

## COMPLIANCE ISSUES, EMPLOYEE WELFARE AND INTERNATIONAL BUYERS: A CASE OF GARMENTS INDUSTRIES IN BANGLADESH

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**Abstract:** Bangladesh is the 2<sup>nd</sup> largest exporting country of global apparel products and has become a global hub for sourcing readymade garments. Nevertheless, compliance issues including employee welfare services are major concerning and focused issues by the international buyers. The purpose of the paper is to explore the influence of international buyers on employee welfare of supplier firms. A qualitative approach using non-probability sampling to select seven participants has been used. Primary data were collected through face to face and telephonic interviews with top level managers and operational informants. It was found that the international buyers can influence manufacturing and exporting firms in providing adequate employee welfare services by the use of setting up compliance issues, maintaining specific standard, providing guidelines, offering training and extra support. It also disclosed that labour practice in Bangladesh Garments Industry (BGI) has increased a lot in last decade and is getting better day by day. The study revealed that customer satisfaction is linked with provision of adequate labour welfare facilities. However, rendering staff welfare service is time consuming and costly which considerably affects companies bottom line. Analysing the influences of international buyers on employee welfare of Bangladesh Garments Manufacturing Industry enables to identify country specific factors. The managerial perspective would be to integrate employee welfare services in decision making process and further investigation opportunities for academics. This paper represents industry specific data from a key global garments manufacturing country. It highlighted factors such as employee welfare and international buyers in global supply chain of apparel products.

**Keywords:** Bangladesh, Garments Industry, Employee Welfare, International Buyer.

### INTRODUCTION

Due to globalisation an interconnected economic, political and cultural globalized communication system (Needle, 2004) business and commercial dealings becoming faster, smother and increasingly transparent leading consumer more aware than ever. International companies play a significant role in shaping this transparency

and building consumer awareness through their improved and ethically bound supply chain across the globe. This is the buyers who can tremendously influence manufacturer or producer or overall supply chain in this fiercely competitive business world. Employee welfare which is affected by individual psychological dimension, society, culture, countries and geographical location is relative to individuals. Some companies are really keen to know the real condition of their total supply domain including the employees related with that realm. This is the employees who can make ultimate consumer happy through improved quality and efficiency. How international buyers influence on employee welfare especially in Bangladesh Garments Industry (BGI) will be the main focus of this investigation.

Bangladesh is now the second largest apparel exporting country in the world and the leading single most dynamic and successful export earnings industry contributing 10% of country's total GDP. Around 78% of total exports of Bangladesh come from this sector which directly employs 3.6 million people 80% of whom are women (BGMEA, 2012). From late 1970s Bangladesh Garments industry has been developed successively (Hossan *et al.* 2012) and survived very well after Multi-Fiber Arrangement (MFA) phased out in 2004 (Yunus and Yamagata, 2012). Though BGI is doing appealingly well in its industry and contributing significantly in national and international level however its labour standard, labour management, employee welfare and wellbeing and work-life balance is questionable. Many international organisations and companies along with ILO are expressing their concern about that.

### **RESEARCH AIM AND OBJECTIVES**

The main aim of this study is to justify how international buyers can influence compliance issues and employee welfare and what are the implications of these issues on productivity. To achieve the main aim the specific objectives are:

1. To find out whether international buyers can influence employee welfare in Bangladesh Garments Industry;
2. To Determine the relationship between the influence of international buyers and employee welfare in Bangladesh Garments Industry;
3. To investigate how employee welfare and wellbeing are affected by international buyers; and
4. To find out whether the employee welfare lead to satisfy customer.

### **METHODOLOGY FOLLOWED**

A qualitative methodology was applied in this research. Non-probability sampling was used to select respondents. Primary data were collected through face to face and telephonic interviews with top level managers and operational informants.

## **Research Design**

This study started from clarifying and understanding problems ended with bringing new insights in the literature by interviewing key focused groups and using qualitative analysis based on an exploratory research approach.

## **Sources of Data and Data Collection Technique**

Both primary data as well as secondary data were used in this research. This study used interviews for Primary data collection and reviewed various official reports, books, internet materials, published and unpublished research papers on the topic were used for secondary data collection.

In this exploratory study one to one interviews using face to face, telephone and electronic interviews have been conducted based on semi structured interviews. Interviews had been taken from senior managements, directors and managers from Dhaka and Chittagong the tow largest cities in Bangladesh over the phone and face to face interviews were taken from some senior personals of international buying companies and agents based in the UK who source their products from Bangladesh. The main reasons for selecting two dimensions are to find out the discrepancies between their statements which can increase the validity of the study.

## **Research Population and Sample Size**

All organisations who are engaged in exchanging Bangladeshi apparel products globally are the population in this study. The total number is unknown and sampling is the only way to generalise the outcome. Non-probability sampling method was used in this study as the research population is not well-defined and unknown, as Saunders *et al.* (2012) recommended non-probability sampling for qualitative analysis which is congruent with the research approach. In a total seven respondents took part in this investigation.

## **Data Analysis**

In this investigation face to face interviews and telephonic interviews conducted which at the same time audio recorded and transcribed the summaries. Careful consideration was given in voice and tones when taking the interviews to avoid misinterpretation. Subsequently, audio recorded interviews were transcribed into written formats and then summarised. After transcribing and summarising a rounding up call is made to each telephone interviewees to ensure the information given is correct.

The overall theme of the interviews was to find out whether international buyers can influence employee welfare and how. The results of the interviews indicate that there were mix opinions among the importers and exporters in few issues including how buyers can influence and the degree of influence. However, on some issues like expected employee welfare, working conditions, fire safety are common among the respondents.

### **COMPLIANCE ISSUES AND INTERNATIONAL BUYERS**

Compliance issues including labour welfare are getting high priority to global buyers (Haider, 2007). The global buyers want a secure and sustainable supply chain for that they emphasise on welfare services of the employees in the whole supply domain. What is regarded as welfare by the employees and the way how international buyers can perform is illustrated below.

The consumers are much awarer now than ever before due to globalised telecommunication systems which present a transparent supply chain resulting increased expectation of society towards the business (Baden et. al.2009). The international buyers who work as a vital linkage between a firm and many other external constituents (Turner et.al. 1995 in Bendixen and Abratt, 2007) are engaged in business breaking the physical boundaries of countries across the globe. They are the key power in international trade and commerce as well as a very influential source in supply chain. The international buyers especially in business to business dealings are highly concerned about supply chain (Roberts, 2003; Locke et.al.2007; Haider, 2007; Baden et.al.2009). This concern is imperative to understand the competitiveness, to identify various links and to focus on long term issues within that domain for a positive persistent outcome.

### **INFLUENCES OF INTERNATIONAL BUYERS ON COMPLIANCE ISSUES**

There are mixed opinions among the authors regarding the influences of international buyers. Many authors like (Schmitz, 1995; Roberts, 2003; Locke *et al.* 2007; Baden *et al.* 2009; Galland and Jurewicz, 2010) claimed international buyers does have influences on suppliers in contrast authors like (Carstensen, 2008) said buyers can influence but for that they need to be big enough and having expertise and economics of scales. International buyers are usually in a bigger size having appropriate know-how with necessary financial back up. So, they can exercise power on suppliers in different ways although the degree of exercising the power is relative to individual organisations and this scale is set by the corporate values of those particular companies (Bendixen and Abratt, 2007).

Multinational Buyers usually focus on integrated supply chain to accommodate changing market condition (Norgan, 1994) because when customers decide to purchase anything they trigger the button along the whole supply chain (Slack *et al.* 2010). So they recommended choosing appropriate supplier having trading off substitute features as the ultimate objective is to satisfy customer. If there is any unexpected issue regarding supply network come under flash light this is likely that the business will suffer a lot leading to liquidation in some worse cases. A clean supply chain is also a sustainability and corporate social responsibility issue. A study in UK found Failure to follow it, may pose a significant risk for the companies (Robert *et al.* 2006 cited in Baden *et al.* 2009).

Purchasing decision is made by the buyer in their own specification so they can influence the supplier and it is proved that supply chain pressure is more effective

for social and environmental change than local regulations (Stretcher, 2005 in Baden *et al.* 2009; Slack *et al.* 2010). There are certain areas where international buyers can influence for instance standard labour policy including not employing child labour, proper employee welfare practice like maximum working hours, overtime facilities, minimum wage, timely payment as well as job security, following corporate social responsibility issues, price and so on.

Many critics including (Pretious and Love, 2006; Locke *et al.* 2007) outlined that most of the international buyers are in favour of influencing to reduce the price and they put more pressure for that than other things. They argued that the international companies are after publishing more glossy gimmick statements about practicing CSR and other green issues than really following them. Though the international buyers can influence in supply chain but they are keener about price and delivery times than for other CSR issues like employee welfare related in supply chain (Ibid in Baden *et al.* 2009). However, pressurising suppliers is not always beneficial for the companies. Sometimes they need to incur costs for that including late deliveries and extra costs. Besides these, placing extra condition on buying decisions is seen as an extra burden by the suppliers (Baden *et al.* 2009). Carstensen (2008) criticised excessive buyer's power claiming that it exploits producers or supplier firms.

From above discussion it is clear that International companies can bring to bear different kinds of pressure to the suppliers during their procurement. Some of those are because of company's legal requirements by international regulatory bodies and law of particular countries. When companies grow bigger, they need to focus highly on building ethical codes of conduct at least for the gimmick advertisement, certain specification for their suppliers leading suppliers to follow the requirement as they have very limited options to deny (Baden *et al.*, 2009). Moreover, when a rational conscious customer purchases a product his or her purchase behaviour is influenced by the sourcing decision of the company which means the CSR criteria of companies. Therefore, when organisations take consumers decision into consideration they need to pressure and influence the supply network in a positive way. Local authorities also bind companies to pursue some strategies for compelling suppliers following certain code of conducts.

### **EMPLOYEE WELFARE**

The word 'Welfare' came from the French Phrase which stands for Fare well. It is defined as the prosperity, happiness and general blessing of life (Swapna, 2011). For establishing a respectable industrial relation in any cultured society welfare is an essential fact (Hong *et al.* 1995; Swapna, 2011). Every worker in the industry is eagerly expecting at least minimum amenities in this present modern world. So, to improve the living conditions of employees it is vital for employers to provide appropriate welfare facilities. Employee welfare is an employer sponsored benefits which is a key concern of both employees and managers (Dulebohn *et al.* 2009). They claimed that remaining competitive in labour market depends to a great extent on its employee welfare decision.

Employee welfare is the facilities beyond the statutory requirement offered by the owners to employees for their well-being (Davis and Gibson, 1994; Dulebohn *et al.* 2009; Durai, 2010; Swapna, 2011). Todd (1993) in Durai (2010) mentioned, For the purpose of improving social and intellectual comport of employees whatever an organisation provide over and above the minimum wages and necessity of the industry is the employee welfare. He mentioned welfare are two types statutory facilities required by law of the particular land and non statutory what are not mandatory by law. Employee welfare services improve their morale, job satisfaction level, commitment, loyalty, engagement, efficiency and high level of employee retention, physical and mental health which helps to focus on specific job ensuring organisational citizenship.

### APPROACHES TO LABOUR WELFARE

There are different models in Labour welfare which have been developed over the times. These approaches can be seen as a benchmarking process of employee welfare facilities in an organisation. Authors like Aswathapa (2007) and Agalgatti (2008) have mentioned eight approaches about labour welfare facilities. They are briefly delineated below:

**1. Policing theory:** This theory states that owners and managers can exploit employees in many ways. To minimize that country or government plays a role as a policeman and force managers or concerning authorities to provide necessary welfare facilities. It also stressed that non compiler will be punished.

**2. Religion theory:** This theory implies that anything good or bad is seen as an investment stating that results of today's work will be harvested tomorrow. Employers are inspired on this belief and provide adequate well-being facilities.

**3. Philanthropic theory:** Being affectionate to mankind providing good working conditions, canteens and other facilities are the basis of philanthropic theory of labour welfare. This theory is mainly used in social welfare.

**4. Paternalistic theory:** This theory refers that total assets, properties and profits are hold by the industrialists based on trust. They hold it for their use as well as for the benefits of worker. This theory is also known as trusteeship theory. This trusteeship is not actual or legal but moral and employers should use the fund in their control for the betterment of labours.

**5. Placating theory:** This theory is based on the supposition that when employees are organised and rebellious welfares will be facilitated. So, providing appropriate welfare peace can be established in any company.

**6. Public relation theory:** According to this theory, creating an impressive intuition in the workers and other stakeholders mind welfare services are provided. Some employers use this to enhance public relationship with other companies.

**7. Functional theory:** This is also called efficiency theory of labour welfare. It states that increasing the effectiveness in production and productivity, securing as well as preserving efficiency is the main purpose of providing welfare services.

**8. Social theory:** According to this theory a firm is morally responsible to provide welfare to its employees for the purpose of improving lifestyle in the society. Labour welfare in broader sense becomes social welfare.

These models are widely used in almost all organisations depending on its nature, corporate values, cultures and geographical locations those are practicing and providing labour welfare facilities. Swapna (2011) mentioned that capital and manpower are two wheels to run an industry simultaneously wages and welfare facilities are the two wheels to run employee performance and morale. Employee welfare is recognizing needs, wants and expectations of workers in an organisation and come up with the ideas, things and materials to facilitate them fulfilling those. For pleasant industrial relations superior working environment and satisfactory provision of welfare package is indispensable. Employee welfare consists of social and economic contents which have both positive and negative aspects. It is necessarily flexible which varies with times, with the size of the organisation, available resources from one culture to another and one country to another with different degrees of industrialisation and different level of social and economic development (Davis and Gibson, 1994; Swapna, 2011).

Providing welfare services boost employee's efficiency in production and productivity with the help of effective utilisation of resources. This programme assists in cutting down waste, employee turnover, absenteeism, labour disputes and grievances among the workers (Davis and Gibson, 1994; Swapna, 2011).

Davis and Gibson (1994); Dulebohn et.al (2009); Swapna, (2011) stated some common welfare facilities expected by employees are favourable working conditions, equal pay for equal work, fair treatment, encouraging remuneration, freedom to join trade unions, employee representation, right to rest and leisure as well as recreation, part time off, paid holidays, sickness pay, medical facilities, child care, uncertainty support, food and housing benefits, limited working hours, overtime facilities and payments, disability issues, life insurance, pension plans, family and social protection, stock ownership and economic security.

Therefore, employee welfare is something provided by the employers which is beyond required by law to influence, motivate, engage and to build a rapport with the organisational human capital in thriving its strategies. However, organizations have some pay offs for providing employee welfare and wellbeing facilities (Davis and Gibson, 1994). Providing competitive welfare and benefits in product and service market brought about by globalisation is expensive for the company and sometimes are treated extra burden (Dulebohn *et al.* 2009). There is a significant implication of employee benefits decision which consists of one third of total labour costs on company's bottom line and this costs increase gradually over the time (Hewitt, 2002 in Dulebohn *et al.* 2009). Not only employee welfare helps organisation in

numerous ways but also its costs a significant amount of organisations profit. Moreover, measuring employee welfare is not obvious because what is seen as welfare for someone might not be for others. Besides, during financial difficulties companies are struggling with meeting statutory requirements then extra facilities will be burden (Durai, 2010). Though employee welfare and a benefit is an integral part of an organisational decision but is surprisingly not given proper consideration in strategic decision. Deadrick and Gibson, 2007 in Dulebohn et.al.2009 mention that the largest gap in an organisation exists in employee benefits and compensation.

### **INTERNATIONAL BUYERS AND EMPLOYEE WELFARE**

Employee welfare, wellbeing and benefits are well discussed topics in human resource domain and influence of international buyers in the supply network is also robustly evident. However, relatively very few literatures have been found specifically on the influence of international buyers on employee welfare. Buyers can have significant influences in supply chain including the provision of appropriate employee welfare facilities (Schmitz, 1995; Roberts, 2003; Pretious and Love, 2006; Locke *et al.* 2007; Baden *et al.* 2009; Galland and Jurewicz, 2010; Slack *et al.* 2010). Nonetheless the buying firms need to be strong enough in terms of its dimension, economies of scale and market positioning to be able to put a control on supplier firms (Carstensen, 2008).

Global apparel sourcing market is dynamic and fiercely competitive (Baral, 2010) as there are lots of countries especially developing ones with abundant labour force lacking financial investment are producing and exporting garments products with the help, support and patronization of international companies (Baden et.al. 2009). As a result, the sourcing companies can place conditions about employee welfare on their supplier firms during their sourcing process and if not followed can change the suppliers. Many international companies are not only putting conditions but also in many cases they offer employee welfare facilities including training and development for the employees including children as well as family welfare facilities (Baral, 2010).However, changing suppliers does not always provide good options as the relationship is based on trust and building trust is a long term process. Other than this switching a supplier does incur costs and having an appropriate supplier is also a daunting task.

International buyers can persuade supplier firms by inserting certain conditions because they are large. Baral (2010) revealed that readymade garments industry are catching the eyes of customers, social workers, branded international buyers and welfare organisations. He claimed that buyers look into the code of conducts of an organisation before placing an order highlighting that compliance of expected conditions set by the buyers is considered more important than product quality. Galland and Jurewicz (2010) pointed out that Local laws, brands compliances obligations put pressure on suppliers to raise remuneration, decrease extreme overtime hours, and sheltered autonomy of the union as well as to improve health and safety facilities for the workers.



Ethical consideration makes buyers set and follow certain a code of conducts. Companies Considering ethical issues with the importance in industrial purchase is widely accepted and practiced by many firms (Haynes and Helms, 1991; Kitson and Campbell, 1996, in Pretious and Love, 2006; Slack *et al.* 2010). With the increasing demand of globalisation, global sourcing of apparel products improved tremendously for the sake of reducing costs and time with improved quality. Many apparel and Readymade garments industries are located in developing countries (Locke *et al.* 2007) like China, Bangladesh, India, Indonesia, Cambodia and other countries where ethical issues are not identical.

The global buyers or importers of garments products are based on developed countries in most of the cases. Many giant brands in the world are the main importers of Bangladesh apparel products including Wal-Mart, GAP, ZARA, Mark and Spencer, Tesco, PUMA, GAP, LEVI'S, UNIQLO, H and M and many more global brands (BGMEA,2013).Some writers like Carter (2000) cited in Pretious (2006) asserted that taking ethical dimension into consideration uplift organisation's image and reputation. Nonetheless, Pretious and Love (2006); Locke *et al.* (2007) claimed that companies are after taking advantage of lower labour costs, weak social and environmental regulations in the supplier's country to produce cheap products at the expense of local worker's welfare.

To influence the suppliers in decision making, such gigantic buyers can set a specification with the standard of the quality expected. Conversely, just setting the standard does not mean that suppliers will follow the code of conduct because of lack of understanding about the context of ethical issues (Slack *et al.* 2010) they need to be monitored. Locke *et al.* (2007) found in The Nike, a global apparel retailer that monitoring does improve working condition. Slack *et al.* (2010) mentioned that local suppliers can be monitored relatively easily but monitoring international suppliers is troublesome with diverse traditions and ethical standards, social, cultural and religious differences. The monitoring group can be the buyers or their appointed individuals, independent observers and organisation like ILO and Clean Cloths Campaign, trade unions, government bodies and NGOs (Locke *et al.* 2007; Merk, 2009).

Purchasing practices by multinational buyers do impact on employee welfare (Galland and Jurewicz, 2010). If the buyers keep on changing the specification it will be difficult for suppliers to cope with larger demand within a shorter time period. So they will use extra labour, excessive overtime and may use employees beyond the standard required level. So, they proposed to select one supplier for the proper co-ordination between the parties.

#### **GAPS IN THE LITERATURE**

From the reviewed literature it can be found that there is a gap in both influences of international buyers and employee welfare facilities. Provision of employee welfare facilities should be assessed first according to the necessity of particular

organisation before setting it up which needs extensive research based on industrial context (Davis and Gibson, 1994). Hong et.al (1995) discussed employee welfare and the effectiveness of providing employee but missed highlighting how this welfare can be carried out. Schmitz (1995) has shown gap in industrial buyers and sellers relationship which is encouraging for researching industrial buyer behaviour and influences on supply network. Pretious and Love (2006) talked about ethical issues during product purchasing and how codes of conducts companies can follow. They also highlighted various opportunities for further research. They could have talked more about cultural and religious dimension in setting up ethical codes of conduct. The influences of other influential bodies and intermediaries could have been highlighted. Bendixen and Abratt (2007) recommended contextual research on the buyer and suppliers relationship in terms of playing their role. Carstensen (2008) argued that buyer power in the business domain has raised a number of issues which need comprehensive analysis.

From above analysis it can said that international buyers do have great influences on employee well and they certainly exercise some in a form of compliance issue. However the degree in which buyers can exercise their power rely on the size of the firm, industry, geographical location, cultural differences and legal codes of conducts of a particular country.

## **FINDINGS AND ANALYSIS OF THE STUDY**

### **Sample Description**

In this research, there were seven respondents of whom three were UK based Importers and four were exporters from Bangladesh. The respondents were senior managers and directors including top personals on merchandising department and production department.

### **Interview Summary**

For maintaining the anonymity as promised with the interviewees neither the respondents nor the respective organisations could be identified in subsequent writing up of the interview data. The interview summary is highlighted below:

#### ***Labour Welfare Practice is Still Poor in Bangladesh***

Responded said about the standard labour practice in Bangladesh garments industry, that labour practice is still poor in spite of huge positive changes. Some said that foreign owned firms follow the international standard better than local firms. The reasons mentioned for improvement were the awareness of employees and governments initiatives. The views about aspired welfare facilities by employees were trade union facilities and better treatment from the management, on time payment, bonuses, breaks, overtime facilities, training and development, holidays, job security, food allowances, health and safety issues and individual support. It

was found in the study that there is a positive relationship between the influences of international buyers and employee welfare in supplier firms.

***Buyers are Interested in Low-cost Quality Products and Maintenance of Compliance Issues***

Participant's comments about the interests of buyers on employee welfare were almost same saying that they are interested because this is a compliance issue. However, they are more interested in low-cost quality products and proper maintenance of compliance issues. Whether buyers can influence employee welfare the response yes they can by giving guidelines, putting extra conditions, providing counselling, offering training as well as visiting the factories and expressing concern about unexpected issues.

***Buyers Pressure have Positive Influence on Workers Betterment***

They respondents claimed that buyer pressure does have positive influence on workers betterment however it costs companies money; create distance in buyers and suppliers relationship, extra time and human for the organisations.

***Welfare Provisions Motivate Employees and Lead to Better Productivity***

The interviewees stated that provision of employee welfare motivates them which lead to better productivity with increased quality. They stressed that when productivity increase it reduce delivery time. Reducing time and increased quality assist in delighting ultimate consumers.

**DATA ANALYSIS**

Bangladesh is a growing country and expanding its industrial strength across the globe. Readymade Garments industry is the fastest growing industry for Bangladesh. Despite lots of hindrance including extreme competition, global economic turmoil and increased labour and material costs Bangladesh Garments Industry is maintaining its sustainable growth. However, Labour practice in Bangladesh Garments Industry is not yet satisfactory level (Haider, 2007;

Baral, 2010). With only two exceptions, interviewees expressed common agreement on poor labour practice in Bangladesh Garments Industry. Fairly typical comments were: ".....*Only few companies follow labour laws and international standards. Labours do not get their expected standard treatment*" (Operation Manager, Dhaka, Bangladesh, Exporting Firm).

So it can be said that labour practice in Bangladesh Garments Industry is not up to the standard. There were nearly common answers between the importers and exporters regarding expected welfare services by employees. The most universal welfare facilities are good working conditions, joining in the trade union, on time payment, overtime facilities, Job security, fire safety as well as health and safety

issues (Davis and Gibson, 1994; Dulebohn *et al.*, 2009; Swapna, 2011). Moreover, there are some other issues highlighted like holidays, breaks, better treatment, food and travel allowances and bonuses.

International buyers can influence suppliers to provide employee welfare (Schmitz, 1995; Roberts, 2003; Pretious and Love, 2006; Locke *et al.* 2007; Baden *et al.* 2009; Galland and Jurewicz, 2010; Slack *et al.* 2010). In this investigation all but one suggests the same. Responded mentioned: *“They can influence us giving guidelines, setting up compliance issues including fire safety”* (Merchandising Manager, Saver, Bangladesh, Exporting Firm).

From above analysis it can be said that international buyers can influence employee welfare in Bangladesh Garments Industry by providing order specification, maintaining determined compliance issues and setting up benchmarks (Objective -1).

With only one exception all the participants supported that when buyers place orders with specifications on it. They put conditions including employee welfare and other compliance issues (Haider, 2007; Baral, 2010). So, as many buyers are coming in Bangladesh with different specification along with certain universal requirements for employee welfare. This tendency shape and increase the provision of welfare facilities in Bangladesh Garments Industry.

*“There is a positive relationship ..... when buyers put pressure and conditions then the supplier firms have no option but follow that or lose the order..... which is a kind of coercive power”.* (Director, Exporting Firm, Chittagong, Bangladesh)

Pretious and Love, (2006); Locke *et al.* (2007) claimed that majority of the international buyers want low cost but quality product which this study found true. So many firms do not care about other firm’s employee welfare. “I do not think there is any direct relationship as many international firms are after getting cheap but quality products not the employee welfare”. Nonetheless, there may not have any direct relationship but indirectly buyer’s expectation add value in shaping employee welfare in supplier firms. Stretcher, 2005 in Baden *et al.* 2009; Slack *et al.* 2010 recommend similar result claiming that in shaping employee welfare supply chain pressure is more useful than local regulations. As a result, It can be drawn from that there is a positive relationship between the influence of international buyers and employee welfare facilities in Bangladesh Garments Industry (Objective-2).

International buyers are bound to follow the international standard of labour practice as well as labour law in particular country despite some exceptions. Apparel products in Bangladesh are export oriented which made plenty of international companies the buyer of Bangladeshi Garments products. They put priority on compliance issues employee welfare facilities is one the core compliance issues.

*“For maintaining employee welfare we guide them, provide counselling and visit the factories to observe the conditions of working environment”* (Purchasing Manager, importing firm, London, The UK)

From above illustration it can be represented that Employee welfare and wellbeing are affected by international buyers through setting up specification, following the code of conducts, visiting the firms, guiding as well as counselling them and providing training (Objective-3).

Davis and Gibson, 1994; Swapna, 2011 proposed that providing adequate welfare facilities increase efficiency that is congruent with the findings of this study. Customer satisfaction depends on several elements including its quality, service and in a word overall experience of consuming a products or service. Product quality is directly related with the way it is made. A satisfied labour can produce better quality products. To make an employee satisfied several non statutory facilities like welfare services need to be provided.

*“.....better and perfect quality can be maintained by providing adequate welfare facilities”* (Purchasing Manager, importing firm, London, The UK)

Another responded mentioned that,

*“.....welfare keeps employees motivated which increase their productivity with increased quality”* ((Merchandising Manager, Exporting Firm, Saver, Bangladesh)

So, from above argument it can be said that provision of adequate welfare facilities lead to satisfied customer (Objective-4).

## **DISCUSSION ON THE FINDINGS**

Many authors like Schmitz (1995); Roberts, (2003); Locke *et al.* (2007); Baden *et al.* (2009); Galland and Jurewicz, (2010) claimed that buyers can influence suppliers decisions that is supported with the findings of this study. For the purpose of improved productivity with high quality with a view to enhancing social and intellectual comport of employees whatever an organisations endow with beyond the statutory requirement of that particular industry is employee welfare (Davis and Gibson,1994; Dulebohn *et al.* 2009; Swapna, 2011). Influence of international buyers play a significant role in determining employee welfare of supplier firms (Schmitz, 1995; Roberts, 2003; Pretious and Love, 2006; Locke *et al.* 2007; Baden *et al.* 2009; Galland and Jurewicz, 2010; Slack *et al.* 2010). However, Carstensen (2008) argued that buyers can influence only when they have expertise and gained economics of scale.

Thus while previous researchers have identified influences of buyers on supply chain and suppliers decision on employee welfare there remains a gap in understanding how much and in which way buyers actually can influence employee welfare. By exploring the association between the employee welfare and influence of international buyers, this study intended to fill the gap. It showed that there is a positive relationship between buyer's influences and employee welfare. It is found that for better quality products, motivated employees in producing firms are essential. To motivate employees, providing welfare and wellbeing services are indispensable. Buyers can influence suppliers by putting conditions about providing

adequate welfare facilities in compliance issues when placing order. As a result, international buyers can influence employee welfare in supplier organisation.

### **RECOMMENDATIONS OF THE STUDY**

This investigation suggests a number of potential strategies and actions that managers and owners of Bangladesh Garments Industry may adopt in order to boost the productivity and perfect quality.

First of all, Bangladesh is facing lots of problems in exporting products across the globe including high competition with global apparel manufacturing giants with advanced technology like China and India. Poor labour productivity, political instability and high lead time which is the time taken between receiving an order and delivering it with proper specification. All of these made the industry inefficient in spite of being the second largest exporter in the world. Findings from this study suggest that lead times can be reduced and productivity can be increased providing satisfactory employee welfare. The findings highlighted that, welfare pleases employees and contented workers are highly motivated which enhance their productivity. When productivity increases it reduces the time to deliver an order. So, organisation ought to take employee welfare service with great care for their survival.

To attract the foreign buyers the industry may concentrate more on compliance issues including welfare facilities which will enhance the image of industry across the globe. A good reputation works very well in the global business arena.

Additionally, what foreign buyers expect in terms of compliance issues from the supplier companies also found in the findings which suggest management of supplier organisations to take necessary steps in order to secure consistent bids from buyers.

In addition to that, this investigation also proposes to international buyers about possible matters where they can influence. Desired welfare facilities by the workers in Bangladesh Garments Industry were also suggested in this study which will be useful for the buyers to contemplate on their interested issues.

Finally, for the purpose of securing and maintaining a steady pace of export in Bangladesh Garments Industry as well as thriving for the worldwide apparel exporting leader concentration on compliance issues including employee welfare services for productivity and quality also suggested from the findings.

### **CONCLUSION**

This study was devoted to inspect the influence of international buyers on employee welfare using the perspective of Bangladesh Garments Industry. The research is accomplished using earlier literature supported by the results recognised from a qualitative analysis incorporating a sample of participants for interview.

The findings of this investigation advocate that if employees are treated with proper amenities and endowed them with adequate welfare and well-being facilities they are more motivated, when they are inspired they work hard which increase their productivity and quality of their work. This assists in reducing lead times, upholding accurate quality and maintaining on time delivery with perfect standard which make ultimate consumer happy. This whole cycle persuade buyers to influence suppliers in providing necessary welfare facilities for employees. The study found that the buyers are able to influence their suppliers in decision making process.

Besides, this study advised that for upholding a sustainable development of Bangladesh Garments Industry rigorous attentiveness ought to be devoted towards the development of labour welfare services. Though, study found that it has achieved some of the global standard but yet a lot to go for its triumph and become a true global leader.

Nevertheless, the study got a number of limitations and weaknesses, such as small sample size, relevant to only one industry in a particular country. However, this investigation put forward huge opportunities for further research which will bring more insights in the literature and in the explored industry.

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