

# The Role of Buyers Compliance to Improve Workplace Environment of Garments Factories in Bangladesh

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**Abstract**—Garments factories workplace environmental issues have been ignored by the international buyers, as Bangladesh was a struggling country with its huge number of population. But the requirements of compliance from the international buyers have changed along with price and quality of products. International buyers are now required that some of the factors have to be considered by the garments manufacturers to ensure proper work environment and workers welfare with their order related conditions. Such as no forced labor, child labor, job discrimination, wage, collective bargaining and trade union activities etc. This study found that buyers compliance play important role to improve workplace environment. Because buyers frequently visit the garments factories, try to monitor compliance practices. Garment manufacturers claim they are now compliant with buyers' conditions. This may go some way towards improving working conditions, but only to the extent that it satisfies buyers. Buyers create most of the pressure to improve workplace environment of garments factories.

**Keywords**— Buyers compliance, workplace, garments factories, compliance requirements.

## I. INTRODUCTION

**T**HIS Compliance means 'acting according to certain accepted rules and standards'. Buyer's compliance means the companies obey the rules, guidelines, standards imposed by buyers and fulfill the requirements of buyers in its daily operations, working environment, producing goods, order handling to shipping goods.

Workplace environment means a location where a task is completed. When pertaining to a place of employment, the work environment involves the physical geographical location as well as the immediate surroundings of the workplace.

Work environment is the first determinant of a company success. A healthy, positive, collaborative, creative work environment is important because it builds positive employee relations, reduce employee turnover rates and labor unrest, enhances worker productivity, increases outsider interest, create valuable reputation for the company.

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Now days, buyer's compliance is the most rising issue. Buyers are the most powerful participant of the business deal than sellers or manufacturer. If sellers /manufacturers failed to fulfill the buyers' requirements, then sellers may be faced huge financial loss as well as loss their reputation in the market place. The buyer can have required conditions which *must* be met not only when shipping to that buyer but also when preparing goods for the buyers. In the garments sector, buyers impose several conditions not only order related but also garment manufacturers overall operating environment related like working hours, workers safety, workplace environment, environment pollution, production process, raw materials collection, quality maintain and control, social responsibility etc. Compliance issues have been overlooked by the international organization, as Bangladesh was a struggling country with its huge number of population. But the requirements of compliance from the international buyers have changed along with price and quality of products. Thus several global brand retails have warned Bangladesh to ensure basic labor rights (Social compliance) and step-by-step implementation of all the compliance criteria in the industries. In Bangladesh, garment manufacturers are giving less attention to workers facilities and welfare, they ignore the labor compliance issue imposed by government and ILO. They give the arguments that it will decrease their competitiveness, increase their costs and some said that their companies are not financially able to maintain this compliance. To ensure healthy work environment and workers welfare buyers impose conditions with their buying orders. They required that Health, safety and security, right to organize and bargain collectively, appointment letter and minimum wage for the garment workers, structural/building regulations in the entire sector should be ensured. Buyer compliance is an important prerequisite of garment manufacturers' success.

Most garments buyers' countries are USA, UK, France, Denmark, Netherland, Switzerland, Czech Republic, Japan, Spain, Italy, Belgium, Canada, Austria, Poland, Germany, Greece. South Africa, New Zealand, Mexico, Brazil, Australia. Top Retail Brands importing from Bangladesh such as Hugo Boss, Adidas, Wal-Mart, JC Penny, Li & Fung, Zara, Marks and Spencer, IKEA, H & M, Uniqlo, G-Star Raw, C&A, Gap Inc, Inditex, Levi's, Tesco, Nike Inc, Target, New Wave, Primark, New Look, Maruhisa, FVG, Yokohama Tape, Onward Holdings Co, TM Textiles, NI Teijin, CHORI.

## II. LITERATURE REVIEW

The literature review indicates that international buyers influence garments owners to improve workplace environments of their factories. Most garments owners in Bangladesh pay little attention to workplace environment standards and laws. This has led to the labor unrest in the RMG sector. Consequently, many international buyers now demand compliance with their own Codes of Conduct where workplace environmental conditions included before placing import orders for Bangladeshi garments. In order to export readymade garments, it is not only the quality parameters that are important towards acceptance of the product as per the intended end use, but also the working environment, in which the garments are to be produced, is equally important so that sweatshop concept is totally taken care of and the code of conduct must be stretched towards achieving the objectives of social compliance issues (Das, 2008). Haider (2007) in his study stated that the social dimensions of the RMG industry are getting more attention from consumers, social workers, welfare organizations and brand name international buyers. International buyers are very particular about compliance with codes of conduct. The factory working environment is not very satisfactory. So in order to sustain in the industry, Bangladesh needs to improve the factory working environment and various social issues related to the RMG industry (Daily Financial Express. June 10, 2013)

Compliance of RMG factories is key requirement for most of the reputed global garments buyers. Actually compliance ensures all labor rights and facilities according to the buyer's code of conduct. Though Bangladesh is experienced with RMG from late 1970s, it is familiar with compliance issues from last few years. Now a day's Compliance is more important factor to achieve a garments export order than the product quality. But only a small number of RMG factories in Bangladesh are complaint out of more than five thousand different scale factories. Because of the huge initial investment and running cost the factory owners are less interested to be a complaint factory owner. This paper presents a comparative study between complaint and non-complaint RMG factories in Bangladesh in respect of Initial Investment, Initial cost for Compliances, Total running cost, running cost for compliance and Annual turnover. So every RMG factory should have to be complaint not only for more profit but also for protection of the human rights by maintaining compliance code of conduct (Lal Mohan Baral, 2008).

One consequence of the chronic unrest in the sector is that RMG industries in Bangladesh have been facing considerable pressure from international buyers for compliance with their Codes of Conduct before placing any garment import order, particularly since the expiry of the Multi-Fibre Agreement quota system (Rahman, 2006). As a result, minimum wages increased and the government continues to make progress in enforcing ILO core labor standards (Morshed, 2007). Bangladeshi exporters have been under continuous pressure to comply with international labor standards. The global apparel market no longer depends only on technical and economic standards but also on social standards, especially labor standards. In order to export RMG products, it is not only

quality which is important but also the working markets. Baral (2008) focuses that compliance of RMG factories is a key requirement for most of the reputable global garments buyers. It ensures labor rights and facilities according to the buyer's code of conduct. Every RMG factory should try to be compliant not only for profit reasons but also for the protection of human rights. Local employers in the Bangladesh garment industry must now demonstrate compliance with these codes to win orders from international buyers (UNIFEM 2008). According to International Labor Organization (2010), buyers make sourcing decisions based on four factors: price, quality, how long it takes to get produce to the marketplace and social compliance, including compliance with labor standard.

## III. OBJECTIVE

In general, buyers impose conditions to get the right products/ services that they want and need to satisfy their customer needs. But at present, corporate social responsibility is the most important factor for every business firm. Firm objective is not only to earn profit but also to ensure social welfare. To ensure social welfare, buyers now a day imposes several conditions related to workers wellbeing and safety. The general objective of the study is to analyze the buyers' compliance role to improve the workplace environment of garments factories in Bangladesh.

## IV. METHODOLOGY

As the study has been trying to analyze the role of buyers compliance to improve the workplace environment of garments factories in Bangladesh, it is a descriptive research. Descriptive research is conducted to analyze the role of buyers' compliance to improve the workplace environment of garments factories in Bangladesh. These studies involve a one-time interaction with groups of people (cross-sectional study) or a study might follow individuals over time (longitudinal study).

**Scope of the study:** This study exclusively covers a general overview of buyers compliance for garments. The study also cover what are the conditions related to workplace environment buyers imposed and the role of buyers to improve garments factories workplace environment. It excluded the details analysis of Bangladesh labor law and ILO conventions. The study did not estimate cost of compliance with workplace environment related laws and standards for the factories.

**Sample Design and Data Collection:** For the assessment, both primary and secondary data was collected. Personal interview technique was applied while fill up the questionnaire on respondents. Primary data was collected through a structured questionnaire from 10 garments owners whose factories located in Dhaka, Gazipur and Ashulia. In the questionnaire, there have been combinations of Multiple Choice Questions, Category Scales, Rank Order Scale, 5-Points Likert Scale, and Open Ended Questions. Other than this, some demographic questions have also been included. A few of the questions were open ended but majority of the questions had fixed options for answers. For primary data, interview survey was carefully designed and conducted to evaluate the compliance performance of garment factories.

This report could cover only the several areas of Dhaka (Mirpur-01, Gabtoli, Technical, Kollanpur), Asulia and Gazipur city as study areas. Secondary data were collected by consulting official documents of garment industries, internet, industry manuals, audit reports, annual reports, articles, etc. The data were collected during June 7, 2013 to February 15, 2014.

**Analytical Frame:** Data collected from the survey were processed and analyzed using Excel spreadsheet and SPSS statistical software. As the data was gathered, it was entered into the Statistical Package for the Social Sciences (SPSS) for analysis. After the complete data was entered, frequencies were run for the generation of descriptive statistics. For each question or variable in the survey, the overall percentages, averages, modes and ranges (where applicable) are presented in table and chart form.

**Measurement method:** Before analyzing a data set, it is important to determine each variable’s scale of measurement because certain types of statistical procedures require certain scales of measurement. One-way analysis of variance generally requires that the independent variable be a nominal-level variable and the dependent variable be an interval or ratio (continuous) variable. Simple category scale that provide nominal data, multiple choice single response scale that provide nominal data, likert scale that provide interval data. The choices and respective values are Strongly Agree (5), agree (4), neither agree nor disagree (3), disagree (2), strongly disagree (1).

**Method of analysis:** Major statistical tools for analysis are central tendency, dispersion, skewness, analysis of variation as whenever necessary. Weights given by respondents for each determinant is compared using One-Way ANOVA to see if there is sufficient evidence to conclude that the means of the corresponding sample distributions are different. Pearson chi-square test is used to analysis data.

**Pearson Chi-square test:** To test the hypothesis the study use Pearson chi-square test. By using the data collected from the survey, the study try to test hypothesis. There are two hypothesis tests are given below.

**Hypothesis: 01.** H0: Buyers compliance helps to improve workplace environment

H1: Buyers compliance does not help to improve workplace environment.

**Data analysis:** After collecting data, data is analyzed by using graphs, charts. Through graphs and charts it has been showed how buyers play role to improve workplace environment of garments factories. Buyers’ compliance requirements, buyers audit and buyers pressure by using these three facts analysis is conducted. As well as hypothesis is also conducted to show whether buyers help to improve workplace of garments or not.

V.ANALYSIS

The Bangladesh government, factory owners and foreign retailers are facing pressure from workers to overhaul workplace safety in the aftermath of last month's deadly fire. The buyers focus only on the profit margins, lead time and the quality of products, not on the working conditions. But now,

buyers are creating pressure to ensure proper work place environment. Otherwise, they will move to other countries.

**Buyer’s Workplace Environmental Compliance Requirements**

International buyers are now required the following factors have to be considered by the garments manufacturers to ensure proper work environment and workers welfare with their order related conditions. All the buyers strictly follow the Labor & Labor Well Fair rules of Bangladesh Government. Their company policies are as follows –

- No child labor;
- No forced labor;
- Transport facilities for employees;
- Hours of work;
- Voluntary over time;
- Intervals for rest;
- Weekly holidays;
- Annual leave;
- Festival holidays and leaves with bonus;
- Maternity protection;
- Workers; welfare committee;
- Mineral drinking water;
- Sanitary facilities;
- First aid box;
- Canteen services;
- Health care activities for the workers and employ company doctor;
- Fire extinguisher on each and every floor and conduct fire drill at least 12 times a year.

**Giving a top priority on protection of fire and eventual evacuation;**

- Other safety departments (no discrimination);
- Compensation cases department;
- The Development of compliance program;
- Environmental development;
- Smoking free zone;

Most of the international buyers emphasized the following common factors most to improve their workplace environment. Figure 01 showed that common factors related to workplace environment emphasized by buyers.

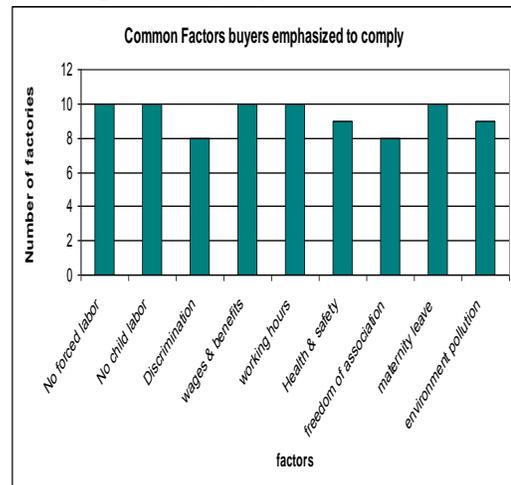


Fig. 1 Common workplace environment factors buyers emphasized to comply by garments factories.

**Buyer’s pressure:** From the survey data the study found that buyers create the maximum pressure to comply with workplace environment laws to improve workplace environment. Among 10 garments factories 9 garments owners said that buyers create pressure to improve workplace environment.

In the Figure 02 showed that buyers create 90% pressure than government or BGMEA to improve the garments factories workplace environment, where government and BGMEA create only 10% pressure to improve workplace environment. So from the figure showed that buyers role is very strong than others.

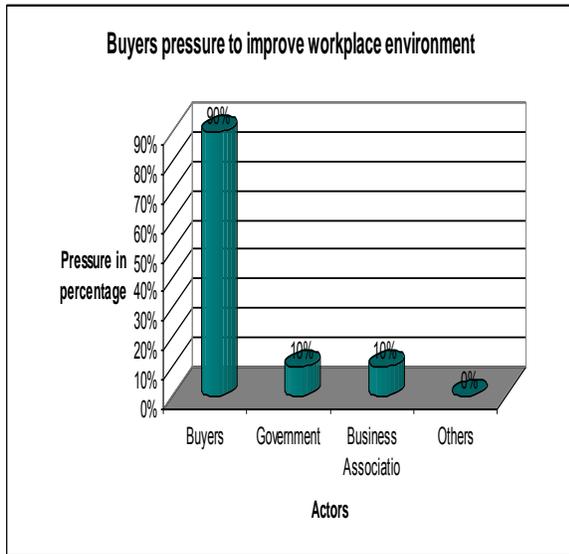


Fig. 2 Buyers create maximum pressure to improve workplace environment of garments.

**Buyer’s audit:** Buyers most frequently visit garment factories of Bangladesh to check the compliance of garments owners. In a year, international buyers visit factory maximum more than 5 times. Figure 03 showed that 40% garments owners said that buyers visit 4 times in a year, 20% said 5 times in a year and 10% said that more than 5 times in a year buyers visit their factories.

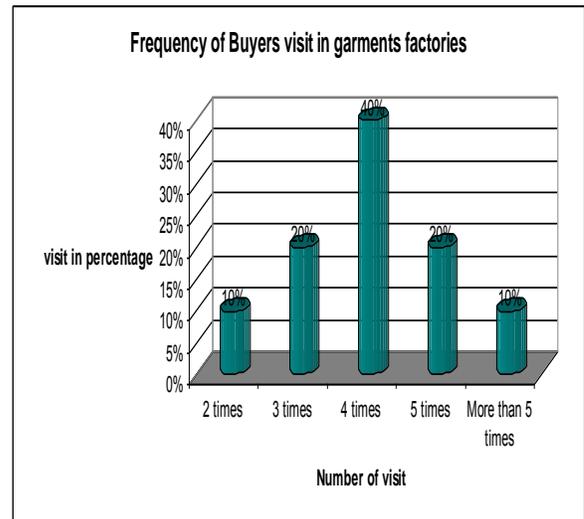


Fig 3 Frequency of buyers visit to check whether garments factories comply with laws and standards or not.

**Hypothesis Test:** One of the objectives of the study is that whether buyer’s compliance helps to improve workplace environment of garments factories. To prove this objective the study use Pearson chi-square test.

**Pearson Chi square Analysis:** Are garments owners satisfied that buyer’s compliance help to improve their workplace environment.

H0: Buyers compliance helps to improve workplace environment

H1: Buyers compliance does not help to improve workplace environment.

Detail calculations are provided in the Appendix 2. Output is given below. In the Table 1 showed that Among 10 garments factories 2 garments owners are strongly satisfied with buyer’s compliance that help to improve workplace environment and 4 garments owners are satisfied and 2 are very dissatisfied and 2 dissatisfied

TABLE I

OWNERS OF GARMENTS FACTORIES IN DHAKA, GAZIPUR, ASHULIA ACCEPTANCE ABOUT BUYERS COMPLIANCE ROLE TO IMPROVE WORKPLACE ENVIRONMENT

		Agree / Disagree Level				Total
		Strongly disagree	Disagree	Agree	Strongly agree	
ASHULIA	Count	0	0	1	0	1
	Expected Count	.2	.2	.4	.2	1.0
	% of Total	.0%	.0%	10.0%	.0%	10.0%
DHAKA	Count	2	2	1	0	5
	Expected Count	1.0	1.0	2.0	1.0	5.0
	% of Total	20.0%	20.0%	10.0%	.0%	50.0%
GAZIPUR	Count	0	0	2	2	4
	Expected Count	.8	.8	1.6	.8	4.0
	% of Total	.0%	.0%	20.0%	20.0%	40.0%
Total	Count	2	2	4	2	10
	Expected Count	2.0	2.0	4.0	2.0	10.0
	% of Total	20.0%	20.0%	40.0%	20.0%	100.0%

### Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.500a	6	.204
Likelihood Ratio	10.549	6	.103
N of Valid Cases	10		

a. 12 cells (100.0%) have expected count less than 5. The minimum expected count is .20.

**Decision:** We know that if the P-Value (Probability Value) is less than the significance level .05, then null hypothesis is rejected and vice-versa. Here the P-Value (Probability Value) is .204, which is greater than .05. So we can not reject the null hypothesis, which means buyers compliance helps to improve workplace environment.

So finally the study found that buyers compliance play a very important role to improve the workplace environment of garments factories.

### VI. FINDINGS

From the above discussion it can be sated that buyers' compliance plays an important role to improve garments factories workplace environment. International buyers create intensive pressures to comply with labor laws and provide garments workers decent workplace. They mostly emphasized factors such as – no forced labor, no child labor, gender discrimination, wages and benefits, working hours, health and safety, freedom of association, maternity leave, and environment pollution.

Garments buyers as a crucial player of garments industry create more pressure than other players like BGMEA, ministry of labor, and government. Buyers audit play important role to improve workplace, because during buyers audit garments

owners try to follow laws and regulations to impress them and keep their order.

### VII. CONCLUSION AND RECOMMENDATIONS

**Conclusion:** Buyers are considered as a fundamental factor for business. Without buyers no transactions cab be conducted. So in transaction buyers hold maximum power to influence sellers. In Bangladesh, despite the unique success of the RMG sector, the poor working conditions in the factories and the lack of workplace environmental compliance are serious concerns. Most of the RMG factories do not practice the human resource activities, and have no well-defined HR or Personnel unit, ineffectively address labour rights and ignore labour standards, discarding fair labour practices, overlook health and safety issues and disallow trade unions. As a result, workers' rights are grossly violated in the RMG sector which has led to labour unrest. So, to improve workplace environment of garments factories buyers play maximum role. As garments owners are reluctant to improve their factories workplace environment. They only give emphasized of buyers' quality requirements. When come to workplace environmental compliance they place the arguments that it increases their costs.

**Recommendations:** Buyers play major role to improve the workplace environment. The following issues buyers need to consider ensuring decent workplace environment such as-

- Create constructive pressure to improve workplace environment by complying national and international laws. Not to over or under valued the capabilities of the workers.
- Provide monetary and non monetary assistance to improve workplace.
- Flexible the lead time to get order.
- Reduce pressure by providing unified code of conduct.
- Continuously auditing the workplace environmental compliance of garments factories without informing the garments owners.

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