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SCHOOL OF BUSINESS & ECONOMICS



# Creating shared value: The relationship between business and development

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– A study of the textile and garment industry in **Bangladesh**

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## **ABSTRACT**

The purpose of this study is to better understand the relationship between business and development by looking particularly at the textile and garment industry in Bangladesh. Previous research shows that Corporate Social Responsibility (CSR), or what today is better known as creating shared value, is often seen as a bridge connecting the arenas of business and development. This report raises and seeks to answer questions centered on the idea of 'Decent Work' as propounded by the International Labour Organization (ILO). What is the quality of life of workers in factories in Bangladesh who produce clothing's that are exported to Europe? Can we call the conditions of employment of these workers as what ILO terms 'Decent Work'?

An exploratory research design is used to understand the different aspects of the research question. Data collection is performed through secondary data, and the research is divided into a quantitative and qualitative part. A statistical database is used to try to understand ILOs indicators of 'Decent Work' from the perspective of the local textile and garment worker in Bangladesh. Furthermore, five companies' sustainability approach has been analyzed, all outsourcing their manufacturing to Bangladesh.

The findings indicate that there are areas for improvement. Through relocation of supply chains, employment opportunities in Bangladesh are being created. However, many of the workers are working inhumane hours with payments below the minimum wage limit. And even though companies implement rules and routines in their Codes of Conduct to generate safe work conditions, accidents continue to happen.

## **Criação de valor compartilhado: A relação entre negócios e desenvolvimento**

- Um estudo da indústria têxtil e do vestuário em Bangladesh

Marianne Heier Larsen

### **RESUMO**

Este estudo tem como objectivo perceber melhor a relação entre Negócios e Desenvolvimento, através duma análise à indústria têxtil e do vestuário no Bangladesh. Pesquisas anteriores mostram que a Responsabilidade Social das empresas, mais conhecida hoje em dia por criação de valor partilhado, é frequentemente vista como uma ponte de ligação entre Negócios e Desenvolvimento. Este relatório levanta e pretende dar resposta a questões centradas na ideia de “Trabalho Decente” tal como proposto pela Organização Internacional do Trabalho (OIT). Qual é a qualidade de vida dos trabalhadores no Bangladesh, que produzem roupas para serem exportadas para a Europa? Podemos chamar às condições de trabalho destes trabalhadores “Trabalho Decente”, como definido pela OIT?

É levada a cabo uma pesquisa exploratória para entender os diferentes aspectos da pergunta de pesquisa. A recolha de informação é executada através de dados secundários, e a pesquisa é dividida numa parte quantitativa e noutra qualitativa. É utilizada uma base de dados estatística para tentar perceber os indicadores de “Trabalho Decente” da OIT, do ponto de vista de um trabalhador da indústria têxtil e do vestuário no Bangladesh. Foi também analisada a estratégia de sustentabilidade de cinco empresas que fazem outsourcing da sua produção no Bangladesh.

As descobertas indicam que existem áreas a melhorar. Através da deslocalização de cadeias de abastecimento, estão a ser criadas oportunidades de emprego no Bangladesh. Contudo, muitos destes trabalhadores cumprem horários desumanos, com pagamentos abaixo do limite mínimo salarial. Mesmo que as empresas implementem regras e rotinas nos seus Códigos de Conduta de forma a gerar condições de trabalho seguras, acidentes continuam a acontecer.

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“ *Shared value recognizes that societal needs, not just conventional economic needs, define markets ... For a company, the starting point for creating shared value is to identify all the societal needs, benefits, and harms.*”

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Michael Porter and Mark Kramer

## 1.0 INTRODUCTION AND BACKGROUND

*Globally, 384 million workers lived below the \$1.25 a day poverty line in 2011 – a reduction of 294 million since 2001.* – The United Nations

We are approaching the overall target date of The Eight Millennium Development Goals (MDGs). The MDGs represent the commitment of the international community to reduce poverty and hunger, and to promote development. One of the targets is to “*achieve full and productive employment and decent work for all, including woman and young people*” (UN, 2014). According to the International Labour Organization (ILO), decent work is central to sustainable poverty reduction and is a means for achieving equitable, inclusive and sustainable development.

The aim of this paper is to look at businesses’ role in regards to development. Blowfield and Frynas (2005) reason that government, civil society, and business all to some extent see corporate social responsibility (CSR) as a bridge connecting the arenas of business and development. The basis of corporate responsibility has transitioned from why companies must be socially responsible to how they can become socially responsible. The main goal is to create shared value for all stakeholders involved, including the local textile and garment worker earning as low as \$0.60 per piece of clothing. Much of the literature assumes that CSR policies positively influence economic, social, and environmental conditions in developing countries. However, a number of impact studies have shown that the gains accruing to local producers, workers, and communities can at best be described as limited.

Bangladesh is one of 189 countries that signed up to the Millennium Development Goals. In the past few decades, Bangladesh has experienced a period of sustained economic growth driven mainly by exports in the garment sector. But the conditions of work have been among the worst in the global garment industry. The quality of jobs created by globalization has long been under debate, and took center stage following the tragic collapse of Rana Plaza on the 24<sup>th</sup> of April 2013, where over 1100 workers died and 2500 were injured.

### 1.1 Problem Statement

The purpose of this study is to have a closer look at the local perspectives on corporate social responsibility and multi-stakeholder initiatives in developing countries. Are businesses able to

create shared value for all? The study is undertaken with particular reference to the textile and garment industry in Bangladesh.

Porter et al. (2011) argues that a framework for measurement that focuses on the interaction between business and social results is among the most important tools to drive shared value in practice. Hence, to determine whether there is a significant relationship between business and development, ‘decent work’ defined by the International Labour Organization (ILO), will be used as main indicators. The ‘School-to-Work Transition Survey’ (SWTS) by the ILO will be used in order to explain the income, work, and environmental conditions of the local workers. These results will further be compared with the sustainability reports of some of the organizations present in the textile and garment industry in Bangladesh.

**Research question:**

*In the emergence of creating shared value as a development issue, what role does business have in reducing poverty by creating ‘decent work’ for all in the perspective of the textile and garment worker in Bangladesh?*

**1.2 Delimitations**

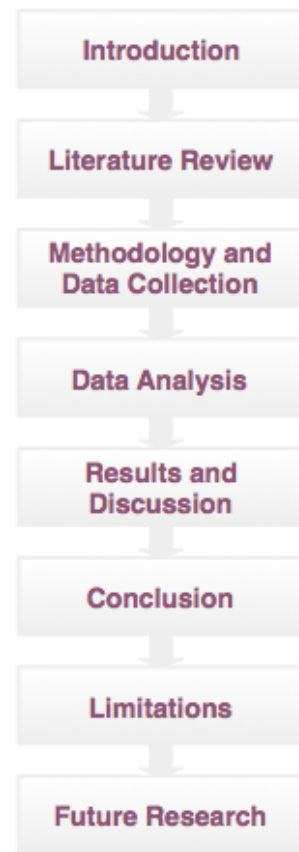
For the research question to be answered as accurately as possible, it is important that before going further, some of the delimitations of the report are stated. These are not meant to act as a replacement for the limitations of the study. Limitations will be commented after the research has taken place, to see what conceivably could have been done differently. Firstly, the purpose of this report is not to give a deep insight into the history of CSR as this has already been done in past publications. The purpose is to give a brief overlook, and then further refer to CSR in regards to development and where we are today. Furthermore, there is a wide amount of different academic terms used to describe CSR. The reader can find several of these terms in this report. However, the author has, intentionally, made no clear distinction between them. The purpose is not to understand the definitions of CSR, but rather how it is perceived in different contexts. Lastly, the author of this report is well aware that the topic of this thesis is a complex and multidimensional one, and there are no perfect indicators used to measure these types of questions. However, the study will focus on one aspect that business can address – namely the creation of decent work.

### 1.3 Progression

To give the reader a good experience it serves purposeful with a brief overlook of the paper, as well as a short introduction to the chapters. The report is divided into eight chapters, where each chapter is meant to give insight into the different aspects of the study.

After the introduction, the report will continue with a literature review, which will act as a foundation for the rest of the research. Here one can, amongst other, read about how CSR has evolved through the years, together with different perspectives on CSR and its implementation. The chapter will further discuss the role of CSR in regards to development. On the basis of this theory, the report will explain steps undertaken in the methodology and data collection. After comes naturally the analysis of the findings, followed up by results and discussion. The report finishes with an overall conclusion, together with limitations of the study as well as future research.

Figure 1. Progression



Source: The author

## 2.0 LITERATURE REVIEW

The following chapter focuses on the theory within corporate social responsibility, moving towards the perspective of creating shared value. It aims to act as a basis for the research proposal. It starts with an overlook and a definition of the topic, and then delves into different theoretical aspects. The chapter will conclude with a more critical perspective on CSR and its impact on development.

### 2.1 The evolution of CSR

Corporate social responsibility is by no means a new concept. Carroll (1999) notes that references to a concern for social responsibility appeared already during the 1930s and 1940s. In his article Carroll (1999) traces the evolution of the CSR construct beginning in the 1950s, and argue that the modern understanding on this subject came together with the publication of the book *Social Responsibilities of the Businessman* by Howard R. Bowen in 1953. Bowen was also one of the first to formulate a definition on CSR:

*“It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”* (recited in Carroll, 1999, p. 270).

However, this definition has been criticized for being too narrative, focusing solely on the social perspective of CSR. While initially CSR was a corporate initiative adopted by individual companies and their organizations, in the late 1990s it began to be taken up by international organizations such as the World Bank and the United Nations (Jenkins, 2005). The Brundtland report (WCED, 1987), produced by a commission under the Chair of Gro Harlem Brundtland convened by the United Nations in 1983 (Aras and Crowther, 2009), intertwined CSR with the focus on sustainable development. Sustainable development encompasses three general policy areas: *economic, environmental, and social* (Aras and Crowther, 2009). A concept that today is referred to as ‘*The Triple Bottom Line*’ (Elkington, 1998).

In 2001 the European Commission defined CSR as ‘*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*’ (EC, 2001). Although this seems to be one of the

most frequently cited definitions (Dahlsrud, 2008), the author will get back to why this definition falls too short in today's expectations of CSR.

The concept of CSR has of course evolved, however, there is still no universally accepted definition of the term. In his research Dahlsrud (2008) undertakes an analysis of 37 definitions of CSR. He concludes that the lack of one universally accepted definition is less problematic than it might seem, and that the confusion is not so much about how CSR is defined, as about how CSR is socially constructed in a specific context. For the purpose of this report, Blowfield and Frynas (2005) definition is chosen, as also suggested by Khan and Lund-Thomsen (2011). They view CSR as '*an umbrella term for a variety of theories and practices that each recognize the following:*

*(a) that companies have a responsibility for their impact on society and the natural environment; sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behavior of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, be that for reasons of commercial viability or to add value to society'* (Blowfield and Frynas, 2005, p. 503).

This definition is chosen because it is sufficiently broad to encompass a diversity of perspectives on CSR from North and South. And whilst much of the literature today assumes that CSR positively influence economic, social, and environmental conditions in developing countries, recent impact studies (see e.g., Blowfield and Frynas, 2005, Prieto - Carrón et al., 2006, Barrientos and Smith, 2007) have shown that the gains accruing to local producers, workers, and communities can at best be described as limited.

## **2.2 The role of business**

There are different views on what role business should play in CSR, which adds to the challenges in defining the concept itself. Van Marrewijk (2003) identifies three reasons why organizations choose to engage in corporate social responsibility: "*they either feel obliged to do it; are made to do it; or they want to do it*". His dimensions are related to what Smith (2003) refers to as the 'normative case' or the 'business case'. Smith suggests there is a clear difference between CSR stemming from a desire to do good (normative case) and one that reflects an enlightened self-interest (business case). However, he does acknowledge that a

firm's reason for engaging in CSR might reflect a mixture of these motivations. We can separate these perspectives into the shareholder approach, the stakeholder approach, and the societal approach.

### **2.2.1 Shareholder approach**

When discussing CSR, it is important to mention Milton Friedman. Early on, Friedman (1970) stated that "*the only social responsibility of business is to increase its profits*". He argues that 'business' as a whole cannot be said to have responsibilities, only people can have responsibilities. However, from what we know today, CSR appears to have become more difficult to escape from, being more relevant to corporations all over the world (Aras and Crowther, 2009), and more companies than ever before are backing CSR initiatives (see e.g., Sen and Bhattacharya, 2001). Hence, Friedman's approach has of course been challenged.

### **2.2.2 Stakeholder approach**

One of the more significant scholars challenging Friedman's perspective was R. Edward Freeman in his book *Strategic Management: A stakeholder approach*, published in 1984 (Freeman and Velamuri, 2008). The term 'stakeholder' constitutes a play on the word stockholder, and is defined as '*any group or individual who is affected by or can affect the achievement of an organization's objectives*' (Freeman and Velamuri, 2008, p. 4). There is however, an ongoing debate about who are the key stakeholders, and management's challenge is then to decide which stakeholders should be considered in the decision-making process. This challenge is not an easy one as identities and interests of stakeholders vary cross-nationally. In their article, Matten and Moon (2008), distinguish between 'implicit' and 'explicit' CSR, and draw links to institutional theory when trying to explain how and why it differs among countries and how and why it changes. They argue that '*institutional theory brings interdependencies between and interactions among stakeholders into the analysis, which is vital to understanding CSR given its societal orientation*' (Matten and Moon, 2008, p. 3). By *explicit* CSR they refer to corporate policies, which assume and articulate responsibility for some societal interests, whilst *implicit CSR* they refer to the corporations' role within the wider *formal and informal institutions* for society's interests and concerns.

### **2.2.3 Societal approach**

This perspective is not necessarily contradicting the previous stakeholder approach, but is meant to shed light on the more philanthropic approach on CSR. An article posted in The

Economist in 2006, stated that *'giving away money has never been so fashionable among the rich and famous'* (Bishop, 2006). There are today several examples of 'rich and famous' people wanting to do something good for the society. *Forbes.com* are yearly publishing lists of 'America's 50 top givers' with familiar names like Bill Gates and Mark Zuckerberg, both with top leading businesses behind them. According to The Economist, enthusiasm for philanthropy is in large a consequence of the rapid wealth-creation of recent years, and of its uneven distribution. One can even find examples of companies basing their entire business model on philanthropic giving (see e.g., TOMs shoes with their 'One for one' strategy).

However, in today's society philanthropic thinking is not enough. *"Foundation scandals tend to be about pay and perks, but the real scandal is how much money is pissed away on activities that have no impact. Billions are wasted on ineffective philanthropy,"* says Michael Porter (recited in The Economist, Bishop, 2006). And here is why the definition by the European Commission falls too short; they only emphasize CSR *'on a voluntary basis'*.

### **2.3 CSR as a competitive advantage**

The question for companies today is no longer whether they should incorporate CSR into their activities, but rather how they should do this. Porter and Kramer (2002) asked whether corporations should engage in philanthropy at all. They introduced the concept of 'context-focused philanthropy', which was later referred to as 'strategic CSR'. What we today know as 'creating shared value' (Porter and Kramer, 2011). The principle of shared value involves creating economic value in a way that *also* creates value for society by addressing its needs and challenges. *"Successful corporations need a healthy society"* (Porter and Kramer, 2006, p. 5). They furthermore claim that shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. Margolis and Walsh (2003) found that, between 1972 and 2002, at least 127 published empirical studies examined the relationship between socially responsible behavior on the part of companies and their financial performance, the majority of them pointing to a positive relationship between the two variables.

The integration of business and society requires a deep understanding of their mutual interdependence. According to Porter and Kramer (2006) this can be accomplished in two ways: *inside-out linkages* represent the impact companies have on society, whilst *outside-in linkages* are the influences external social conditions have on corporations. Companies can

further pursue shared value opportunities on three levels: reconceiving products and markets, redefining productivity in the value chain, and enabling cluster development (Porter and Kramer, 2011). The shared value opportunities at each level will differ by industry, company, and geography, depending on how a company's particular business and strategy intersect with social issues.

Whilst Porter and Kramer (2006) refer to the change moving from responsive CSR to creating shared value, it is important to note that one can find other terms being used for similar approaches. Keys et al. (2009) refer to the same idea of creating shared value as 'partnering' (Annex 1), where the focus of the business moves beyond avoiding risks or enhancing reputation and toward improving its core value creation ability by addressing major strategic issues or challenges. Lund-Thomsen and Lindgreen (2014) emphasize the shift moving from *compliance-based* to *commitment-based paradigm* (or *cooperative-based paradigm*). In the new paradigm, international buyers revise their purchasing practices, help build the capacity of local factory management and workers, and cooperate with local resources (e.g., NGOs, trade unions) to improve factory monitoring and thus labor standard compliance. It involves long-term trading relationships between buyers and suppliers to enhance the positive impact of CSR policies implemented in global production networks (GPNs).

## **2.4 CSR and development**

Blowfield and Frynas (2005) reason that government, civil society, and business all to some extent see CSR as a bridge connecting the arenas of business and development. However, business studies and development studies have evolved relatively independent of each other (see e.g., Hansen and Schaumburg-Müller, 2010). And although interest in corporate social responsibility in emerging markets and developing countries has increased in recent years, most research still focuses on developed countries (Muller and Kolk, 2009). In a situation where more and more business activity takes place in developing countries, Peng (2002) argues that business studies need to embrace and understand the particularities of the structural, cultural and institutional conditions of doing business in such locations.

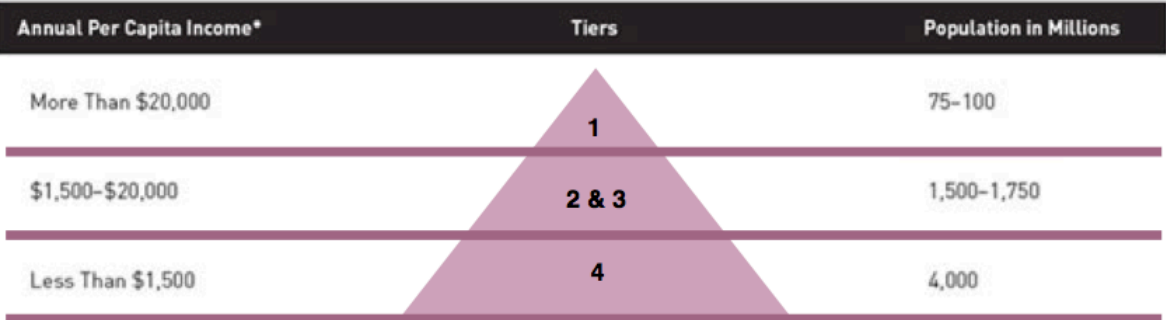
### **2.4.1 Global value chains and poverty**

Globalization and its relationship to poverty reduction is a subject of intense debate among academics, policy actors and street protestors (Nadvi, 2004). Gereffi (1994) was one of the first to introduce the concept of what was then known as 'global commodity chains' (GCC).

Gereffi distinguished between two types of governance structures for GCC: ‘*producer-driven commodity chains*’ refer to those industries in which transnational corporations (TNCs) or other large integrated industrial enterprises play the central role in controlling the production system, whereas ‘*buyer-driven commodity chains*’ refer to those industries in which large retailers, brand-names merchandisers, and trading companies play the pivotal role in setting up decentralized production networks in a variety of exporting countries, typically located in the Third World (Gereffi, 1994). Gereffi might have introduced the concept, but within business studies, Porter (1986) has led the way with his value chain thinking. Hence, the author will further refer to the global value chain (GVC).

C.K. Prahalad were among the first to introduce the concept of the ‘Bottom of the Pyramid’ (BOP), and to acknowledge that ‘*by stimulating commerce and development at the bottom of the economic pyramid (Figure 2), MNCs could radically improve the lives of billions of people and help bring into being a more stable, less dangerous world*’ (Prahalad and Hammond, 2002, p. 4). And whilst Prahalad has received some critiques for his work, particularly his ‘top-down’ approach (see e.g., London and Hart, 2004, Simanis et al., 2008), other noteworthy reports have tried to address the same type of questions regarding development and poverty reduction. WBCSD (2010) firmly believes that development will not be sustainable, nor that poverty can be alleviated, without business engagement. Furthermore, UNDP (2004) claims that sustained economic growth reduces poverty, and the link between economic growth and strong private investment is equally clear. According to Di Bella et al. (2013) private sector actors can, through their regular business operations, contribute to economic growth, job creation, investment, technology transfers, and innovation, and deliver goods and services.

**Figure 2. The World Economic Pyramid**



Source: Prahalad and Hammond, 2002

However, the social impact of GVCs has been mixed. Buyer-driven GVCs are typically focused on reduced sourcing costs, and in many labor-intensive industries this means significant downward pressure on labor costs and environmental management costs. Practices such as forced labor, child labor, failure to pay minimum wage and illegal overtime work are typical challenges in a number of industries (UNCTAD, 2013). Too often workers, for example women in factories in Bangladesh, ‘have little alternative but have to work inhumane hours and under precarious conditions that are determined by powerful buyers in global supply chains’ (example taken from Bloomer, 2005, recited in Prieto-Carrón et al., 2006). Companies have tried to respond to these pressures by adopting a range of standards and codes of conduct.

### **2.4.2 Upgrading**

A better understanding of both the benefits and challenges of participating in GVCs is essential for improving the conditions and rights of workers. In GVC analysis, the term *upgrading* has been used to highlight paths for developing country producers to “move up the value chain” (Ponte et al., 2014). Humphrey and Schmitz (2002), for example, distinguish between four types of upgrading in global value chains: *product*, *process*, *functional* and *chain upgrading*. However, these are all seen as economic upgrading. ‘Capturing the Gains’ is an international research network investigating linkages between the commercial dynamics and outcomes for workers within GVCs (Rossi et al., 2014). Their research draws together two concepts: (a) economic upgrading, defined as moving to higher value activities by firms; (b) and social upgrading, broadly defined as decent work and enabling rights for workers. The definition of social upgrading has made use of the ILO’s decent work agenda and focuses on two main issues: *measurable standards*, including wages, physical wellbeing (including working hours and occupational safety and health) and employment security; and *enabling rights*, such as freedom of association, voice and non-discrimination (Rossi et al., 2014). The decent work agenda has been widely accepted as an important strategy to fight poverty and foster development, and has been incorporated in the Millennium Development Goals of the United Nations (UN, 2014). ILOs decent work agenda will also be used as measurable indicators as we move along in this report.

### **2.5 CSR in different contexts**

As one can read from the previous section, CSR is of global concern and takes on various meanings as we move between different geographical contexts in the world. When asked by

the WBCSD what CSR means to them, people from different countries emphasized different issues: for instance, environmental issues were stressed in Thailand, while Ghanaians stressed empowering local communities (Blowfield and Frynas, 2005). Porter and Kramer (2011) looks towards creating shared value, but how does the local manufacturers perceive these Western-style initiatives, in particular codes of conduct, that they are encouraged to implement by their Western buyers? Hence, the intention in this dissertation is to address some of the links interconnected in the global value chains, and in what way these stakeholders perceive CSR.

### **2.5.1 Consumers**

While the traditional arguments for CSR remain important, there are additional pressures for attention to CSR today. Reputational risk in consumer markets being one of them. *'Consumers are demanding more than just a "product" from their favorite brands'* (Starbucks' CSR Report, 2001, p. 3, recited in Smith, 2007). According to Smith (2003), surveys of consumers report that many claim to be influenced in their purchasing decisions by the CSR reputation of firms, and evidence suggests that some consumers are willing to pay a premium for CSR. However, research undertaken by Sen and Bhattacharya (2001) shows that consumer reactions to CSR are not straightforward and there are numerous factors that affect whether a firm's CSR activities translate into consumer purchases. Their research reveals three key findings. First, what works for one consumer segment does not work for another; *'one size does not fit all'*. Second, the impact of CSR initiatives on outcomes "internal" to the consumer (e.g., awareness, attitudes, and attributions) is significantly greater and more easily assessable than its impact on the "external" or visible outcomes (e.g., purchase behavior, word-of-mouth). Third, the company is not the only one that benefits from engaging in CSR initiatives; both consumers and the social issues the initiatives represent benefit as well. Sen and Bhattacharya (2001) present this in what they establish as a CSR framework (Annex 2).

It may be easy for consumers in the Western world to express negative attitudes towards low paid wages and child labor in the developing countries. Nevertheless, many still buy the cheapest shirt one can find in shops like H&M and Primark. This was also mentioned in regards to 'buyer-driven GVCs', with strong pressures from the society on price and quality.

### **2.5.2 Local suppliers**

The perspectives of suppliers from the developing world have largely been overlooked, even

though many CSR controversies are situated in the Third World (Khan and Lund-Thomsen, 2011). Local producers must produce faster and reduce delivery times, they must maintain stringent quality standards and comply with labor and other regulatory norms, they must undertake more and more functions within the chain (from production to packaging, and logistics) and they must do all of this while reducing the prices of their end product (Nadvi, 2004). This calls for greater labor productivity, enhanced efficiency, and an improvement in skills and functions that local producers undertake. Confronting such challenges requires upgrading of various kinds.

Research undertaken by Khan and Lund-Thomsen (2011) showed that local manufacturers felt considerable anger and humiliation at being ordered about by international brands. A manufacturer explained that his company would be willing to ensure the welfare of workers, however this would significantly increase their costs, and margins were already too low. The Western international brands were sure not willing to pay the extra cost, but instead wanted to increase their own share of the pie. And this is one of the reasons why many local manufacturers experience CSR as a tool for extracting further economic surplus from them by their Western buyers. One manufacturer expressed his emotions by asking: *'What would you say if I came to your country in Europe without knowing anything about your social structure and told you that you should do this and that in relation to social compliance?'* (Khan and Lund-Thomsen, 2011, p. 82). Khan and Lund-Thomsen (2011) takes us to the soccer ball industry of Sialkot, Pakistan. A CSR compliance manager at a large-scale manufacturer explained how his company had recently been visited by a medium-sized brand that had come to assess compliance with the brand's code of conduct. The code of conduct of its international buyer stipulated that the toilet should be equipped with a proper seat, the kind found in North America or Europe. However, Pakistani workers were mostly used to flat ceramic slabs with a hole in the ground that one has to squat over. At the factory in question, the European-style toilets had sometimes become blocked, because workers either did not know how or did not want to use the toilet.

### **2.5.3 Local workers**

Whilst consumers on one side of the value chain are demanding no child labor, the local workers on the opposite side are facing challenges. Children work for a variety of reasons, the most important being poverty and the induced pressure upon them to escape from this plight (Siddiqi and Patrinos, 1995). Note that this is no statement in regards to whether child labor is

perceived as ethical or not, but rather meant to act as an initial discussion of the topic.

Insertion into export value chains has led to important employment and income gains for workers in the developing world. For example, in Bangladesh the growth of the export industry in ready-made garments has created employment opportunities for women workers, many of whom are migrants from poor rural areas (Jenkins, 2005). However, the competitive challenges within the global chains clearly affect the nature and sustainability of such gains (Nadvi, 2004). When suppliers are required to respond quickly to changes in consumer and design trends, as well as seasonal production cycles, this has of course important consequences for the workers (Khara and Lund-Thomsen, 2012). Suppliers are often compelled to employ more flexible patterns of employment to cope with demand uncertainty and lower their fixed costs.

‘Codes of conduct’ was earlier mentioned as a company’s response on how to deal with practices on a more ethical dimension. According to Khara and Lund-Thomsen (2012) studies have indicated that code implementation may lead to tangible improvements in areas such as the reduction of industrial accidents and limits to overtime among factory-based workers, but that codes of conduct do not affect the ability of workers to join trade unions or engage in collective bargaining while they tend not to cover workers employed in the informal economy.

## **2.6 Measurements and evaluation**

The idea behind the triple-bottom line, which was mentioned earlier, is that a corporation’s ultimate success or health can and should be measured not just by the traditional financial bottom line, but also by its social/ethical and environmental performance (Norman and MacDonald, 2004). Despite the advancement of CSR management practices in recent years, addressing social and environmental problems in value chains remains a challenge (UNCTAD, 2013). Especially in the context of complex GVCs, the scale of the monitoring task may potentially be huge. For example Nike who has over 800 contract suppliers, employing over 600,000 people in 50 countries (Smith, 2003). Porter et al. (2011) claims the tools to put the shared value concept into practice are still in their infancy, and that even the companies that are most advanced in pursuing shared value today lack the data they need to optimize its results.

'The World Investment' report by UNCTAD (2013) explains how some companies require their suppliers to undergo an audit before the first contract is established and then expect their suppliers to be monitored every three to four years. In other industries, suppliers can be inspected as frequently as every six months. Generally, the audit process involves an inspection of the factory site, interviews with management and workers (individually and in groups) and an analysis of company files and records, such as time sheets, wage records and employment contracts.

In 2005 the Clean Clothes Campaign published a report with the name *'Looking for a quick fix: How weak social auditing is keeping workers in sweatshops'* (CCC, 2005). The Clean Clothes Campaign is dedicated to improving working conditions and supporting the empowerment of workers in the global garment and sportswear industries. One of the workers producing for Walmart and Sears had the following to say in regards to these social audits: *"Auditing is more about securing orders than improving the welfare of workers. That is why the management only makes cosmetic changes to impress the auditors and not to better the conditions of workers."* The authors of another report (AFL-CIO, 2013) argue that CSR is mostly a smokescreen that undermines the possibilities for governments, trade unions, and workers in relation to holding corporations accountable for their actions so that catastrophes such as the Rana Plaza incident may be avoided. They claim that social auditing only lets private sector companies present themselves as socially responsible.

The factories of the Rana Plaza had, surprisingly, undergone regular social audits, required and financed by international buyers. However, this disaster is a clear illustration of the ineffectiveness and inadequacy of these audits. Companies have been forced to recognize that neither their own auditors, nor externally hired ones, could credibly ensure respect for basic standards or human rights at the workplace. Hence, major companies have started to embrace what is known as multi-stakeholder initiatives (MSIs). MSIs are intended to bring civil society and other shareholders into dialogue with corporations over the negative impacts of business activities (AFL-CIO, 2013).

### **2.6.1 Data collection and Key Performance Indicators (KPIs)**

The expression *"If you can't measure it, you can't manage it"* is a fairly familiar one. And so goes one of the hardest critiques against CSR. Norman and MacDonald (2004) argue that the triple-bottom line is an unhelpful addition to current discussions of corporate social

responsibility. Their argument is that, in principle, it is impossible to find a common scale to weigh all of the social “goods” and “bads” caused by the firm, and furthermore that one will never be able to get to a broad agreement for any such proposed common scale. Hence, one of the biggest challenges in CSR reporting is the development of standard performance indicators. Keeble et al. (2003) reason that indicators should reflect the business realities, values and culture of the organization, and as such their development should not be constrained to prescribed methodologies or standards. They do, however, recognize that international standards can play a role in informing the development of appropriate indicators. According to Porter and Kramer (2006) The Global Reporting Initiative (GRI) is rapidly becoming a standard for CSR reporting, as well as the FTSE4Good Index and The Dow Jones Sustainability Index. One can find many more examples, however, this is not of relevance for this report.

Porter et al. (2011) suggests an integrated shared value strategy and measurement process including four steps (Annex 3):

- Step 1: Identify the social issues to target.
- Step 2: Make the business case.
- Step 3: Track progress.
- Step 4: Measure results and use insights to unlock new value.

As mentioned, for the purpose of this report, ILOs ‘Decent Work’ will be used as indicators.

## **2.7 Summary**

In this chapter, part of the academic literature concerning corporate social responsibility and shared value approach has been undertaken. It can be observed that CSR stems from both the desire to do good, as well as from the more financial perspective. A key causal question remains unanswered: does social commitment drive a firm’s profitability, or does profitability allow the firm to invest in social initiatives (Blowfield and Frynas, 2005)? Also known as the typical ‘chicken and egg dilemma’.

Nevertheless, there are still some major challenges concerning this concept, and what role it plays in regards to development. A ‘one-size-fits-all’ approach does not seem to provide the right answer.

## 3.0 METHODOLOGY AND DATA COLLECTION

The importance of theoretical guidelines cannot be emphasized enough when creating the design and data collection scheme in a study. There are numerous methods and tools that can provide insight or answer, and the methodological approach one chooses is therefore closely related to what the researcher wants to find out more about. Hence, it is necessary to document the choices made, to improve both reliability and validity of the study.

### 3.1 Research design

The research design is the actual framework of a research and provides specific details regarding the process to be followed in conducting the research (Sreejesh et al., 2014). Gripsrud et al. (2004) describes three types of research design: *exploratory*, *descriptive*, and *causal*. In causal studies, the basic aim is to identify the cause and effect relationship between variables; when we do a particular thing (cause), it gives rise to another thing (effect). In descriptive studies information is collected without changing the environment (i.e., nothing is manipulated). As with the causal design, it requires a basic understanding of the problem. However, for the purpose of this study, an exploratory design will be used. Exploratory design is beneficial if there is little knowledge within the area studied, to obtain necessary information and to develop a proper foundation for conducting detailed research later. It is normally not used in cases where a definite result is desired (Sreejesh et al., 2014). Because the topic or issue is new, data might be difficult to collect. Thus, exploratory research often relies on secondary data.

### 3.2 Data collection

In order to collect data, there are mainly two different approaches: *qualitative* and *quantitative* research. In qualitative research data is collected in the form of detailed descriptions and interpretations, whilst quantitative research is a more structured and systemized approach (Gripsrud et al., 2004). One can use either primary or secondary data. In qualitative research, interviews and observation are examples of primary data, whilst examining sources of books, articles and various texts may be examples of secondary data. In quantitative research, questionnaires are primarily regarded as primary data, whilst the study of annual reports, accounts, statistics, and other forms of data collected in large databases are examples of secondary data. Both quantitative and qualitative research have their strengths and weaknesses, therefore, a combination of the two is often regarded as the optimal approach as

it allows a broader understanding of the phenomenon being studied (Johannessen et al., 2004). Hence, for the purpose of this study, the author has chosen to undertake both quantitative and qualitative research through the use of secondary data.

### **3.2.1 Qualitative research – Sample**

A major challenge in the textile and garment industry is the lack of transparency. Often brands are not willing to share lists of suppliers with the public, claiming that this information is commercially sensitive (see e.g., Siegle, 2013). The Clean Clothes Campaign (CCC), dedicated to improving working conditions and supporting the empowerment of workers in the global garment industries, has been especially important for the survivors and victim's families after the Rana Plaza disaster. They have publicly shared companies that were connected to factories in the building. Some were also more obviously linked than others (Annex 4). This report will focus on the sustainability approach to the following five companies: *Benetton*, *H&M*, *Mango*, *Primark*, and *Zara*. Note that they are not all directly linked to the factories in the Rana Plaza building, however, they have received media attention after the disaster. These companies are chosen because they have suppliers located in Bangladesh. Furthermore, they are brands that are well known to the public. Analysis will be carried out through observation according to ILOs Decent Work Indicators.

### **3.2.2 Quantitative research – Sample**

Looking at companies' sustainability reports will only give one side of the story. The intention is therefore to back up the analysis with a different perspective through statistical analysis. ILOs School-to-Work Transition Survey (SWTS) will be used as a database, and Stata as statistical software. The SWTS generates relevant labor market information on young people aged 15 to 29 years, including information on transitions within the labor market. The main objectives have been to collect detailed information on the various challenges, attitudes and situations of young people upon entering the labor market. It can also be used to detect the individual characteristics of young people that determine labor market disadvantages, which will be particularly relevant for this study.

#### **3.2.2.1 Characteristics of youth in the sample**

Research undertaken by the ILO together with The Bangladesh Bureau of Statistics (BBS) between January and March 2013, gave a final sample size of 9,197 young people. The survey was conducted through random sampling and includes variables as “employment”,

“unemployment” and “school enrolment”. To answer the research question, it has therefore been necessary for the author of this report to reduce the number of respondents, as only people who are employed will be of relevance. This gives a sample size of 3,403 (Annex 5). Furthermore, only workers within the textile and garment industry will be studied. The ILO and BBS have categorized workers’ occupations through the International Standard Classifications of Occupations (ISCO). The author of this report used this categorization to include only workers within the textile and garment industry, which left a total of 473 respondents (Annex 6). Characteristics of the respondents are presented in the table below.

**Table 1. Characteristics of the study sample**

		Total		Male		Female	
		Number	%	Number	%	Number	%
<b>Age group</b>	15-19 years	140	29,6	60	29,1	80	30,0
	20-24 years	167	35,3	64	31,1	103	38,6
	25-29 years	166	35,1	82	39,8	84	31,5
<b>Area of residence</b>	Rural	201	42,5	102	49,5	99	37,1
	Urban	272	57,5	104	50,5	168	62,9
<b>Total</b>		473	100,0	206	43,6	267	56,4

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

The final sample for this report has a slightly higher response rate from females (56.4 %). The highest proportion is between 20–24 years old (35.3 %), but not significantly different from neither 25–29 (35.1 %) nor 15–29 (29.6 %). In total, 57.5 percent are located in the urban areas. While for men it is almost equally distributed, there is a significant difference for woman, where 62.9 percent lives in the urban areas.

### 3.3 Defining ‘Decent Work’

As ‘Decent Work Indicators’ will be at the basis of the analysis, it is applicable to give an introduction to the different sections. The ILO Framework on the ‘Measurement of Decent Work’ covers ten substantive elements corresponding to the four strategic pillars of the ‘Decent Work Agenda’ (full and productive employment, rights at work, social protection and the promotion of social dialogue) (ILO, 2012):

**Figure 3. 'Decent Work Indicators'**

#### **Employment opportunities**

Employment opportunities are mainly based on the existence of employment opportunities for all who are available and seeking work. An essential element of decent work is the extent to which a country's population is employed. It covers indicators like employment-to-population ratio (EPR), labor force participation rate, unemployment, informal employment, etc.

#### **Adequate earnings and productive work**

In order to be decent, work has to be productive and provide workers with adequate earnings. A minimum living wage is also a central element to the Millennium Development Goals to eradicate poverty. It covers indicators like working poverty rate (total household income), average real (monthly) earnings, average hourly earnings, employees with recent job training, etc.

#### **Decent working time**

Adequate working time arrangements constitute an essential part of decent work. Excessive hours of work frequently signal insufficient hourly pay and are thus a threat to workers' long-term physical and mental capacity to work. Working excessive hours may also eventually reduce productivity. Includes indicators like employment in excessive working time.

#### **Combining work, family and personal life**

Working time should be regulated to provide workers with decent working hours and, thus, a better balance between work, family and personal life. Indicators may be different for different country context, e.g., hours spent on cooking, leisure, etc. Should include observations on parental and maternity leave.

#### **Work that should be abolished**

Work that should be abolished notably includes measures on forced labor and child labor. Measurements are essential to track its incidence, distribution and characteristics and thus, ultimately, inform action and monitor progress towards its elimination.

#### **Stability and security of work**

Workers without permanent working relationships that are employed as and when required, rarely have social protection and often find it difficult to join trade unions and other representative groups at the workplace. The main criteria used to measure the concepts are length of contract duration or ease of dismissal by an employer, length of job tenure, and characterization as subsistence workers and casual workers.

### **Equal opportunity and treatment in employment**

Freedom from discrimination is a fundamental human right and is essential for workers to be able to choose their employment freely, to develop their potential to the full and to obtain economic rewards on the basis of merit. It includes indicators like occupational segregation by sex, female share of employment in in senior and middle management, gender wage gap, etc.

### **Safe work environment**

Adequate provisions for occupational safety and health (OSH) and a safe working environment are a defining feature of decent work. Indicators include occupational injury frequency rate (fatal/non-fatal), time lost per occupational injury, and labor inspection.

### **Social security**

Social security covers measures that provide benefits to secure protection from lack of work-related income, lack of access to unaffordable access to health care, insufficient family support, and general poverty and social exclusion. Covers indicators like old-age pension benefit, public social security expenditure, health expenditure (not financed by private households), paid sick leave, etc.

### **Social dialogue, employers' and workers' representation**

Social dialogue covers all types of negotiation, consultation and exchange of information between representatives of governments, employers and workers on issues of common interest. Indicators include trade union density rate, collective bargaining coverage rate, and days not worked due to strikes and lockouts.

Source: Made by the author, with reference to the ILO (2012) '*Decent Work Indicators: Concepts and definitions*'

## **4.0 DATA ANALYSIS**

Based on the methodology and data collection, this chapter will critically analyze the findings to assess the main purpose of this study, namely to answer the research question. The analysis will start with a short introduction of Bangladesh to describe the context that is to be analyzed. Further, it will make use of ILOs Decent Work Indicators, and analyze them one by one according to the findings.

### **4.1 Country context – Bangladesh**

Bangladesh is one of the most densely populated countries in the world, with an area of 144.000 Km<sup>2</sup> and a population of approximately 160 million people. The UN has categorized Bangladesh as a Least-Developed Country (LDC). According to the Development Policy and Analysis Division (DPAD) website, there are currently 48 countries designated as LDCs in the world today, all being low-income countries confronting severe structural impediments to sustainable development. What is interesting with Bangladesh, is that it is also considered to be among the next eleven (N-11) emerging economies (Goldman Sachs, 2007), together with countries like Korea and Mexico that are already well-known to many investors. Their main common ground – and the reason for their selection – was that they were the next set of large-population countries beyond the BRICs.

According to Rahim and Alam (2014) the general corporate environment of Bangladesh is characterized by a concentrated ownership structure, a poor regulatory framework, dependence on bank financing, and a lack of effective monitoring. Nevertheless, Bangladesh has experienced a sustained period of economic growth driven principally by exports in the garment sector (ILO, 2013a). This has been accompanied by a shift in job creation towards manufacturing and services and a reduction in agricultural employment. Bangladeshi woman have been an integral part of this transformation and have been instrumental in poverty reduction and rural development.

### **4.2 Decent work in the garment and textile industry in Bangladesh**

The choice of the textile and garment industry sector in Bangladesh was motivated by several considerations. With 3.6 million garment workers and more than \$18 billion in apparel exports last year, Bangladesh is the world's second-largest exporter of clothing after China (Greenhouse, 2013). Furthermore, the collapse of the Rana Plaza factory, that caused the

deaths of more than 1,100 people, has reignited earlier debates about the potential and limits of working with CSR in global production networks.

#### **4.2.1 Employment opportunities**

With relocation of supply chains, globalization has significantly affected employment opportunities in Bangladesh. Looking at the country as a whole, it has a relatively low rate of unemployment: 4.5 percent according to The World Bank. However, by looking at the labor force participation rate (15+), one can see that for male it is equal to 84 percent, whilst for female only 57 percent. Clearly, there are still some barriers to employment among Bangladeshi women.

By looking at the complete SWTS study, before the reduction done by the author of this report, one can see that only 37 percent of the 9,197 young people participating in the survey were employed (Annex 5). Whilst this number was 63.7 percent for the young men, only 15 percent of the young women were employed. This supports the preceding statement in regards to challenges for woman. In the textile and garment industry, however, one cannot find the same pattern. According to Kabeer and Mahmud (2004), at least 70 percent of the workers in the Bangladeshi garment industry are women, and the bulk of these are migrants from poorer rural areas. This can also somewhat be observed from the sample of this study, where out of 473 respondents, 56.4 percent are woman (as presented in Table 1).

In their sustainability report, H&M comment that the garment industry is a “*labor-intensive industry that creates millions of jobs and substantial economic growth*” (Annex 24). They refer to a report by the ILO and The International Institute for Labour Studies, *Bangladesh: Seeking Better Employment Conditions for Better Socioeconomic Outcomes*. By reading this report, one can see that Bangladesh has experienced a sustained period of economic growth, driven principally by exports in the garment sector. However, despite the strong gains in economic growth, it has not led to a marked improvement in employment conditions, especially for the millions of workers in the garment sector (ILO, 2013a).

When discussing employment opportunities it may also be interesting to see how the workers in the sample got their job (Annex 7). Over 55 percent said they asked friends, relatives or acquaintances, whilst 22.2 percent inquired directly at factories, farms, or other workplaces. Only 8.2 percent placed or answered a job advertisement, and 2.1 percent took a test or

interview. The workers were furthermore asked if they have received any advice from the service center, whereas 46.5 percent claim to have been given no guidance, and 41.2 percent said they had never heard about the employment service (Annex 8).

**4.2.2 Adequate earnings and productive work**

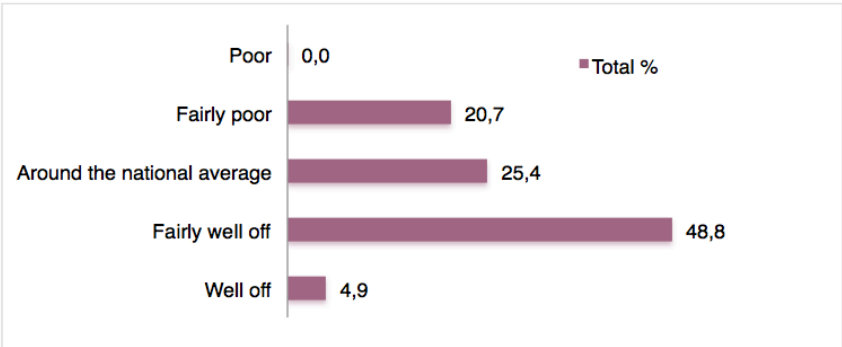
***“Regular minimum wage revisions are crucial for developing a mature garment industry.”***

– H&Ms Sustainability report (Annex 24)

All the companies analyzed in this report stand behind the idea that the wages shall be sufficient to meet at least the basic needs of workers, their families and any other reasonable additional needs. Benetton, Mango and Zara emphasize through their Code of Conduct, that it is the manufacturers and suppliers responsibility to perform accordingly. H&M is ready to work in close consultation with a variety of stakeholders, including the government, factory owners, and factory employees. They furthermore address their own responsibility in keeping wages at a fair level by making sure that the prices they pay their suppliers enable them to pay fair living wages to their workers. H&M intend, by 2015, to develop additional tools to systematically ensure this also when wages increase in the future. None of the companies directly address their concerns in regards to productive work.

From the sample size of 473 workers within the textile and garment industry analyzed in this report, 48.8 percent claim to be fairly well off when asked about their household’s financial situation, as can be observed in Figure 4 (Annex 9).

**Figure 4. Your households’ financial situation**



Source: Made by the author, with data from the SWTS-Bangladesh, 2013

Monthly payments are most common (Annex 10), and findings on gross income per month, reported by the local workers, are presented below in Table 2 (Annex 11). The highest

proportion of respondents earn between 4001 and 6000 Bangladeshi Taka<sup>1</sup> per month. Note that the author has made the choice to present the results in clusters, but the respondents were not limited to these alternatives.

**Table 2. Gross income in the last 1 month?**

	Total		Male		Female	
	Number	%	Number	%	Number	%
0 - 2000	10	2,9	5	3,1	5	2,8
2001 - 4000	95	27,9	31	19,4	64	35,4
4001 - 6000	135	39,6	52	32,5	83	45,9
6001 - 8000	65	19,1	43	26,9	22	12,2
8001 - 10.000	17	5,0	13	8,1	4	2,2
10.000 <	19	5,6	16	10,0	3	1,7
<b>Total</b>	<b>341</b>	<b>100,0</b>	<b>160</b>	<b>100,0</b>	<b>181</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

As presented in Figure 3, the ILO suggests that for work to be decent, not only is adequate earnings important but also productive work. One of the indicators used to measure this, is to look at the number of employees with recent job training. Over 87 percent of the sample claim to have not received any training by their employer (Annex 12).

#### 4.2.3 Decent working time

Working hours in Bangladesh are set at 48 hours per week. When referring to excessive hours or overtime, that means every hour worked in addition to these 48 hours. Most of the companies refer to the *“applicable legislation and regulations of the country”* when commenting on decent working time (Annex 24). Benetton, Primark, and Zara says that personnel shall be given at least one day off in every seven days period on average. Furthermore, all companies claim that overtime should be on a voluntary basis with suitable compensation, and shall not exceed 12 hours per week. H&M acknowledges that reducing overtime remains a major challenge in the garment and textile industry.

By looking at the sample, 34.9 percent claim to have been working between 51 and 60 hours during the last week of when data was collected (Annex 13). Results show that over 67 percent worked more than 48 hours (Table 3).

<sup>1</sup> 1000 Bangladeshi Taka equals 11.53 Euros (XE.com as of May 5<sup>th</sup> 2015)

**Table 3. How many hours did you work last week?**

	Total	
	Number	%
Worked 48 hours or less	155	32,8
Worked more than 48 hours	318	67,2
<b>Total</b>	473	100,0

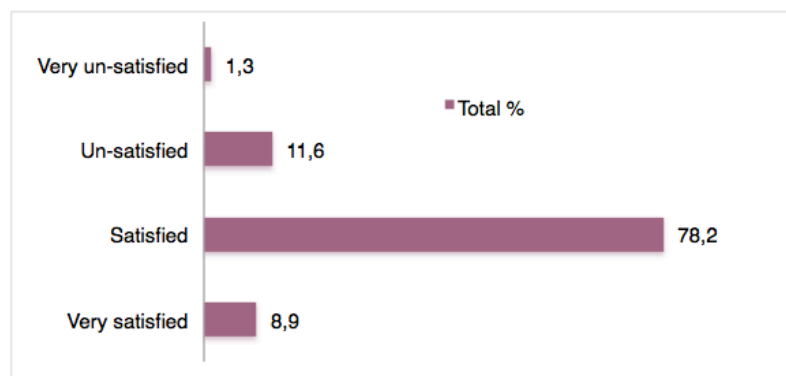
Source: Made by the author, with data from the SWTS-Bangladesh, 2013

#### 4.2.4 Combining work, family and personal life

The opportunity for the workers to combine work, family and personal life is closely related to the preceding analysis regarding decent working time. But as one could see, workers are working inhumane hours. Zara is the only company directly addressing the work-life balance: *“The Groups equality plans include policies designed to facilitate work-life balance, such as measures to make it easier for woman to come back to work after maternity leave, paternity leave, options for adjusting working hours to school timetables and social benefits, among others. There is a committee that monitors these equality plans and analyzes their application and results”* (Annex 24). Benetton and H&M do, however, comment that workers shall be *“granted and properly compensated for any types of paid leave, including maternity/parental leave.”*

From the dataset there are no clear measures on how the workers combine work and personal life. Respondents have been asked if they receive parental leave or not, whereas 66.9 percent claim to receive none (Annex 15). It is, however, interesting to see in Figure 5 that over 78 percent still claim to be satisfied with work (Annex 14).

**Figure 5. Satisfied with work**



Source: Made by the author, with data from the SWTS-Bangladesh, 2013

#### **4.2.5 Work that should be abolished**

All companies stand behind no recruitment of either forced labor or child labor. How they define a child differs, but not significantly. Zara defines ‘minors’ as those persons who have not yet reached their 16<sup>th</sup> birthday, whilst Benetton require that no partners shall employ persons younger than 15 years (or 14 years where national legislation so permits). The latter goes for H&M and Primark. Mango mentions no particular age limit. Several emphasize that young workers (below 18) shall not work during night hours or in hazardous conditions. Primark suggests that companies shall develop or participate in and contribute to policies and programs which provide for the transition of any child found to be performing child labor to enable her or him to attend and remain in quality education until no longer a child.

The sample dataset covers only young people from the age of 15–29, and is not sufficient to observe for this reason. But looking at Bangladesh as a country, child labor is still common. According to statistics by UNICEF, 13 percent of Bangladeshi children under age fourteen are in the labor force. There are no official data available on forced labor in Bangladesh.

#### **4.2.6 Stability and security of work**

Causal labor is often used as a means of keeping labor costs flexible and to reduce them quickly in times of economic distress. With irregular employment, the rights of the worker are often compromised. Four out of five companies claim in their Codes of Conduct that workers are entitled to a written employment contract, in the local language, stipulating their employment terms and conditions. Furthermore, the employer has a responsibility to ensure that all workers are aware of their legal rights and obligations.

Out of 473 respondents, 377 have answered the question on the basis of their employment. As one can observe from Table 4, 55.4 percent has a written contract, 33.4 percent has an oral contract, whilst 11.1 percent has no contract at all (Annex 16). There are no significant differences between male and female, except a slightly higher proportion amongst females have a written contract.

When asked about the length of their contract, 89.1 percent claim to have an unlimited duration (Annex 17). The remaining 10.9 percent was asked why their contract was limited, whereas the main reason was due to occasional or daily work (Annex 18).

**Table 4. Basis of employment?**

	Total		Male		Female	
	Number	%	Number	%	Number	%
Written contract	209	55,4	91	50,0	118	60,5
Oral contract	126	33,4	69	37,9	57	29,2
No contract	42	11,1	22	12,1	20	10,3
<b>Total</b>	<b>377</b>	<b>100,0</b>	<b>182</b>	<b>100,0</b>	<b>195</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

#### 4.2.7 Equal opportunity and treatment in employment

It is mentioned that there are challenges for Bangladeshi women entering the work force, even though this is not the case in the garment and textile industry particularly. This section, however, is meant to shed light whether there are equal opportunities and treatments when already employed. All the companies in this study stand behind that there shall be no *“discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation”* (Annex 24). H&M comment that *“77% of our colleagues are woman, so it is integral to our operations that leadership reflects that. Consequently, 73% of our managers and 50% of our board members are women, too.”*

In the questionnaire, the respondents were asked if they think there are equal opportunities for men and women. Results are presented in Table 5. 47.7 percent believe there are equal opportunities for women and men. What is furthermore interesting is that amongst the 266 female respondents, a higher proportion of women believe there are greater opportunities for women than for men (31.2 percent versus 27.8 percent).

**Table 5. Equal opportunities?**

	Total		Male		Female	
	Number	%	Number	%	Number	%
Greater opportunities for men	140	29,7	66	32,0	74	27,8
Equal opportunities for women and men	225	47,7	116	56,3	109	41,0
Greater opportunities for women	107	22,7	24	11,7	83	31,2
<b>Total</b>	<b>472</b>	<b>100,0</b>	<b>206</b>	<b>100,0</b>	<b>266</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

Because previous research has shown differences amongst men and female workers in Bangladesh, the author of this report has intentionally included numbers of this in the findings, but only where it may be of interest. Where no comments are made in regards to these, no significant differences are to be found. In regards to wages, one could observe that, in total, but also for both men and women, the most common income reported was between 4001 and 6000 Bangladeshi Taka per month (Table 2). By adding up the percentages, one can, however, see that 45 percent of the men earned more than 6000 Taka per month, whilst this was as low as 16.1 percent for women.

#### **4.2.8 Safe work environment**

***“305,195 workers and middle managers in our Bangladeshi supplier factories have received additional fire and safety training since 2011.”*** - H&M (Annex 24)

A safe work environment seems to be of special concern for all companies analyzed in this report. Five out of five have committed to and signed the *Accord on Fire and Building Safety in Bangladesh*, in the wake of the accident at Rana Plaza. The agreement is promoted by international trade union associations and clothing brands around the world, and the aim is to make the necessary changes to improve the safety conditions of workers in clothing factories in the country. Most companies include their requirements to safety in their Code of Conduct. Through this Code of Conduct, Benetton, Mango, Primark and Zara, make it clear that it is their partners (suppliers and manufacturers) responsibility to provide adequate information and training to their workers in regards to safety precautions and how to act in case of fire or other emergencies. H&M is the only company giving numbers and concrete examples as to how they work towards creating a safer environment, for example by introducing requirements not to source from any factories located in buildings that are shared between several parties, so that the factory can have full control of building safety (Annex 24).

From the sample study, 19 out of 473 respondents claim to have been injured at work (Annex 20). Seven out of 19 claim to have been injured at work *more* than one time. 13 people say that their injury has been superficial, whilst four people report on dislocation, sprain, strain amputation, and two people on burn, corrosion, scald, or frostbite.

#### 4.2.9 Social security

Not much focus is put on workers social security in any of the companies' sustainability reports or Codes of Conduct. As mentioned below 'Combining work, family and personal life', Benetton and H&M require that workers shall be granted and properly compensated for any types of paid leave, including paid sick leave. Both Primark and Zara do mention that obligations to employees under labor or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labor-only contracting, subcontracting, home-working arrangements, or by using schemes that have no real intention to promote regular employment in the framework of regular employment relationships. This is closely related with the element of stability and security of work.

Unfortunately, from the sample, there is not much relevant data to be found. However, it is possible to see whether the workers have the right to pension and paid sick leave. As presented below, 78.2 percent claim to receive no paid sick leave (Annex 21), and 96.1 percent claim to not receive pension (Annex 22).

Figure 6. Paid sick leave

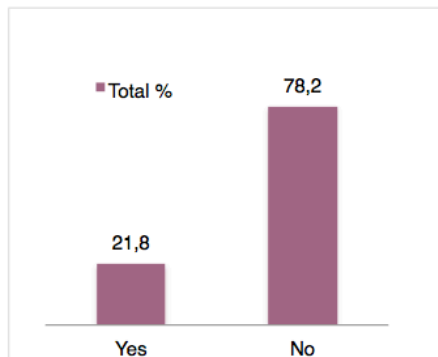
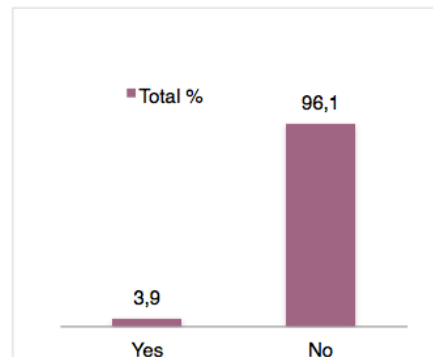


Figure 7. Paid pension



Source: Made by the author, with data from the SWTS-Bangladesh, 2013

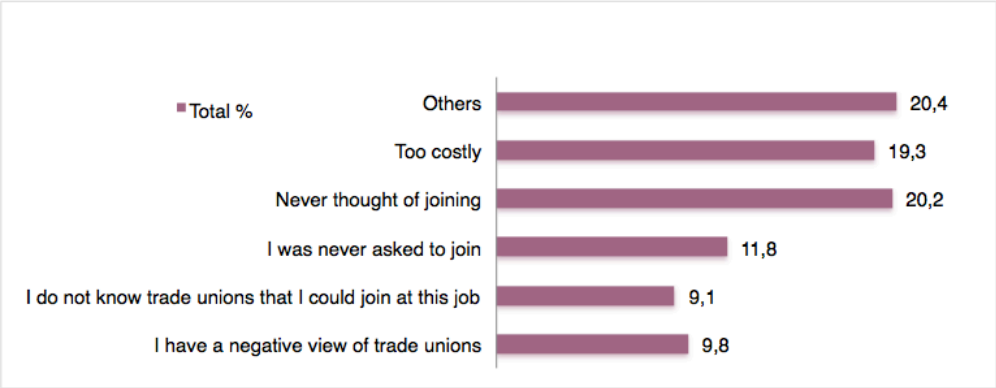
#### 4.2.10 Social dialogue, employers' and workers' representation

Social dialogue is often related with stability and security of work. Workers employed on an irregular basis, often find it difficult to join trade unions and other representative groups at the workplace. All the companies analyzed, stand behind the requirement that ***“workers have the right to form or join associations or committees of their own choosing and to bargain collectively”*** (Annex 24). Primark and Zara mentions that where the right of freedom of association and collective bargaining is restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed. H&M

acknowledge that many markets lack sufficient systems, and because of this they have started to empower workers with awareness about their rights at work and help suppliers establish functioning and democratically-elected workplace representation. The aim is that these will gradually develop into increasingly mature collective-bargaining systems. In 2008, H&M teamed up with suppliers and local NGOs in Bangladesh to develop a series of short films and training packages to increase awareness of workers’ rights. In 2011, they launched a social dialogue project in Bangladesh, by selecting five factories to set best practice examples on democratic workplace representation. H&M also made a major shift in the way they assess compliance with the requirement in their audit program: ***“Instead of asking if a worker’s right to freedom of association is respected, they now measure if trade unions are actually in place”*** (Annex 24).

From the sample, only 4.7 percent claimed to be a trade union member (Annex 23). When the remainders were asked why they do not participate in a union, several answers could be observed, the most significant are presented in Figure 8.

**Figure 8. Why not a trade union member?**



Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## 5.0 RESULTS AND DISCUSSION

Going back to the research question, one can read from the previous chapter that challenges still remain strong in the textile and garment industry in Bangladesh. This chapter will further summarize and discuss the findings of the report.

**Figure 9. Decent Work Results**

<b>Employment opportunities</b>	✓
<b>Adequate earnings and productive work</b>	✗
<b>Decent working time</b>	✗
<b>Combining work, family and personal life</b>	✗
<b>Work that should be abolished</b>	
<b>Stability and security of work</b>	✓
<b>Equal opportunity and treatment in employment</b>	✓
<b>Safe work environment</b>	✗
<b>Social security</b>	✗
<b>Social dialogue, employers' and workers' representation</b>	✗

Source: The author

The preceding figure is a summarization of the ten elements of decent work in regards to the local textile and garment worker in Bangladesh. It is meant to act as an initial presentation of the results, that are to be further discussed in this chapter.

Firstly, there is no doubt that globalization and relocation of supply chains to Bangladesh has created more opportunities for employment within the textile and garment industry. It may be easy to criticize companies operating in the developing world for not contributing enough, but one can ask what would be the case if these companies were not present at all. What is further analyzed is the way most of the young people in the survey got their job, over 55 percent claiming to have asked friends, relatives or acquaintances. Even though networking is a familiar approach in the western world, this may not be the reality in Bangladesh. It can

possibly create unfairness in the labor market. But if one were to turn the tables around again, how many of the local workers have access to a computer, or even newspapers? And can they even read the advertisements if they were placed somewhere? According to the UNICEF (2013) website, total adult illiteracy rate (percentage of persons aged 15 and over who cannot read and write) was 42.3 percent between 2008-2012, and 6.3 people for every 100 population are Internet users. Hence, what may sound unreasonable can be the only option in a developing country like Bangladesh.

As of November 2010, the minimum wage for employees in the ready-made garment sector ranges from 3000 to 9300 Bangladeshi Taka per month, depending on the grade (ILO, 2013b). One could previously read that a regular minimum wage was important for all the companies analyzed in this study. But how much power do they have to make this happen? The companies state that all partners must follow their code of conduct, and follow-up on the requirements are regularly done through auditing. However, as could be read in the literature review, one of the major challenges in this industry is the way auditing is reported. Workers felt that *“auditing is more about securing orders than improving the welfare of workers.”* From the sample, the main bulk earned between 4001 and 6000 Bangladeshi Taka per month, which is above the minimum wage as suggested by the ILO. However, if one were to analyze the numbers again, it could easily be found that in total 12.6 percent earn 3000 or less per month (Annex 25). For men this equals 10.0 percent of the respondents, whilst for women 14.9 percent. And if this is further compared to hours worked per week, it does not seem to be a fair picture. Nevertheless, what is interesting to observe is that most respondents think they are fairly well off concerning their households' financial situation.

Clearly, decent working time is one of the main challenges in regards to meeting the requirements of decent work in the textile and garment industry. More than 67 percent claim to have worked more than 48 hours the preceding week, what is considered to be applicable working hours in Bangladesh. Unfortunately there is no research in this study done on compensation amongst these extra hours. H&M is the only company to acknowledge this major problem, however, no clear strategies are put in place to reduce working hours. By working inhumane hours, it is clear that a balanced work, family, and personal life is not possible. Once again, it is surprising to see that 78.2 of the respondents seem to be overall satisfied with their work. Questions considering if some would also prefer to work more hours was also raised during the interviews, but data were not sufficient to be included in this

report. The fact is that for many people in the developing world, one of the main purposes in life is to work as hard as possible to raise money to support their families, and this is enough to give them satisfaction in life.

Work that should be abolished is intentionally left open in Figure 9. Not because it is not of major concern in the textile and garment industry in Bangladesh, but because the research in this report gives no clear answer as to whether it exists or not, or in what proportions. Child labor is often raised as an ethical dilemma, which was slightly mentioned in the literature review. All companies analyzed make reference to no recruitment of either forced labor or child labor in their codes of conduct. But what is child labor? According to the ILO, not all work done by children should be classified as child labor that is to be targeted for elimination. They further argue that children's adolescents' participation in work that does not affect their health and personal development or interfere with their schooling is generally regarded as being something positive. What efforts do companies like H&M, Benetton, or Primark do to separate amongst these types of work?

In the literature review one could read that suppliers often are compelled to employ more flexible patterns of employment to cope with demand uncertainty and lower their fixed costs. It was then pleasant to see from the data analysis that almost 90 percent of the workers were hired on an unlimited basis. Furthermore, four out of five companies mentioned that workers are entitled to a written contract in their local language. But earlier it was stated that the illiteracy rate in Bangladesh is still as high as 42.3 percent. One could then ask what good a written contract really does, if the workers are not able to read it anyways? This might be one of the reasons why the percentage of oral contracts was as high as 33.4 percent. Both H&M and Primark have made concrete efforts to address these types of problems. Primark has worked with factory workers in Bangladesh to create a series of posters using imagery to communicate the code in a way that helps workers understand the rights they have at work.

Even though problems may exist in Bangladesh, it is inspiring to see that the workers in this study report on equality amongst men and woman in the textile and garment industry. As mentioned, this may come from the fact that this industry is overrepresented by women. Unfortunately, the questionnaire gives no further answers as to what way they perceive opportunities to be greater.

A safe work environment has been one of the more difficult to report whether is to be seen as accomplished or not. The author has changed the mark from red to green and vice versa, up to several times. It ended at a negative red. When results were initially analyzed, it was presented in percentages. 19 out of 473 workers reported on injuries, this gives four percent. In statistical analyses this may easily be reported as not significant, and therefore reported as 'good enough'. It is, however, important to think about that these are real human beings being injured at work. The number should be zero. By further analyzing how many of these injured workers receive paid sick leave, 14 out of 17 reports that they do not receive any (Annex 26). Creating a safe work environment has been one of the most commented issues when analyzing the companies' sustainability reports. It is important to note that the reports being analyzed were all looking back at 2013, the year of the Rana Plaza disaster. The Accord on Fire and Building Safety in Bangladesh was established in 2013, and many of the companies make great efforts to claim to be 'among the first to sign'. Nevertheless, companies like Benetton has received harsh critiques and pressures from both the public and the media for not making a big enough contribution (Annex 27). Some companies claim to not have been present in the Rana Plaza factories, but still they are not willing to share their supplier and manufacturing lists to the public. The author of this report has consistently made reference to the Rana Plaza disaster. That is not to say that this is the only disaster that has happened. It is just the biggest. On March 13<sup>th</sup> 2015, a new factory in Bangladesh collapses, with at least seven people being killed, according to an article by The Telegraph (2015). At least 53 people were injured. Why do these catastrophes keep happening? Clearly, no company would wish this for anyone. They are working hard to change the negative patterns, but there is still not enough being done.

Regarding social security not much data were presented in this report. There is a clear negative in regards to both paid sick leave and paid pension. Lastly, it was reported that as much as 95.3 percent are not members of a trade union. From the other results it is clear that, even though it may be relatively simple procedures for establishing unions, a combination of limited awareness of the benefits of union representation and weak institutional capacity may actually be preventing unions from attracting new members. Primark's idea to put in place posters or similar efforts could for example prove beneficial in these types of issues, as well as H&M's short films and training packages.

## 6.0 CONCLUSION

The purpose of this report has been to answer the research question: *In the emergence of creating shared value as a development issue, what role does business have in reducing poverty by creating 'decent work' for all in the perspective of the textile and garment worker in Bangladesh?*

There is no doubt that businesses today play a role in development questions raised by the society. The question, however, is *what* role it plays. Reducing poverty by creating decent work for all is only *one* of the factors that can prove to be of importance. A major issue regarding CSR has been to find a common ground for data collection and key performance indicators. This report has used ILOs 'Decent Work Agenda' as a framework, and is therefore shaped accordingly. Of the results, and from the perspective of the local textile and garment worker in Bangladesh, this report concludes that the working conditions in the garment and textile industry in Bangladesh are in many aspects below universally recognized standards set by the International ILO. Some of the criteria's are met, but most of them are not. If the perspective had been taken from the company side, results would most likely look differently.

What should western companies operating in the developing world do? They could choose to forget all about CSR, and simply exploit labor wherever it is cheapest – counting on consumers back home to ignore the blood, sweat and tears that went into making that cheap t-shirt or pair of trousers. However, with pressures from both media and the public, this is not the best approach to take. They could instead stop sourcing from Bangladesh and buy from factories in countries where the risk of industrial accidents is far smaller. This is what The Walt Disney Company, the world's largest licensor with sales of nearly \$40 billion, decided to do in March 2013 when they ordered an end to the production of branded merchandise in Bangladesh (Greenhouse, 2013). But what good does this do for the workers in Bangladesh? They suddenly loose employment opportunities. The third approach is to stay and try to change things. And this exactly what Primark intend to do: ***"We have made a commitment to Bangladesh and intend to work with other stakeholders to ensure that working conditions are safe. By doing so, we can be a force for good."***

Jobs in garment manufacturing have played an important role in reducing poverty rates in the country over the last 20 years, and companies operating in Bangladesh should do all in their

power to be able to create a decent workplace for all. But they cannot do it alone. Dialogue with stakeholders is crucial, and determining who your stakeholders are is the first step. Companies analyzed in this report mainly refer to their codes of conduct, which applies to all suppliers and to anyone doing business with the respective company. It was mentioned in the literature review that studies have indicated that code implementation may lead to tangible improvements in areas such as the reduction of industrial accidents and limits to overtime among factory-based workers, but that it does not affect the ability of workers to join trade unions or engage in collective bargaining. Unfortunately, neither was proven to be true in this study.

Audits are used to monitor the code requirements, but as mentioned, these are no longer viewed as a trustworthy tool by itself. In their sustainability report, Primark talks about “*Going beyond audit*”, meaning they are actively involved in providing support to its suppliers through education, training and partnership agreements. This could be something all companies could work on.

Lastly, transparency regarding supplier lists is essential to ensure workers with a safe and fair place to work. Openness makes companies accountable for their actions, and they have to acknowledge the conditions under which their goods are being produced. And with the increasing concern from the consumers, the company demonstrates that it is not afraid to be put in the spotlight. It also means that they do not have to do all the work by themselves, NGOs, trade unions, and others of interest are able to verify the work that is being done.

## 7.0 LIMITATIONS OF THE STUDY

This section is meant to shed light on some of the limitations of the study and provide a general overview of the challenges that has occurred throughout the process. As mentioned, the author is aware that the topic of this thesis is extensive, and that there is no perfect way to measure these types of questions. However, the report has documented why the choice of indicators have been used and provided insight to the research question.

Firstly, access to data has been one of the major challenges. There are many different perspectives one can take on CSR. Both consumers and companies in the west could have been used for data collection. However, the author has been clear from the beginning of the idea process that the perspective should be concentrated at the people on the bottom of the value chain and on voices that may not have been heard as much before. The ILO makes suggestions and recommendations to data sources for each element of decent work. They often refer to the Labor Force Survey (LFS) of each country. Unfortunately, it was not possible for the author to find raw data on the LFS in Bangladesh. However, after contacting the ILO directly, they made aware that the SWTS in Bangladesh runs as a modular survey attached to the LFS, and it was here possible to find raw data.

It has also been mentioned that companies are very often not willing to share their supplier list with the public. Luckily, the CCC made available companies that have operations in Bangladesh. This list was not limited to the five companies analyzed in this report, but the author reasoned that by using more familiar companies, would make it more interesting for the reader. When going through the reports, it is important to be aware of what ‘glasses’ are being used. In this report, the focus has been on the ‘Decent Work Indicators’, which means that information that cannot be combined within one of the ten elements is not included. Hence, there might be other important fields the companies are concentrating their efforts towards that has not been mentioned in this report.

This means data collection has taken place through the use of secondary data. Although secondary data have many advantages, it has its own share of pitfalls and disadvantages. The questionnaire that has been used by the ILO and BBS was made available on the ILO website. When the author started working in SPSS to analyze the data, it was proven difficult to understand which variable was connected to each question, as the marking was not consistent.

Furthermore, the data was not a perfect match with what was being analyzed. As previously mentioned when analyzing the question on equality, it would prove beneficial to elaborate more. *“Customers are people, not pie charts”* (Sreejesh et al., 2014, p. 47), and that is one of the most important critiques towards quantitative data. Qualitative research strives to expose the human perspective behind the findings, and this makes it easier to understand and end-users find themselves more comfortable with the reports (Sreejesh et al., 2014). Even though companies have been analyzed qualitatively, it is a clear limitation of the study that the author has not been able to talk to any local garment and textile worker in Bangladesh directly, to further support the findings.

The sample of the study only includes youth between 15–29 years. This means it is not possible to generalize the findings for workers at all age levels in the textile and garment industry. The SWTS was intended to show differences inside and outside of the labor force. A lot of data has been dismissed to fit to the research questions. Not only are people outside the labor force excluded, but also workers within any other sector than the garment and textile industry. Lastly, Bangladesh is a developing country, it is therefore important for the researcher to understand that some of the estimates may be biased.

## 8.0 FUTURE RESEARCH

There is of course a lot of interesting research areas within CSR, and it is still a field that deserves further attention. Nevertheless, the purpose here is to elaborate on future research in particular to this research study. Research was undertaken in the textile and garment industry in Bangladesh. It would have been interesting to further compare other industries, as well as other countries. It could also prove beneficial to look at changes over time, for example through time series analysis. And as mentioned as one of the limitations of the study, the author was not able to conduct any primary data. A field study with interviews of the local textile and garment worker in Bangladesh would give this research an even stronger approach. It would also have been interesting to look into the companies' audits report, but at this stage, these are not made available for the public.

Furthermore, what have not been mentioned in this report is the formal versus informal industry. Informal employment has been a prominent feature in Bangladesh's economy over the years. Informal employment rarely comes with adequate wages, good working conditions and social protection, which are some of the pillars in regards to decent work. The concentration has been on the local textile and garment worker, but it would have been interesting to look at people even lower in the value chain, for example the cotton pickers.

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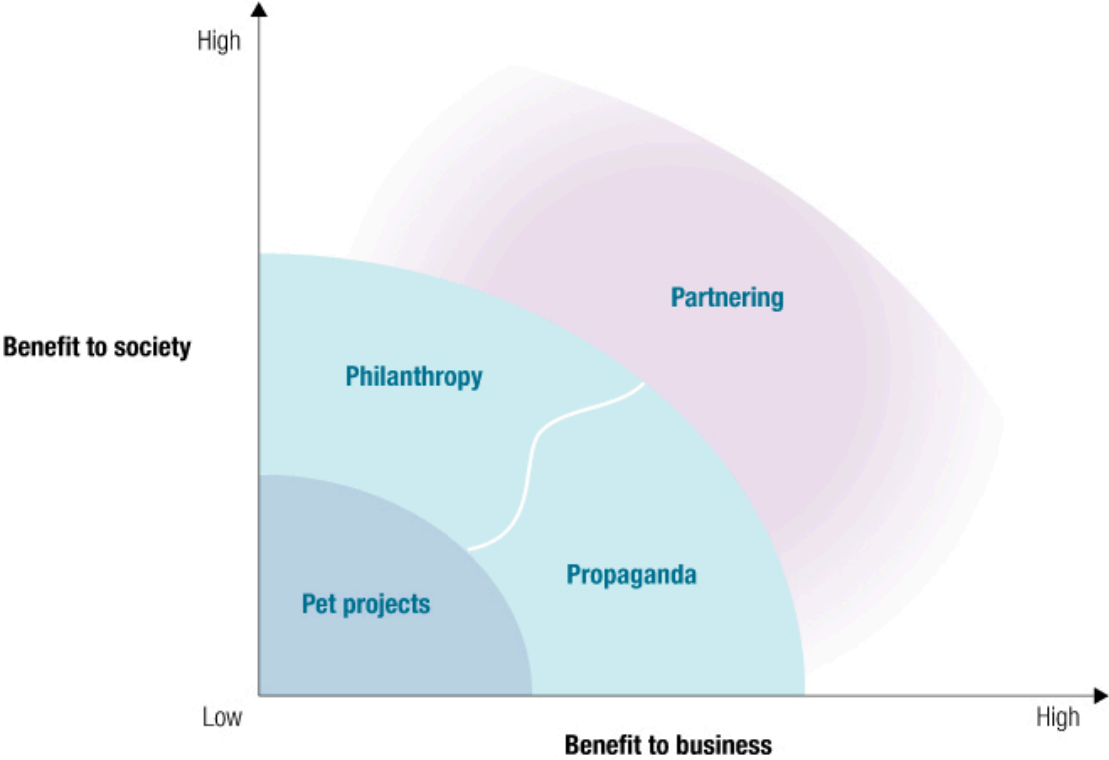
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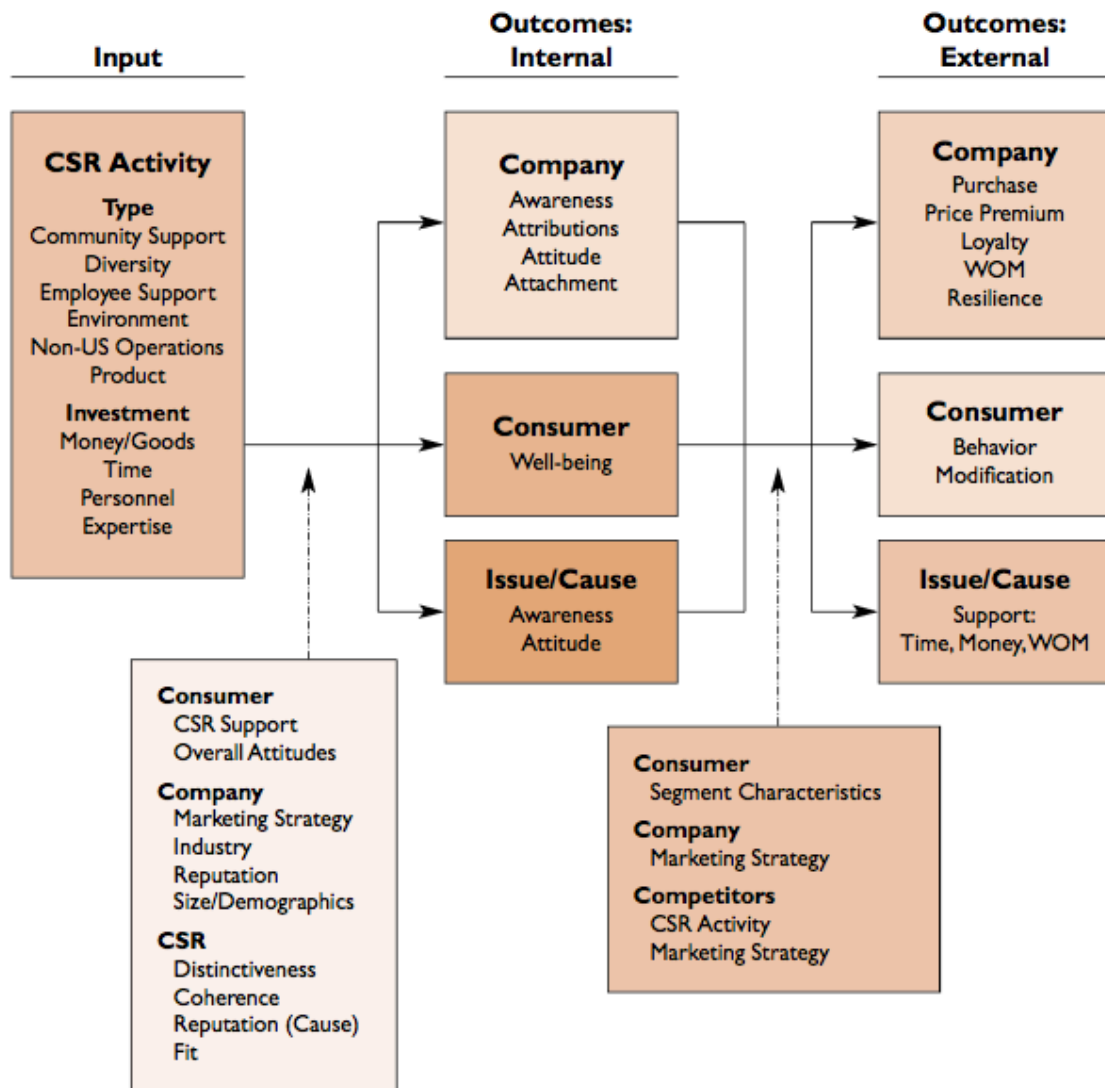
# APPENDICES

## Annex 1: Corporate social responsibility: The landscape



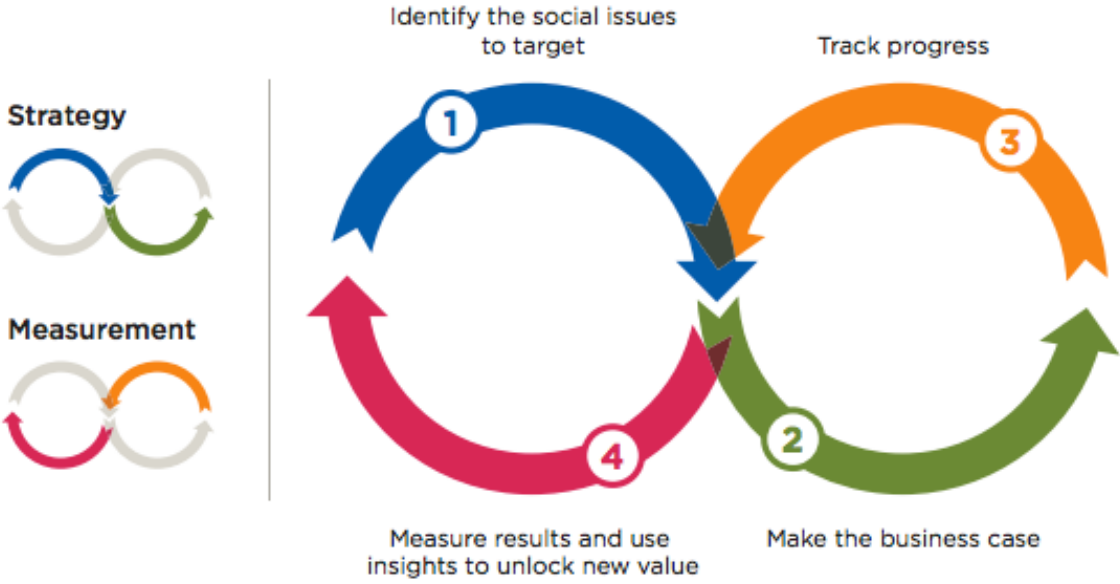
Source: Keys, T., Malnight, T. W. & Van Der Graaf, K. 2009. Making the most of corporate social responsibility. *McKinsey Quarterly*, 36, 38-44.

## Annex 2: CSR Framework



Source: Sen, S. & Bhattacharya, C. B. 2001. Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of marketing Research*, 38, 225-243.

**Annex 3: Integrating Shared Value Strategy and Measurement**



Source: Porter, M. E., Hills, G. & Pfitzer, M. 2011. Measuring shared value: How to unlock value by linking social and business results.

**Annex 4: After the Rana Plaza disaster**



Source: AFP and Getty Images

## Annex 5: How many people are employed

**Table A.5** How many people are employed

Employed = 1	Total		Male		Female	
	Number	%	Number	%	Number	%
<b>0</b>	5794	63,0	1527	36,6	4267	85,0
<b>1</b>	3403	37,0	2648	63,4	755	15,0
<b>Total</b>	9197	100,0	4175	45,4	5022	54,6

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 6: Workers within the textile and garment industry

**Table A.6 Workers within the textile and garment industry**

ISCO	Number	%
Field Crop and Vegetable Growers	512	15.10
Shop Keepers	178	5.25
Garment Helpers	167	4.93
Bricklayers and Related Workers	155	4.57
Shop Sales Assistants	146	4.31
Crop Farm Labourers	113	3.33
Mixed Crop Growers	95	2.80
Tailors, Dressmakers, Furriers and Hatt	92	2.71
Stall and Market Salespersons	91	2.68
Carpenters and Joiners	83	2.45
Car, Taxi and Van Drivers	76	2.24
Sewing and Embroidery Machine Operators	68	2.01
Hand and Pedal Vehicle Drivers	64	1.89
Teaching Professionals Not Elsewhere CI	55	1.62
Handicraft Workers In Textile, Leather	50	1.47
Livestock and Dairy Producers	45	1.33
Domestic Housekeepers	40	1.18
Civil Engineering Labourers	37	1.09
Domestic Cleaners and Helpers	34	1.00
Building Construction Labourers	32	0.94
Heavy Truck and Lorry Drivers	31	0.91
Jewellery and Precious-Metal Workers	30	0.88
Sewing, Embroidery and Related Workers	30	0.88
Primary School Teachers	29	0.86
Garment and Related Pattern-Makers and	29	0.86
Hairdressers/Barber	27	0.80
Butchers, Fishmongers and Related Food	19	0.56
Accountants	18	0.53
Other Readymade Garments and Related Wo	18	0.53
General Office Clerks	17	0.50
Plumbers and Pipe Fitters	13	0.38
Shop Supervisors	11	0.32
Manufacturing Labourers Not Elsewhere C	11	0.32
Waiters	10	0.29
Tobacco Preparers and Tobacco Products	8	0.24
Readymade Garments Pattern-Makers and C	8	0.24
<b>Total</b>	<b>473</b>	<b>13.95%</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 7: How did you get the job

**Table A.7 How did you get the job?**

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Registered at an employment center	1	0,2	1	100,0	0	0,0
Placed/answered job advertisement	39	8,2	16	41,0	23	59,0
Inquired directly at factories, farms, or other	105	22,2	63	60,0	42	40,0
Took a test or interview	10	2,1	3	30,0	7	70,0
Asked friends, relatives, acquaintances	263	55,6	104	39,5	159	60,5
Waited on the street to be recruited for work	3	0,6	1	33,3	2	66,7
Sought financial assistance to look for work	2	0,4	1	50,0	1	50,0
Looked for land, building to start own business	6	1,3	1	16,7	5	83,3
Applied for permit or license to start a business	1	0,2	0	0,0	1	100,0
Joined the family establishment	27	5,7	12	44,4	15	55,6
Others	16	3,4	4	25,0	12	75,0
<b>Total</b>	473	100,0	206	43,6	267	56,4

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 8: Any advice from service center

**Table A.8 Any advice from service center?**

	<b>Total</b>	
	Number	%
No, I have not heard about employment service	195	41,2
None	220	46,5
Advice in job searching	15	3,2
Information on vacancies	13	2,7
Consultations on possibilities of getting education and training	18	3,8
Assigning to education / training programs	2	0,4
Others	10	2,1
<b>Total</b>	473	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 9: Your financial situation

**Table A.9** Your households' financial situation?

	Total	
	Number	%
Well off	23	4,9
Fairly well off	231	48,8
Around the national average	120	25,4
Fairly poor	98	20,7
Poor	1	0,0
<b>Total</b>	<b>473</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 10: Periodicity of payment

**Table A.10** Periodicity of payment

	Total	
	Number	%
Daily	9	2,4
Weekly	35	9,5
Monthly	321	87,2
Others	3	0,8
<b>Total</b>	<b>368</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 11: Gross income in the last 1 month

**Table A.11** Gross income in the last 1 month?

	Total		Male		Female	
	Number	%	Number	%	Number	%
0 - 2000	10	2,9	5	3,1	5	2,8
2001 - 4000	95	27,9	31	19,4	64	35,4
4001 - 6000	135	39,6	52	32,5	83	45,9
6001 - 8000	65	19,1	43	26,9	22	12,2
8001 - 10.000	17	5,0	13	8,1	4	2,2
10.000 <	19	5,6	16	10,0	3	1,7
<b>Total</b>	<b>341</b>	<b>100,0</b>	<b>160</b>	<b>100,0</b>	<b>181</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 12: Received any training

**Table A.12** Received any training?

	Total		Male		Female	
	Number	%	Number	%	Number	%
Yes	60	12,7	20	9,7	40	15,0
No	413	87,3	186	90,3	227	85,0
<b>Total</b>	<b>473</b>	<b>100,0</b>	<b>206</b>	<b>100,0</b>	<b>267</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 13: How many hours did you work last week

**Table A.13** How many hours did you work last week?

	Total		Male		Female	
	Number	%	Number	%	Number	%
0 - 10 hours	41	8,7	13	6,3	28	10,5
11 - 20 hours	14	3,0	2	1,0	12	4,5
21 - 30 hours	29	6,1	2	1,0	27	10,1
31 - 40 hours	19	4,0	8	3,9	11	4,1
41 - 50 hours	62	13,1	30	14,6	32	12,0
<b>51 - 60 hours</b>	<b>165</b>	<b>34,9</b>	<b>91</b>	<b>44,2</b>	<b>74</b>	<b>27,7</b>
61 - 70 hours	79	16,7	35	17,0	44	16,5
71 - 80 hours	31	6,6	9	4,4	22	8,2
81 - 90 hours	25	5,3	13	6,3	12	4,5
91 - 100 hours	8	1,7	3	1,5	5	1,9
<b>Total</b>	<b>473</b>	<b>100,0</b>	<b>206</b>	<b>100,0</b>	<b>267</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 14: Satisfied with work

**Table A.14** Satisfied with work?

	Total		Male		Female	
	Number	%	Number	%	Number	%
Very satisfied	42	8,9	14	6,8	28	10,5
<b>Satisfied</b>	<b>370</b>	<b>78,2</b>	<b>165</b>	<b>80,1</b>	<b>205</b>	<b>76,8</b>
Un-satisfied	55	11,6	25	12,1	30	11,2
Very un-satisfied	6	1,3	2	1,0	4	1,5
<b>Total</b>	<b>473</b>	<b>100,0</b>	<b>206</b>	<b>100,0</b>	<b>267</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 15: Paternity leave

**Table A.15 Paternity leave?**

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Yes	126	33,1	33	17,8	93	47,4
No	255	66,9	152	82,2	103	52,6
<b>Total</b>	381	100,0	185	100,0	196	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 16: Basis of employment

**Table A.16 Basis of employment?**

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Written contract	209	55,4	91	50,0	118	60,5
Oral contract	126	33,4	69	37,9	57	29,2
No contract	42	11,1	22	12,1	20	10,3
<b>Total</b>	377	100,0	182	100,0	195	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 17: Type of contract

**Table A.17** Type of contract?

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Unlimited duration	336	89,1	160	87,9	176	90,3
Limited duration	41	10,9	22	12,1	19	9,7
<b>Total</b>	<b>377</b>	<b>100,0</b>	<b>182</b>	<b>100,0</b>	<b>195</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 18: Why is your contract limited?

**Table A.18** Why is your contract limited?

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Probation period	1	2,4	0	0,0	1	5,3
Seasonal work	3	7,3	3	13,6	0	0,0
Occasional/daily work	24	58,5	11	50,0	13	68,4
Specific service or task	13	31,7	8	36,4	5	26,3
<b>Total</b>	<b>41</b>	<b>100,0</b>	<b>22</b>	<b>100,0</b>	<b>19</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 19: Equal opportunities

**Table A.19** Equal opportunities?

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Greater opportunities for men	140	29,7	66	32,0	74	27,8
Equal opportunities for women and men	225	47,7	116	56,3	109	41,0
Greater opportunities for women	107	22,7	24	11,7	83	31,2
<b>Total</b>	472	100,0	206	100,0	266	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 20: Injuries at work

**Table A.20a** Ever injured at work?

<b>Injured?</b>	<b>Total</b>	
	Number	%
Yes	19	4,0
No	454	96,0
<b>Total</b>	473	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

**Table A.20b** Frequency of injury?

	<b>Total</b>	
	Number	%
1	12	63,2
2	3	15,8
3	4	21,1
<b>Total</b>	19	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

**Table A.20c Type of injury?**

	<b>Total</b>	
	Number	%
Superficial injury	13	68,4
Dislocation, sprain, strain amputation	4	21,1
Burn, corrosion, scald, frostbite	2	10,5
<b>Total</b>	<b>19</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 21: Paid sick leave?

**Table A.21 Paid sick leave?**

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Yes	83	21,8	30	16,2	53	27,0
No	298	78,2	155	83,8	143	73,0
<b>Total</b>	<b>381</b>	<b>100,0</b>	<b>185</b>	<b>100,0</b>	<b>196</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 22: Paid Pension

**Table A.22 Paid pension?**

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Yes	15	3,9	5	2,7	10	5,1
No	366	96,1	180	97,3	186	94,9
<b>Total</b>	<b>381</b>	<b>100,0</b>	<b>185</b>	<b>100,0</b>	<b>196</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 23: Member of a Trade Union?

**Table A.23a Trade union member?**

	<b>Total</b>		<b>Male</b>		<b>Female</b>	
	Number	%	Number	%	Number	%
Yes	22	4,7	9	4,4	13	4,9
No	450	95,3	197	95,6	253	95,1
<b>Total</b>	472	100,0	206	100,0	266	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

**Table A.23b Why not a trade union member?**

	<b>Total</b>	
	Number	%
I have a negative view of trade unions	44	9,8
I do not know trade unions that I could join at this job	41	9,1
This is not welcomed by the employer	19	4,2
I am not sure that the trade union can do anything to help me	17	3,8
I was never asked to join	53	11,8
Never thought of joining	91	20,2
No time	4	0,9
I am not interested in social issues	2	0,4
Too costly	87	19,3
Others	92	20,4
<b>Total</b>	450	100,0

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 24: Company profiles

**Company:** Benetton

**Analyzed:** Company website

Benetton Group Code of Conduct

(Note: Benetton does not provide a Sustainability Report)



Employment opportunities	<p><i>“Today Benetton Group is one of the best-known fashion companies in the world, present in the most important markets in the world with a network of over 6,000 stores.”</i></p> <p>Edizione S.r.l., the holding company of the Benetton family, reported consolidated revenues of 12.4 billion Euro in 2012, with the Group’s total number of employees of about 85,500 people.</p>
Adequate earnings and productive work	<p>BG Business Partners shall ensure that wages paid for a standard working period shall always satisfy as a minimum the basic statutory minimum wage, the prevailing industry wage or the wage negotiated in collective agreements. The wage shall be sufficient to meet at least the basic needs of workers, their families and any other reasonable additional needs. Wages must be paid regularly, on time, and must reflect the experience, qualifications and performance of the worker.</p>
Decent working time	<p>BG Business Partners shall comply with all applicable laws or with the collective bargain agreement applicable for the sector in question, if the latter affords greater protection for workers. The normal working week shall be defined by law and shall not, on a regular basis, exceed 48 hours. Personnel shall be given at least one day off in every seven day period.</p> <p>Overtime work must always be voluntary and compensated in accordance with the law.</p> <p>Overtime hours must not exceed the number permitted by the law of the country of employment. If such limits do not exist, overtime work should not exceed 12 hours per week.</p>
Combining work, family and personal life	<p>Workers shall be granted and properly compensated for any types of paid leave to which they are legally entitled, including annual leave, maternity/parental leave and sick leave.</p>
Work that should be abolished	<p>Child labor: BG Business Partners shall not employ persons younger than 15 years or 14 years where national legislation so permits. All legal limitations on the employment of children below the age of 18 must be applied, especially the minimum age of admission to work in hazardous activities.</p> <p>Forced labor: BG Business Partners shall not use any forced, illegal or involuntary labor. The concept of forced, illegal or involuntary labor includes: prison labor, indentured labor, bonded labor.</p>
Stability and security of work	<p>BG Business Partners’ workers are entitled to a written employment contract, in the local language, stipulating their employment terms and conditions. Furthermore, BG Business Partners have a responsibility to</p>

	ensure that all their workers are aware of their legal rights and obligations.
Equal opportunity and treatment in employment	BG Business Partners shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement. This applies to all forms of discrimination including those based on race, caste, union, membership, color, gender, sexual orientation, disease or disability, pregnancy, religion, age, political opinion, social or ethnic origin or nationality.
Safe work environment	<p>Benetton require all BG’s Business Partners to make workers’ safety a priority at all times. BG Business Partners shall provide a safe and healthy working environment ensuring a minimum reasonable access to potable water and sanitary facilities, adequate lighting and ventilation.</p> <p>BG Business Partners shall take adequate steps to prevent accidents and injury to health, in relation to both the working environment and any workplace and premises they provide for their workers.</p> <p>BG Business Partners shall ensure that the building and premises, where the activity is carried out by its workers, are suitable and appropriate to host productive activities, comply with applicable local law and regulations for its use and comply with the legal provisions on local construction regulations.</p> <p>BG Business Partners shall provide their workers with protective equipment as required by applicable law and industry standards. BG Business Partners should inform workers about the health and safety risks of not wearing the required personal protective equipment (eye protection, hearing protection, respirator masks, face shields, gloves, aprons, foot protection, etc.).</p> <p>Emergency exits on all floors must be clearly marked, well lit and unblocked all the way out of the building. Evacuation through emergency exits must always be possible during working hours. Everyone working on the premises must be regularly trained in how to act in case of fire or other emergency.</p> <p>Appropriate first aid equipment must be available and where legally required a doctor or nurse should be available during working hours.</p> <p>Benetton Group was among the first signatories of the Bangladesh Accord on Fire and Building Safety, launched in May 2013. With its signature, the company confirmed its engagement in contributing to a significant and lasting improvement in working conditions and safety in Bangladesh. As of today, over 1100 factories have been inspected by the Accord on behalf of company signatories and many more will undergo the level of ongoing safety screening thanks to the concrete contribution of company signatories like ours together with other global brands.</p> <p>Furthermore, Benetton Group has organized a plan of independent social audits to further reinforce existing programme both in Bangladesh and in the main markets where the company operates.</p>

Social security	Workers shall be granted and properly compensated for any types of paid leave to which they are legally entitled, including annual leave, maternity/parental leave and sick leave.
Social dialogue, employers' and workers' representation	<p>BG Business Partners shall permit freedom of association, organization and collective bargaining in a lawful and peaceful manner.</p> <p>All BG Business Partners' workers have the right to form or join associations or committees of their own choosing and to bargain collectively. Benetton Group shall not tolerate disciplinary or discriminatory actions from BG Business Partners against their workers who choose to peacefully and lawfully organize or join an association.</p>

**Company:** H&M  
**Analyzed:** Conscious Actions Sustainability Report 2013  
H&M Code of Conduct



Employment opportunities	<p><i>“In a globalized world, it is not a question for a company like ours whether to be present in emerging markets. It’s a matter of how we do it. We want to make sure that our presence results in better livelihood for garment workers and positive development for their communities.”</i></p> <p>H&amp;M aim to increase the number of stores by 10-15% each year. During 2013, they created more than 12,000 additional jobs (net). Over the last five years, growth has entailed a net creation of more than 43,000 jobs globally. Additionally, their business contributes to job opportunities for around 1.6 million people employed by their suppliers. They are confident that they will create further employment both in own operations and throughout their value chain, even though the economic climate may be challenging in many countries.</p>
Adequate earnings and productive work	<p><i>“The challenges are complex but the aim is clear: A fair living wage in the textile industry.”</i> H&amp;M developed their <u>fair living Wage roadmap</u> based on the fair Wage network’s methodology and in close consultation with a variety of stakeholders in our wage advisory board. To achieve this, they need to work on several ends:</p> <ul style="list-style-type: none"> <li>• <u>Governments</u>: continue to engage governments on wages and freedom of association.</li> <li>• <u>H&amp;M</u>: continuously make sure that the prices we pay our suppliers enable them to pay fair living wages to their workers. By 2015, develop additional tools to systematically ensure this also when wages increase in the future.</li> <li>• <u>Factory owners</u>: By 2014, implement fair Wage Method in 3 model factories and evaluate outcome. By 2018, all of H&amp;M’s strategic suppliers should have improved pay structures for fair living wages in place. By then, this will reach around 850,000 workers.</li> <li>• <u>Factory employees</u>: By 2013, launch Industrial relation project in Cambodia. By 2014, expand social dialogue project in</li> </ul>

	Bangladesh to 15% of H&M suppliers, aiming for 100% by 2018.
Decent working time	H&M acknowledges that one major challenge that remains is to reduce overtime. According to their Code of Conduct: <i>“Ordinary working hours must not exceed the legal limit and shall never exceed 48 hour per week. Overtime hours must not exceed the numbers allowed by the law of the country. If such limits do not exist, overtime work should not exceed 12 hours per week. Overtime work must always be voluntary and compensated in accordance with the law.”</i>
Combining work, family and personal life	
Work that should be abolished	<p>According to H&amp;Ms Code of Conduct: <u>Child labor is not accepted</u> (Refer to ILO Conventions 138 and 182 and to the UN Convention on the Rights of the Child):</p> <ul style="list-style-type: none"> <li>• No person shall be employed at an age younger than 15 (or 14 where the national law so allows) or younger than the legal age for employment if this age is higher than 15. The company must take the necessary preventive measures to ensure that it does not employ anyone below the legal age of employment.</li> <li>• All legal limitations on the employment of persons below the age of 18 years must be followed. We acknowledge that according to the UN Convention on the Rights of the Child, a person is a child until the age of 18. We recognize the rights of every child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.</li> </ul> <p>In 2011, together with about 60 other brands and NGOs, H&amp;M signed a pledge facilitated by the responsible sourcing network committing to not knowingly source cotton from Uzbekistan due to continued forced child labor in its cotton industry.</p> <p>Other specific local challenges include so-called ‘sumangali schemes’, a form of forced labor where young women are sent from their villages to work particularly in spinning mills in India. In return for their labor, the women and their families are promised a dowry at the end of a three-year contract. This is why, in 2012, H&amp;M decided to join a three-year, multi-stakeholder project run by the Ethical Trading Initiative (ETI).</p>
Stability and security of work	All employees are entitled to a written employment contract, in the local language, stipulating the employment terms and conditions. The employer has a responsibility to ensure that all employees are aware of their legal rights and obligations.
Equal opportunity and treatment in employment	According to H&Ms Discrimination and Equality Policy: <i>“At H&amp;M all employees are of equal value. Nobody shall be discriminated at recruitment, selection, employment, compensation, transfers, promotion, growth, development or training. For the purpose of this policy the term discrimination includes any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national</i>

	<p><i>extraction, social origin, sexual orientation or age. All employees and customers of H&amp;M are entitled to be treated with respect, therefore, discriminatory, bias, offensive or abusive treatment, harassment or retaliation by managers or employees is never tolerated.”</i></p> <p>H&amp;M check how well their stores, offices and warehouses live up to these through regular audits and they have clearly communicated complaint procedures in place. The aim is to achieve full compliance with these polities. Additionally, they work to promote diversity and equality beyond their operations and strive to show diverse models and looks in their advertising.</p> <ul style="list-style-type: none"> <li>• <i>“77% of our colleagues are woman, so it is integral to our operations that leadership reflects that. Consequently, 73% of our managers and 50% of our board members are women, too.”</i></li> </ul>
Safe work environment	<p><i>“305,195 workers and middle managers in our Bangladeshi supplier factories have received additional fire and safety training since 2011.”</i></p> <p>A safe work environment is of special concern, and major improvements have been made in recent years particularly in health &amp; safety and workers’ basic rights.</p> <ul style="list-style-type: none"> <li>• In 2009, we introduced requirements not to source from any factories located in buildings that are shared between several parties, so that the factory can have full control of building safety.</li> <li>• In 2011, we introduced a training programme to increase fire-safety awareness amongst suppliers and their employees using short films. Following a study we commissioned in 2011 to identify root causes of fire safety risks in Bangladesh, all of our suppliers were requested to assess the electrical installations in their factories and we recommended a set of hands-on actions to the authorities in Bangladesh.</li> <li>• H&amp;M was the first company to sign the <u>Accord on fire and Building safety</u> in its updated version initiated by IndustriALL and UNI Global Union. This means we are, amongst other things, committed to ensuring that all of our supplier factories in Bangladesh undergo additional independent fire and building safety inspections by the end of 2014.</li> </ul>
Social security	<p>The employees shall be granted and correctly compensated for any types of paid leave to which they are legally entitled. Examples of such leave include annual leave, maternity/parental leave and sick leave.</p>
Social dialogue, employers’ and workers’ representation	<p><i>“We stand behind the right to freedom of association and work systematically to strengthen industrial relations and collective bargaining.”</i></p> <p>H&amp;M believe that functioning industrial relations and collective bargaining are key to achieving fair living wages and good working conditions in their supply chain, but also to create stable sourcing markets and sustainable economic growth in these countries. Their Code of Conduct requires that all their suppliers respect the right to freedom of association. However, they do acknowledge that many markets lack</p>

	<p>sufficient systems.</p> <p>In 2011, H&amp;M made a major shift in the way they assess compliance with the requirement in their audit programme. Instead of asking if a worker's right to freedom of association is respected, they now measure if trade unions are actually in place. Where unionization is restricted by law or where systems are insufficient, they have started to empower workers with awareness about their rights at work and help suppliers establish functioning and democratically-elected workplace representation. The aim is that these will gradually develop into increasingly mature collective-bargaining systems.</p> <ul style="list-style-type: none"> <li>• <i>“In 2011, we launched a social dialogue project in Bangladesh. We selected five factories to set best practice examples on democratic workplace representation. Since then, we have provided the management and workers with comprehensive training through external experts which finally led to the free election of workplace committees, that are in an active dialogue with management. We now aim to expand this project and cover 15% of our Bangladeshi suppliers by 2014, and 100% by 2018.”</i></li> <li>• <i>In 2008, we teamed up with suppliers and local NGOs in Bangladesh to develop a series of short films and training packages in order to increase awareness of workers' rights. In 2013, we expanded this programme to India. 894,975 workers and middle managers have been trained since the start of the project in 2008. We plan to scale up these further.</i></li> </ul>
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**Company:** Mango  
**Analyzed:** Mango Code of Conduct  
Mango Sustainability Report 2013



<p>Employment opportunities</p>	<p>At the close of the 2013 financial year, Mango had 13,456 employees and was present in 105 countries in 2,731 retail outlets. The growth of the Mango organization has enabled the creation of 1,245 direct jobs.</p> <p>During 2013, the number of suppliers and production plants producing garments and accessories was 380 suppliers in 632 production plants. The volume of garments and accessories produced during 2013 totaled 115 million units. Collaboration with suppliers is on a long-term basis, with permanent dialogue, joint analysis and planning of all production aspects and quality control inspections in all production plants by experts.</p> <p>Mango does not have direct or indirect participation in any garment or accessory manufacturer. Equally, none of them work exclusively for their organization.</p>
<p>Adequate earnings and productive work</p>	<p>Manufacturers will guarantee that salaries comply strictly with all legislation. Equally the minimum legal wage will be considered the legal minimum, but not a recommended wage level.</p>

Decent working time	Manufacturers will comply with the applicable legislation and regulations of their industry regarding hours worked. Overtime will always be voluntary and suitably compensated.
Combining work, family and personal life	
Work that should be abolished	<p>Child labor: Following the criteria observed in ILO conventions manufacturers will not use child labor. Our policy on underage workers is based on the United Nations Convention on the Rights of Children.</p> <p>Forced and obligatory labor: Manufacturers will not use any sort of forced or obligatory labor.</p>
Stability and security of work	
Equal opportunity and treatment in employment	Manufacturers will not discriminate in labor and hiring practices as a result of race, nationality, religion, disability, gender, age, sexual orientation, political association or affiliation or any other situation.
Safe work environment	<p>Manufacturers will guarantee their employees a workplace that is safe (fire prevention, machinery, etc.) and healthy (light, ventilation, hygienic conditions, etc.) also complying with any legislations applicable in this regard. They will also guarantee that these conditions extend, if applicable, to all installations for employees.</p> <p>In addition, in the case of denim manufacturers, the fading technique known as sandblasting which consists in the use of pressurized sand, will not be used given the risk it poses to the health of the workers carrying it out.</p> <ul style="list-style-type: none"> <li>• In May 2013, Mango signed the <u>Accord on Fire and Building Safety in Bangladesh</u>, promoted by international trade union associations and numerous clothing brands around the world, in the wake of the tragic accident at Rana Plaza in April. The aim of this agreement is to make the necessary changes to improve the safety conditions of workers in clothing factories in this country.</li> </ul>
Social security	
Social dialogue, employers' and workers' representation	Manufacturers will respect the rights of their employees to associate, organize or negotiate collectively without suffering any sort of sanction as a result.

**Company:** Primark (ABF)

**Analyzed:** Associated British Foods Corporate Responsibility Report 2013  
Primark Supplier Code of Conduct

<p>Employment opportunities</p>	<p><i>“We remain certain that in trading with developing, and therefore vulnerable, parts of the world we bring huge benefit to the hundreds of thousands of people who work to supply us.”</i></p> <p>Associated British Foods (ABF) is a diversified international food, ingredients and retail group with sales of £13.3bn, and 113,000 employees in 47 countries. ABF is the parent company of Primark. Primark is a major retail group employing 48,000 people. It operates stores in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium and Austria.</p> <p>ABF have operations in over 200 locations worldwide. Some are in prosperous communities, some are in locations that are very vulnerable. They acknowledge that they have an obligation to people who work for their suppliers, particularly where other sources of protection for them are absent or only marginally effective. This is particularly true in Primark’s sourcing of clothes, but it is also true in Twinings’ tea supply chain and in the sourcing of spices.</p>
<p>Adequate earnings and productive work</p>	<p>Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.</p>
<p>Decent working time</p>	<p>Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.</p> <p>Workers shall not be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 days period on average.</p> <p>Overtime must be on a voluntary basis, shall not exceed 12 hours a week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.</p>
<p>Combining work, family and personal life</p>	
<p>Work that should be abolished</p>	<p>Forced labor:</p> <ul style="list-style-type: none"> <li>• There is no forced, bonded or involuntary prison labor.</li> <li>• Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.</li> </ul> <p>Child labor:</p> <ul style="list-style-type: none"> <li>• There shall be no recruitment of child labor.</li> </ul>

	<ul style="list-style-type: none"> <li>• Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labor to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labor" being defined in the appendices.</li> <li>• Children and young persons under 18 shall not be employed at night or in hazardous conditions.</li> <li>• These policies and procedures shall conform to the provisions of the relevant ILO standards.</li> </ul>
Stability and security of work	<p>All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.</p> <p>To every extent possible work performed must be on the basis of a recognized employment relationship established through national law and practice.</p>
Equal opportunity and treatment in employment	<p>There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p>
Safe work environment	<p>A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>Workers shall receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers.</p> <p>Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.</p> <p>The company observing the code shall assign responsibility for health and safety to a senior management representative.</p> <ul style="list-style-type: none"> <li>• Primark commits to signing the <u>Accord on Fire and Building Safety in Bangladesh</u>, initiated by the IndustriALL and UNI global unions.</li> </ul>
Social security	<p>Obligations to employees under labor or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labor-only contracting, subcontracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.</p>
Social dialogue,	<p>Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. The employer adopts</p>

employers' and workers' representation	<p>an open attitude towards the activities of trade unions and their organizational activities. Workers, representatives are not discriminated against and have access to carry out their representative functions in the workplace.</p> <p>Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.</p>
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# ZARA

**Company:** Zara (Inditex)

**Analyzed:** Inditex Annual Report 2013

Inditex Group Code of Conduct for Manufacturers and Suppliers

Employment opportunities	<p>Inditex has several brands: e.g., Zara, Pull&amp;Bear, Massimo Dutti, Bershka, Stradivarius. The Group had a total of 6,340 stores in 87 markets by the end of fiscal year 2013. It opened 331 new stores in 61 countries.</p> <p>The Inditex supply chain in 2013 was made up of 1,592 suppliers in 46 countries. Inditex's commitment to ensuring the proximity of suppliers is reflected in the fact that 51% of production has its origins in suppliers located near Inditex's headquarters in Spain.</p>
Adequate earnings and productive work	<p>Manufacturers and suppliers shall ensure that wages paid meet at least the minimum legal or collective bargain agreement, should this latter be higher. In any event, wages should always be enough to meet at least the basic needs of workers and their families and any other which might be considered as reasonable additional needs.</p> <p>Manufacturers and suppliers shall also ensure that wages and any other allowances or benefits are paid on time and are rendered in full compliance with all applicable laws and specifically, that payments are made in the manner that best suits the workers.</p>
Decent working time	<p>Manufacturers and suppliers shall adjust the length of the working day to the provisions of the applicable laws or of the collective bargain agreement applicable for the sector in question, if the latter affords greater protection for the workers.</p> <p>Manufacturers and suppliers shall not require their employees to work, as a rule of thumb, in excess of 48 hours a week and workers shall be granted at least one day off for every 7 calendar day period on average.</p> <p>Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate, pursuant to the provisions of the prevailing regulations in force.</p>

<p>Combining work, family and personal life</p>	<p>The Groups equality plans include policies designed to facilitate work-life balance, such as measures to make it easier for woman to come back to work after maternity leave, paternity leave, options for adjusting working hours to school timetables and social benefits, among others. There is a committee that monitors these equality plans and analyzes their application and results.</p> <p>Inditex works continually to take its work-life balance policies to the next level. These measures include pregnancy and lactation-friendly policies, the special promotion of workplace health and safety during pregnancy and arrangements designed to make part-time work compatible with care for dependent children or elders and leaves of absence for this same purpose.</p>
<p>Work that should be abolished</p>	<p>Forced labor: Inditex shall not allow any form of forced or involuntary labor in their manufacturers and suppliers. They may not require their employees to make any kind of “deposits”, nor are they entitled to retain employees’ identity documents.</p> <p>Child labor: Manufacturers and suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply.</p> <p>Persons with the ages between of 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions.</p>
<p>Stability and security of work</p>	<p>Manufacturers and suppliers shall provide all workers with: written and understandable information about their wages conditions upon their recruitment, and detailed information about the particulars of their wages every time that these are paid.</p>
<p>Equal opportunity and treatment in employment</p>	<p>Manufacturers and suppliers shall not apply any type of discriminatory practice with regards the recruitment, compensation, access to training, promotion, termination of the employment agreement or retirement, based on race, caste, creed, nationality, religion, age, physical or mental disability, gender, marital status, sexual orientation and/or union membership or political affiliation.</p>
<p>Safe work environment</p>	<p>Manufacturers and suppliers shall provide a safe and healthy workplace to their employees, ensuring minimum conditions of light, ventilation, hygiene, fire prevention, safety measures and access to a drinking water supply.</p> <p>Workers shall have access to clean toilets facilities and drinking water. Where necessary, facilities for food storage shall be provided.</p> <p>Manufacturers and suppliers shall take the required steps to prevent accidents and injuries to health of their workers, by minimizing as much as possible the risks inherent to work.</p> <p>Manufacturers and suppliers shall provide their workers with regular training in the matter of health and safety at work. The company shall keep an appropriate record of the training courses done. Likewise, they shall appoint a person in charge of health and safety within the</p>

	<p>Management, duly authorized and with the appropriate decision taking power.</p> <ul style="list-style-type: none"> <li>• Inditex was an active collaborator in drafting the Bangladesh Accord on Fire and Building Safety and was among the first companies to sign the agreement. The company was also selected to be a member of the Accord's implementation team and member of its Steering Committee.</li> </ul>
Social security	Manufacturers and suppliers undertake that all the employment formulas they use are part of the applicable local laws. Thus, they shall not impair the rights of workers acknowledged under labor and social security laws and regulations by using schemes that have no real intention to promote regular employment in the framework of regular employment relationships.
Social dialogue, employers' and workers' representation	<p>Manufacturers and suppliers shall ensure that their employees, without distinction, have the right of association, union membership and collective bargaining. No retaliation may arise from the exercise of such right and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a right. Likewise, they shall adopt an open and collaborative attitude towards the activities of Trade Unions.</p> <p>Workers' representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace.</p> <p>Where the rights to Freedom of Association and Collective Bargaining are restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed.</p>

## Annex 25: Gross income compared to minimum wage

**Table A.25 Gross income compared to minimum wage**

	Total		Male		Female	
	Number	%	Number	%	Number	%
3000 or less	43	12,6	16	10,0	27	14,9
More than 3000	298	87,4	144	90,0	154	85,1
<b>Total</b>	<b>341</b>	<b>100,0</b>	<b>160</b>	<b>100,0</b>	<b>181</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 26: Paid sick leave, if Injured = yes

Table A.26 Paid sick leave, if Injured = yes

	Total	
	Number	%
Yes	3	17,6
No	14	82,4
<b>Total</b>	<b>17</b>	<b>100,0</b>

Source: Made by the author, with data from the SWTS-Bangladesh, 2013

## Annex 27: United Victims of Benetton



Source: <http://www.cleanclothes.org/ranaplaza>