



From Compliance to Excellence: Transforming Social Responsibility in Bangladesh's RMG Sector

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ABSTRACT

The Ready-made Garments (RMG) industry in Bangladesh, which plays a crucial role in the country's economy, has experienced substantial expansion since its establishment in the late 1970s. Nevertheless, the expansion has been accompanied by difficulties in the implementation of social compliance management practices, which involve several aspects such as labor rights, safety measures, environmental considerations, and regulatory enforcement. This study examines the progression of Bangladesh's RMG sector from compliance to achieving a high standard of social responsibility. In recent times, Bangladesh has developed as a prominent global exporter of garments, securing its position as the second-largest in the industry. This article provides an overview of the historical backdrop of the RMG business in Bangladesh, emphasizing its swift rise and the challenges it has encountered, encompassing several incidents. To tackle these difficulties, Bangladesh has implemented a range of programs aimed at improving social compliance management practices encompassing legislative reforms, international collaborations, and business endeavors that seek to protect worker rights, advance eco-friendly practices, and fortify the ethical framework of the industry. The study additionally examines the impact of consumer awareness and the global emphasis on social compliance, which have led to beneficial transformations within the sector. Notwithstanding these accomplishments, the study underscores the necessity for further measures to guarantee sustainability. The recommendations encompass enhancing regulatory frameworks, creating transparency, allocating resources toward worker training, empowering workers through unionization, enhancing safety and building standards, increasing teamwork, and advocating for environmental sustainability. By adopting the aforementioned suggestions, the RMG industry in Bangladesh can further advance its efforts in effectively managing social compliance, thereby safeguarding the well-being of its workforce and promoting the long-term sustainability of the sector.

1. INTRODUCTION

Social compliance management practices are essential in determining how ethically and responsibly companies conduct themselves. As supply chains cross international borders in a globalized economy, businesses must uphold social and ethical standards. Bangladesh, a major player in the global ready-made clothing (RMG) market, has attracted a lot of attention recently for its initiatives to address social compliance issues.

The Ready-made Garments (RMG) sector is the leading earning sector of Bangladesh in terms of foreign currency earnings. It started its journey in the late 1970s. The RMG business in Bangladesh holds a crucial position within the country's economy, mostly attributable to its substantial impact on foreign currency inflows. Bangladesh is widely recognized as the second largest global exporter of garments, trailing behind China [1]. According to the Bangladesh Garment Manufacturers and Exporters Association, the textile and apparel industry contributes to around 84% of the export revenues in Bangladesh [2]. Bangladesh occupies the position of the second largest global exporter of RMG, contributing around 7% to the overall market share. The expeditious growth of the RMG sector offers Bangladesh a favorable prospect to capitalize on the escalating global demand.

The tale of Bangladesh's quick growth and prosperity is entwined with the history of the country's RMG industry. The sector has grown from its modest beginnings in the late 1970s to become an essential pillar of the country's economy.

Bangladesh has been forced to adopt and improve social compliance management practices to make up for previous failings and promote a more ethical and sustainable industrial ecosystem. Adopting these practices requires a multifaceted strategy that includes legislative changes, international partnerships, and corporate initiatives aimed at defending employee rights and well-being, advancing environmentally sound business practices, and

bolstering the industry's overall ethical foundation.

Compliance can be characterized as the act of adhering to a prescribed set of criteria or guidelines. To operate, the garment sector is required to adhere to specific standards or compliance measures. Several compliance measures are commonly mandated within the garment industry. These include policies about working hours, compensation for holidays and leaves, equal remuneration, anti-discrimination, prohibition of child labor, and health and safety.

In the contemporary global market, the quality of the apparel produced is not the exclusive concern for retailers and manufacturers; rather, the working conditions prevailing at the company where the products are manufactured hold equal significance. Both of these criteria are of equal importance in bolstering consumer confidence and fostering more dependable relationships with suppliers. To meet the demands of customers and increase the societal value of the product, it is imperative to adhere to a certain Code of Conduct (COC) that protects the fundamental human rights of the workforce involved in the trade. Various international organizations, such as Worldwide Responsible Accredited Production (WRAP), the Fair Labor Association (FLA), the Council on Economic Priorities Accreditation Agency (CEPAA), Business for Social Responsibility (BSR), and the Ethical Trading Initiative (ETI) have formulated social accountability standards. Major supply chains have seen the adoption of guidelines and the development of COC requirements and acceptance standards by purchasers who prioritize reputable brands. The core principles of the COC were derived from the principles established in various international human rights agreements, including the Universal Declaration of Human Rights, the International Labor Organization agreements, and the United Nations Convention on the Rights of the Child [3].

The SA8000 Standard, which has nine specific requirements, serves as the regulatory framework for social compliance across global organizations. These encompass several aspects such as the prohibition of child labor, ensuring health and safety standards, promoting non-discrimination practices, regulating work hours,

and other related factors. Additional global standards that are acknowledged include those established by organizations such as WRAP, BSCI, ILO, and SEDEX, among others. Obtaining a certification from any of these bodies has the potential to augment distinctiveness within a highly competitive global industry. Therefore, organizations exert their maximum effort to ensure compliance with all applicable standards [4].

Within the framework of buyer-driven global supply chains (GSCs), it is customary for firms to exert efforts to guarantee that their suppliers incorporate social concerns into their corporate responsibility endeavors [5-7]. This strategy guarantees sustained financial gains, favorable brand recognition, and optimal managerial effectiveness [8-11]. According to a survey top three criteria utilized by global buyers in selecting suppliers, two are associated with the suppliers' ability to effectively manage social responsibilities [12]. In the past decade and a half, there has been a significant surge in the importation of garments from Bangladesh by global clothing corporations based in Europe and the United States. Numerous international fashion brands and retailers, such as Walmart, H&M, JCPenney, C&A, GAP, Levi's, M&S, Zara, s.Oliver, Tesco, Carrefour, Target, and others, are not only progressively dependent on the RMG business in Bangladesh but have also established liaison offices within the nation [13-15]. The primary purpose of these liaison offices is to oversee and administer the connection with the RMG manufacturing companies in Bangladesh.

The transformation of Bangladesh's Ready-Made Garment (RMG) sector was influenced by a series of labor accidents that resulted in the tragic loss of over 1,000 lives of garment workers. These incidents received significant global attention and had a profound impact on the industry. The 2012 Tazreen Fashion Factory fire and the 2013 Rana Plaza factory collapse shed light on noteworthy concerns about working conditions. As a consequence of these occurrences, several international buyers refrained from engaging in trade with Bangladesh, while the United States opted to withdraw from its preferential tariff agreement. [16].

Global emphasis is on Bangladesh's tremendous economic and social accomplishments over the past few decades as the nation marks 50 years of independence. Despite the COVID-19 pandemic's difficulties, the South Asian country is on track to attain middle-income status in the coming years.

2. POSITIVE CHANGES OF SOCIAL RESPONSIBILITY PRACTICES IN THE BANGLADESH RMG INDUSTRY

Currently, the Bangladeshi Government has the greater ability to monitor compliance issues. It was crucial to make sure that no additional clothing factories were in danger of collapsing in a similar way to Rana Plaza or Tazreen Fashion Factory. The process of inspecting all clothing factories with an export focus on structural, electrical, and fire safety began in late 2013. The evaluation of 3,780 factories was led by the Bangladeshi Government. Good progress has been made over the last ten years, as evidenced by the creation of a National Occupational Safety and Health (OSH) Policy and a National Plan of Action.

Presently, the RMG industry in Bangladesh has emerged as a leading example of transparency in terms of factory safety and responsibility throughout the value chain. This commendable status can be attributed to various initiatives that were implemented after the occurrence of significant disasters. Prominent among these endeavors are the Accord on Fire and Building Safety in Bangladesh, as well as the Alliance for Bangladesh Worker Safety. As a result of these steps, a significant number of hazardous, low-ranking enterprises were shut down, while efforts to address and rectify safety issues were intensified in several other establishments.

Significant advancements have been made in enhancing workplace safety within the Ready-Made Garments (RMG) sector [17].

Several modifications to national laws during the previous ten years have improved employment rights and workplace safety. The Rana Plaza collapse, along with the Tazreen Fashions fire earlier, brought attention to the

inadequate capacity to regulate industrial safety. The Department of Inspections for Factories and Establishments (DIFE) was significantly reformed by the Government in response, giving it additional funding, authority, and personnel. The Government also began an aggressive campaign to dramatically strengthen its planning and operational systems in partnership with the ILO and other partners. Although work is still being done to improve regulatory capacity, the inspection service has improved in terms of effectiveness, credibility, and accountability [18].

The Bangladesh Labor Act was changed in 2013 to make it easier to register unions, which significantly increased the number of unions. In the clothing industry, there were roughly 1,201 registered trade unions as of February 28, 2023, with 97% of them being active.

Better Work Bangladesh was established in 2014 to support the development of a more competitive apparel industry that offers adequate employment opportunities, enhances working conditions for employees, and fosters profitable operations for factories and brands. Together, these objectives help the nation's economy develop.

Since its inception in 2015, Better Work Bangladesh has been instrumental in facilitating the expansion and advancement of the RMG sector, which serves as a pivotal driver of the national economy and exhibits a strong emphasis on international trade.

With a primary focus on the promotion of decent employment, empowerment of women, and fostering inclusive economic growth, the initiative has experienced significant expansion, currently encompassing over 450 factories that actively participate. Better Work Bangladesh collaborates with a total of 48 brands and shops, thereby exerting its influence on around 1.3 million workers. Notably, half of these workers are female [19].

Better Work has assisted garment manufacturers in Bangladesh in gradually increasing adherence to national and ILO

fundamental labor standards, particularly those about pay, contracts, gender inclusion, and working hours. Better Work-affiliated factories in Bangladesh continue to exhibit enhanced worker-manager communication, more efficient management practices, and a stronger dedication to staff development.

Currently, Bangladesh possesses the top-rated and biggest quantity of green clothing factories globally. The United States Green Building Council (USGBC) serves as the certifying organization for the worldwide Leadership in Energy and Environmental Design (LEED) factories, which are dedicated to promoting environmentally friendly practices. Recently, Bangladesh has emerged as the host country for 52 out of the 100 leading environmentally sustainable industrial units globally. Bangladesh, as a prominent leader in the realm of LEED-certified factories on a global scale, boasts a total of 63 garment units that have achieved the prestigious platinum rating. Additionally, the country is home to 110 garment units that have been bestowed with the esteemed gold rating, while 10 units have attained the distinguished silver rating. Furthermore, Bangladesh proudly houses four garment units that have successfully obtained the LEED certification. Additionally, the Bangladesh Garment Manufacturers and Exporters Association reports that over 500 other garment companies are currently in the process of seeking LEED certification from the USGBC in recognition of their environmentally sustainable initiatives [20].

According to a global survey, fashion businesses and purchasers in the United States perceive reduced social and labor compliance concerns while procuring clothes from Bangladesh, as the country's rating in this specific domain has shown improvement in 2022 [21].

According to representatives of prominent textile brands and officials from the EU mission to Bangladesh, the implementation of the new German due diligence regulation has the potential to position Bangladesh as a global frontrunner in socially and ecologically responsible manufacturing.

Bangladesh has emerged as a frontrunner in the establishment of environmentally sustainable factories. During a meeting held in the capital, Bernd Spanier, the deputy head of mission of the EU Delegation to Bangladesh, expressed the aspiration for Bangladesh to excel in due diligence and transform its worldwide perception, thereby assuming a prominent global leadership role[22].

The active engagement of many stakeholders within the RMG industry in advocating for enhancements in working conditions and advocating for enhanced social compliance is undeniably a favorable development.

The transfer of responsibility for safety monitoring and remediation to a national regulatory authority and the Remediation Coordination Cell (RCC) is a key step after the successful work of the Accord and Alliance. This change illustrates how far factory safety has advanced.

Worker education and capacity building are investments made by best-practice factories to ensure that employees are aware of their rights and can take an active role in supporting safe and just working conditions. Many factories in Bangladesh work to become certified by international norms like ISO 14001 (Environmental Management System) and SA8000 (Social Accountability International). These certificates show a dedication to moral business conduct and environmental stewardship.

Many industries have implemented eco-friendly production techniques, cut back on water and energy use, and adopted sustainable sourcing methods to lessen their negative effects on the environment.

3. ACTIONS NEED TO BE TAKEN TO ENSURE SUSTAINABILITY

Despite advancements, a 2019 complaint to the ILO noted that some labor legislation provisions were still out of compliance with global labor norms. A National Action Plan for the Labor Sector has been created by the Government, and

it involves additional labor law reform. The plan also outlines actions for improved management of worker complaints, enhancing the capacity of the labor inspectorate, including hiring more labor inspectors and successfully transferring industrial safety duties to the Industrial Safety Unit.

It is imperative to increase social dialogue between employers, unions, and Government, strengthen respect for labor rights, and provide an atmosphere that allows unions to function freely.

It is necessary to ensure that all the factories follow the fundamental compliance criteria, and strengthen and enforce labor laws, safety regulations, and environmental laws.

Encouraging businesses to tell the public and other stakeholders about their social compliance initiatives, safety records, and environmental practices is imperative.

Creating a platform where best practices and learned lessons can be shared is imperative. A website may be developed where people may report infractions and exchange compliance information.

It is imperative to arrange more training programs for employees to inform them of their rights, safety protocols, and grievance reporting procedures.

It is essential to encourage the creation of strong, independent unions that advocate for worker interests and bargain for decent pay and working conditions.

It is necessary to conduct more safety inspections and make improvements to factories' structural and fire safety measures.

It is imperative to review and update building codes and safety regulations regularly to reflect global best practices.

It is imperative to advance moral and sustainable behavior and encourage

implementing management systems like SA8000 and ISO 14001.

More cooperation among the companies, suppliers, NGOs, Government organizations, and workers' representatives to address compliance challenges is vital for sustainability.

It is imperative to promote the use of eco-friendly production techniques, waste management strategies, and sustainable sourcing techniques.

It is imperative to encourage trade groups to create rules of conduct and to keep an eye on their affiliated companies.

It is imperative to engage more international organizations and stakeholders to adopt international standards and learn from best practices in other nations.

4. CONCLUSION

The trajectory of Bangladesh's RMG industry in transitioning from compliance to achieving excellence in social responsibility management has been characterized by notable advancements as well as persistent obstacles. The significance of the garment sector to the country's economy cannot be emphasized, given its position as the second-largest exporter of garments worldwide.

Over time, Bangladesh has made noteworthy endeavors to tackle many difficulties. Legislative reforms, international collaborations, and business endeavors have played a crucial role in enhancing labor rights, promoting environmental sustainability, and strengthening ethical norms. The industry's dedication to ethical conduct and environmental stewardship is demonstrated through its adherence to standards such as SA8000 and ISO 14001.

Significantly, Bangladesh has demonstrated commendable progress in environmental sustainability, as seen by the proliferation of environmentally conscious factories and the attainment of international acclaim for adopting eco-friendly measures. The sector has experienced favorable improvements as a result

of increased consumer awareness and a global focus on social compliance.

Nevertheless, the journey toward achieving perfection is not without obstacles. To ensure sustainability and responsible company conduct, it is imperative to implement more labor legislation reforms, strengthen industrial safety measures, foster increased social discourse, boost social protection mechanisms, and maintain ongoing capacity-building initiatives.

In conclusion, the RMG industry in Bangladesh finds itself at a crucial point where it possesses the opportunity to establish itself as a conscientious global manufacturing hub. Sustainable development necessitates collaboration among several entities, including the Government, industry stakeholders, international organizations, and consumers. By adopting the required measures, the RMG industry in Bangladesh may effectively prioritize the well-being of its workers, promote sustainability, and adhere to ethical standards, paving the way for a more promising and socially responsible future.

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