annual report includes a president’s statement, report of the association, financial statements, auditor’s reports and the minutes of immediate past AGMs. The BGMEA’s social performance is 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. Results:

We present our results in two parts. Firstly, we provide the results of our interviews with BGMEA executives. We then link the interview responses to the disclosure strategies adopted by BGMEA.

5.1 Opinions of the BGMEA Officials

5.1.1 Perceptions of stakeholder expectations and changes therein

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 buyers⁷ only wanted product, no social compliances were required and no restriction was placed on the employment of child labour. Now buyers have changed their attitudes towards us, perhaps because of the pressures from western consumers. We had to change ourselves following buyers' requirements and to fit with global requirements and restrictions. Western consumers and human 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

⁷ Interviewees use the term 'buyers' and 'multinational buying companies' interchangeably.

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.

In relation to perceived pressures and the respective sources of the pressure, from the interview responses we are 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. We are able to provide the historical summary because the majority of the executives had been involved at a senior level in the garment industry for a number of decades. This summary, which provides brief details of important key events or times at which expectations seemed to change, is provided in Table 1 below. 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 to 1991; 1992 to 1996; 1997 to 2001; and, 2002 to 2006.

Table 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	Minimal social or environmental pressures were evident
1992 to 1996	<ol style="list-style-type: none"> 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 that produce Wal-Mart products. 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	<ol style="list-style-type: none"> 1. Emerging pressures of NGOs, trade unions and western consumers to make multinational buyers ensure basic human rights in supply factories. 2. Demand for adequate health and safety measures in supply factories. 3. Various demonstrations of university and college students take place at the high profile centres (in USA) of multinational buying companies to protest for greater social responsibility in supply factories. 4. Issues of maternity leave, and ethical source of supply were heightened.
2002 to 2006	<ol style="list-style-type: none"> 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 campaign⁸ 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.

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:

⁸ 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.

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 this paper, 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 legitimation tool. The acceptability can only be earned by taking corrective real actions and disclosing these actions through different media, particularly through annual reports (Interviewee: 5)

Again, the strategic nature of BGMEA's disclosure policies is emphasised. The respondents explained the influence of the media and NGOs on other key stakeholders. 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 focused 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 focused on the social performance and associated reporting being developed by the BGMEA as a direct reaction to expectations held by multinational buying companies. The above comments would suggest that it was not the events themselves (such

as the massive employment of child labour, the frequent accidents leading to workers' deaths, or the possible exploitation of workers) that 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)

5.1.3 The influence of broader global community

BGMEA officials were asked whether, in their opinion, the concerns of multinational buying companies represented the concerns of the broader international community. All interviewee's 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. (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)

5.1.4 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), we 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.

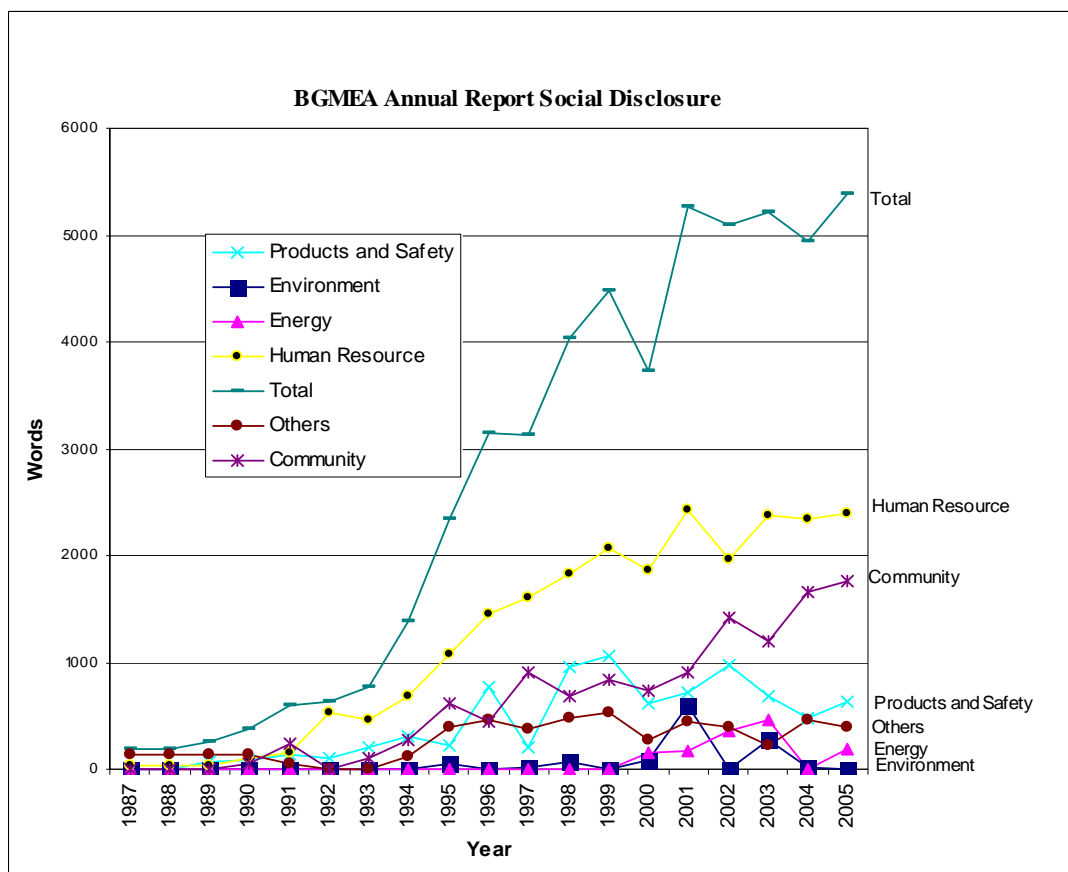
Having gained and documented a rich insight into the various pressures being exerted on the industry the next step in our research was to review the annual report disclosures made by BGMEA over the period from 1987 to 2005. If the disclosures were driven by the concerns of global communities and powerful stakeholders as our theories would predict then we would expect to find an absence of social disclosures until the early 1990s at which point we would expect to find an increase in disclosures relating to the elimination of child labour and improving the conditions provided to employees. Because this concern was maintained, or even increased, across the period from the early 1990s we would expect to see employee-related disclosures increase across the period of the study. Initially, 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, we would expect to see a general absence of environmental disclosures across the period of analysis given the lack of pressure exerted on the industry 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. We will now consider the social and environmental disclosure practices of BGMEA.

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 represented in Figure 1 below. As we can see, from the early 1990s there was a sharp increase in the extent of human resource and community based disclosures. Across

time there was a general lack of environmental and energy-related disclosures. This can be contrasted with the environmental reporting practices in many developed countries 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 1 BGMEA Annual Report Social Disclosure (1987-2005)



The summary aggregated totals over 19-year period from 1987-2005 are displayed in Table 2 for each of the six general themes of disclosure.

Table 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 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 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 disclosure correspond with the fact that in 1992/93 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 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	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

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 our interviewees indicated had caused concerns for the multinational buying companies.

The second highest overall category of disclosure related to community involvement disclosure (Table 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 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 (BIFT)

The product and safety disclosure (table 5), which was the fourth ranked category of disclosure, attracted considerably less disclosure than the other three 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.

Table 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

6. Concluding comments

This paper 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 paper has demonstrated the extent of pressure that can be exerted on an

industry within a developing country. It has shown that unless we explore, in some depth, the social and environmental expectations and pressures being exerted on an industry within a developing country then we will be unable to understand the rationale for particular disclosures. This paper 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 study, 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 paper 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 we 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 paper shows that theoretical perspectives previously applied to explain social and environmental reporting practices in developed countries also have applicability in developing countries.

This paper 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 we show, 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 paper emphasises the power of consumers to create change, and the role of the media and NGOs to motivate consumers to demand change.

The various pressures impacting the activities of industries in developing countries provides an important topic of investigation and it is hoped that this study will motivate further investigation into the drivers for change in such countries.

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Appendix 1 Interview participants

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