Firm Responses to System, Societal and Dominance Effects:

A Study of the Garment Industry in Bangladesh

by

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A Thesis submitted in fulfilment of the Requirements for the Degree of Doctor of Philosophy of Cardiff University

Management, Employment and Organisation Section
Cardiff Business School, Cardiff University

October 2015

Dedicated to My Parents

Feroza and Zaman

Acknowledgements

I would like to express my gratitude towards some very important people without whose help this thesis would not have been possible for me to complete. They have helped, encouraged and guided me in so many ways to achieve my target. First of all, I would like to thank Professor Rick Delbridge for his continuous encouragement, moral support and constructive comments throughout the course of this research. He has guided me in a way which helped me to work confidently on my research and take the next steps in my PhD journey. I would also like to thank Professor Ed Heery for taking the time to discuss research related issues, for sharing insights and offering valuable suggestions. A very special thank you goes to Dr Jean Jenkins who was always there for me, and guided me in my studies and beyond; gaining your friendship has been a complete privilege for me during my PhD journey.

My sincere thanks go to all the respondents who have helped me with my fieldwork by sharing their thoughts, knowledge and time; due to confidentiality issues, however, their names are not given here. I would also like to thank my friends, Farzana Choudhury, Rajib Yousuf, Jingqi Zhu, Mohsin Reza, and Wendy Hardyman for their support and friendship. I would like to say thank you to Elsie and Laine from the PhD office for supporting us, the CARBS PhD students. I extend my thanks to Sarah for helping me to proofread my thesis. My greatest appreciation goes to The Commonwealth for providing me with a scholarship, without which I could not start this journey. I thank the University of Dhaka for their support. Above all, my thanks and love go to my family members: Feroza, Asif, Shafiq mama, Rumi, and my twin sons Zain and Azlan for their support and encouragement; your blessings, love and faith in me has helped tremendously for me to come this far.

Thesis Abstract

The purpose of this research project is to explore and identify the specifics of system, society and dominance (SSD) effects on the management practices of Bangladeshi apparel suppliers, with a particular focus on their recruitment and selection practices. Supplier firms' responses to structural forces were viewed by examining their strategic choices and actions. The study used an analytical framework based on concepts of social capital and the private regulation of social compliance standards, in conjunction with the original SSD framework, as a holistic approach to understand supplier firms' changing management practices. Primary research in Bangladesh was undertaken through case studies, individual interviews, content analysis of recruitment advertisements and other secondary sources. Through a detailed review of the findings in this study, a 'multilevel analysis' of structural forces on suppliers' firms is established.

Findings of this research project reveal a mixture of international and local influences on actions observed in supplier firms. It is found that the interactions of societal and dominance effects are complex and variable in outcomes for management development in the Bangladeshi garment sector. Analysis shows that superficial change to managerial practices is apparent in many respects, but the degree of *real* or substantive concrete change in the recruitment and development of workplace managers is very much influenced by the relative strength of the local norms of social relations. The *actual* (as opposed to claimed) practices are mediated through local actors' (employers) strategic choices in response to international forces, and are both a function and a consequence of local social norms and established local expectations.

The study has laid the foundation of future research in a number of directions through contributions made at an empirical, theoretical and conceptual level. At an empirical level, the study's contribution to the literature lies in its focus on the dominance effects flowing from lead firms within an international supply chain to their independent suppliers located in a developing country. This study draws out an under-researched topic of human resource management (HRM) practices in Bangladesh, applies the SSD framework and therefore complements research conducted in developed economies. It shows that firms in developing countries are particularly influenced by multiple and different actors of the global value chain and not just a single nation state or single dominant industry. At a theoretical level this research project has elaborated the understanding of the SSD effects through the identification of regulation in its different forms as elements *within* the SSD framework. Findings contribute to understanding the specific ways in which dominance effects work in individual workplaces. Through the pressure of international buyers' private regulation of supplier firms, the creation of more formalised HR practices was found to be an indirect result of dominance effects. The incorporation of social capital as a focal point in the SSD effects offers a new insight or concept into the understanding of social capital in a broad context. The study draws on social capital and its significance in unpacking the meaning of societal effects on HR practices and employment relations.

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LIST OF ABBREVIATIONS

ACAS   =   ADVISORY, CONCILIATION AND ARBITRATION SERVICE

ADB   =   ASIAN DEVELOPMENT BANK

AGM   =   ASSISTANT GENERAL MANAGER

BGMEA=   BANGLADESH GARMENT MANUFACTURERS & EXPORTERS ASSOCIATION

BKMEA =   BANGLADESH KNITWEAR MANUFACTURERS & EXPORTERS ASSOCIATION

BSCI   =   BUSINESS SOCIAL COMPLIANCE INITIATIVES

COC   =   CODES OF CONDUCT

CPD   =   CENTRE FOR POLICY DIALOGUE

CR   =   CRITICAL REALISM

CSR   =   CORPORATE SOCIAL RESPONSIBILITY

CTPAT   =   CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM

DGM   =   DEPUTY GENERAL MANAGER

FLA   =   FAIR LABOR ASSOCIATION

EEO   =   EQUAL EMPLOYMENT OPPORTUNITY

ERMTM=   EMPLOYEE RECRUITMENT AND TALENT MANAGEMENT

ERP   =   ENTERPRISE RESOURCE PLANNING

EU   =   EUROPEAN UNION

EPZ   =   EXPORT PROCESSING ZONE

GATT   =   GENERAL AGREEMENT ON TRADE AND TARIFFS

GCC   =   GLOBAL COMMODITY CHAIN

GDP   =   GROSS DOMESTIC PRODUCTION

GM   =   GENERAL MANAGER

GNP   =   GROSS NATIONAL PRODUCT

GSP   =   GENERALIZED SYSTEM OF PREFERENCES

GVC   =   GLOBAL VALUE CHAIN

HRM   =   HUMAN RESOURCE MANAGEMENT

HR   =   HUMAN RESOURCE

ILC   =   INTERNATIONAL LABOUR CONVENTIONS

ILO   =   INTERNATIONAL LABOUR ORGANIZATION

ISO   =   INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

L/C   =   LETTER OF CREDIT

LFS   =   LABOUR FORCE SURVEY

OECD	=	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT.
OFDI	=	OVERSEAS FOREIGN DIRECT INVESTMENTS
MFA	=	MULTI-FIBRE ARRANGEMENT
MNC	=	MULTINATIONAL CORPORATION
MNEs	=	MULTINATIONAL ENTERPRISES
NGO	=	NON GOVERNMENTAL ORGANIZATION
RMG	=	READY MADE GARMENT
SA8000	=	SOCIAL ACCOUNTABILITY 8000
SAI	=	SOCIAL ACCOUNTABILITY INTERNATIONAL
SE	=	SOCIETAL EFFECTS
SME	=	SMALL AND MEDIUM ENTERPRIZES
SSD	=	SYSTEM, SOCIETY, DOMINANCE
TIB	=	TRANSPERANCY INTERNATIONAL BANGLADESH
TICFA	=	TRADE AND INVESTMENT COOPERATION FRAMEWORK AGREEMENT
UNDP	=	UNITED NATIONS DEVELOPMENT PROGRAMME
UK	=	UNITED KINGDOM
USA	=	UNITED STATES OF AMERICA
WRAP	=	WORLDWIDE RESPONSIBLE APPAREL PRODUCTION

Chapter One

Introduction

The global garment supply chain is structured around sub-contracting relationships between international brands, retailers and buyers and the manufacturers who supply them. The relocation and restructuring of the garment sector was at its most rapid in the 1990s, when the garment assembly phase of production relocated to the global south. Therefore, today, the contemporary system of global value chains is dominated by giant multinational firms, big brands and retailers who source from different countries around the world (Wills and Hale, 2005). Garment factories in Bangladesh have been attracting buyers from all over the world, the main attraction being its cheap and abundant labour supply. Over the last three decades, the Bangladeshi garment industry has become a significant player in the global apparel supply chain and currently holds the number two position as supplier to the global market, after China.

The garment industry in general, and Bangladesh in particular, has also earned its fair share of criticism for poor labour practices, low wages, irregular wage payment, and poor health and safety records. A series of disasters in recent years, most notably the spectrum factory collapse (2005), the infamous Tazrin Fire (2012) and the worst ever disaster in Bangladeshi garment history, the Rana Plaza (2013) collapse, has put this sector under high surveillance from the rest of the world. Yet comparatively little is known about the Bangladeshi garment sector from a management perspective, and in particular, there is limited knowledge of the managerial work force that runs this sector.

1.1 The Research Project

This research project is one of the first attempts taken to look into the management practices of the Bangladeshi garment exporters in their societal context. The project explores and identifies the specifics of system, society and dominance (SSD) effects on the

management practices of Bangladeshi apparel suppliers, with a particular focus on their recruitment and selection practices. In this introductory chapter, the theoretical and academic reasons behind the project, motivational factors and, the approach of the research project are outlined followed by an overview of the thesis structure.

The study is guided by specific theoretical and academic reasons, identified through a literature search. The research project has applied a multi-level analytical framework using the system, societal, dominance (SSD) model, concepts of social capital and the private regulation of social compliance standards. The SSD model has become increasingly significant in understanding workplace level variations in cross national analysis but there has been relatively little work done looking at how the system, societal and dominance effects work in supplier firms that operate in global value chains; this is an area that suggested itself as ripe for investigation. The study also considers another theoretical aspect, that is, the value of the concept of social capital in organisation and management studies given its anticipated link with the societal effects.

There is an interest within academic work at present in the global economy and the private voluntary regulation or civil form of regulation. Comparatively little is known about the *indirect* consequences of private forms of regulation, especially the regulation of social compliance standards. In terms of the present research, it begs the question of whether or not corporate codes of practice for labour standards for *manual* workers stimulate or influence professionalism of management practices in supplier firms.

The literature search further indicated that there is an absence per se of good empirical studies on recruitment and selection. The bulk of work that underpins our understanding of good practices in human resource management in general and, in particular, recruitment and selection practices, has been derived from empirical work in mature economies and is on major multinational corporations. There is a gap in the literature in our understanding of similar practices that are relevant to (and appropriate for) developing countries, and indigenous firms operating in those countries.

The research problem of this project thus points to the need for meaningful understanding and deliberate empirical investigations on the stated areas of concern and gaps identified. The project aims to make a theoretical and academic contribution to the literature by exploring issues that are currently under-researched or less well understood and theorised; this can be achieved by providing an empirical account which is then analysed and comprehended in a theoretical sense. The study thus aims to explain the realities of recruitment and selection practices as they take place in these supplier firms using concepts and arguments drawn from the globalisation of businesses, social capital and the SSD framework and therefore evaluate the consequences in terms of current development and practices. This can be attained by giving a detailed empirical account of recruitment and selection practices and by testing empirical arguments regarding how and why companies do their recruitment and selection practices in particular ways. At the same time, the study looks into how the system, societal and dominance effects model is applicable in developing countries or in specific industrial sectors.

From a motivational point of view, this research project is inspired by two main factors. Researchers with an interest in international HRM, for example, Budhwar (2004), have indicated that a considerable research gap exists in our understanding of HRM practices in developing countries and have therefore emphasised the need to undertake further research. By contrast, the field of HRM is considered well developed for western countries (Legge, 1995; Sisson and Storey, 2000). There is an absence of systematic analysis that can yield a comprehensive picture regarding the HRM dynamics in developing countries. Budhwar and Debrah (2001) and Budhwar's (2004) work on the Asia Pacific region shows that the field of HRM is still evolving in that region. New research on HRM in developing countries, therefore, is required (Budhwar and Debrah, 2009) to fill the gaps in this existing body of knowledge in both the public (Rees, 2013) as well as in the private sector. A literature search undertaken for the present study has indicated that Bangladesh appears to be a grossly under-researched developing country with its HRM practices remaining an under-researched topic.

The second motivating factor behind this research project was to understand how the Bangladeshi apparel suppliers' management practices are affected by the structural forces

of the system, society and dominance (SSD) model. This also makes it relevant to study the roles and capabilities of suppliers in managing and shaping their power relations with their clients through the strategic choices made. Historical evidence on the Bangladeshi garment industry suggests that the industry's labour practices have gone through specific changes and even some labour laws have been amended to meet pressure coming from the lead actors in the supply chain; for instance, the abolition of child labour and now the ever more important social compliance issues addressing workers' safety and rights at work.

The application of the SSD framework in this study involves the explanation of garment suppliers' management practices against the context of the current phase of global capitalism, and therefore engages with the emergence and implications of supply chains, the societal context of the host society and the dominant notions of management practices influencing workplace level practices. In doing so, this research project explores one specific aspect of management practices, that is the recruitment and selection practices of managerial employees. It uses recruitment and selection practices as a practical focal point to explore the research questions given the motivations identified and the nature of the empirical context. No matter how underdeveloped HR practices are in a developing economy, there will always be some form of recruitment and selection processes and, hence such focus is considered here to be a good fit to study an emerging economy. It proposes a multi-level analytical framework using the SSD model, alongside the private regulation of social compliance in supplier firms and concepts of social capital to explore workplace variations in the context of international markets. It concludes that the operation of Bangladeshi garment businesses within their global supply chain is a key defining factor in the relationship between the SSD effects and the element of 'regulation' of supplier firms at the local level. The following section introduces the overall structure of the thesis.

1.2 Thesis Structure

Chapter two introduces the overarching research framework for the present study: the system, society and dominance (SSD) model. The chapter critically reviews how suppliers' relationship with their lead actors is guided by private regulatory mechanisms such as

corporate codes of conduct. It is argued here that the notion of regulation remains an under-researched topic within the SSD framework, and therefore suggests that it (regulation) should be given more prominence within the SSD framework to make a connection between these two. The chapter also situates Bangladeshi RMG sector in its international context and talks about the garment industry's entry and continued growth in the country, amidst numerous challenges faced at a domestic and international level. Literature evidence shows how specific catalytic factors originating from the global supply chain have caused changes and development in people management especially on the issues of child labour, trade unions and social compliance in workplaces in the presence of a weak state legal system. Major changes that have taken place in the industry, for example, the legal abolition of child labour, the introduction of trade unions in the export processing zone (EPZ) area, and the fight for a minimum wage, establish the dominance and effectiveness of private regulation on this industry.

Chapter three critically reviews the literature on 'societal effects' (Maurice, 1979) and social capital. Discussions in this chapter show that both society effects and social capital involve the role of local social relations, norms and customs in shaping behaviour. It is argued in this chapter that one of the links that can potentially connect society effects, social capital and organisation studies is the extent to which social networks are used by organisations to recruit and select people in a specific societal context guided by pre-existing social norms, traditions, values, culture and expectations. This chapter therefore includes a selective review of the recruitment and selection literature.

Research gaps identified in the literature review chapters (two and three) therefore suggest that there is value in the present study's application of the SSD model in the Bangladeshi context, as it can help in understanding the situation of international supplier firms operating in the global value chain. A literature search on this specific industry indicates a research gap on the societal context within which these factories are located inside Bangladesh, and therefore identifies an opportunity to explore societal effects through further research in this setting. Through a review of the literature, it is argued that social capital theory can be a useful lens to explore social relations and societal effects and

that 'private regulation' is an element to be taken account of within the SSD framework that can construct societal effects and dominance effects.

Research questions developed for this research project are therefore:

Q1: How do the system, society and dominance effects influence the recruitment and selection of managerial staff at the garment supplier firms in Bangladesh?

Q2: Why are these effects important to understand the industry practices of recruitment and selection?

Chapter four justifies and explains the research methodology applied in this research project, which was undertaken from a critical realist perspective. The chapter discusses the methodology's implications for the overall research. In line with the critical realist's ontology, a retroductive research strategy is adopted following Houston's (2010) steps to achieve retroduction. The chapter then draws out the research design and the process of data collection followed by data analysis and coding process. The findings from a qualitative, interview-based enquiry have been supplemented by quantitative evidence derived from a content analysis of online recruitment advertisements and other secondary documents. The chapter concludes with a discussion on validity, reliability and reflexivity to consider any possible research influences that the researcher may have had on the respondents and the overall process itself.

The empirical findings of this research project are organised, analysed and presented in three consecutive chapters (five to seven). In chapter five, societal effects on the recruitment and selection practices of Bangladeshi apparel suppliers is explored and analysed. Empirical findings here reveal a wide range of local influences on actions observed in workplaces. This chapter draws on the elements of societal effects (Maurice et al., 1980); for example, societal values and images, the local educational and training institutes and their influences on management practices of the garment firms. It introduces the local labour market, industry demand for labour and local attitude to garment jobs. It then offers detailed discussions and analysis of recruitment sources used, qualifications

sought and the overall selection processes observed. This chapter indicates the complex nature of the job market due to the low status of the sector, skill deficiency and gender discrimination. Findings on overall recruitment and selection practices indicate the dominance of informality in recruitment practices.

Findings from chapter five raise questions about why this industry does not follow established western models of good practice which, more currently, place an emphasis on formality and formal equity in managerial policies and processes. Chapter six explores social relations, personal networks and personal reference in hiring practices. The literature review shows that the concepts of *trust* and *social capital* are interrelated in many ways. Empirical evidence in this study strongly indicated that recruiters' trust in recruitment sources and selection outcomes originated mostly from personal relationship based networks. Subsequent sections in this chapter therefore engage with the way relationships between the referee, the recruiters and the referred play out in hiring practices. This research is conducted from a critical realist's perspective, hence ideas around the empirical, the actual and the real led to a deeper exploration of 'trust' in personal references and networks. Empirical evidence suggests an exercise of relative trust that serves a short-lived purpose to 'hire' people.

Chapter seven considers the possibility of a spillover effect from private regulation into the formalisation of certain managerial structures and onwards into policy formulation that influences practice. It shows how the requirements for social compliance led garment factories to create formal HR departments and presents relevant empirical accounts obtained from the respondents of this study. This chapter therefore explores to what extent there is a spillover from the development of formal HR structures to the enactment of specific HR practices, as observed through the role of HR role in recruitment and selection. Findings in this chapter offer details of these complex processes and suggest an incipient formality and professionalisation of recruitment and selection practices in some of the large garment factories.

The final chapter contains the discussion and conclusion. It shows how empirical findings reveal a mixture of international and local influences on the supplier firms, through the

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study of the practices of recruitment and the selection of management staff. Overall findings suggest that the organisations in this study are now formalising around different sets of social capital. Decisions to recruit through socio-capital networks are found to be components of strategic choice. There seems little doubt that local employers adhere to the private regulation introduced by their international buyers partly to secure their business. The creation of HR functions was found to be an indirect result of dominance effects where private regulation (of social compliance-related practices and standards) acted as a mechanism to construct such effects.

The co-existence of new and traditional management practices in the supplier firms is the manifestation of a process of sedimentation, confirming the persistence of traditional values, ideas and practices, and at the same time indicating incipient formality. This is framed by a variety in strategic choice made by the local actors. The final section of the chapter summarises the contributions that this study has to offer to the literature. The study addresses an under-researched topic of HRM practices in a developing country (Bangladesh) and applies the SSD framework. It contributes to the SSD literature through its focus on the dominance effects flowing from the lead firms within an international supply chain to their independent suppliers. The research work particularly identifies and stresses the need to think about the *element of regulation* within the SSD framework and therefore makes a theoretical contribution. It offers a new insight to social capital concepts as it can become significant in unpacking the meaning of societal effects on organisational practices in a particular society. The chapter ends with an acknowledgement of limitations encountered in this research project and offers some future directions.

Chapter Two

Theorising 'Private Regulation' as an Element of the SSD Framework: Impact on Local Suppliers

2.0 Introduction

This chapter introduces the overarching research framework for the present study: the system, society and dominance (SSD) model. The model is used to explore an aspect of managerial practice in a newly industrialising country, Bangladesh, which is a major supplier of apparel products in the global supply chain. The contemporary economic system of the global value chains is dominated by giant multinational firms, big brands and retailers who source from different countries around the world. These lead actors' relationships with their suppliers are primarily commercial, but in day-to-day operations they are increasingly likely to be guided by private regulatory mechanisms, for example, voluntary corporate codes of conduct. The notion of regulation remains an under-researched topic under the SSD framework. Arguments presented in this chapter are aimed at theorising private regulation as an element within the SSD framework and therefore giving it a greater prominence.

The chapter begins with an explanation of the SSD model as a basis through which to explore the nature of HR practices in Bangladeshi garment firms. By reference to the SSD model, the present study proposes that these practices will be explained in the context of the current phase of global capitalism, which involves the emergence of supply chains as well as the societal context of the host society and the dominant notions of management practices that shape what goes on at workplace level. Empirical findings will illuminate the interactions between all the elements of the SSD model, especially societal and dominance effects, in a developing country context. The chapter separates out and explores 'regulation' as a distinct element in influencing managerial practice and then makes a connection between the SSD model and different approaches to the regulation of workplace relations. The operation of the firm within its global supply chain is a key defining factor in the relationship between the SSD effects and the element of regulation.

A critical review is undertaken of private codes of conduct and the rise of certification schemes to implement social compliance at the apparel supplier factories. Subsequent discussion situates the Bangladeshi ready-made garments (RMG) sector in its international context and describes the garment industry's entry and continued growth amidst numerous challenges faced at a domestic and international level. Literature and documentary evidence on Bangladeshi garments shows how different sources of regulations stemming from the global value chain (GVC) have led to changes and development in supplier firms' management practices, especially on the issues of child labour, trade unions and social compliance in workplaces. Overall discussions here use the SSD model to bridge or sensitise around the concepts of private regulation to help understand what is happening locally.

2.1 The System, Society and Dominance (SSD) Model

The system, society and dominance (SSD) effects model originated from comparative research on the engineering profession (Smith, 1990; Smith and Meiksins, 1995) and was extended through further research on Japanese transplants in the UK (Smith and Elger, 1997; 2000). SSD was based on, and responded to, the work of Child (1981) and Lane (1989). The model is intended to explain workplace level (or specific organisation level) variations in transnational contexts. The model addresses three different effects on workplaces coming from the nature of the capitalist economic system, the societal features within which the workplace is located, and the characteristics of the dominant economy, and multinational enterprises (MNEs). This model also provides the context of strategic choice (Child, 1997) for local actors and is about the specifics of organisations and the way they operate.

System effects refer to the broader mode of production where it leads to common practices and relations between different actors. All capitalist economies therefore have some common features; for example, competitive market relations, profit motive, value creation within hierarchy and the division of labour. System effects in this study can be theorised through the concept of the global value chain (GVC) and the multiple firms

within it, working across different countries to bring a final product to the consumers in different parts of the world. A commonly cited definition of the GVC is:

> A global value chain describes the full range of activities undertaken to bring a product or service from its conception to its end use and how these activities are distributed over geographic space and across international borders.[1]

The study of GVC allows a researcher to examine technologies, job descriptions, standards, regulations, products, processes, and markets in specific industries and places, thus providing a holistic view of global industries all the way from top to bottom and vice versa (Gereffi and Fernandez-Stark, 2011). It is argued that lead firms can play a dominant role to improve the position of both firms and workers integrated into value chains (Barrientos et al., 2010). Therefore, research on value chains has the scope to encompass the regulatory mechanisms that affect the configuration and operation of these chains as well as the developmental outcomes associated with them for firms and workers in the global economy (Bair, 2005). GVC, however, is often criticised for neglecting to include labour and wider political or economic influences (Bair, 2005; Barrientos et al., 2010). It is anticipated that applications of SSD framework on value chain studies can help overcome such criticisms.

'Societal effects' is about the elements of history, tradition and culture in sustaining diversity within organisations across different societies. Each society has distinctive patterns and structures that have discernible effects on work organisations and firm management. This indicates the role that formal institutions and social norms or customs can play in shaping behaviours as was emphasised by the societal effects school (Maurice et al., 1986) and is found in the approach associated with the national business system (Hall and Soskice, 2001). Budhwar and Debrah's (2001) work on HRM in developing countries identified that national factors are significant for cross-national examinations on the ability to influence HRM policies and practices. Societal effects are, however, traditionally considered as constraints in global models through the exercise of, for

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[1] Adapted from GVC Initiative at Duke University http://www.globalvaluechains.org/

example, local laws, regulations, social prejudices, and local rules or norms in mitigating or restraining global influences.

The SSD framework allows for the viewing of societal effects and changes from a new perspective which takes into account the fact that the actors from society are also participants of the GVC. System effects create the internal dynamics and problems to which the managers respond (Smith and Meiksins, 1995) while the society effects create the institutional and cultural context within which the system problems are solved. The interactions between system and societal effects can be best described as non-deterministic, for societies are in a constant state between convergence and divergence (Hall and Soskice, 2001) and neither can exert complete control over the other.

The 'dominance' perspective is mainly about the exercise of 'best practices' by the society in dominance. Dominance effects are understood through these kinds of institutional isomorphic pressures to conform to whatever dominant influences might do and they tend to be understood in quite a grand scale; for example, Fordism in the USA, 'Toyota-ism' in Japan, and Japanization in other developed economies like Canada (Morris, 1991). The dominance effect provides the basis for multi-level, multi-actor analysis as the influence of dominant institutional norms, and conventions are promoted by multiple actors; for example, nation state, and transnational regulatory organisations such as ILO or multinational corporations. It may be observed at global, national, subnational, and or industry/sector levels. Recognition of this dominant power allows an assessment of the kind of direct power that dominant states and corporations can exert.

Delbridge et al. (2011) introduced a fourth element 'corporation' to the SSD model which was more of a structural effect rather than a strategic choice. Large corporations like the Ford motor company have a corporate way of doing things which is influential over their individual work places. It is influential but not deterministic and that creates scope for negotiation to test local influences. If the SSD model is to help understand what is happening in a particular workplace in international or cross-national reference, corporate effect here singles out the headquarter parent company's influences over local work places. As the present study is about independent supplier firms that export garments to

the brands and retailers in the global market, these firms cannot be subjected to the 'corporate' effects of parent companies, as defined by Delbridge et al. (2011).

Smith and Meiksins suggested that it is worth examining how firms as an agency are shaping the effects of SSD influences and the interactions that these three (SSD) effects have amongst them; this speaks of the strategic choice (Child, 1997) component in a specific organisational setting. Elger and Smith (2005) applied the SSD model to Japanese owned firms in England where they concluded that groups and individuals negotiate different ways of working, standards of quality, authority relations and methods of employment through a micro political process of argument, interpretation, conflict and compromise which shapes particular work situations. Similarly elsewhere, for example, research on labour relations in manufacturing sites in Kerala, India, makes the important point that local actors implement control strategies in the context of a global value chain (Padmanabhan, 2012). Lead firms exert pressures on local settings, but it is local employers, who are embedded in their societies, who determine the standards of behaviour on the ground.

The application of the SSD framework allows this study to develop a multi-level analysis containing organisational, social and international contexts based on the empirical findings. It would be interesting to see how the Bangladeshi garment suppliers respond to, and their management practices are shaped by the SSD, the actual effects of which are to be assessed. The various effects of the model can be observed through changes occurring in recruitment and selection practices in a society that is dominated by social capital and other societal effects. The present study acknowledges the importance of considering influences exerted by leading firms on the work and employment issues in supplier firms. At the same time, it emphasises that supply chain relationships could not be fully understood without analysing the role and capability of suppliers in managing and shaping their power relations with their clients observed through their (suppliers') strategic choices.

Researchers have applied the SSD model as an analytical framework (Smith and Meiksins, 1995; Smith, 2005, 2008; Elger and Smith, 1994; 2005) to look at work, employment and

HRM practices. There is also a large body of literature on SSD and the internationalisation of Chinese multinational corporations (MNCs) including Chinese Overseas Foreign Direct Investment (OFDI) on work and employment relations (Deng, 2013) and Chinese cases related to transfer and internationalisation (Elger and Smith, 2005; Peck and Theodore, 2007). Typically, the SSD model has been applied to study HR practices by the MNCs and their subsidiaries (Edwards et. al, 2013), consulting services (Kipping and Wright, 2012) and convergence-divergence (Pudelko and Harzing, 2007). There has been research on suppliers located in developed economies, either within the society in dominance or one that is relatively similar to it; for example, Elger and Smith's (2005) work was on Japanese multinational firms located in the UK.

Current literature on SSD applications therefore is found to be typically about mature, industrialised economies and identifies a gap through the non-representation of research in a developing country context. Proponents of the SSD model argue that firms in the international arena will be subject to the social interaction between the forces of SSD. An assessment of the literature gap thus suggests that the present study's application of the SSD model can help in understanding supplier firms located in the global value chain as it is international in scope. The firms studied in the present research are independent suppliers that are part of global value chains, but they are not MNCs. Understanding the value chain relationship is thus considered relevant for the relationships that develop on the ground between the lead actors (buyers) and their supplier factories especially in relation to dominance effects that might originate from these lead actors.

2.2 Regulation of Supply Firms in the GVC

Global value chain (GVC) and global commodity chain (GCC) are considered two of the influential frameworks in supply chain study and were developed by Gereffi and colleagues (Gereffi et al., 2005). Gerrefi (1994, 1995) distinguished two broad types of global commodity chains based on the 'governance' function: the producer-driven and the buyer-driven. Producer-driven commodity chains are normally found in more capital-intensive industries where powerful manufacturers control several tiers of suppliers. In the

automobile sector, where the value chain is producer-driven, the MNC or lead firm has a considerable role in the co-ordination of production lower down the value chain. Being buyer-driven is a feature of lighter manufacturing industries (e.g. garment) in which designers, retailers and brand-name firms play the pivotal roles in the co-ordination and setting up of decentralised production networks in a variety of countries, but where they themselves do not actually make the products. The local manufacturers are responsible for the entire production system, starting from raw material procurement to the finished product. Nowadays, buyer-driven commodity chains are generally acknowledged as becoming increasingly important in global production (Bair, 2005).

GVC analysis suggests that relationships between leading firms and suppliers differ across sectors due to three independent variables: the complexity of transactions, the ability to codify transactions, and the capabilities of suppliers. Gereffi et al.'s (2005) paper on inter-firm relationships in contemporary value chains produces five broad classifications of the ways firms interact in an international setting based on these three variables. The 'market-based' global supply chain, governed by price, involves easily codified transactions, simple product specifications and capable suppliers. It represents the arm's-length relationships between suppliers and leading firms. The 'modular' supply chain involves capable suppliers and complex products that can be unified and codified in the form of production modules. Companies in this type of chain are involved in more complex transactions than arms-length transactions, but the leading firms do not need to co-ordinate much due to the modularity and codification of the production process. The 'relational' chain exists when product specification cannot be codified, transactions are complex and supplier capabilities are high. Suppliers and leading firms are mutually dependent in this chain. Close face-to-face interaction and high levels of explicit co-ordination are needed in order to exchange tacit information. The 'captive' chain involves suppliers with low levels of capabilities, who require high levels of support from the leading firms. The 'hierarchy' chain represents the fully internalised operations of vertically integrated firms. Relationships between the lead buyers and their apparel suppliers in the present study best fit within the 'market based' global supply chain category.

The following discussions draw on what the private regulation of businesses in the supply chain stands for, why it has grown in significance in the supply chain, and the way it operates and exposes itself in its principal forms. This review on private regulation is done as the context of analysing SSD effects on the ground.

2.3 Private Regulation

Definitions and understandings of the term 'regulation' have been widely contested and debated. Concepts related to regulation can no longer be restricted to state regulation as it ranges from being a specific set of commands to state control and includes all forms of social control. The researcher chose Black's (2002) definition of regulation (p.20) who made a critical reflection in her paper in order to develop a decentralised understanding of regulation. According to Black:

> Regulation is the sustained and focused attempt to alter the behaviour of others according to defined standards or purposes with the intention of producing a broadly identified outcome or outcomes, which may involve mechanisms of standard setting, information gathering and behaviour modification.

Such a definition is wide-ranging but it points out the desire to control the behaviour of others and relies on information to assess adherence to set standards by both state and non-state actors. The economics of regulation design and evaluate regulation into four broad areas: economic regulation (overtly economic issues affecting firm performance); social regulations (health and safety, environmental, antidiscrimination and other laws); competition and merger laws and lastly, a legal system that looks at the economics of contract, property, crime and accident laws, and the basic legal institutions of society (Veljanovski, 2010). The researcher here is interested in exploring the social regulation of businesses operating in the GVC with implications for HRM in a developing country.

Labour regulation throughout most of the twentieth century took place at a national level, where local laws, company polices and union-management negotiations would be

involved. Transnational organisations like the International Labour Organization (ILO), through its conventions and technical services, basically exercise moral authority through a committee of experts to oversee how the ILO Conventions are applied in law and practice by member states, whilst cognisant of different national realities and legal systems. Its opinions and recommendations are non-binding and are intended to guide the actions of national authorities. The rise of global supply chains made all these inadequate as authority became dispersed across countries, global buyers and their suppliers. According to Locke (2013)[2], private regulations and regulatory mechanisms arose in the neo-liberal context for globalisation and these have since gained much prominence in supply chain governance.

The primacy of the regulatory role by non-state actors in setting standards and implementation shows the growth of legitimate authority in the global economy beyond the state and a superior usage of alternative means to govern firms (Vogel, 2008). This indicates the growing *power* of MNCs in the value chain which allows them the scope to *claim legitimacy* for themselves. The regulation of businesses in the GVC has been dominated by different non-state forms, namely self-regulation (Utting, 2005), civil regulation (Hutter and O'Mahony, 2004, Gunningham, 2009; Moon and Vogel, 2008) or private forms of regulation (Vogel, 2008). In this study all non-state, private and/or civil forms of regulation are considered in general as components of the private form unless otherwise stated.

Scholars of regulation have been concerned with the development of a more complex, multi-layered and pluralistic regulatory environment (Ayres and Braithwaite, 1992; Grabosky, 1995). Here, a coalition of non-state actors codify, monitor and, in some cases, certify firms' compliance with labour, environmental and human rights, or other standards of accountability over issues of child labour, sweat shops and tropical deforestation (Gereffi et.al, 2001). The emergence of such non-governmental regulations has variously been attributed to the weakening of governments in the face of globalisation, neoliberal movements to shrink the state, the failure of state bureaucracies and the strengthening of

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[2] For a detailed description on the rise of private regulation in the GVC, see O'Rourke, 2003; Bartley, 2007; and Vogel, 2008.

MNCs (Evans, 1997; Schmidt, 1995; Cutler et.al 1999). These non-governmental forms of regulations are increasingly gaining recognition to complement the state system for labour standards and monitoring (O'Rourke, 2003). They also stem from the pressure of social movements on businesses and are a response to such pressure.

The present study finds that the private regulation of businesses has great implications for developing countries performing in the GVC. A greater number of manufacturing industries is increasingly being set up in developing countries mainly due to the advantage of cheap labour as well as benefits like tax incentives, cheap power, and other state sponsored incentives to invest. Research on developing countries has already pointed out a limited state ability to implement national labour laws (Baccaro, 2001; Elliot and Freeman, 2003). In the absence of a strong global justice system (Cohen and Sabel, 2006) and the fact that the governments of many developing countries are unwilling or unable to enforce their own labour laws (Baccaro, 2001), private voluntary codes of conduct and a variety of monitoring mechanisms have emerged as the principal way to remediate poor working conditions in the global supply chain system (Schrage, 2004). The following section draws out an understanding of codes of conduct by different brands, retailers and certification agencies.

2.3.1. Codes of Conduct (COC)

Corporate codes of conduct, product certifications, process standards, and other voluntary, non-governmental forms of private governance systems are becoming increasingly popular as methods of regulating businesses (Braithwaite and Drahos, 2000) across the global supply chain. These codes are aimed at improving working conditions and can be considered a complementary approach to regulate the supply chain (Locke et al., 2007a). COCs are a non-governmental regulatory system based on voluntary standards which specify norms and rules to evaluate firm performance (O'Rourke, 2003). These standards can be general principles of good practice (Braithwaite and Drahos, 2000) or occasionally rather specific rules and actions. The diversity of codes and monitoring standards are well documented (Jenkins 2001; O'Rourke, 2003) but tend to be generally around ILO core

standards, national laws and basic principles on issues of work hours, wages, health and safety, and women and children (O'Rourke 2003). These codes are intended to prohibit practices such as discrimination, child labour or forced labour, and advocate consultation, freedom of association, and sometimes even collective bargaining. They also seek to guide the disciplinary practices, remuneration and management systems of the concerned firms.

Regulation through COC is considered a dynamic, contested and evolving process. Applications of these codes therefore need to be seen as an aspect of unilateral self-regulation in conditions of poor enforcement of both state and local private regulation. However, in many cases it is the tripartite involvement of state, business and to a new extent labour that makes the difference (for example, the Bangladesh Fire and Safety Accord that took place following the Rana Plaza disaster) and it is therefore not purely a private initiative. Locke (2013) argued that private regulation is still dependent on an effective local state (his Czech cases) or effective voice mechanisms via unions or NGOs (his Mexican cases) in order to have effects. He further showed that its effectiveness came out stronger on some issues over others e.g. air quality versus overtime working (Locke and Romis, 2010), yet its application and dominance in global market relations cannot be overlooked and deserves careful further exploration.

2.3.2 COC by the MNCs

Multinational Corporations (MNCs) sourcing from different countries began to create their own codes of conduct when a series of events brought the world's attention to the horrible working conditions in the supplier factories from which they were sourcing. A very important early development took place in 1992, when the NBC TV show *Dateline* broadcast news about children in Bangladesh making clothes for Wal-Mart. It was a programme which received widespread attention. Another brand (Nike) was also shown to be associated with very poor labour conditions in developing countries, a situation which was widely publicised by some of the NGOs that were operating internationally and caused substantial damage to Nike's image (Connor and Atkinson, 1996; Van Yoder, 2001). It is generally acknowledged that companies like Nike and Wal-Mart had to battle to retain

their good reputation by adopting corporate codes of conduct that addressed the working conditions in supplier factories. By targeting powerful brands like Nike and Wal-Mart, NGO activists have played, and continue to fulfil, a significant role in the process of the private regulation of businesses operating in the GVC.

Codes and monitoring systems are viewed by international brands as a strategy to reduce reputational risks in the marketplace (Conroy, 2001). Conceptions around 'reputation protection' identify the ability of consumers to respond with their purchasing authority to compel the global brands to take responsibility for labour conditions in supplier factories (Elliot and Freeman, 2003). Although critics might argue that while brands are indeed fearful for their reputations, there is some *limited* evidence of a direct relationship between consumer behaviour and working conditions more generally. However, one bad supplier can significantly damage a firm's reputation and, in turn, its sales and stock market value. Firms that have suppliers in countries with weak legal enforcement systems or a poor track record on child labour are viewed with suspicion by informed stakeholders. These firms thus needed independent means of establishing their 'good' performance (Nadvi and Wältring, 2001) and that is when they developed their own codes. Nike was one of the first companies to develop internal compliance department and established codes of conduct for labour and environmental practices in 1992 for their suppliers. Levi Strauss developed one of the first corporate codes of conduct to lay out specific labour standards for their contractors or subcontractors. Another brand, GAP, developed its COC involving NGOs, industry representatives, US and other state governments, trade unions and ILO. Thus, the monitoring of social compliance started at a private scale by these companies but, increasing speculation about the credibility of such measures led to the rise of independent market based certification agencies.

2.3.3 Certification Agencies

The existing literature stresses the use of certification arrangements involving non-state actors as a means of governing social, environmental and labour standards (e.g. Cashore 2002, Vogel 2010). Compared to quality and technical certification schemes which have been in existence for a long time, the use of certification for the societal and ecological

impact of production processes is relatively new. Certification can be defined (Bartely, 2007, p.302) as

> Certification is a particular type of *transnational private regulation*---transnational in that its operations transcend nation-state boundaries, private in the sense of being formally independent of government but not reducible to industry self-regulation, and regulatory in that it purports to set and enforce standards for performance.

Certification agencies[3] arose in the 1990s facing global social activism, corporate social responsibility, and partnership between companies and NGOs with some occasional support from the state. The international institutional context of neo-liberalism and free trade once again explain the rise of certification systems (Bartley, 2003). The naming and shaming campaigns by activists (Potoski and Prakash 2005; Spar and Yoffie 2000) show that the rise of certification solved market-based problems through its potential to protect firms' reputations and maintain their market positions in a globalised context.

Certification agencies have shared standards and rationalised systems of setting the voluntary requirements for workers' rights, workplace conditions and management systems to assess compliance. They provide supplier factories with a stamp of approval to attract customers ensuring that management systems are in places and therefore warrant an acceptable level of performances (O'Rourke, 2003). They attract factories which are market-driven as well as self-motivated to connect with buyers who are conscious of social and environmental standards. The standards set by certification agencies usually cover ILO, UN and national laws (for example, Social Accountability International [SAI] and Business Social Compliance Initiatives [BSCI]). These standards set by certification agencies, however, differ or lack uniformity as it depends on individual buyers' requirements and the country/countries in which the buyers come from and/or operate. Some certification agencies, for example, Social Accountability [SAI] 8000 and Worldwide Responsible Apparel

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[3] First generation certification agencies are Fair Wear Foundation (FWA. 2010, Netherlands initiated from 1995 onwards), Ethical Trading Initiatives (ETI, British, 1996), Fair Labour Association (FLA, American, 1995) and Social Accountability International (SAI, American-European, 1996). Workers Rights Consortium (WRC, 1999, American), Worldwide Responsible Apparel Production (WRAP, 2000, American) and Business Social Compliance Initiative (BSCI, Pan-European, 2004) came later. Adapted from Fransen,(2011).

Production [WRAP], certify manufacturing facilities and not brands or retailers whilst other agencies may act differently.

Bangladeshi RMG owners subscribe to different certification schemes of which the BSCI, WRAP, SAI, ISO (International Organization for Standardization) 9001/14001 and FLA (Fair Labor Association) are common. Those who export to the USA have to comply with the Customs Trade Partnership against Terrorism (CTPAT), which, following the 11 September 2001 terrorist attack, ensures security measures from factory to port, involving buyers, vendors, government and all other logistics player. Some suppliers also need to maintain COC from individual brands such as Nike and, Marks and Spencer to secure and maintain orders.

2.4 Critiquing Private Regulation

Bartley (2007) argued that transnational certification is a compromised outcome, for it is voluntarily enforced through multiple actors consisting of customers, consumers and professional auditors; its impacts are likely to be limited when it comes to problems that require a fundamental redistribution of power. Lead buyers and retailers' initiatives for monitoring and certifying labour conditions are criticised as public relations scams that protect reputations and further limit the liability of these global brands rather than ensuring workers' rights (Bartley, 2005; Esbenshade 2004) or improving work conditions (Esbenshade, 2004). According to Nielsen and Parker (2012), corporations are motivated by a mixture of social and economic factors for adherence to business compliance; normative cause rarely plays any role. These corporations are compliant for instrumental purposes, to avoid penalty (Hawkins and Hutter, 1993); they go beyond only where there is a profit involved.

Private compliance systems differ in terms of the issues under investigation. Codes and monitoring systems by certification agencies are also vulnerable to corporate manipulation (O'Rourke, 2002). The seven well-known certification agencies (see footnote three) include corporations in their advisory board (Fransen, 2011). WRAP and BSCI were founded by

corporations although the rest of these seven involved NGOs and some other social activists. There exists an overall debate on auditing (O'Rourke, 1997) and the system of codes and monitoring (Locke et al., 2007b). Monitoring agencies are directly paid by the brands or factories being monitored and they depend on factory reports which make the system more vulnerable to corruption through bribery resulting in inaccurate and biased reporting. WRAP principles are considered to be the weakest as they acknowledge local laws but do not explicitly follow ILO conventions and lack transparency in monitoring (O'Rourke, 2002). Suppliers for even well-known brands who do the best job of audits have been criticised for being in and out of compliance and therefore lacking in continuity (Locke, 2013). They often move production quickly between factories, to hide behind multiple layers of ownership and therefore make systematic inspection more difficult. This makes it tough for the NGOs to track the moving targets of such factories that make up the supply chain.

However, private regulation is considered a promising vehicle to strengthen labour standards in a world of diminishing state capacities (Sabel et al., 2000). Although there are issues surrounding the monitoring and governance of civil regulations, in many developing countries they constitute the only or the most effective form of business regulation. Civil regulations have clearly made some global firms more accountable (Grant and Keohane 2005). The economic leverage that global brands exercise over the supplier can be enforced through compliance and codes of conduct (Gereffi et al., 2005); failure to do so can end up with the cancellation of work order. In other words, both supporters and critics of private regulation share similar opinions about the power that MNCs can exercise over suppliers (Locke et al., 2009). They dictate product specification, commercial contracts and can impose codes on suppliers to maintain and improve labour and work environment standards (Navas-Aleman and Bazan, 2003). Evidence suggests that in some of the factories some positive changes did take place through improved work conditions (Locke et al., 2007b).

2.5 Regulation as an Element within the SSD Model

Opening up the role of international human resource management (IHRM) to a wider economic and social context can be a directive to consider the role of cross-national actors outside the company in shaping HRM practices; for example, NGOs, global trade unions and environmental movements and other lobby groups. It is generally known that the diffusion of private social regulation in the GVC through compliance and codes of conduct by MNCs and certification agencies was influenced by pressure from international states, organisations, customers and social activists. This can be expected to contribute to workplace level variations in a transnational context.

The management practices of the garment industry in Bangladesh are subject to a variety of influences which originate from their very linkage to the GVC which itself is a configuration of modern capitalism. Current literature on SSD identifies statutory regulation and any other forms of regulation that are of local origin as representative of societal effects. But an area that is not featured prominently in the SSD framework and needs more discussion in theoretical terms is this issue of regulation and regulatory influences. It is argued here that regulation in its various forms is under-represented in the SSD model as currently applied. Regulation as an element can be built into the SSD analysis, as it is indeed potentially present in each of the system, societal and dominance effects.

The present study is intended to refine the understandings of the dominance effects covered in the work of Smith, Meiksins and others at the level of neoliberal American capitalism, for example, the role of large global actors like MNCs. The study thus highlights the localised issues of social regulation and social compliance within the value chain. It is argued that private regulation can act as a mechanism to transfer or implement 'good' practices in the supplier factories if taken up in a wider scale; as it comes from the dominant or lead actors, this makes it related to dominance effects. It is with regard to dominance effects that the concept of social regulation is most relevant through the issuing of corporate codes by large firms that seek to shape the employment practices of supplier firms, lower down the supply chain. Codes of social regulation embody notions of

good practices and desirable standards, ways of doing things within employment, which are derived from international laws and other formulae. In this regard, they resemble the kind of influences that are captured in the notion of dominance effects.

The following section describes the Bangladeshi garment industry's entry into the global market and its continued growth amidst numerous challenges faced at a domestic and international level. Evidence presented here shows how different sources of regulations stemming from the GVC have led to changes and development in these Bangladeshi supplier firms' management practices, especially on the issues of child labour, trade unions and social compliance in workplaces.

2.6. Bangladesh in the Global Apparel Market

The SSD model is a dynamic interpretation which emphasises historical legacies and institutional patterns in different country settings in understanding observed phenomenon (Kipping and Wright, 2012). The following section begins with a historical account of the Bangladeshi garment industry with reference to the challenges and opportunities it has been through. The section also introduces local laws and related acts governing the sector, stating evidence on how specific labour practices were shaped by strong pressure from different global actors in the GVC, for example, transnational organisations, nation states and NGO activists.

2.6.1 Introduction

Apparel often is the typical starter industry for countries which have experienced export-oriented industrialisation due to its low fixed costs and emphasis on labour intensive manufacturing (Adhikari and Weeratunge, 2006; Gereffi, 1999). The relocation of the apparel industry started in the USA as early as the 1930s (Esbenshade, 2004) when producers gradually moved production to Mexico where wages were lower, then Japan and a few years after to the East Asian countries of Hong Kong, Singapore and South Korea. The most significant recent phase of the international relocation of garment assembly,

however, was associated with the introduction of the Multi-Fibre Arrangement or MFA (1974–2005) which originated in the General Agreement on Trade and Tariffs (GATT).

The MFA was intended to protect the garment industry in developed economies, such as the US and Europe, by imposing quotas and tariffs on imports and exports of ready-made garments from developing economies where labour was much cheaper. As the MFA was always intended to be a short-term measure, international brands began a systematic search for high quota, low labour cost locations and these forces, as well as the state promotion of relocation (for example, from within the EU) drove a major shift in apparel sourcing. The US looked, for example, to the Philippines, Indonesia, Malaysia, China, Sri Lanka and Bangladesh (Nielson, 2005), and UK and EU producers also followed this pattern (Esbenshade, 2004; Jenkins and Turnbull, 2010), focusing on locations including India, China, Bangladesh and some countries in North Africa.

The introduction of the MFA acted as a catalyst for the relocation of production away from mature economies, in search of lower labour costs. Thus, production and export of garments for countries like Bangladesh, Nepal, Maldives and Sri Lanka is considered a beneficial effect of the quota restrictions for the economic growth of those countries, as well as others (Adhikari and Weeratunge, 2006). Favourable external market conditions gained through the MFA in both the US and the EU market, and later the EU's generalised system of preferences (GSP) facilities for Bangladesh (Rashid, 2006; Murayama, 2008), positively contributed to the rapid growth of the garment industry in Bangladesh (Spinanger, 2001). The following section provides a detailed account of the history, growth and development along with the challenges faced by the apparel suppliers of Bangladesh.

2.6.2 History, Growth and Development

It is generally understood that the first garment factory in Bangladesh that 'exported' a maiden shipment of 'US navy products' to the USA in 1977 was 'Riaz' garments (Bhattacharya and Rahman, 1999) located in Old Dhaka's Urdu road. The next available record is from 1978, when a retired civil servant and the owner of the 'Desh' garment factory, Mr Mohammad Nurul Quader, sent his 130 employees to Korea for a period of

eight months to get training on garment production technology at Daewoo's Pushan plant. Within the next five to six years almost all of these employees (except 10–15) left Desh to either set up their own factory or join other garment producers; a trend which continued to be repeated many times (Rhee and Belot, 1990). This helped to propagate a burst of growth in the industry. There were only 22 or so export-oriented garment factories operating in Bangladesh in 1979 (Rashid, 2006), and this number had increased to 5,063 by 2010. The ready-made garment (RMG) sector of Bangladesh accounted for 78.6% of export earnings in 2011–12 which was worth USD 19.1 billion (BKMEA, 2012). Bangladesh became the second largest supplier of garment products in terms of sales value to China in 2010 (New York Times, 2010). Export value from the garment sector has been predicted to reach $36–$40 billion in the next ten years (Mckinsey Report, 2011). In 2010, the industry was providing employment for 3.6 million workers and was a means of livelihood directly and indirectly for almost 20 million people (Batexpo, 2010, p. 63). Figure 2.1 graphically illustrates the RMG sector's growth from 1994 to 2014 based on EPB (Export Promotion Bureau), Bangladesh report.

Graph 2.1: Export Value (in million USD) from 1994-2014
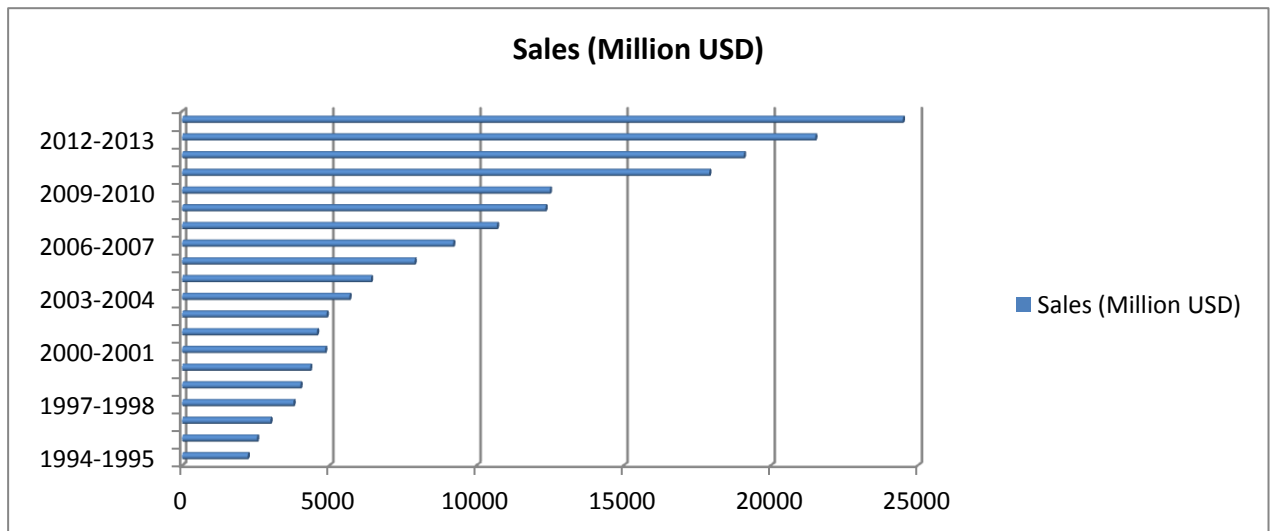
This industry is also known for its contribution to women's economic emancipation through paid work outside the home (Murayama, 2008) with some shifts in the role and

status of women taking place in this highly patriarchal society particularly through their (women's) engagement in union activism (Rock, 2001).

The garment sector in Bangladesh is criticised heavily for exploitative and unregulated employment conditions. However, the magnitude of the impact that this trade has created on other economic activities including bank, insurance, shipping, packaging, accessories and accommodation, has been remarkable. In 2002, RMG paid 37 million USD to the banking sector for various charges and interests, six million USD insurance premium and 27.3 million USD inland transport expenses (Bhattacharya et al., 2002). The sector is experiencing an exponential growth, maintaining an average rate of 20% over the last two decades (Batexpo, 2010). However, it is not uncommon for clothing industries to have such remarkably high growth rates. Historical evidence indicates similar achievements in Indonesia, Mauritius and the Dominican Republic (World Bank, 1989). In comparison, the case of Bangladeshi RMG is different, since the initial conditions under which this industry grew were far from favourable with very poor resources and adverse conditions for industrialisation. As Rhee (1990, p. 333) has stated:

> The lessons to be learned from Bangladesh's success with garments exports as they apply to the search for a workable development strategy in low income developing countries with very unfavourable initial conditions are profound enough to warrant further in-depth research designed to generalize the preliminary findings.

The following table (p-29) shows Bangladesh's performance in the apparel export market from 2009 to 2011 based on a BKMEA [Bangladesh Knitwear Manufacturers and Exporters Association] report published in 2012.

Table-2.1: Clothing Exports of Asian Countries (USD Million)

Countries	2009	2010	2011
Bangladesh	12,525	15,660	19,939
Cambodia	2,441	3,041	4,051
China*	107,264	129,820	153,774
Columbia	592	650	650
Hong Kong, China*[4]	22,826	24,049	24,505
India	12,005	11,229	14,365
Indonesia	5,915	6,820	8,045
Japan	484	531	595
Korea, Republic of	1,396	1,610	1,840
Malaysia	3,126	3,880	4,567
Pakistan	3,357	3,930	4,550
Philippines	1,534	1,764	1,402
Singapore	1,045	1,069	1,190
Sri Lanka	3,265	3,491	4,211
Taipei, Chinese	904	979	994
Thailand	3,724	4,300	4,561
Turkey	11,556	12,760	13,948
Vietnam	8,540	10,390	13,154

Cheap labour is perhaps the most important factor behind the success of the Bangladeshi garment businesses in the apparel market (Rhee and Belot, 1990; Adhikari and Weeratunge, 2006) despite having issues of inefficiency and low labour productivity (Mlachila and Yang, 2004). Al comparison of international labour costs on a 'per hour' basis indicated that Bangladesh offers the cheapest rate; the minimum wage per month is around $43 for a grade 7 freshman worker. The adoption of a liberal economic and trade policy by Bangladesh after 1990, which persists to date, was another important factor.

Low entry barriers associated with the production process in Bangladesh (Nielsen, 2005) helped a lot to attract foreign players. The Bangladesh government provided policy support through the introduction of bonded warehouses, tax exemption, reduced duty rates on imports of RMG machinery, cash subsidies for the use of local input materials, and an export credit guarantee scheme (Nielsen, 2005; Adhikari and Weeratunge, 2006). The introduction of back to back letters of credit (LC) offered RMG exporters a scope to import

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[4] China and Hong Kong. China is jointly considered for the Chinese share of the apparel market.

materials without any capital investment which significantly reduced the costs of doing business and increased their competitiveness in the world market. Bangladesh also benefits from the GSP facility to the EU, Canada, Australia, Norway, Japan and Switzerland[5]. Overall, the account here shows that system effects were visible through the MFA quota system. There was clearly a lot of action by the government and bank in Bangladesh to provide a favourable regulatory regime to accommodate buyers' needs for a new high MFA quota manufacturing site. This was the product of free market capitalism which Birnbaum (2005) described as the 'nomadic sourcing' by international brands of high quota, low labour cost locations.

As part of the global value chain, the export performance of Bangladeshi garment factories is affected by the fluctuations prevailing in the global market. Studies (Spinanger and Wogart 2001; Spinanger and Verma, 2003; Rahman and Bhattchariya, 2000) predicted that Bangladesh may not be competent enough to survive quota removal and maintain growth (Mlachila and Yang, 2004) after the MFA phased out in 2004. It was feared that there may be job losses of 1–1.5 million (Foo and Bass, 2004), a major fall in export earnings and GDP. Bangladesh surprised everyone by not only withstanding the MFA phase out but also by increasing its market share. Downward pressures on apparel price made Bangladesh, which had been operating mostly at the lower to lower middle end of the product range, an attractive option from which to source products. The sector's continuation of positive growth has been termed as 'the Wal-Mart Effect' (Overseas Development Institute, 2009) for this reason. A country like the USA has been preoccupied with cheap clothing since around the time of Vietnam War (Rosen, 2002). Bangladesh usually supplies low priced products and this time US buyers turned to buying cheap items as a response to the recession.

The industry also faced certain domestic barriers that posed a threat to its growth and sustainability, especially after the post MFA period. In the absence of any support from government, financial access difficulty due to a high lending rate made insufficient finance

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[5] Bangladesh lost GSP facility in the USA in 2013 when President Obama suspended it within months of the Rana Plaza disaster.

(Berik and Rodgers, 2010) a problem. Competition in global markets was and still is far from easy due to the rising price of cotton and falling market prices for apparel products for this highly import-dependent export industry. The poor quality of infrastructure (Spinanger, 2001, Mlachila and Yang, 2004) has led to higher transport costs. Frequent political and industrial strikes add to the uncertainty which is perceived by key buyers overseas (Bow, 2001; Spinanger, 2001). Almost 70% of companies relied on generators for back-up electricity (Mlachila and Yang, 2004). In 2002, 73% of garment businesses viewed problems with electricity supply to be the most deterring factor, a problem which still persists while 53% mentioned corruption and 8.4% referred to labour regulations (Berik and Rodgers, 2010).

2.7 The Entrepreneurial History of Garment Factory Owners: The Desh-Daewoo Story

In a World Bank discussion paper, Rhee and Belot (1990) researched 11 highly successful export industries from 10 developing countries. Their findings indicated that in each case the concerned industry jump started when 'the' single firm began exporting on a larger scale. They found links between the success of the pioneering firms and their workers getting on-the-job training by a foreign firm or agent. Their research indicated that the success of the pioneer introduced entry into the industry and created an impact on expansion which led to its ultimate success. Rhee and Belot identified Desh and Daewoo as 'the catalyst' behind the successful development of garment businesses in Bangladesh. This story signified the presence and beginning of foreign catalysts affecting macro level policies as well as the organisation level policies and practices of the Bangladeshi garment industry.

Before 1978, Bangladeshi garment entrepreneurs lacked knowledge and professional skills on production technology, marketing, management and administration. Therefore, Bangladesh had no scope to enter the global apparel market despite having the advantage of cheap labour and a quota free status at that time. Mr Quader, the owner of Desh Garments, signed a collaborative agreement with Daewoo to provide technical training, the purchase of fabric and machinery, a plant start up and marketing for a period of five

years. Before Desh began this process, there was hardly any domestic support available for potential investors. It has been reported that applications to open new businesses were rejected by the local government on the grounds that there were already 12 garment firms operating and that this represented an excess capacity (Quddus and Rashid, 2000).

Quader's strong personality and position as a former civil servant helped him get the necessary approval for his business ventures from government. Daewoo also saw Bangladesh as an opportunity since Korea was then quota restricted for some of its garment products in the US and the OECD under the MFA regime. Quddus and Rashid (2000) claimed that the president of Bangladesh, General Ziaur Rahman, took a personal interest and persuaded the Daewoo chairman to sign an agreement with Desh. In 1979/80, when Desh Garments began to export successfully, it had already received technical support from Korean Daewoo who trained 130 completely inexperienced workers and officers, including 14 women, at its Pusan plant. Daewoo also sent 15 machine installation experts from Korea to Desh at its Chittagong plant to train workers on quality control, including those who had not been to Korea. This also signposted the beginning of employing foreign employees in the country's garment sector and this has continued at a much larger scale.

The trained staff who had previously worked at Desh (mentioned earlier) organised assembly-line production processes, trained workers, and supervised production, and effectively diffused vital tacit and formal knowledge to new garment producers. Desh workers had learned not only production skills but also benefited from a vital transfer of knowledge on the whole production system, marketing and management that Daewoo had accumulated over a decade (Rhee and Belot, 1990). This transfer of knowledge was vital for the management practices of garment business in Bangladesh for it landmarked the journey of those people who would become the future managers in this sector. Apart from technology transfer, skills development and management training from Daewoo and through Desh, this industry was introduced to trade financing and speedy access to world market. Desh and Daewoo also played significant roles in enacting an effective duty free and restriction free import for this industry. The Bangladesh Bank (central bank) introduced a bonded warehouse system to administer zero tariffs and restriction free

imported materials for garment production. The Bangladesh Bank in 1980 also allowed local banks to open back to back letters of credit (L/C) to import materials against export L/C thus effectively reducing the working capital needed (Bhattacharya and Rahman, 1999). Desh-Daewoo were implicitly said to have played a big role here too (Rashid, 2006).

The success of Desh attracted a large number of local investors to this business. Not all garment makers could necessarily get employees from Desh or those who were trained by Desh employees. There were many entrepreneurs who had no experience in the technical, supervisory or managerial aspects of garment manufacturing. The effects of such inexperience might have negatively affected employment practices and the image of this sector in the long run as a choice of employment; an assumption which was somewhat supported by some of the respondents in this study.

Crucially for this research into the changing nature of managing people and HR practices, the Desh Daewoo collaboration took place primarily over production, operation, procurement and marketing and is largely silent on matters of people management. As findings from primary research will show, there is a clear perception of change in managerial practices and the explicit adoption of human resource management in the 1990s, associated with an increasing focus on the 'social compliance' aspects of private regulation. It is therefore reasonable to assume that the management of people in the garment industry did not change immediately following the early years of the Daewoo-Desh collaboration. This insight would suggest that more traditionally, socially embedded methods of managing people prevailed, influenced by social norms, beliefs and culture at the local level, but there is a gap in both academic and company sources on this matter. Perhaps paradoxically, this also supports the reasonableness of the assumption that little change was taking place in the management of people, as any change was so small as to be unworthy of note, while operational changes and increasing efficiency were referred to in some detail in marketing and industry literature.

2.8 Sources of Regulatory Influences on the Garment Industry

The following section sums up and further explores sources of local and global regulatory influences on the RMG Industry in Bangladesh, a summary of which is given in the following table (2.2).

Table 2.2: Local and Global Influences on RMG Industry Regulation

Sources	Category	Example
Local	Statutory Regulation	Bangladesh Labour Law 2006
	Local Employers Association	BGMEA. BKMEA
Global	Self Regulation: Global brands, retailers and other buyers	Codes of Conduct from GAP, M&S, Nike.
	International State (country)	The USA, the UK, the EU
	International Organisations/ Actors	ILO, International NGOs, International Trade Associations.
	Market Based Regulation	Certification Agencies (BSCI, WRAP, SAI)
	Incentive Based Regulation	GSP from the EU and the USA

The table shows that other than statutory regulations, the sector is regulated by COC from the buyers (MNC) and certification agencies. The USA, the UK and the EU which are the main markets for Bangladesh, also exert a strong influence as they can threaten to withdraw import from Bangladesh and/or remove GSP facilities. ILO, on the other hand, resorts to moral suasion as has been disucussed before. NGOs, social activists and trade unions can also create or exert pressure on the employers who are represented through the two industry associations Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh knitwear Manufacturers and Exporters Association (BKMEA) to resist pressure and negotiate their methods.

2.8.1 Bangladesh Labour Law

The history of labour law in Bangladesh can be traced back as far as 1881 when the first Factories Act was introduced during the British colonial period. Later acts included the Workman's Compensation Act (1923), Trade Unions Act (1926), Trade Disputes Act (1929), Payment of Wages Act (1936), Maternity Benefits Act (1939) and the Employment of Children Act (1938). Even after the creation of Pakistan as a country, most of the laws were kept intact with some modification. After the liberation war against Pakistan, when independent Bangladesh was born in 1971, its government retained most laws through the President's Order No. 48. Later additional laws were enacted in response to the changing circumstances and needs of the working classes. Before 2006, a total of 25 separate acts addressed different aspects of labour law indicating a lack of comprehensiveness at that period. The revised Bangladesh labour law 2006 (BLL) is an integration of 25 separate previous acts and is considered progressive (Hossain et al., 2010, Faruque, 2009) for it removes certain ambiguities, offers greater coverage, instituted certain benefits, and also has aligned the system with ILO core conventions (Hossain et. al 2010).

Interestingly, the formation of the Labour Law 2006 is regarded as a partial response to international actors (for example, ILO; powerful states like the USA) pressure to improve regulatory framework supporting trade union activities (Faruque, 2009). The local demand to codify existing labour laws in order to avoid overlapping and inconsistencies was another driving force. Labour Law 2006 has been amended twice, in 2010 and 2013. The later amendment was a subsequent response to immense local and international pressure as a result of the Tazreen Fashion fire and the Rana Plaza collapse which killed more than a thousand garment workers and left hundreds of others wounded or maimed (Transparency International Bangladesh [TIB], 2013). But the Act is still criticised for not yet being able to bring expected improvement which could be attributed to inherent weaknesses, the suspension of many labour rights under the state of emergency (army backed government) and a lack of institutional capacity to implement the laws. The current law has improvised but still suffers from inadequate provisions or vagueness related to trade union rights and formation, workers' health and safety, benefits and wages, factory owners' accountability and penalty for failure to comply.

2.8.1.1 Equality of Opportunity

The ILO Committee of Experts on Conventions and Recommendations has identified that the revised Labour Law 2006 does not give managerial and administrative employees rights to establish workers' organisations (Faruque, 2009). Such deficiencies in regulatory support can have a significant impact on the recruitment and selection practices of managerial employees and will be explored in subsequent data chapters. The question of equality of opportunity in the constitution of Bangladesh is explicitly stated for public organisations and broadly implied for private as well as informal sectors. The constitution of Bangladesh prohibits any discrimination based on religion, sex, race, caste, or place of birth, and speaks of equality of opportunity in public employment and the protection of rights related to the freedom of associations and against exploitation. Bangladesh has ratified the International Labour Convention (ILC) on discrimination in employment and occupation (ILC 111). However, a designated equality of opportunity law applicable for the private sector is yet to come, leaving this matter largely at the hand of employers.

2.8.1.2 The BEPZA Act[6] 1 and 2

Factories located in the Export Processing Zones (EPZ) accounted for 18% of national export in 2005–06 (Faruque, 2009) and fall under the jurisdiction of the Bangladesh Export Processing Zones Authority (BEPZA) Act of 1989. Unlike the Labour Law 2006 which is applicable for workers only, the BEPZA Act applies to both workers and management staff. EPZ factories *have to* provide provident fund and group insurance coverage to their employees unlike their non-EPZ counterparts; these factories have been found to offer better work environments and wages when compared with non-EPZ ones (Kabeer and Mahmud, 2004; Centre for Policy Dialogue [CPD] 2008a, CPD2008b).

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[6] Acts are a specific statute; any general reference to specific situation is termed as law.

2.8.2 The State of Industrial Relations

The origin of industrial relation activities in Bangladesh goes back as far as 1926, when the Trade Union Act was introduced during the British colonial period.   Through the introduction of The Industrial Relations Ordinance 1969, collective bargaining agents for establishments were recognised for the first time (Faruque, 2009). Despite this, only 2% of the work force from the garment sector belongs to a union (CPD, 2008a). Union members are mostly male and their activities were criticised for being driven by political motives rather the wellbeing of the workers (Kabeer and Mahmud, 2004). Union activities which are dominated by men can easily fail to serve the interest of the female dominated workforce. The power imbalance at the workplace is supplemented by the patriarchal context of wider society. Research has indicated that Bangladesh is the weakest in Asia in terms of union rights (Kucera, 2004; Rodgers and Berik, 2006). Poor adherence to the country's own laws (Berik and Rodgers, 2010) and the prevalence of high levels of corruption also partially explain workers' lack of bargaining power.

Bangladesh suffers from a rather weak implementation of the labour law which is plagued by corruption and political influences. Based on Transparency International Bangladesh's CPI (Corruption Perception Index) 2013, Bangladesh ranked 136 out of 177 countries making it the 42nd most corrupted country. Fighting corruption in Bangladesh is essential to improve its internal labour market condition. Transparency International Bangladesh (TIB) published a report on governance problems related to the RMG sector. This TIB report (2013) identified that there is a risk of politicisation and favouritism in the judicial process over the selection of representatives from factory owners and workers who appear in labour court. As a result, employment standard setting and regulation in these countries are increasingly being accomplished through transnational private means.

2.9 The Influence of Global Actors on Local Employment Standards

The prior section in this chapter talked about how the globalisation of supply chains and lack of regulation at the global level created a need for new forms of 'global governance'

(Fligstein 2005). Child labour, excessive work hours, hazardous work conditions and poor wages continue to affect many factories round the world especially in developing countries. Suppliers from developing countries increasingly find compliance to labour standards as a prerequisite to entry into global supply chains (O'Rourke, 2003) for it ensures greater market access, closer ties to buyers and sometimes premium prices (Conroy, 2001; Nadvi and Kazmi, 2001). The Bangladeshi garment industry has been facing increasing pressure to meet different codes of conduct and social standards against the threat (by brands) to pull out orders if these are not met or demanding them as a precondition before placing orders (Rashid, 2006). Trade sanctions by the USA in the 1990s, the ILO's moral suasion on labour reform and the enforcement of ILO conventions have played a significant role in this regard. Moral suasion has always been a key policy tool of the ILO to promote social justice in a direction not defined or directed by the existing law of that country. It has already been mentioned that, following the disaster of Rana Plaza and the Tazreen Fire in 2012 and 2013, the social dimensions of the Bangladeshi RMG factories are getting more attention from consumers, social workers, welfare organisations and reputed brands. The abolition of child labour and introduction of trade unions in the EPZ are two genuine examples of the way private regulatory forces are affecting the labour standards in Bangladesh. [7]

2.9.1 The Abolition of Child Labour

Bangladesh has ratified seven out of eight international labour conventions on forced labour (ILC29), freedom of association and protection of the right to organise (ILC 87), the right to organise and collective bargaining (ILC 98), equal remuneration (ILC 100), the abolition of forced labour (ILC 105), discrimination in employment and occupation (ILC 111), and the elimination of the worst forms of child labour (ILC 182). The only convention not ratified by the country is the minimum age convention (ILC 138). The minimum age for work in Bangladesh is 14 (UNICEF, 2014)[8]. According to the Bangladesh Labour Act 2006

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[7] http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:103500

[8] http://www.unicef.org/bangladesh/children_4863.htm

(Act XLII of 2006), a person under age of 14 is a 'child' and a person more than 14 but not yet 18 is 'adolescent'. The ILO convention set the minimum age at 14 (12 for light work) where economies and educational facilities are less developed which otherwise is 15 (13 for light work).

Bangladesh faced external threat and pressure in 1993 (Nielsen, 2005) to ban child labour from garment factories when Senator Harkin of Iowa introduced his Child Labour Deterrence Bill into the US Senate to prevent the import of any product that was made using child labour. This prompted a Washington based consumer group called Child Labour Coalitions (CLC) and American-Asian Free Labour Institute (AAFL) to work for Harkin's Bill. At that time, Bangladeshi garment factories exported more than half of its produce to the USA. Harkin's Bill threatened to jeopardise the entire industry through an international boycott. Kabeer (2000) pointed out in her research that CLC's threat to organise a boycott against Bangladesh was seriously taken by the association BGMEA who in turn consulted all its members.   As Kabeer (2000, p. 381) had stated:

> Certainly, the CLC's threat to organize a boycott of Bangladeshi garments was taken seriously by the BGMEA because both parties *knew* how easily a single unfavourable expose could sway American public opinion against Bangladeshi garments.

However, after much debate, a memorandum of understanding (MOU) was signed on 4 July 1995 between UNICEF, BGMEA and the ILO to remove all children under the age of 14 from BGMEA factories and place them in community schools with a stipend (Nielsen, 2005). All these concerted efforts to eliminate child labour in Bangladesh have been proved somewhat successful. Some research evidence suggests that children under 14 years of age are no longer working in the Bangladeshi garment sector (Bow, 2001) but a recent TIB report (2013) did reveal that corrupt garment factory owners backed by local political parties are appointing under-age workers using fake birth certificates.

2.9.2 Trade Unions in the Export Processing Zones (EPZ)

Interestingly, the USA, which holds a deep seated antipathy towards unionism, (Kochan et al., 1986) has played a significant role in the formation of trade unions in the EPZ. Pressure from the USA government helped secure the recognition and formation of trade unions in the EPZ areas of Bangladesh from January 2004. The USA government threatened to stop orders from Bangladesh (Faruque, 2009) if it was not complied. This introduction, however, prevented the union workers from calling a full strike at the workplace. Later in 2013, Bangladesh's government had to make a commitment to the European Union (EU) to withdraw its restriction on trade union activities in the EPZ to protect its trade preference or GSP facility for export items in the EU countries (New Age, 2013). Such a commitment was meant to allow EPZ workers to call a full strike effective from January 2014. The Act still excludes executives in administration and workers employed as security, kitchen staff and supervisors from union formation.

2.9.3 The Accord on Fire and Building Safety in Bangladesh

Critics have accused western protectionism and the local government for turning the country into a sweatshop nation, and for allowing its factories to become a 'killing zone' following the disastrous event in Rana Plaza on 24 April 2013. The American President Obama suspended the GSP eligibility of Bangladesh in June 2013 based on the Bangladeshi government's insufficient progress in affording workers their internationally recognised rights even after the collapse of Rana Plaza. Although the Bangladesh government has signed Trade and Investment Forum Agreement [TICFA, 2014] as per the USA requirement, it still awaits a GSP facility from the USA.

The international response to major industrial disasters like Tazrin Fire (2012) and Rana Plaza (2013) in Bangladesh led to an unprecedented level of co-operation among companies, social movements, labour organisations and other NGOs which saw the formation of the 'Accord on Fire and Building Safety in Bangladesh' on 15 May 2013 to provide workers with a safe work environment. The accord convinced more than 200 brand-name companies to sign up. It also shows how the interface between production

(organised labour) and consumption actors (social movement or NGOs) may provide leverage to improve labour standards in global supply chains (Donaghe and Reinecke, 2015). This is a recent development and its effects have yet to be assessed. A group of North American retailers also announced the formation of the Alliance for Bangladesh Worker Safety Initiative on 10 July 2013. It is however criticised for being less stringent and lacking the legally binding commitments to pay for improvements which are included in the accord.

2.10 The Dominance of RMG Employers in the Local Labour Market

The Bangladesh labour market is characterised by an abundant supply of unskilled labourers for it is primarily a country of young people. Almost 77% of its 160 million population are under the age of 40 (BDHS, 2007) and were born after its liberation in 1971. According to the Labour Force Survey of 2005–06, the total economically active population in Bangladesh was 49.5 million. The majority of the labour force belongs to the informal economy (Hossain et al., 2010), including people not covered by the labour law, self-employed farmers, and workers in non-registered enterprises (Faruque, 2009). Of the 20% belonging to the formal sector, the government employs only 1.2 million people at state offices, semi-autonomous bodies, public corporations, and state controlled mills and factories, making its hold on the market a very weak one. Therefore, the role of the government in the Bangladeshi labour market is very limited. Almost 80% of the formal sector belongs to 19,000 different mills and factories (Bangladesh Bureau of Statistics [BBS], 2005). As the garment sector alone provides a livelihood for 3.6 million workers, it has a stronger hold over the formal labour market compared to any other industry in Bangladesh.

The creation of two industry associations, BGMEA and BKMEA, marked the entry of an organised business interest in the Bangladesh economy. These associations also brought in a flavour of political attachment. It was estimated that during the 1990s some of the owner-members became politicians, thereby starting an informal political affiliation with the entrepreneurial community of garment factory owners. Nielsen (2007) labelled BGMEA

as a central policy player in Bangladesh powered by the sheer contribution that this sector has been making in this otherwise agrarian economy. BGMEA thus can be considered to have extensive political and administrative control over the industry and represents the sector by being affiliated with any national or international issues. The following list summarises major calendar events that have taken place in the RMG Industry of Bangladesh[9].

Figure 2.1: Major Calendar Events of RMG in Bangladesh

Pioneers in RMG
- 1977 First Export by Riaz Garments
- 1978 Desh-Daewoo Agreement
- 1979 Desh sent 130 employees to Korea for training
- 1980 Desh starts operation

1980s-1990s
- 1980: Introduction of back to back L/C
- 1980: Bonded Warehouse extended to 100% export oriented business.
- 1982: Formation of the first Industry Association, BGMEA
- 1985: Imposition of quota on Bangladesh by the UK, France, Canada and the USA
- 1990s: Growth of Knitwear sector
- 1992: RMG export crosses 1 billion USD
- 1995: Abolition of Child Labor agreement between UNICEF, BGMEA and Bangladesh Government amidst threat to boycott.

2000 onwards
- 2004: Trade Union at EPZ introduced after pressure from the USA
- 2005: End of MFA quota era
- 2006: Formation of Labour Law 2006
- 2008 Global recession begins
- 2009–2010: Compliance and certification pressure rises on garment factory owners
- 2010: Minimum wage revised to 3,000 tk/month or £27/PCM)
- 2010: Bangladesh became the second largest supplier in apparel business after China
- 2012 Tazreen Fire (estimated death toll 112–124)
- 2013 Rana Plaza Collapse (estimated death toll 1,129), Accord on Fire and Building Safty Bangladesh

2.11 Conclusion

The chapter introduces two conceptual fields dealing with levels of analysis and the process of private regulation, and then provides an account of the evolution of the

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[9] The tragedy of Rana Plaza and Tazreen Fashion took place after data collection but is included here as these are significant for future research.

garment sector in Bangladesh with a focus on employment conditions. The chapter shows how the SSD and the work on regulation complement one another with the regulation focus enriching and providing new force to the SSD frame. Documented evidence confirms that changes and progresses in the RMG industry took place as a response to different forms of private regulation and sources of regulatory influences. The existence of weak labour law, labour institution policy (Rashid, 2006) and corruption explains why the garment sector's employment relations are regulated by private means. Literature on the Bangladeshi garment sector, however, remained relatively silent from a societal effects perspective. This indicates an opportunity to explore 'societal effects' through industry management practices to identify spaces for strategic action. The following chapter introduces social capital as a conceptual field to help explore 'societal effects' on the management practices of recruitment and selection.

Chapter Three

Societal Effects and Social Capital in Recruitment and Selection

3.0: Introduction

The previous chapter contextualised private regulation as an element of SSD effects at the workplace and situated the apparel suppliers of Bangladesh in their international context. Building on that, this chapter critically reviews the literature on 'societal effects' (Maurice, 1979) and social capital. Discussion in this chapter shows that both societal effects and social capital recognise the role of social relations, norms and customs in shaping behaviour. While societal effects acknowledge the role of both formal and informal social institutions in shaping behaviour, social capital emphasises the social networks of informal relationships that thrive on generalised trust and norms of reciprocity.

It is argued in this chapter that one of the links that can potentially connect society effects, social capital and organisation studies is the extent to which social networks are used by organisations to recruit and select people in a specific societal context, guided by pre-existing social norms, traditions, values, culture and expectations. This chapter therefore includes a selective review of the recruitment and selection literature. The following section begins with a more detailed explanation of the concept of societal effects, continuing a discussion which was very briefly introduced in the previous chapter.

3.1 Societal Effects

The debate on persistent, significant differences between business systems appears in the literature under three main themes: national business systems (Whitley, 1992a; 1992b), societal effects (Maurice et al., 1980) or neo-contingency frameworks (Sorge, 1991). In each case, there is a basic argument that social institutions influence organisations' strategies and practices in a systematic way so that firms' structures and processes reflect typical national patterns. In essence, the societal effects (SE) approach tries to determine how actors construct organisations and how this overall process of construction is

influenced by the fabric of the society to which the actors belong (Mueller, 1994). Alongside the SE approach, the 'varieties of capitalism' (VoC) literature (Hall and Soskice, 2001) is another major body of work aimed at explaining national difference and there is an internal debate within this body of work on the extent to which path-dependency determines contemporary forms, processes and outcomes (Streeck and Thelen, 2005). The national business system approach (Whitley, 1992a, 1992b) puts forward similar arguments to the VoC approach, but differs inasmuch as it attempts to integrate the forces of internationalisation with the ways in which they impact firms at the same time.

Societal effects in the SSD model were addressed by different researchers as a stand-alone topic more than a decade before the model itself was introduced by Smith and Meiksins (1995). Maurice et. al. (1980, p. 61) defined societal effects as:

> The societal effects approach is a systematic analysis of social action which emphasizes the interconnections between different social spheres such as manufacturing, industrial relations, education, training; it recognizes that constellations of such interconnections can only be explored by historical and ecological factors.

Maurice and his colleagues' view of societal effects suggest that organisational processes and practices should be considered as a phenomenon within a society, abandoning the organisation-environment distinction; in other words, an organisation should be regarded as a part and product of the society within which it is situated. Any social action by an organisation, for example, a recruitment drive for specialised candidates (i.e. software engineers) in a particular industry, will depend on the industry demand for such candidates, the state of industrial relations, the educational system and training facilities available for that discipline, and its associated records of historical and ecological development. The need to understand complex historical progression is considered rather important for the kind of impact that these factors can have on HRM practices (Earley and Singh, 1995). In each society, there exist patterns and structures stemming from their long histories and pre-existing institutional arrangements, which create an embedded distinctiveness and observable effects on the organisation of work and management (Smith and Meiksins, 1995). According to Smith and Meiksins (1995), even a cursory

historical assessment of the nature of work and social relations within societies that share the same mode of production can identify differences that reveal each society's own societal effects. In chapter two, the review of the history on Bangladeshi apparel suppliers in the global market highlighted different sources of regulation which created impacts for this industry. A literature search on this specific industry also indicated a research gap on the societal context within which these factories are located in Bangladesh and therefore identifies an opportunity to explore societal effects through further research.

The present study, however, agrees with the distinction drawn between societal effects and cultural effects. Whilst related, these two effects cannot be treated as identical. Elements of culture can cross societies such as religion or language. They may also remain as small pockets, for example, as occupational or company culture, *within* a society (Mueller, 1994). Thus, although culture is important for embedding or framing action, as it is socially constructed and derived from local values (Smith, 2008), it still constitutes only a part of the societal effects.

Prior discussion in chapter two of the SSD model suggests that structural forces that influence workplaces are not simply local norms or global standards but a contradictory mixture of elements from the local, the global and the 'temporary dominant' (McSweeney et al., 2008 p.3). Local organisations, when under pressure from the structural forces of globalisation, may take strategic actions or make choices that contain local colour, thereby making difference of a non-trivial character (McSweeney et. al., 2008). Forces of globalisation are therefore filtered through nationally distinctive institutional settlements, which build societal effects into the way work is organised, authority constructed and the pattern of institutional relations enacted (Smith, 2008).

The societal effects approach can be related to the question of isomorphism (DiMaggio and Powell, 1983) and is considered an interesting version of the institutional argument by researchers like Mueller (1994). Isomorphism refers to the process of interaction that forces one thing to resemble another or others for facing the same conditions; for example, the same societal context to which actors or organisations belong (DiMaggio and Powell, 1983). The notion of isomorphism in organisation studies thus proposes that

organisations are not only influenced by their technical striving for efficiency, but are also likely to act in certain ways when under isomorphic pressures to adapt to the typical standards and behaviour of other organisations within a particular society, leading to the homogenisation of structure and practices. This notion offers scope to integrate an understanding of the networks of social relations, as found in the social capital literature. Gabbay et al.'s (2001) work showed how corporate social capital and strategic isomorphism affected Israeli software industries; their research showed that, amidst severe uncertainty, firms adopted strategic preferences which were socially determined and geographically diffused in the social structures in which they were embedded.

Furthermore, Hardy (2002) identified 'local isomorphism' in certain areas of HRM, resulting from the constraints of host country regulations and practices, which acted as the conditioning effects of the local environment. Wage determination, work hours and job contracts are examples of factors likely to be influenced by local institutional pressures. In the case of the Bangladeshi garment sector, local influences on all such factors, plus the recruitment and selection of managers is very much apparent. It is important to note that although concepts of societal effects come very close to accepting the notion of institutional isomorphism in particular contexts, they also recognise possible internal dissonance and conflicts *within* a national boundary.

In terms of applying these concepts to the present study, there is a need to recognise the distinctiveness of the Bangladeshi context. Kao et al. (1999) stressed the need to indigenise the management practices in Asian organisations and questioned the applicability of western management and organisation theories in the Asian context. The SSD framework can be applied to further explore and substantiate this debate. HRM policies and practices in developing countries are considered as being at an evolving stage compared to the western developed economies. According to Budhwar (2004), there exists a considerable research gap on HRM practices in developing countries, including Bangladesh, which appears to be a grossly under-researched country. There is evidence of strong global influences on the Bangladeshi garment industry's employment practices (see chapter two). Participating firms from developing countries in the global value chain (GVC) are known to be subject to international influences on issues of equal employment opportunity, health

and safety and others that occur outside the national business system. Yet, statutory provisions on employment law have been weakly enforced in the past. The informal economy of Bangladesh contributes to 43% of its GDP according to an ADB Country report (2010). This is a society where the use of social networks in recruitment and selection by organisations are quite possible and a pilot study undertaken as a prelude to the prime research period led to a research assumption that there might be substantial applications of social capital and other societal effects influencing recruitment and selection practices in the Bangladeshi garment sector. An understanding of the influence of societal effects can therefore help to draw out and analyse such influences. The present study argues that the non-regulatory elements of societal effects need to be carefully explored to better understand the local practices of firms operating in a legal environment which is relatively weakly enforced and is influenced by a strong and politically connected business lobby.

The following section reviews literature on social capital in terms of its definition, concepts and applications in management studies, with a particular emphasis on recruitment and selection practices. An understanding of the way that social capital 'works' is important to the analysis of the recruitment and selection of managerial grade staff in the Bangladeshi garment sector. Despite increasing formality, it will be shown in the empirical chapters of the present study that social capital maintains a highly influential (if changing) role in the employment of managers in this industry.

3.2 Social Capital: Definition and Concepts

The conceptual origins of social capital can be found in the works of Bourdieu (1986) and Coleman (1988). Multiple definitions of social capital exist as the concept has been comprehended, illustrated and applied by different authors and researchers in a multitude of ways (Adler and Kwon 2002; Field et al. 2000; Robison et al. 2002). However, it is broadly categorised into two types: external and internal. The 'external' definition focuses primarily on the relations an actor maintains with other actors: termed as 'bridging' (Woolcock, 1998), 'communal' (Oh et al., 1999) or 'weak ties' (Granovetter, 1973). The 'bridging' form of social capital arises out of loose ties or connections with casual friends,

acquaintances, colleagues and or associates. Such ties are weaker and diverse but are considered to be very useful in getting ahead or fostering social inclusion (Schuller et al., 2000).

The 'internal' definitions focus on the structure of relations among actors within a collective and both types of linkages (Adler and Kwon 2002). It is known as 'bonding' or 'linking' (Putnam, 2000; Oh et al., 1999) or 'strong ties' (Granovetter, 1973). A bonding form of social capital is created when interaction takes place between similar types of people, such as, family members, close relatives and friends. It is therefore about interaction and relations between like-minded people, or the reinforcement of homogeneity that builds strong ties but can result in higher walls being erected to exclude those who do not qualify to be in the group (Schuller et. al., 2000). The 'linking' forms of social capital refer to associations with organisations and institutions, for instance, state welfare systems or membership with professional groups (Brook, 2005). It can help people get quicker access to the resources or the kind of assistance they seek through membership of a professional group.

External and internal views of social capital are not necessarily mutually exclusive (Nahapiet and Ghoshal, 1998) as they can co-exist and can be difficult to isolate. For example, in organisation studies, the relations between an employee and his or her colleagues inside an organisation are external to the employee but internal to the organisation. An organisation's practices are conditioned by its external ties to other organisations and by the attributes of its own internal ties (Adler and Kwon, 2002), making it quite a challenge to do isolated research on external, bridging social capital and internal or bonding social capital in organisation studies.

Norms, networks and trust are considered as elements of social capital that facilitate the efficiency of society by facilitating co-ordinated action (Putnam, 1993) and generate social solidarity and inclusion where people support and do things for each other. Social capital literature thus emphasises the value of social networks for the bonding of similar people and bridging between diverse people through trust and norms of reciprocity (Dekker and Uslaner, 2001). The resources sought through social capital can be found in the network of

relationships that an actor builds with others. It is anticipated that resources obtained through social capital are mostly intangible in nature and usually come in the form of access to information that is otherwise difficult to obtain as well as trust and co-operation, all of which help to get things done.

Applications of social capital have been identified at an individual, community or organisational level (Inkpen and Tsang, 2005). Individuals and people acting as a group can benefit from social relationships and ties in the form of better personal access to information, skill sets and enhanced power which leads towards greater productivity at work. Social capital in a group is created when members share interests and develop agreement on issues that induce them to take collective actions. This study adopts the following definition of social capital by Woolcock which he claimed to have summarised based on the positions of major contributors to social capital concepts (including Coleman, 1990; Bourdieu and Wacquant, 1992; Burt, 1992; Putnam, 1993; Portes, 1995).

The information, trust and norms of reciprocity inhering in one's social networks. (1998:153)

This definition is considered helpful as it addresses the relational dimension of social capital which is based on trust and norms of reciprocity. This definition of social capital can be applied to groups, communities or individuals and therefore supports both external and internal views.

3.2.1 Actors in Social Capital

Portes (1998) suggested that a systematic treatment of the social capital concept needs to distinguish its recipients (those making claims), sources (those agreeing to make these demands), and the resources. Adler and Kwon (2002) noted that sources of social capital lie in the social structure and in the contents of the actor's social relations with its effects flowing from the information, influence, and solidarity made available to these actors based on that actor's goodwill. Portes (1998) referred to the provider of social capital as

the 'donor' and the beneficiary of social capital as the 'recipient'. Donors here provide privileged access to recipients with the expectation that they will be fully repaid in the future (Portes, 1998).

Most definitions of social capital have some essential common values which are usually focused on social networks, trust, and norms of behaviour and almost always include the critical concept of reciprocity. According to Torche and Valenzuella (2001), it is the social dimension of personal relation that constitutes 'reciprocity' which symbolizes a social dynamic where a person gives, receives and returns. Putnam (2000, p. 134) stated that general reciprocity is the touchstone of social capital which he explained as:

> I'll do this for you now, without expecting anything immediately in return and perhaps without even knowing you, confident that down the road you or someone else will return the favour.

This notion of generalised reciprocity shows that such repayment of obligation has no specified time period and may not be in the same form in which it was obtained; it can take an intangible form like approval of or allegiance to donors. Returning the favour to the donor can be direct or indirect; it is direct when individual recipients return the favour to donors only. In a group or community, recipients can return the favour to the same or a different member belonging to the group or community; the latter makes it indirect in nature posing the risk of free riding. It is argued that failure to return the favour as an individual may result in loss of image or reputation within the networks or community to which that individual belongs. Social capital in a group can be subject to a kind of sanctioning authority by the group and donors' returns may not come directly from the recipient but from the group in the form of bestowed status, honour or approval. Trust in both cases exists due to the enforceable power of the community or societal values which acts as a guarantor that all debts will be reimbursed.

The motivations of recipients and donors differ; a recipient's desire or motive to gain access to valuable assets is easily understood. However, the varied motivations of donors, who are requested to make these assets available without any immediate return, can be

plural, more complex to understand and deserve analysis as they represent the core processes that the concept of social capital seeks to capture. In the standard rational actor model, it is assumed that all actors are identically motivated by self-interest. The motivation of donors in relations mediated by social capital can be *consummatory* which means that they might feel obligated to do so which is based on their deeply internalised norms, coming from their experience of socialisation in childhood or afterwards (Portes, 1998). *Instrumental* motivations are based on norms that provide a greater scope for rational calculation, or obligations created in the process of social exchange (Blau, 1964), or enforced on both parties by the broader social community. It is anticipated that understanding the motivations of donors can help to unearth the details of societal effects and social capital mechanisms hidden in the empirical data of this present study.

3.2.2 Dimensions

Nahapiet and Ghoshal (1998) organised social capital into three clusters or dimensions, namely structural, relational and cognitive. The structural cluster of social capital relates to an individual's *ability* to make weak and strong ties to others within a system and speaks of the advantages derived from the network to which the individual belongs. Resources that social capital can help obtain are different from the ability to obtain them as people belong to different social structures. The importance of ability in social capital theory depends on the status of an individual; for example, a product design engineer's ties to manufacturing experts or even his competitors will give him scope to get rapid and reliable advice on the manufacturability of proposed product designs.

The relational dimension focuses on the *character of the connection* between individuals expressed in terms of the trust, co-operation and identification an individual has with others within a network. The cognitive dimension of social capital focuses on the *shared meaning and understanding* that individuals or groups have with one another. This stresses the importance of communication to access and use social capital through information exchange, problem identification and solution and managing conflict, and can be explored at an individual, organisational or social context.

3.2.3 Social Networks and Ties

Within a given society, the term network generally refers to informal face-to face interaction or membership in civic associations or social clubs (Adler and Kwon, 2000). Researchers in general agree that social capital inheres in personal connections and interpersonal interactions by creating social networks. According to Lin et.al (2001), social networks are the social relationships between individual actors, groups, organisations, communities, regions and nations that serve as a source to produce positive returns. Network ties provide recipients of social capital access to the donor for support and to the resources the donors can mobilise (Granovetter, 1973; Coleman, 1988; Burt, 1992) which might help enhance the performance of firms and individuals who are better connected.

There exist two types of interpersonal ties, namely strong ties and weak ties (Granovetter, 1973). Strong ties involve close relationships with friends and relatives, and generate high levels of trust. The existence of sufficient ties among some people is sometimes termed as 'closure' which guarantees the observance of norms within communities (Coleman, 1988). Hardin (1993) rightly pointed out thick personal relations as just one source of confidence for the donor. It is possible that a donor or recipient of social capital can have access to both strong and weak forms of ties. Weak ties refer to low intimacy but can be of high or low frequency, stating short or long-term relationships. The power of such indirect influences outside the immediate circle of family and close friends is also known as the 'strength of weak ties' (Granovetter, 1973).

Societies that value collectivism may value strong ties but those societies with individualistic cultures may not differentiate much between strong or weak ties. Social ties of one kind can be used for multiple purposes. For example, friendship ties can be used for moral or material support; this reflects the breadth of social capital and is termed "appropriability" (Coleman 1988) of social structure. This legitimises the conceptual strategy of gathering under one notion issues of informal organisation, trust, culture, social support, social exchange, social resources, embeddedness, relational contracts, and social networks in the social structure in which the actor is located.

A different approach advocating that the relative absence of (strong) ties (or the presence of weak ties) is also known as *structural holes* (Burt, 1992) and this can facilitate individual mobility. Dense networks convey unnecessary information whereas weaker ties can be a source of new knowledge and resources. Structural holes in the main actor's external linkages can provide a cost-effective resource for competitive action. Research on brokers and gatekeepers has exposed this form of social capital. Generally, if information flow takes place more within groups than between groups, there is opportunity to broker information between groups. Here, the source of social capital is a network of ties characterised by many structural holes and linkages to groups that are not otherwise connected. Both strong and weak ties can be beneficial and their value depends on the source's comparative state, the surroundings around the actor and the task the actor has.

Network theorists argue that an understanding of social capital requires a finer analysis of the specific quality and configuration of network tie contents and its abilities in determining the social capital embedded in a social network. The relationship between ties and social capital is not linear but circular and complex to ascertain if an actor's possession of social capital leads to the formation of ties or if the possession of ties begins to form social capital. Notions of both structural holes and closure as well as tie contents are more pertinent to network studies of social capital and therefore the application of these concepts in this study is not anticipated.

The following section proceeds to outline an understanding of trust and its related constructs. Supportive arguments in the literature bind the issue of trust to social capital in many ways. Putnam (1995) spoke of networks, trust and norms as features of social capital that enable participants to act together more effectively to pursue shared objectives. Some researchers see trust as an element of social capital (Coleman, 1988; Putnam, 1993), whilst others (for example, Newton, 2001) take it a step further stating that trust is likely to be the main component of social capital.

3.3 The Issue of Trust

It is generally understood that society effects, social capital and trust are complex concepts and this creates a need to establish the links that connect all three concepts more clearly. Studies have indicated that the process of building trust is influenced by societal norms and values (Doney et al. 1998). Trust emerges when people in a society or a community share a set of moral values in such a way as to create regular expectations of habitual and honest behaviour (Fukuyama, 1996). Researchers (Granovetter, 1985; Giddens, 1990) who have examined the issue of trust from a sociological perspective, describe it as confidence based on social institutions, social relations and knowledge of other people's norms.

In this study, the following definition of trust by Korczynski was adopted as it offers scope to consider different bases of confidence, namely governance structures, personal relations, knowledge of other people's internal norms, and systems or institutions for different types of trust in any social exchange. Korczynski (2000, p. 2) defined trust as:

> The confidence that the other party to an exchange will not exploit one's vulnerabilities.

A similar view in a slightly elaborated and optimistic form can be found in Newton's (2001, p. 202) definition given in the following as:

> The actor's belief that, at worst, others will not knowingly or willingly do him harm and at best, that they will act in his interests.

The issue of risk is significant here for in much of the literature, trust is tied closely with the vulnerability or risk (Korczynski, 2000) that arises due to the uncertainty of an outcome (Doney et al., 1998). Such risk in this case is apparently borne by the donors in a social capital relationship although the recipients are likely to suffer 'reputation' damage at some point in future if they fail to honour their donor-recipient relationship and the norms of generalised reciprocity.

McKnight and Chervany (1996) developed a typology of trust; their seminal paper on meanings, definitions and concepts of trust and related constructs was based on 65 articles and monographs that defined trust. They broadly categorised trust-related constructs into three types, namely dispositional, impersonal/system and interpersonal/personal. Dispositional trust is about the personality attributes of the trusting party's faith in humanity; this means having a tendency to trust others across situations. Impersonal or system trust is based on the social or institutional structure of the context that may occur naturally, for example, the law of gravity, or it might stem from social structure, for example, banking regulations. A person's trust in another person, people or things in specific situations makes it 'personal'; it becomes interpersonal when two or more people trust each other in specific situations. It is the interpersonal/personal trust that is more wide-ranging and requires greater attention in the present study as it can be related to social capital.

It is anticipated in this study that personal relations act as a base for trust when people accumulate social capital and make use of it to secure their goals. It is the quality of deriving information at first hand that makes personal relations a key base of confidence that creates trust (Granovetter, 1985). Both individual experience and societal or community characteristics can influence how much people trust each other (Alesina and Ferrara, 2000). Trust is also known to grow with repeated use (Giddens, 1990) and as such, trusting behaviour and trustworthiness can rise with social connections (Glaeser et. al, 1999).

In organisation studies, personal relations and trust can be connected to the co-operation sought on different issues and practices within and outside the workplace. Some research outcomes showed that trust was a by-product (Korczynski, 2000; Woolcock, 2001) or consequence of ongoing co-operation (Korczynski, 2000). The following question may therefore arise: is trust a requirement in order to form the ties that unleash social capital, or does social capital produce trust which allows actors to form the relationship? The understanding here is that both can happen. It is people's trust in social relations characteristic to a particular society that binds society effects and social capital together.

3.4 Recruitment and Selection

The following section presents a selective review of recruitment and selection literature. In this study, recruitment and selection is used as the subject matter to explore the research questions given the motivations identified and the nature of the empirical context. As a practical focal point, recruitment and selection is considered to be a good fit to study an emerging economy like Bangladesh. The underlying assumption here is that, no matter how immature or underdeveloped HR practices are in a developing economy, there will always be some form of recruitment and selection processes. Subsequent discussions thereafter show that formality and informality in recruitment and selection practices are not always determined by specific organisational characteristics and other factors; it can be influenced by local institutions, norms and social relations indicative of societal effects.

3.4.1 Recruitment

The strategic significance of recruitment is often reported in the literature (Boxall and Purcell, 2003) which an organisation produces to perform the critical function of attracting potential candidates. The term recruitment refers to those practices and activities that are carried out by organisations with the primary purpose of identifying and attracting potential employees (Breaugh and Starke, 2000). Selection is the final outcome of this recruitment process through which an applicant's qualification and job suitability are assessed using one or more methods, i.e. the successful candidate is chosen and gets the job.

Existing literature indicates that different typologies of recruitment sources exist, of which the one based on formality (Saks and Ashforth, 1997; Ullman, 1966) is the most commonly cited (Ma and Allen, 2009). Other typologies are based on factors like the location of the sources of recruitment (Zottoli and Wanous, 2000), geographical focus (Rafaeli etal., 2005) and motivation (Breaugh and Mann, 1984). Newspaper advertisements, company websites, online professional job sites, on-campus recruitment, job fairs, recruitment agencies (including head hunters) and assessment centres are considered to be the formal sources of recruitment; there is also an increasing emphasis on internet based sourcing

(Hollinshead, 2009). Recruitment is informal when it takes place though friends and relatives; for example, referrals by family members, relatives, friends and employees (Saks and Ashforth, 1997). Western definitions of HRM and fair employment practices call for recruiters to ensure equal employment opportunities and standards (McCormack and Scholarios, 2009). Informal sources of recruitment may target pools of candidates similar to existing human resources, and risk violating equality of opportunity, yet some studies have shown that employers still prefer informality as it is generally a quick (Tayeb, 2005; Windolf and Wood, 1988), cheap and reliable (Windolf and Wood, 1988) way to hire people.

It can be argued that the adoption of specific recruitment methods depends on a recruiter's perception and experience in the success of the method. The choice of recruitment sources is often determined by the nature and the level of the job, the organisation's HR policies and practices (ease of use, keeping ahead of competitors), budgetary constraints, the type of business (service or manufacturing) and the need to access a larger candidate pool; cultural differences also can play a role here. The extent to which recruitment methods can be effective sometimes depends on occupational categories (Wiley, 1992); for example, online recruitment methods are considered suitable for knowledge workers and middle management but not for top managers and blue collar workers. Similarly, the size of an organisation can also potentially impact the choice of recruitment sources with smaller firms using internal sources and large companies opting for on-campus recruitment (McCormack and Scholarios, 2009).

Research confirms that there is interdependence between labour market conditions and recruitment strategies adopted by firms (Schwan and Soeters, 1994). A firm's choice of recruitment strategy is influenced by its power in the labour market and the capacity of its internal structure and resources to develop appropriate strategies (Windolf, 1986). Windolf's typology of recruitment strategy shows that firms possessing high labour market power and intelligence will follow 'innovative' recruitment strategies to attract a heterogeneous group of creative applicants by drawing on a wide range of recruitment sources with low technical complexity. 'Autonomous' strategy firms have a precise requirement of the ideal candidate in terms of skills, age and gender, and are isolated from

labour market fluctuations. They use narrow, specific recruitment channels which include job centres, head hunting agencies, professional journals or newspapers, with high technical complexity. The status quo strategy is focused on attracting a homogenous set of applicants and deliberately relies on social networks and referrals reflecting a traditional, conservative strategic stance especially for unskilled and white collar workers. Windolf (1986) suggested that those in the innovative and autonomous category relied on social networks for white collar workers only. Firms that are holding weak market positions are likely to be flexible (muddling through strategy) and use a less sophisticated method of recruitment and selection. .

The study by Ullman in 1966 (adapted from Breaugh and Starke, 2000) was one of the first to examine how recruitment sources impact on HR related outcomes; this showed that employees recruited by means of informal sources, for example, employee referrals (Saks and Ashforth, 1997) and direct applications, had a lower turnover rate than those recruited via formal sources like newspaper advertisements and employment agencies (Saks and Ashforth, 1997). Other studies also showed similar results where sourcing through employee references, in-house job postings and the rehiring of former employees was more effective, showing a lower turnover or better job survival rates when compared to recruiting through employment agencies, school placements and newspapers (Zottoli and Wanous, 2000). In fact, such studies indicated that employees recruited from informal sources were of higher quality and more likely to be offered jobs (Kirnan et al., 1989, Breaugh, 1992).

Literature evidence suggests that there is no best practice recruitment approach or model. Organisations have their own way of conducting recruitment activities subject to a variety of factors. A typical recruitment activity usually begins with a job description and role analysis in which country-specific culture and societal values may act as a mediating factor in determining the job specification. In that aspect, the organisational practice of using informal sources and social relations or networks to hire people reflects societal effects, and social capital has the potential to serve as a useful theoretical lens to explore such effects.

3.4.2 Selection

In the HRM literature from western, mature economies, systematic selection is considered essential for achieving key organisational outcomes (Storey, 2007) and is considered as a core component for a high performance management approach to managing people (Marchington and Wilkinson, 2005). On these terms, good selection practices suggest that each candidate should be assessed against the selection criteria (Torrington et al., 2005). The choice of appropriate selection techniques depends largely on the type and level of the job. Selection techniques, for example, assessment centres, bio-data, interviews, psychometric tests, reference checks and work sampling, are designed so that attributes, skills and qualities indicating the suitability of the candidate for the job can emerge.

Ryan et al. (1999) conducted one of the most extensive research projects on 959 firms across the world on the manner of hiring decisions; these firms are located in 20 different countries around the world (the USA, Canada, Europe, Africa, Australia and Asia) and reported that they use applications, educational qualifications, and references from previous employers as a means to make decisions about prospective employees; they also reported the usage of personal reference to some lesser extent. Employers can adopt multiple methods to select but the one filter commonly used by all is the interview (Windolf and Wood, 1988). A typical selection process can be conducted using one or multiple stages of interview to arrive at a decision. Interviews can be conducted in a structured, semi-structured or unstructured manner but some evidence suggests that it is structured interviews that can yield greater selection validity (Rynes et. al., 2000).

Professional managers in developed countries like the USA and the UK tend to use formal procedures such as assessment centres, interviews and written tests to select potential employees. According to Wolf and Jenkins (2006), a growing consensus around formal testing means that it is seen as a major indicator of good HR practice in selection. In particular, the use of competency-based tests enables a higher quality selection, and arguably, the formalised, more transparent measurement of candidates' suitability also affords organisations greater protection in a climate of increased equality regulation (Wolf and Jenkins, 2006). However, some studies have indicated that the recruiters go to great

lengths to gather information which is excluded in a legal process and this is done through subterfuge, gossip, or personal social networks (Taylor, 2006).

The notion of formality and informality in recruitment practices is well established but in selection literature no such clear argument can be found. Such notions therefore can be explored in terms of the rigour, efforts and possibly the applications of multiple selection techniques that selectors use to find suitable candidates. It is acknowledged that, just like in recruitment practices, informality in the selection process can also pose a risk of favouritism or nepotism and therefore questions the credible practices of equality of opportunity in hiring practices. In a real life context, all firms use some combination of formality and informality in their managerial practices. A business having to use formal methods in recruitment and selection practices does not necessarily preclude informal processes; applications of word of mouth may underlie formal processes of application and assessment some evidence of which will be shown in this study.

3.5 Social Capital in Recruitment and Selection Studies

According to Brook (2005), social capital has a role to play in determining labour market status and employment terms (Brook, 2005). When organisations search for potential candidates through the networks of existing employees and others, it uses their individual social capital created by family-friend circles, colleagues, neighbours, or people from the same region and political affiliations. Literature addressing the application of social capital in recruitment and selection studies showed that social capital helps workers find jobs (Granovetter, 1995; Lin et al., 1981) and creates a richer pool of candidates for firms (Fernandez et al., 2000). Recruiters often place more trust on potential candidates who have references from other people in their social networks (Brook, 2005). References about potential candidates are also considered useful to reach a selection decision related to low-skilled jobs and where there is an abundant supply of labour with many candidates holding similar qualifications (Brook, 2005).

Studies show that social capital also influences career success (Gabbay and Zuckerman, 1998) and reduces turnover rates (Krackhardt and Hanson, 1993). Saks (1994) conducted research on the psychological effect of recruitment sources and the availability of organisation specific information on job survival. Sak's work identified that referred employees coped better, had better access to information, better met expectations and eventually had better job satisfaction that lengthened their service period. Interestingly, studies also showed that such positive outcomes happened when references came from the existing employees of an organisation (Fernandez and Weinberg, 1997). The underlying assumption here is that as referred candidates have better access to 'difficult to obtain information' from their referee, they can prepare better and therefore enjoy certain advantages at the interview and job offer stage. An employer's trust of employee referral in this case is backed up by a 'reputation protection mechanism' (Breaugh, 2008). Employers can rely on an employee's reference for the latter is quite unlikely to recommend someone who may be a discredit to their (employee's) own position in the company (Brook, 2005).

It is generally acknowledged that many South-East Asian and Latin American countries place an emphasis on relationships and therefore prefer a networking and 'word of mouth' reputation over formal procedures (Nielson Company, 2015; New Zealand Education, 2015). Word of mouth is very popular in Greece, Turkey and to some extent France, but not so in the UK, Germany or Netherlands and it is very rare in public companies (Brewster et al., 2011). In India, private companies tend to use word of mouth and internal advertisements for new recruits while public companies follow a more westernised formal recruitment process as they are bound to advertise legally and this involves interviews and other assessments (Budhwar and Khatri, 2001). Middle Eastern and African countries are also likely to use informal channels such as relatives, networks and friends (Tayeb, 2005). Organisations in many developing countries therefore are likely to rely more on informal practices to hire people. It is, however, important to differentiate ideas around informality from nepotism since the latter can be present everywhere, in developed as well as in developing countries (Tayeb, 2005) like Bangladesh.

Any reference from family members and their assistance during the hiring process is known as recruitment nepotism (Hernandez and Page Jr., 2006). The concept of nepotism has gained more criticism (Padgett and Morris, 2005), and is more often dubbed as a modern day managerial curse rather than being recognised for the supposed utility benefits (O'Reilly and Pfeffer, 2000) it brings. The possibility of familism or nepotism in a social capital generates a two-tiered moral system, in which a person must favour the opinions of family members which can result in trust problems with other employees. Organisations can find it difficult to attract qualified managers as they might be unjustly surpassed by family members during the promotion process, resulting in low morale. These managers can be exposed to family quarrels and disciplinary problems if they have to deal with a relative of the owners and will experience a lack of empowerment.

In Coleman's opinion, social capital is a neutral resource that facilitates any manner of actions, but whether society is better off as a result depends entirely on the individual uses to which it is put. Research on the differential access to social capital becomes a high priority when one actor's social capital advantage is often a disadvantage for another actor (Lin, 1999). People with higher social capital can get a full-time job with better offers and they tend to have better success if they are from a better economic and social background. Research has indicated that children who enrol in the same profession as their parents have a better chance of success when compared with others with same skills. Bourdieu's (1986) analysis of French society indicated that people are differentiated according to their possession of economic, social and cultural capital. Young people from dominant backgrounds were better able to negotiate job offers with relative confidence and ease (Bourdieu and Wacquant, 1992). Similar examples can be found in the work of Moss and Tilly (2003) and Loury (1981). The latter showed that racial inequality could continue for the black workers who inherited poverty from their parents in the form of lower material resources and educational opportunities. These workers had a poorer connection to the labour market and therefore lacked information about opportunities.

Thus it is clear that all social capital is not created equally as the value of a specific social capital depends on the socio-economic position of the source within a particular society. When a particular group of people colonise a specific employment sector and members

have privileged access to new job openings which restricts outsiders, this causes ethnic niches to emerge. Mobility opportunities through such niches are entirely network driven. Members find jobs for others, teach necessary skills, and supervise performance. Entry level openings are frequently filled by contacting kin and friends in remote foreign locations instead of contacting other available local workers (Sassen, 1995); examples of this can be found in restaurants and in the garment businesses.

This implies that the social context within which individual maturation occurs strongly conditions what otherwise equally competent individuals can achieve. This also implies that absolute equality of opportunity is an ideal that cannot be achieved through the application of social capital. The discussion above thus leads to two types of critique (both of which may be challenged in their turn). One is that an over-reliance on social capital leads to inefficient outcomes because it distorts the 'true' market. The other is that it is unfair or unjust most obviously when it prevents members of oppressed social groups from obtaining employment. It is in the equality literature on nepotism and recruitment and selection practice, where these arguments are made with the most force.

The following discussions identify social capital as a theoretical lens through which to explore societal effects in organisation studies.

3.6 Linking Society Effects and Social Capital

Maurice (2000) argued that the object of enquiry in research can be treated as socially or sociologically 'constructed' where the starting point for analysis is not the society as a whole but rather, the deconstruction of empirical or natural categories and their subsequent reconstruction or socialisation within the social space of which they belong. This implies that one of the ways to understand social systems would be to see how they arise out of the activities of organisations (Sparrow and Budhwar, 1997) through studies on the interaction of people at work, job characteristics and systems of recruitment, education, training, remuneration and industrial relations.

The societal effects approach views organisations as 'social entities' integrated into the institutional and value structures constituting the culture of a society (Mueller, 1994). Thus organisations' tendency to meet and reflect societal expectation can be found in their practices, for example, environmental policies. Staw and Epstein (2000) conducted a study on 100 large USA companies which showed that popular management techniques reflected cultural values as a technical solution; their adoption reflected an alignment of corporate and societal values. In Staw and Epstein's research, it was societal norms that pushed organisations to adopt particular management techniques and when these organisations did so they were perceived to be more innovative and their CEOs earned higher salaries irrespective of any performance gain. Social and economic conditions that shape the behaviour of organisations in environmental practices in a single industry are, however, more suited to show broader trends rather than individual performances (Gunningham et al., 2003).

Existing literature indicates that different societies have different views on recruitment and selection; family connection is important in Mexico (Gomez and Sanchez, 2005), non-technical criteria is found to be important in Taiwan and Japan due to people's concern for harmonious relationship (Huo et al., 2002). Scholars taking an interpretive approach view recruitment and selection activities in support or reflection of organisational and social dynamics rather than managerial efficiency (Marchington et al., 2003). Such an approach encourages a focus on issues to go beyond the performance and efficacy of recruitment and selection, addressing wider debates and locating this managerial activity as a social process that has effects within and beyond the organisations.

Literature evidence shows that societies that emphasise collective values tend to prefer more personal or relationship oriented recruitment sources, for instance, employee referral or networking at job fairs. The Chinese practice of 'guanxi' uses the personal network of extended family and other developed relationships and connections to gain co-operation (Tayeb, 2005). Organisations in China or Mexico are likely to choose applicants based on family background, references, university rank, and in-group status. Recruitment in India, especially in the private sector, reflects a collectivist and high context orientation (Hall and Hall, 1990; Hofstede, 1991). American and British societies portray individualistic

values and are more likely to prefer open, professional and objective methods of recruitment and selection practices. All this evidence suggests that each organisation is subject to industry norms and practices situated in a particular social context which might encourage compliance with local rules and customs and reduce the need for formal controls.

Scott (1995, 2008) spoke of three pillars of institutions, namely regulative, normative and cultural-cognitive structures which characterise an institution whose activities provide stability and meaning to social behaviour. The regulative dimension of an institution can be formal or informal in order to regularise or shape and constrain behaviour. Regulative institutions consist of "explicit regulative processes: rule setting, monitoring, and sanctioning activities" (Scott 1995, p. 35) and are about local laws, regulations and their enforcement in managing the demands of regulators and governments. The normative pillar consists of values and norms as guides to social and political behaviour, making institutional mechanisms more normative than purely coercive, and operating from the logic of appropriateness rather than instrumentality. It is about socially shared expectations of appropriate behaviour and social exchange processes as it introduces "a prescriptive, evaluative, and obligatory dimension into social life" (Scott 1995, p. 37) to "help us understand how values and normative frameworks structure choice" (p. 38). Cultural cognitive elements emphasise the shared conceptions that constitute the nature of social reality and the frames through which meaning is made. Cognitive pillars are about shared identities, scripts or conceptual frameworks that bridge differences in values or interests. Laffan's (2001) paper on European Union polity showed that the regulative pillar is built on a pre-existing normative pillar or common values but the former gained prominence created by the market as a fabric of integration. The relationship between these three can be dialectical as each offer a different rationale to claim legitimacy, whether by virtue of being legally sanctioned, morally authorised, or culturally supported. An organisation's HR practices can be supported in a societal context by all three institutions (Scott, 2008).

Recruitment and selection policies are rather internal to the organisation but the application of social capital in such can be subject to normative and cognitive institutional

supports where the social sanction of individuals who violate values, beliefs and scripts for appropriate behaviour in various social settings can be made. At the social network level, participants are encouraged to comply with the norms and values of the networks and have an obligation to be trustworthy (Granovetter, 1985). It is found that in some societies, informal networks are still more effective than formal laws and regulations when dealing with local problems (Mol and Van Den Burg, 2004). Societal institutions of norms, values and culture determine the needs, beliefs, hopes, aspirations, attitudes, work values, and perceptions of what constitutes desirable behaviour and therefore condition the internal climate or work culture reflecting social effect. There exists an organisational community where firms share common norms and rules (Scott, 1995). The institutional perspective on companies acting in the face of external conditions states that their actions and all economic activities are embedded in social structures that constrain some actions but enable others through the operation of norms of trust and reciprocity derived from social interaction (Dacin et al., 1999).

3.7 Conclusion

Discussion in this chapter establishes a theoretical claim that the concept of social capital allows a better understanding of the empirical process of recruitment and selection. Overall, the discussions here were intended to establish the organisational practices of social networks or social capital for recruitment and selection as a possible indication of resultant society effects. The extent to which social capital can be applied in management practices is subject to local laws, regulations and informal institutions of culture, norms, values and trusts in social relations. Overall, discussions here show that literature evidence supports the application of the concept of social capital in assessing recruitment and selection practices; this notion of social capital being a part of or related to society effects is, however, relatively new and underdeveloped. It deserves further empirical research.

Chapter Four

Methodology

4.0 Introduction

This research project uses an analytical framework based on concepts of social capital and the private regulation of social compliance standards, in conjunction with the original SSD framework (Smith and Meiksins, 1995), as a holistic approach to understanding supplier firms' changing management practices. Through a review of the literature, it was argued that 'private regulation' is an important element to be taken account of within the SSD framework as a factor that can construct societal effects and dominance effects. Concurrently, social capital theory was contended to be a useful lens to explore social relations and societal effects in the context of a developing country. This chapter focuses on the methodological issues involved in the present study and particularly in investigating the research questions (here repeated from chapter one for ease of reference).

Q1: How do the system, society and dominance effects influence the recruitment and selection of managerial staff at the supplier firms in Bangladesh?

Q2: Why are these sources important to understand the industry practices of recruitment and selection?

The overall objective of this research project is to explore and identify the specifics of SSD effects on supplier firms' management practices and their responses through strategic choices made and actions taken. The research project adopts a critical realist perspective and its implications for the overall study are discussed in this chapter. In line with the critical realist ontology, a retroductive research strategy is adopted following Houston's (2010) steps to achieve retroduction. Subsequent discussion explains the research design, the process of data collection and the data analysis and coding processes. The later part of the chapter reflects on the issues of validity, reliability and reflexivity to consider any possible influences that the researcher may have on the respondents and the research

process itself. The following section introduces the philosophical standpoint that has guided the overall research project.

4.1 Research Philosophy

A paradigm is simply a belief system or theory that guides the way a researcher thinks and acts. Patton (1990) described a paradigm to be a world view, a general perspective and a way of breaking down the complexity of the real world. A paradigm can be characterised through its axiology or ethics, ontology or what is reality, epistemology or how we know things, and methodology or means of acquiring the knowledge from the world (Denzin and Lincoln, 2005). The research paradigm that has guided and informed this study is critical realism. A critical realist identifies and verifies underlying generative mechanisms in the form of institutions, resources, rules, conventions, habits and procedures that give rise to actions and events which can be experienced in the empirical domain. It recognises that social forces act upon and affect people's behaviour without them even being aware of it (Saunders et al., 2003, Ackroyd and Fleetwood, 2000).

A clearly defined ontological standpoint is important for a research project as it provides a foundational set of orientations shaping the ways in which certain studies should be undertaken, including research strategy, methods, data collection and the systems of data analysis. In this study, the researcher did not follow a positivist's stance. A personal interview with the respondents made it impossible for the researcher to remain completely separated from the study. Neither could the researcher control each research setting in full as it took place in a natural environment. Therefore, the likelihood that research outcomes were influenced by the researcher or context is not denied. The researcher is sceptical of positivist thought on 'reality' as measurable. As a critical realist, the researcher believes that there are some complex things or entities and even though these cannot be seen or measured, it does not indicate their non-existence. This is why the researcher supports the criticism of positivism as being 'superficial' (Bhaskar, 1989) for it fails to acknowledge the underlying structure that gives rise to observable results. The researcher would like to further argue that a lack of sensitivity to environmental

fluctuation or research context in positivists' approach makes it ineffective and inappropriate to conduct exploratory, inductive research.

An interpretivist paradigm views the scientific method as an inappropriate way to study society as it fails to capture the way people think and reflect. Interpretivists do not separate a researcher from his/her research. Interpretivists maintain that there is a need to delve into the reasons and meanings behind each action to understand social activities. The knowledge thus created is based on the researcher's frame of mind and can vary, creating multiple forms of reality. This, however, means that assumptions are essentially subjective and hence knowledge is value-laden and not value-free (Guba and Lincoln, 1994). Interpretivism is also criticised for its 'epistemic fallacy' (Bhaskar, 1978, p. 36); it does not follow that reality exists independently and is not just shaped by social actors.

Analysis of the three alternative enquiry paradigms with reference to the table 4.1 (p-71) below indicates that critical realism bridges the gap between positivism and post-positivism. The researcher does not agree with the labeling of critical realism as an 'anti positivist movement' (Denzin and Lincoln, 2005) for it recognises, but is not limited to, the empirical domain of reality. It can be said that growing dissatisfaction with the inherent explanatory limitations of the two lead to the emergence of critical realism (Reed, 2005). It should be noted that the issue of probability (see table 4.1) in critical realism is considered problematic due to its failure to distinguish between a necessary sequence and an accidental one, and for conflating chance or random elements with lack of knowledge and lacking in 'force' to postulate mechanisms. It is therefore viewed by critical realists as an epistemological matter and they accept it as 'incomplete knowledge' (William and Dyer, 2005; p. 71).

Table: 4.1 Alternative Inquiry Paradigms; Adapted from Guba and Lincoln (1994)

	Positivism	Post-positivism	Interpretivism
Ontology	Naïve realism, objective, external reality. There is a single reality. Things in the world can be known directly.	Critical realism, –'real' reality but only imperfectly and probabilistically understood. Social phenomenon exists in the objective world and among them there are some lawful and reasonably stable relationships. Our understanding of reality is constructed.	Ontological Relativism – multiple social realities and products of human intellects exist and may change as those constructed them change. Reality is internal; truth depends on the knower's frame of reference.
Epistemology	Objective point of view. Knower and known are dualism, or independent. Learning is transferring to what exists in reality to what is known by the learner.	Modified dualism. Findings probably objectively 'true'.	Subjective point of view. Knower and known are inseparable.
Methodology	Quantitative experimental research design. Focus on controlled settings and internal validity.	Interpretation of research issues by qualitative and quantitative methods; triangulation. Use interviews, case studies and questionnaires.	Qualitative naturalistic; emergent research. Focus on natural setting and external validity. Use ethnographic pose, historical narratives, first person accounts, life histories, autobiographical materials.

Critical realist ontology contains three fundamental principles: ontological intransitivity; epistemic relativity; and judgmental rationality (Bhaskar, 2008). This means that reality exists independently of knowledge; all knowledge is socially constructed and there are rational grounds for preferring some beliefs over others. Critical realism therefore holds a pluralistic view of what constitutes knowledge. Bhaskar (1989) also stratified reality into three levels which are distinct but 'exceptionally coextensive' (Pratten, 2000). At the empirical level, events experienced with the senses can be observed and measured. The actual level encompasses all events and actions which may or may not be observable unless actors have identified them correctly. The real domain comprises of objects and their structures and powers (Sayer, 2000).The structured objects, with their causal powers in the 'real level', have the capacity and tendency to produce outcomes, which may lead to

perceivable events if activated. The processes by which these structures generate events are understood as the 'generative mechanisms'. It is this domain of the real that has central importance in critical realism (CR) research. It requires researchers to 'dig' beyond the domain of the empirical in order to identify and understand the structures and causal powers in the domain of the real. Based on this assumption, the focus of this study is how multiple underlying structures and effects play out on apparel suppliers. In this sense, the SSD framework adopted in this study provides a way to integrate system, societal and dominance effects and to examine their manifestations and impacts in the domain of the actual and the empirical.

There is an ontological debate surrounding the issue of causality between critical realists and its opponents. Critical realists argue that causality is not deterministic; rather, it is multifaceted when events are dependent on the interplay between many causal mechanisms operating at different ontological levels (Mingers, 2004). Causality is also related to the area of contestation between structure and agency. Critical realism accounts for an understanding of the connections at the level of structures (Ackroyd and Fleetwood, 2000). Interpretivists often criticise critical realism for neglecting the complexity of interplays between structure and agency. The researcher would like to contradict such criticism by saying that each element in the structure agency matrix, when kept separated ontologically and analytically, helps to better understand their dynamic interaction over time and space. This can also help in mapping out and explaining the longer term institutional consequences (Reed, 2005).

4.2 Linking Philosophical Assumptions and Methodology

Archer (1995, p. 16–17) stated from a critical realist perspective that 'the nature of what exists cannot be unrelated to how it is studied'. She viewed a methodology as 'blind' without ontology and ontology as 'deaf and dumb' without methods. The researcher agrees that methods chosen for use in a study ought to be guided by the research questions and the methodological perspective. Methods selected for this research project were influenced by the nature of the phenomenon under study: an under-researched

country and relatively less well-known topic. Besides, restricted access and sensitivity around the industry made qualitative measures with critical realist ontology suitable to study this topic.

The researcher views that changes in a predominantly social network driven recruitment and selection process is not just a socially constructed entity. Rather, it could be a product of local actors' strategic choices and pressure from local and global environments, and/or from lead actors (for example, global buyers) in the global supply chain. The researcher agrees that between the intransitive ontological and transitive empirical dimension, the most important driver for decisions on methodological approach by a realist would be the intransitive one: the aim to unearth real mechanisms and structures underlying the perceived dimensions. Reality is intransitive and enduring but the value laden observations of reality are transitive and changing. A lack of division between these two is often a fundamental error or epistemic fallacy made by postmodernists and interpretivists (Bhaskar, 1978).

The philosophy of critical realism is gaining its appreciation and usage in organisation and management studies (Fleetwood and Ackroyd, 2004). Critical realism is supportive of connecting a broad range of areas and instead of developing increasingly specialised knowledge it encourages synthetic understanding. Therefore, a search for 'generative mechanisms' (Tsoukas, 1989) might contribute to the understanding of the changing dynamics of network driven recruitment and selection strategies. This could be further explained by the private regulation of businesses through codes of conduct in a global buyer driven commodity chain.

4.3 Research Strategy: Retroduction

Critical realism adopts a retroductive research strategy; that is, 'working back' from the identification of observable phenomena, to theoretically postulated structures and causal powers that have capabilities to generate these phenomena (Danermark et al., 2002; Sayer, 2000). This retroductive research strategy contrasts with the inductive, deductive and abductive strategies that are also used in both natural and social science. Inductive

(observe and generalise) and deductive (hypothesise and test) strategies are normally associated with positivism, which primarily aims to search for empirical regularities. These are not considered appropriate for critical realism research as both fail to give guidance on how researchers can, from observing particular phenomena, gain knowledge of the deep structures and mechanisms that produce these observable phenomena (Danermark et al., 2002). Abduction focuses on the recontextualisation and reinterpretation of the motives and accounts of actors involving particular social situations. According to Danermark et al. (2002), abduction could also be used complementarily with a retroductive strategy in critical realist research as a way of theoretical redescription. The present study basically adopts the retroductive strategy because it is the most commonly used strategy in critical realism research, and it fits with the present research agenda.

This study applies Houston's (2010) stages of retroduction. In the first stage, researchers ask transcendental questions, which are concerned with the underlying structural forces such as 'what must be the case in order for events to occur as they do?' (Houston 2010, p. 83–84). In the second stage, to answer those questions, the researcher needs to provide 'a priori' hypotheses to explain what has been observed. These hypotheses may draw on logical inferences and theoretical concepts. At the third stage, researchers need to collect evidence to confirm, deny or modify the hypothesis. At this stage, mixed-methods are important to 'capture the complexity of the objective and subjective dimensions of social life' (Houston 2010, p. 84). At the fourth stage, researchers look to reaffirm the earlier hypotheses in order to answer the transcendental questions. Explanatory hypotheses may be refined, redefined or reformulated, and then further evidenced to a saturated point, where 'there is a robust connection between the hypothesis and the patterns of social activity observable in the empirical world' (Houston 2010, p.85). The final stage involves the instigation of emancipatory actions to counter oppressive mechanisms. This stage, however, is not included in the research agenda of this study.

The present study follows Houston's stages; in the first stage, the transcendental research questions seek to get a grasp of deep level structural forces and investigate how their causal powers shape the management and organisation of supplier factories and their strategic choices. In this study, the SSD framework, combined with private regulation and

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social capital, is utilised to generate hypotheses. From a CR perspective, the SSD effects are considered as generative mechanisms that could give rise to certain empirical tendencies within suppliers and their workplaces. The first research question in this study asks how the structural forces at the international and national levels are manifested and play out in Bangladeshi supply firms and their management practices, in particular, recruitment and selection. It aims to investigate the institutional factors surrounding the suppliers.

The second question asks why these forces are important to understand the management practices of global suppliers. The concept of private regulation proposed in the literature review was useful to capture the power relations between leading firms and suppliers; local actors manage and react to these supply chain relationships according to their own interests and needs. Therefore, it is hypothesised (as expected in stage 2 of Houston's approach) that the private regulation of social compliance may influence the management and organisation of global supply firms. The study also considered the status of suppliers coming from a developing county and hypothesised about the kind of societal influences that these firms may be subject to in terms of social relations, social prejudices and social values carried over to work places. In this sense, it is hypothesised that the combined effects of SSD and their dynamics with management in supplier firms will shape the specific features of recruitment and selection within this specific context. It is possible that the management policies and practices in global suppliers are shaped by the SSD effects, but gets negotiated through strategic choices made by the local actors. The third step for retroduction involves seeking evidence for these theoretical and hypothesised relationships; the following section thus explains the research design and data collection methods.

4.4 Research Design

A research design states how the researcher is going to generate and judge evidence in a relevant and practical way to answer research questions. The research design developed for this study incorporated some features of 'embedded design' and 'exploratory design', two of the four mixed designs advocated by Creswell and Plano Clark (2007). The researcher adopted a reverse embedded design by placing the quantitative data within a

predominantly qualitative study to supplement and enhance the latter. Quantitative content analysis was carried out to supplement qualitative findings. The design was also 'exploratory' for it involved conducting a quantitative data analysis after pilot interviews and before field work in Bangladesh to get some answers on the dimensions and prevalence that describe the central phenomenon.

The researcher's initial research design included content analysis of recruitment advertisements and case studies but later, she had to consider adding individual interviews. It is understood that case studies can help to ground rich and thick descriptions and therefore develop good knowledge on the phenomenon and its context. However, only a limited number of respondents (12 to 14) could be accessed for interviews from each of the case study organisations. Besides, the researcher wanted to interview recruiting managers which in small and medium garments mostly happened to be the owners. Larger companies, however, would include some of the top managers and departmental heads in their recruitment and selection teams but not all of these managers could be accessed for interviews. Therefore, a mixed design seemed appropriate to understand the phenomenon and led the researcher to look for individual interviews, especially with recruiting managers or owners in other garment factories. Data collection for this project was continued until it reached the point of saturation when each interview was reinforcing the points made by other interviewees and the researcher was picking up relatively known normal information; thus the return on cost and time on further interviews was not considered worthwhile. According to Sayer (2000), critical realism is compatible with a wide range of research methods, choices of which 'should depend on the nature of the object of study and what one wants to learn about it' (p. 19), thus the design adopted for this project deemed fitting with its ontological context.

4.5 Methods

The critical realist approach is supportive of combining quantitative measures with qualitative ones. Such a combination helps build on each other's strengths and avoid weaknesses. The researcher adopted multiple methods to attain triangulation of data; a methodological pluralism carried out to have an in-depth understanding of the subject of

inquiry to avoid fallibility. Some researchers (Strauss and Corbin, 1990; Morgan 1998) supported that both methods can be effectively applied on the same project in any order (Morgan, 1998) or even simultaneously (Creswell, 1995). The researcher collected data using case studies, interviews, publicly available online documents (online recruitment advertisements) and other secondary sources of information. The application of multimethods enabled the researcher to compare accounts from different perspectives, and the better capture of 'information' and the 'perspective' of the accounts. This is considered to be an important way to enhance the validity of qualitative data (Yin, 2009). In relation to a retroductive research strategy informed by the critical realist perspective, Downward and Mearman (2007) argue that triangulation plays a key role in retroductive activity. Thus multiple data sources here made it possible to identify, contrast and complement accounts to better relate these empirical accounts to the underlying structures and mechanisms.

Case studies in this project offered a comprehensive understanding of recruitment and selection practices within a particular garment business. Individual interviews offered variations, sameness as well as depth in developing a much broader verifiable and reliable understanding of the subject of interest. The researcher also examined relevant historical evidence to understand people's cultural orientation surrounding the industry and its progress so that the unit of analysis can be meaningfully situated in and around research topics. All of these were carried out to incorporate breadth, depth, richness and complexity to the subject of inquiry and to reflect the rigour undertaken in doing so. The following section describes the methods used in this research project.

4.5.1 Pilot Interviews

Pilot testing (interview) and analysis of recruitment advertisements were carried out before the fieldwork which helped the researcher later to confidently collect empirical data from the participating supplier firms in Bangladesh. Pilot interviews were conducted over the phone and in person by attending a Bangladeshi garments clothing show in London in March 2011. This enabled the sensitisation of the researcher to avoid a 'communicative blunder' during later interviews (Wengraf, 2001; p. 50) in Bangladesh. The researcher

found telephone interviews convenient for it saved cost and travelling time to Bangladesh at least at this initial phase. In telephone interviews, a respondent's behaviour could not be observed (Creswell, 1998) and questions had to be kept short and simple. Interviews with respondents who came from Bangladesh to participate in a clothing show in London, however, gave the researcher scope to observe respondents' behaviour. This experience of what to expect from such busy professional respondents also helped the researcher prepare for interviews in Bangladesh.

4.5.2 Online Recruitment Advertisement

With very little information available on garment businesses and their management practices, online recruitment advertisements were an immediately available source to understand garment employers' preferences in recruiting candidates. In any interview, a lack of adequate background knowledge might make the researcher feel that she did not belong to the 'group' (Bryman and Bell, 2003) for she may not have enough 'prior knowledge' (Hakim, 2000) on management practices of garments businesses to ask the right questions (Miller and Glassner, 2004). There are approximately ten online job sites in Bangladesh, and one of the most popular and widely used jobsites, bdjobs.com, was chosen.   The following table (4.2) provides a summary on the date and number of advertisements selected, downloaded and printed for this purpose

Table 4.2: Summary Table on Advertisements

Month	No of ads	Selected No	Repeat Ads	Newspaper Ad
10 July2010	265	202 (19%)	--	11 (1.1%)
10 August2010	230	142 (14%)	9 (0.9%)	3 (0.3%)
10 September 2010	266	178 (17%)	3 (0.3%)	15 (1.4%)
10 October 2010	278	182 (18%)	19(1.8%)	24(2.3%)
Total	1039(100%)	704 (68%)	31 (3%)	53 (5.1%)

The researcher considered ethical grounds (Hine, 2011) before accessing internet data and avoided bias shaping the data through the usage of 'coding' to create a database for analysis. A total of 704 out of 10,039 advertisements were selected to create a database for analysis; advertisements posted by companies associated with textiles, buying houses

and accessories were excluded. Only the advertisements which clearly indicated the company to be garment firms by name or by the type of business it belonged to were chosen. If any advertisement published in one month (July) reappeared in the next month (August), it was considered a repeat and was not included in the database. Repeat advertisements could be identified from the original posting date given. A small percentage of these advertisements (5.1%) indicated that newspapers were also used to increase circulation.

4.5.3 In-depth Semi-structured Interview and Other Archival Sources

All the way through field work, mostly in depth semi-structured interviews and some secondary sources were used to collect data on 22 different garment firms. Kahn and Cannell (1957) described interviewing as 'a conversation with a purpose' to understand language and culture of the respondents (Silverman, 2006). The researcher opted to use semi-structured interviews which allow the use of a clear list of questions with flexibility to sequence them from one interview to another. The researcher could make better use of open-ended probing questions and exercise control over time and this gave the respondents scope to elaborately answer complex issues more flexibly (Saunders et. al., 2003). Thus the researcher could avoid the typical disadvantages of structured interviews such as rigidity, inflexibility, a lack of opportunity to ask probing questions on complex issues, and the possible failure by the respondents to understand questions. A choice of semi-structured interviews also minimised the likelihood of receiving socially desirable answers (Fontana and Frey, 2003) from respondents which is a common disadvantage of structured survey questionnaires.

Semi-structured interviewing allows a researcher to omit some queries or probe further using relevant supplementary questions depending on interviewees' mood and the context of the interview. This can be very helpful for the further exploration of a respondent's perception about a research subject. A researcher can pursue 'interesting' information which was originally perceived as unimportant and unnecessary for the respondents to write down if it were a survey research (Stake, 1998). The researcher took this opportunity to come across and pursue some unanticipated 'late emerging issues'. The researcher did

not opt for an unstructured interview as it invites a greater scope of bias; respondents may answer in all directions, making comparison difficult and the process itself may become costly and time-consuming (Mitchell and Jolley, 2010).

Interview methods can be criticised for the researcher's tendency to present a romanticised view (Silverman, 2006) of the real content of the interview. It has been argued that respondents sometimes resort to familiar narrative constructs which lack meaningful insights into the subject of interest (Miller and Glassner, 2004). The researcher does not deny the possibilities of such shortcomings in interviews and minimised such effects by conducting a greater number of interviews and spending more time on field work. In a later section of this chapter, the researcher shares detailed and specific information about her experiences in interviewing the respondents of this study.

4.5.3.1 Other Archival Sources

During fieldwork in Bangladesh, some secondary documents, for example, participating firms' company profiles, annual reports, and newspaper coverage on the garment sector were collected. The company profiles that participating garment businesses shared were originally intended for potential and existing buyers and thus offered limited information of interest. It was observed that compliance certified organisations had better record keeping or documentation that basically covered information on workers' health, safety, benefits, and wages. Only a few large-scale garment firms had written HR policies and on request shared some sample documents with the researcher. In addition to this, the researcher also routinely searched the internet to draw out as much information as possible on a factory before going there to take interviews. Not all garment firms had their own company website but of those who had, it was found that, large and reputed garment firms shared more information on their businesses while medium or small factories mostly provided addresses, contact details and details about the type of garments they made.

4.5.4 Case Study

A case study is considered to be an established method in organisation research (Yin, 2003) which understands real-life context and explores events or process. It allows the usage of multiple methods with a high flexibility in design. Vicarious experience and full and thorough knowledge obtained during a case study can help a researcher capture its uniqueness. Cases can be aptly used in the early, formative stages of a research area that lacks good documentation (Bryman, 1989), where the context is critical in understanding actions (Cepada and Martin, 2005) and actors' understandings of the meanings of context (Saunders et al., 2003). Thus the researcher felt that a case study was one of the more well-suited methods to collect data on an under-researched area of interest like the Bangladeshi garment sector.

Sayer (2000), a critical realist, argued that the task of intensive case study research was to identify as well as to analyse social processes and practices that cause change. Robert Stake (2005) considered case study to be a 'choice of what to study' rather than a 'choice of methodology'. Other researchers have viewed it as an alternative research paradigm and method (Hammersley and Gomm, 2000). The researcher undertook case studies both as a method of collecting data as well as a choice of what to study. Case studies can be stressful, laborious and end up with a huge collection of data which could be difficult to analyse. But the researcher would like to argue that cases can yield highly valuable research if focused properly and conducted with a logical course of action (Yin, 2003).

In qualitative research, a case study concentrates on experiential knowledge of the case with careful attention to any political, social and cultural influences, making it both a process of enquiry and the product of such enquiry (Stake, 2005). It has an epistemological advantage over other methods for naturalistic generalisation (Stake, 1978). Naturalistic generalisation can be arrived at by recognising the similarities of objects and issues in and out of context which develop within a person as a result of experience. Knowledge from a case study is, however, criticised for its failure to arrive at any formal generalisation; it does not qualify for empirical and logical tests. Lincoln and Guba (1985) talked about transferability rather than generalisability of knowledge gained through a case study. While

Donmoyer (1990) criticised Lincoln and Guba for not recognising that knowledge from one case can be used to understand both similar and different cases. The researcher shares Hammersley et al.'s (2000) notion that it is not an in-depth study of a single case but comparative analysis that can provide a sound basis for theoretical conclusions and therefore opted to conduct case studies on three garment firms whose owners provided her with the required level of access and co-operation.

4.6 Sample Selection: Organisations and Individual Respondents

The organisations selected for interview were access driven, purposive and followed a theoretical sampling procedure. In theoretical sampling, data collection is based on concepts derived from data analysis. Data collection and analysis go hand in hand from when the first data are collected. This leads to further data collection and subsequent analysis until the point of saturation is reached and when major categories start showing depth and variation. Variation through theoretical sampling is especially important in theory building as it increases the broadness of concepts and scope of the theory.

The kind of samples chosen in this study represented a theoretically defined universe (Mason, 1996) and is summarised in table 4.3. It sums up the number of participating garment factories in terms of their operational capacity or size. The size or operational scale of the garment business was decided based on information provided by the two industry associations, namely the BGMEA and the BKMEA. Garment firms with fewer than 1,000 employees were labeled as small. Medium garment firms have over 1,000 but under 2,000 employees. Companies employing more than 2,000 employees are considered a large category. Interview data also indicated that, majority of the participating firms (68% or 15 out of 22) have been operating for more than 10 years. Nearly one third of these factories are operating for more than 20 years in this trade. Only three firms (16%) were relatively new comers, having less than five years of business experience.

Table 4.3 below (p-83) first identifies and sums up all participating firms according to their operational capacity/size (see Appendix 2 for further details). Bulk of these firms (16 out of 22) accessed for interviews was large-scale, four were medium-scale and only two were

small factories. The table also indicates a break-down (in number) of these small, medium and large businesses against their social compliance status, location and types of product made. For example, all four medium-scale garment firms in this study were located outside an EPZ area, two of these had compliance status and three manufactured knit products. Field work experience also led to the conclusion that the issue of non-compliance is a possible factor for not gaining access to greater number of small and medium-scale garment businesses (see section 4.8 of this chapter for details on access).

Table 4.3 Summary Profile of Participating Organisations

Operational Capacity/ Size	Category							
	State of Compliance		Location		Product			
	Compliant	Non-compliant	EPZ	Non EPZ	Sweater	Woven	Knit	Multiple Product
Small	-	2	-	2	-		2	-
Medium	2	2	-	4	-	1	3	-
Large	16	-	4	12	3	1	2	10
Total	18	4	4	18	3	2	7	10

Of the three case organisations selected, Tiger Garments (a pseudonym for case 1), was a typical medium-scale knit factory and employed 1,300 employees. The second case study organisation, Aryan Global (a pseudonym for case 2,) was a woven factory located in the Dhaka EPZ, employed 4,677 employees and was under foreign ownership. The third case, Gladiator (a pseudonym for case 3), was more of an 'intrinsic' case study (Stake, 2005) selected to better understand its reputation and was highly recommended by some of the respondents from other garment businesses. All three selected case studies had one or more compliance certificates. Gladiator manufactured both knit and woven items and also operated on a super large scale with more than 10,000 employees.   The selection of multiple cases in the present research project followed a replication but not a sampling logic to produce contrasting results for predictable reasons (Yin, 2003). The idea was to make 'sufficient replication' to convince the reader of a general phenomenon. The cases

selected here proved to be instrumental (Stake, 2005) in providing insight into the related issue of recruitment, selection and HR practices in a comprehensive manner.

4.6.1 Individual Respondent Selection

Qualitative research allows a researcher to exercise their own judgment in selecting respondents who appear highly informative and therefore can help attain research objectives (Saunders et al., 2003). Interview experience showed that not all departmental heads were involved in a recruitment team. Thus at times the researcher had to specifically ask for an appointment with owners and managers with recruiting authority from a participating organisation. A total of 22 garment firms and two other related organisations (BGMEA, BKMEA) were visited for interview. The total numbers of interviews were 71 including five female respondents (see Appendix 2 for details on individual respondents and their position). All but four of these respondents were college graduates. A total of three owners graduated from UK universities. The researcher took interviews with 43 recruiting managers (18 of them were owners), 26 non-recruiting managers and officers (11 managers and 15 officers or executives) and two supplementary interviews (Alvesson, 2011) with the BGMEA and BKMEA research section.

Overall, the present study, as noted above, followed theoretical sampling procedures as the sampling objective was not about statistical representativeness. As an exploratory study, the choices here reflect variety to obtain quality in interview responses. This was achieved by paying considerable attention to what was assessed to be rich, perceptive and insightful accounts (Alvesson, 2011).

4.7 Interview Schedules, Guidelines and Processes

The researcher used a snowball technique to get access to the garment factories. Access was gained through a network of friends, relatives, former colleagues and neighbours. Field work interviews were conducted between the months of April to August 2011. In field work, the usage of an interview guideline listing issues and questions was found to be very

useful. This is basically an informal 'grouping of topics and questions' that the interviewer can ask in different ways to different participants' (Lindlof and Taylor, 2002, p. 195). Such guidelines help a researcher to focus on the topics without constraining them to a particular format. In the present study, the researcher initially developed a detailed and semi-structured questionnaire which was later summarised into a checklist for ease of use. The detailed questionnaire was used to verify that required queries were covered and the checklist was shared with the respondents before and during interviews.

At the beginning of the interview, the researcher would explain her motive for doing this research to make the respondents feel comfortable and prepared for what to expect. This was considered important to gain trust and build up rapport with the interviewees (Silverman, 2006) in any semi and unstructured interviews (Fontana and Frey, 2003). As well as demonstrating respect and admiration for respondents' work, the pledge of confidentiality and anonymity also helped to gain trust. While setting up an appointment, the researcher would inform the respondents of the expected interview duration which was 30–50 minutes. The researcher usually started each interview with open-ended questions about a respondent's personal experience of recruitment or career history. The researcher tried to be sensitive and practical; having insight to pick up on issues and events inform the information shared by the respondents. Thus supplementary probing questions for explanation were used when it seemed appropriate.

During field work, attention was paid to know about the sequences of events, which were contextually bound, interrelated, and purposively but questionably determinative (Stake, 2005), as part of an inquiry design to determine the diverse activities of garment businesses either though an interview with a case organisation or with an individual. The researcher spent time in factories and at the head offices of these garment firms, and took notes and used a voice recorder with permission during interviews. The researcher constantly reflected and revised descriptions and meanings of information gathered and followed up further if anything new and unexpected was encountered. Answers obtained depended on the respondents' knowledge and ability to pay attention. Sometimes respondents chatted and said something of interest and value even after the recorder was

off, but the researcher would take notes, or restart recording; usually respondents did not object.

Once a phone call was made for an appointment, most of the interviews took place either the next day or the day after that. The respondents were very busy and could not give an appointment even two days later as they could not predict availability. Some even offered an appointment on the same day the phone call was made. The researcher was advised that she should not try for appointments on Saturdays and Thursdays, the first and last day of the week. Companies were very busy during the last two weeks of June 2011 for tax and audit purposes and could not give time during that period. Sudden strikes by political opposition parties caused the cancellation of some appointments and these were rescheduled in later weeks. The researcher had to cancel some interviews even on the way; respondents could not keep promised schedules for a number of reasons, including personal illness, sudden audit by buyers, problems in the factory caused by large numbers of workers leaving jobs without notice, or other workplace related incidents.

4.8 Access and Experience

The researcher accessed all respondents in this study except for one, through networks of friends, family members, relatives, former university colleagues and former students. The researcher sometimes had to go through two or more intermediaries to finally reach a prospective respondent. The experience of getting access was not always pleasant, often proved frustrating due to the uncertainty involved and was very time-consuming. Getting an appointment using social networks was the only effective method, as the companies would not speak to someone without a reference. The number of garment factories visited in this study represents approximately 40% of those approached for interview. The researcher could directly approach only one organisation, namely Gladiator, whose owners were contacted by email. In the case of multiple interviews in an organisation, respondents were introduced to the researcher by the 'gate keeper'. Often in a research project, a participating interviewee may help a researcher get in touch with people from

other organisations. But when the researcher tried to do this, only one respondent agreed to introduce her to some other employees; the rest seemed completely disinterested.

Interviewees were always very careful on issues of security and confidentiality. Sometimes the researcher had to send a text message to the respondent giving her name and that of the reference person that the interviewee knew. After that she would make a phone call to schedule an interview date and time. It was understood that fear of negative publicity (the interviews took place in 2011, almost two years before the Rana Plaza disaster) made garment organisations wary of anyone approaching them for interview or research. The researcher would explain her purpose for doing this study before and during an interview. Respondents seemed to feel reassured when they were told that this study was focused on managerial employees and not workers. Still, many respondents, especially top management or owners, would voluntarily provide lengthy speeches on the measures taken to ensure workers' safety, security and the regular payment of wages, and this was difficult to avoid. Gaining access to multiple interviewees from the same organisation was more difficult and challenging; some interviewees even asked 'why do you want to know the same questions from other people', or 'I have already told you everything and you will get the same from others'. The researcher would usually respond by explaining to them the weight and credibility of a research outcome gained through a greater number of interviews. The researcher would request them to consider 'which one would you believe if you were to read a report based on one person or the one that is based on responses from ten or twenty people?' The respondents usually agreed to help by introducing other people from his or organisation.

In general, interviewees were very polite, showed much respect and tried their best to answer the questions posed. Some of the garment firms even offered a tour of their factories. Case study organisations offered lunch, which was very considerate of them as most of these factories were located in remote areas and did not have any decent places to eat. During lunch, the researcher would chat with some of the interviewees which also helped to build rapport in an informal setting. A couple of respondents even offered transport to and from the factory. Most of the garment factories in this study were located in different cities; public transport was difficult and unsafe to use. Thus the researcher had

to hire private microbuses to visit the factories. Travelling to distant places was time-consuming for it took as long as four hours to reach some destinations and was exhausting, especially in summer (the average temperature was 36–38 degrees Celsius with 80–90% humidity) and amidst the high traffic congestion encountered on roads in and around Dhaka City.

Most of the interviews took place in factories or head offices where at times noise could not be avoided. One such interview took place at the famous Dhaka Club, where the concerned respondent was too busy and agreed to meet there only. In another interview, the contact person was a member of the police force who introduced the researcher to the factory she visited. Interviewing the manager was becoming a bit difficult as the police officers thought they too should answer on behalf of the manager (they accompanied the researcher to the manager's room). In general, respondents, especially managers, were very busy and there would be interruptions from phone calls or knocks on the door, but they usually managed to give time for interviews.

4.9 Data Recording, Coding and Analysis

The data recording, coding and analysis process is part of Houston's (2010) fourth step in which researchers are required to elaborate, refine and falsify the research findings. The hypotheses underlying the research questions should be confirmed or refined during this stage so that the findings can reflect the most persuasive and comprehensive answer to the research agenda. In the present study, the process of data recording, coding and analysis was conducted in two phases: pre-field work and post field work. The following discussions provide details on the process of content analysis of recruitment advertisements that was conducted before field work in Bangladesh. .

4.9.1 Content Analysis of Recruitment Advertisements

Ole Holsti (1969) defined content analysis as any technique for making inferences by objectively and systematically identifying the specified characteristics of messages.

Through predetermined categories this analysis can be used to count content and trends (Shoemaker and Reese, 1996) hidden within the messages of mass media (Bryman, 1988). Content analysis can be used to research sensitive topics and identify the intentions and other characteristics of the communicator in an unobtrusive manner with little risk that the very act of measurement may compromise data (Webb et al., 1981).

Using the content analysis of recruitment advertisements to count frequency made this particular process quantitative in nature. Using code, an SPSS data base was created based on identified categories from the advertisements. The categories were: level of the post, age, gender, company location, academic qualification, academic background, experience, salary, benefits, job responsibilities and description, mode of application submission, and other company related information all shared in these advertisements. To identify rank within each particular code for example, if the advertised level of the post was staff, trainee, officer, or managerial an 'inter coder reliability' method was used. The researcher and a friend with work experience in the garment sector both individually made a coding plan. Both plans were then compared to correct and finalise a coding system for each category. The researcher wanted to develop an idea on the demand for different posts and the required academic qualifications, experience and skills. At the same time, employers' transparency in sharing job related information was analysed. Data was processed using SPSS and Excel to get frequency tables, cross tabular and graphical presentations. In addition, notes on significant, unique and interesting comments were kept and followed up during field work.

4.9.2 Analysis of Interview Data

During fieldwork, most of the interviews were recorded with permission from the respondents; otherwise field notes were taken. Additional notes were kept on anything of interest observed for future reference. Thus 22 separate organisation files were maintained to keep notes and documents obtained during the interview process. Anaverage interview duration was of 40 minutes but could vary from 20 minutes to three hours in length. After field work, interview data were transcribed by the researcher during

which cues from field notes were consulted for further clarification, especially when interview took place in noisy factory premises. The noise mostly came from operating machines, backup generators, and occasionally a busy work environment. The respondents usually answered in a more open manner and needed periodic guidance by the interviewer to speak on issues of interest. Sometimes responses were difficult to follow as interviewees seemed to have difficulty to explain their responses in a coherent manner, even in Bengali. This made the transcribed documents appear very much unstructured and more difficult to code and analyse.

Data transcription and translation were conducted simultaneously; the researcher would listen to the audio tape and write the translated version from Bengali to English using MS Word. Almost all the interviews were conducted in the native language of Bengali. Hence the researcher had to be careful so that meanings did not get lost in translation. It should be noted that, data translation took place in the United Kingdom which made it rather difficult (in terms of cost and availability) for the researcher to get professional help for this purpose. The researcher thus took help from one of her Bangladeshi friends with PhD (UK) experience to establish reliability in translation. This friend randomly selected some interviews, translated and compared these notes with the researcher's translated version to work out any differences in such approach.

Coding or indexing is viewed as a key process to organise and take the first step towards analysing data (Bryman and Burgess, 1994). Before data coding, the researcher undertook several careful readings of data gathered to get a comprehensive understanding, to identify interesting, surprising, and puzzling accounts, and to find out any inconsistencies or contradictions among the views of different groups or individuals. Many such issues had been noticed during the fieldwork and had already been noted in field notes. The researcher highlighted summary notes, field notes, and transcripts to mark interviewees' concepts on recruitment process, the use of references, trust, HR functions, private regulations on social compliance and others. Data coding thus began by picking out key events, issues and interactions from the interview transcriptions, interview summaries for each organisation and field notes. Thus a long list of predominantly descriptive codes was developed.

The second round of coding further explored these events, issues and interactions in more depth, focusing on the justificatory discourses, explanations and arguments surrounding them. At this stage, this process of coding was iteratively conducted between theoretical concepts and the data. The coding was informed by the literature on recruitment and selection, social capital, global value chain and private regulation of social compliance. Initial concepts developed through the literature review on social capital, recruitment-selection, private regulation and social compliance helped to identify major categories of data and the corresponding themes under each category; this process was also guided by the interview checklist (see Appendix 1) used in the field work. Lines of interview and conversational data were examined by referring to concepts derived from previous research. The researcher then grouped the events, issues and interactions into the existing codes and continued an iterative process to add to or amend codes to incorporate additional instances. This process of coding helped in managing the massive amount of data generated and was the main categorising strategy in qualitative data analysis (Maxell, 2005).

To ensure the researcher retained a close and intimate understanding of the data, the entire process of data coding was done manually using handwritten notes and electronic text which had been cut and pasted from transcribed data; it involved an iterative process of going back and forth between the transcribed/translated data. If there was the slightest confusion during this stage, the researcher would go back to listening to some of those audio interview records and would again check the related field notes. This process of data organising through data reduction (Miles and Huberman, 1994) and coding made data management possible in a logical way. Part of the data organisation and analysis involved creating an Excel spreadsheet to keep detailed information about respondents' designation, educational qualifications, experience in each job, cause behind job switching, type of references or networks used to get jobs, jobs accessed through advertisements, training received, appointment letters received/issued, job description received/issued, and interview board composition. This proved helpful when analysing and interpreting the responses obtained.

The hypotheses underlying the research questions were confirmed or refined during this stage to show that the findings can reflect the most persuasive and comprehensive answer to the research agenda. The analytical process involved a constant comparison of similarities and differences by going back and forth to the data and taking into account the historical, environmental and other contextual development surrounding the subject of interest. Handwritten memos were constantly used throughout the data analysis process. These memos were considered as part of the essential techniques in data analysis (Miles and Huberman, 1994); included in these memos were notes and diagrammatic flow charts to find linkages between concepts or themes. Analysed categories of data and corresponding themes under each category were then grouped into three broad areas: a local job market-social prejudices-recruitment-selection process; a personal reference-trust-social capital-recruitment-selection process; and lastly, an HR-social compliance-formal recruitment and selection. The first and second broad area included the empirically grounded specifics of societal effects; the third area focused on dominance effects. The later stage and the most crucial of the analysis process involved identifying the connection and linkage within these three areas and what explained those links. The major contributions of the research were derived at this phase which led to further analysis and discussion in light of the literature and the research framework.

The researcher did not use Nvivo or Atlas.TI software for qualitative data analysis for three reasons. Firstly, when the researcher attended training on qualitative software, it was found that the preparations needed to get data ready for use in software were no less when compared to the traditional system. Secondly, while undertaking training on qualitative software, the researcher found that data once categorised or classified were difficult to change. The researcher needed complete flexibility to settle in for final codes or themes; something not easily possible when using such software. Lastly, the researcher felt that she lost control of the data and was separated from it when she tried Nvivo and Atlas TI. The researcher therefore decided to conduct data analysis manually.

4.10 Validity

Validity in a research project refers to whether the findings are how they appear; does the research exhibit 'a true picture' of reality and measures what it is supposed to measure? It is the extent to which an account accurately represents the social phenomena to which it refers (Hammersley, 1990). From a critical realist's perspective, the study adopted Hammersley and Atkinson's (1995) view about the validity of gathered information. As these authors have pointed out, 'the more effectively we can understand an account and its context - the presuppositions on which it relies, who produced it, for whom, and why – the better able we are to anticipate the ways in which it may suffer from biases of one kind or another as a source of information' (p. 126). Bearing this in mind, attention was given to the specific contexts under which certain events were observed as well as the 'perspectives' of the informants, including their standpoints, concerns, contexts and so on. In this study, most of the respondents gave interviews in sufficient detail (Hakim, 2000) to obtain a complete, believable and acceptable version of their views and experiences. The researcher also tried to get more information about the respondents, such as their departments, their line managers, their career history, why they were worried about certain things, and so on.

Internal validity of a research study is based on its ability to test hypothesis adequately and is therefore applicable for quantitative research. External validity checks on a researcher's ability to extend the results obtained towards wider settings or the domain to which findings can be generalised. External validity of this study has been achieved through the adoption of multiple methods and data around the subject of interest. Verification in a qualitative research can be made through the identification and use of different ways to conduct research, drawing multiple perceptions on the subject of interest to clarify meaning, and by checking out the repeatability of an observation or interpretation (Stake, 2005). This study has also used respondent validation (Silverman, 2006) as findings from one interview were taken back to the other respondents for investigation. In a few cases, some of the employees were approached to reflect on certain conversations held with the recruiting mangers. Similarly, further explanation and clarification from the recruiting managers was sought when appropriate. By doing this, a better understanding of each

interview and observation was made possible which enabled the researcher to evaluate the validity of the data.

External validity can be conceptualised through transferability in research and is related to perceived generalisations. This, in a qualitative research, can be attained by answering questions to what populations, settings, treatment, and measurement variables the effects can be generalised (Campbell and Stanley, 1963). The researcher believes that the use of case design and individual interviews has added to this research's rigour in theory building and its claim on analytical generalisation or external validity. Although the purpose of this research was to derive an analytical generalisation and not statistical generalisation, it is the combination of multiple perspective interviews (employers and employees), document analysis, and a blend of case studies and individual interview design, that made findings from this study more broadly generalised.

4.11 Reliability

Reliability in research can be achieved when the results obtained remain the same if repeated many times by different researchers. In an inductive qualitative research, one needs to ask if similar observations have been made by different researchers on separate occasions. This can be achieved through pre-testing and coding open-ended answers using inter-rater reliability. Silverman (2006) suggested that transparency in research process and data analysis, the usage of explicit theoretical stances in rationalisation, and comparison with other similar research can establish reliability in a study.

In this research, the inter-rater reliability (Silverman, 2006) method was used for the content analysis of recruitment advertisements and in the data translation process. In qualitative research, reliability can be achieved in texts, observations, interviews and even transcripts. Reliability in interviews was achieved through pilot testing and the use of low inference descriptors (tape recorders), careful transcription and detail data descriptions in the research (Silverman, 2006). This study was mostly interview based but the researcher also relied on some observational short notes made during and after the interview and

kept a fieldwork journal to record problems encountered and anything else that was considered to be interesting. Transcriptions were made verbatim with notes taken when recording took place in noisy areas. These notes were revised before conducting a new interview or a repeat one. Attempts to increase reliability included interviews with both recruiting managers and recruited employees and at all levels of management. Interview data and documents were constantly assessed to ensure that they were relevant (Hammersley, 1992).

Guba and Lincoln's (2005, 1985) framework assesses research in terms of 'trustworthiness and authenticity' related to aspects of credibility, transferability, data dependability and confirmability. The concept of trustworthiness is grounded in auditability (Guba and Lincoln, 1985). A research can be audited by virtue of the database maintained so that compelling evidence can make a reader independently judge the merit of analysis (Yin, 1994). This research has maintained a thorough phase-by-phase documentation of the study to achieve trustworthiness and auditability; the latter also generates reliability and can enable external replication of the research. A database for content analysis, audio tapes, transcripts, summaries, field notes, and analytical notes has made the researchers confident to make this claim.

4.12 Reflexivity

An interviewer needs to be reflexive by having an ongoing conversation about experience while simultaneously living in the moment (Hertz, 1997). It is an important tool to understand the researcher's position, perception and presence (Finlay, 2002) on the researched topic. In this study, the researcher tried to be honest and open in her field work roles and about how she was being perceived by the respondents. Field work notes were kept throughout the process to understand but not to eliminate the researcher effects. The issue of reflexivity is important but Alvesson (2011) has warned that this should be clearly balanced to avoid a preoccupation with the researcher's self and personal significance being placed at the centre of the research process (see confessional tales by Van Maanen, 1988).

The researcher's status (Fontana and Frey, 2003) in Bangladeshi society as a faculty of the University of Dhaka, the pioneering public university in Bangladesh, helped to gain confidence from respondents more quickly, especially with those who were the first point of contact or acted as a 'gate keeper' for the garment employees who visited. The fact that the researcher was doing a PhD at Cardiff University in the UK added to her reputation. If, after conducting the first interview at one organisation, the researcher gained further access, more interviews took place from the same organisation. Confidence built from the first interview was automatically carried on to the next one in such cases. The researcher found garment management to be male-dominated and therefore gender issues might have influenced the interviews. Respondents might feel that a woman would not understand well due to a lack of experience. However, the researcher could not perceive directly any such manifestation from the respondents' behaviour.

The researcher did go through a preliminary interpretation of empirical matters during different phases of the field work (Alvesson, 2011). Knowledge gained through each interview was reflected in the next and therefore could not be avoided. The researcher attempted to get 'quality' from the interview responses through selecting or focusing on sources that could provide rich, perceptive, insightful accounts and good material for quotes.

4.13 Ethical Issues

Confidentiality is one of the central obligations of a researcher (Lofland et al., 2006) and this must be maintained in interview, observation and writing. All interviewees were given the option to terminate the interview at any phase before its completion. This was done to fulfill the researcher's ethical obligation towards respondents on issues of confidentiality and anonymity. The tape recording of conversations were not always possible; some of the interviews were partially recorded as respondents felt that on 'specific topics' their answers should not be recorded. The names of most of interviewees and participating organisations were kept anonymous. The researcher also maintained a confidentiality of information between participants from the same organisation to avoid conflict or

misunderstanding. Confidentiality of information between organisations was maintained to honour company security and activities. The research methodology was detailed and submitted to the Cardiff University Ethics Committee (appendix 5) before the researcher went to Bangladesh for field work.

The researcher did not take written consent from the respondents. Initially a few interviewees were approached who reacted negatively for doing so. Some even questioned if the researcher was actually a journalist, doubting her motives for interview. It was generally understood that respondents might fear that such written and signed forms may be used as hard evidence against them. The current image crisis of the Bangladeshi garment industry is quite negative in regard to labour, health, safety and labour rights related issues. The deaths of garment workers from fire and other non-compliance related matters have put the sector under a lot of pressure.

4.14 Conclusion

The objective of this chapter was to show how and why the researcher opted for an exploratory research design using multiple methods. The philosophical views of the researcher (critical realism) and the nature of the subject of interest had a great role to play here. In line with the CR perspective, the chapter provided detailed discussions on how Houston's stages of retroduction were used to structure the research questions and the research processes. The chapter also provided detail on the data analysis plan. The researcher does not deny that the same research issues could be handled by a different researcher in a different manner using diverse tools and logic. But the researcher believes that the methods used and the analysis conducted was done with knowledge, rigour and efficiency throughout the research process.

Chapter Five

Societal Effects on the Recruitment and Selection Practices of Bangladeshi Apparel Suppliers

5.0 Chapter Orientation

This study explores specific management practices, namely the recruitment and selection of managerial staff, in the Bangladeshi garment sector. The empirical findings are organised and presented in three consecutive chapters. This chapter illuminates the dynamics of recruitment and selection practices in the social context of a developing country, Bangladesh. Empirical findings reveal a wide range of local influences on actions observed in workplaces. The chapter is based on what the interviewees have reported in terms of the way things used to be and the current industry practices, with independent confirmation from other sources. The findings from a qualitative, interview-based enquiry have been supplemented by quantitative evidence derived from a content analysis of online recruitment advertisements.

This chapter draws on issues explored in the foregoing literature review of the influence of societal effects (Maurice et al., 1980) such as societal values and images, the local educational and training institutes and their influences on the management practices of the RMG firms. The chapter is divided into seven main sections; the first three sections provide contextual information, introducing the local labour market, the sector's demand for labour and the local attitude to garment jobs. The second half of the chapter, subdivided into three further sections, explains and analyses the recruitment sources used, the qualifications and experience expected of successful candidates and the overall selection processes. The final section in this chapter focuses on the issues of equality of opportunity and hiring biases.

In the organisational practices of recruitment and selection, understanding the local labour market is crucial, as it is the primary supplier of labour to the employers. The following section introduces the local labour market:

5.1 Understanding the Local Labour Market

In earlier phases of relocation to developing countries, the analysis of production management skills in newly industrialising locations identified many weaknesses in the available labour forces (Lezama et al., 2004). The RMG sector of Bangladesh was no exception and was identified as having problems with low productivity and a lack of skilled and trained human resources (Lezama et al., 2004). According to a joint UNDP-ILO report (Bhattacharya and Rahman, 1999), the 'person minutes spent' on a basic product is 25 for Bangladesh which compared poorly to the USA (14), Hong Kong (19.7), Korea (20.7) and Sri Lanka (24.0). Some RMG owners in Bangladesh shared information with the local media (The Daily Sun, 2012; The Daily Star, 2013) about how difficult it was for them to reach production targets – a situation they attributed to skilled manpower shortages in production as well as in management.

> … Three decades old garment sector is now suffering from 25 percent shortage of skilled workers as the country could not arrange vocational and technical education system for the workers.   --The Daily Star (2013)

Some of the employers interviewed in the present study said that they usually responded to this issue of low productivity by hiring additional people and paying for overtime to meet production targets and ensure on-time delivery, which increases operating costs.

> I have to keep ten merchandisers but I know only two of them are 'good' ... the rest are [inefficient] ... sometimes even I have to work with them [to make sure]... what frustrates me is that even if they don't work efficiently but they still expect high salary.
> --Managing Director, Tiger Company (2011)

It would seem reasonable to conclude from this sort of response, which was typical, that the employers responded to productivity challenges by using short-term reactive measures, like increasing the size of their labour force, rather than investing in the development of longer term skills.

In terms of managerial staff, it might be expected that the size of the industry's contribution to the Bangladeshi economy would signal that it is a good avenue of development for local graduates, ambitious for a managerial career. In reality, the picture is contradictory. First, the quality of university graduates in emerging economies, aside from those who study at the most prestigious universities, is known to be highly variable (Brown et al., 2011). Employers and recruiting managers in this study generally reported that they found an abundant supply of fresh graduates for entry level managerial posts but in their view the 'quality' of these applicants proved to be an issue. It is fairly typical the world over for employers to complain of the quality of young and naïve graduates as they enter the workplace for the first time, and the study will go on to explain that there were a variety of factors affecting the limited supply of local managerial staff. In 2011, McKinsey &Company published a report which identified a lack of appropriately skilled mid-level managers as a key factor limiting productivity improvements in the Bangladeshi garments sector. McKinsey & Company (2012) stated in one of their reports on the Bangladesh RMG sector:

> Our study found that the suppliers' productivity must improve ... Two other concerns are a lack of investment in new machinery and technologies and the insufficient size of the skilled workforce, particularly in middle management.

One of the former presidents of the Bangladeshi garment employers' association, the BGMEA, predicted that almost 0.8 million skilled professionals in mid-level positions will be needed to lead the Bangladeshi garment sector by the year 2021, and identified a current shortfall of 0.2 million (The Daily Star, 2011). Some of the respondents interviewed during fieldwork estimated such shortage to be between 20% and 30% at mid-level managerial jobs at the current time. As a result, significant numbers of expatriates had been employed in the sector, and were estimated to be remedying 15% of the current shortage for mid and senior level professionals across the industry in Bangladesh (The Daily Star, 2011).

Fieldwork interviews with industry association (BGMEA and BKMEA) personnel in 2011 revealed that approximately 20,000 expatriates were working in the Bangladeshi RMG, filling the roles of skilled workers such as production managers, technicians, accountants

and top level managers. According to some of the respondents, these foreign employees were taking away 41,250 million taka (£317 million) as remuneration, with salaries ranging from 50,000 taka (£384)/month to 500,000 taka (£3,840)/month *with* tax exemption.[10] This was happening in a local labour market with an untapped labour pool of 25 million indigenous workers, from those who were educated to those who were illiterate (*The Daily Ittefaq*, 2011). Despite the availability of local labour, the Bangladeshi RMG factory owners' dependence on foreign experts is not something new. This dependence can be traced back to 1978 when Desh Garments (introduced earlier in chapter two) brought the first batch of expatriates from Korea to Bangladesh to build the export industry. The involvement of foreign experts in the RMG sector began with J. H. Koh, who was the leader of the Daewoo team that came to Desh in November 1979 for machine and production line installation. Koh left Desh and started his own consultancy firm to support new Bangladeshi owned garment businesses and his example was followed by employees of other Korean firms (Rhee and Belot, 1990) who offered similar kinds of services.

The McKinsey report (2011) predicted that skill shortages for the RMG sector of Bangladesh are likely to deepen further in the next 10 years, when apparel exports are expected to increase to USD 30–40 billion from current sales of USD 19 billion (in 2011)[11]. The report suggested that addressing the predicted skills shortage would require taking immediate steps to develop and nurture a pool of talented personnel by rigorously implementing structured training and modifying the curriculum at a wider university level, including those colleges that offer technical degrees. The level of technical skills available to this industry from the Bangladeshi labour market is low, and makes it urgent to introduce adequate training facilities throughout the sector (Spinanger, 2001). Unfortunately, only a few universities, colleges and technical institutes in Bangladesh offer garment and textile related degrees, courses and training on production, merchandising and fashion design. Therefore, the number of graduates coming out of these institutes can barely meet the industry's demand; its rapid expansion has long outpaced the capacity of local universities and colleges to supply suitably qualified graduates.

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[10] The Daily Star 2015 also reported a similar amount ($4 billion in salaries and allowances).

[11] As of 2014, export value stands at USD 24.4 billion; Source: EPB

This raises the issue of whose responsibility it is to provide a skilled workforce. It has been argued that an employers' decisions whether or not to invest in training (internally or externally) can be influenced by national and sectoral cultures, institutional arrangements and state policies on education and training (Winterton, 2007). The involvement of the state in developing training policy at a national level is considered crucial to skills development. For instance, The Industrial Training Act 1964 in the UK was introduced to ensure an adequate supply of skilled employees in the local job market and to improve the quality of training in a cost-effective manner. This Act was also believed to have helped in reducing employers' tendency of 'poaching of employees' by providing them with adequate incentives to train employees (Stevens, 1996). In Bangladesh, there is state involvement in overall labour skills development, mainly in vocational training where the government acts as the main financer for public sector institutions. The Bangladesh government also provides subsidies to private providers of vocational education (World Bank, 2006), but crucially for the sector under discussion, these programmes are not targeted at garment workers or staff.

> .... If only institutes like BIFT could give some hands on training ... that is what we need. We hire merchandisers from abroad. Why? As they know the job, they are efficient, but our local could do this easily as well. We take interns or assistant ... but we are scared to take freshman in an experienced post.
> --HR Manager, Dhaka EPZ Factory

It might appear clear that in the present circumstances, the training culture is important and should be seen as crucial for the development and upgrading of the Bangladeshi labour market, yet most organisations in the present study considered training to be of low operational priority. Respondents gave answers that showed that they treated training as an expense but not as an investment, and hardly integrated it with the mainstream operations.

Such approaches to training and development are not restricted to the Bangladesh context; there is plentiful evidence of similar attitudes on the part of business in the UK, for example Reid et al. (1992). Fieldwork interviews with employers and recruitment

agents in Bangladesh further highlighted that they saw the potential loss of trained staff to alternative employers as a serious disincentive to provide training in the first place. As Stevens (1996) has noted in other contexts, the lack of a more widespread training culture is likely to increase the risk that skilled employees will be poached. This undermines the confidence of employers who *do* train, who may question whether they will reap the full benefits of their investment.

Some researchers, for example, Winterton (2007), have argued that typical garment employers prefer to invest or offer premium rates in order to buy trained and experienced staff, rather than training their own employees who might then be 'poached'. The practice of poaching staff from competitors (see Rao and Drazin, 2002) was identified in the present study as a means of meeting skill shortages, especially at mid-level management. In addition, there is research, for example, Beresford and Roberts (2004) that shows that smaller firms in a range of settings in the UK tend to face difficulties in retaining trained staff in the longer run as they have smaller internal labour markets and can offer fewer opportunities for the individual progression of well-trained individuals. Respondents to the present study from small and medium-sized organisations commented that they had experienced similar conditions and problems in retaining trained staff who were ambitious for further progression.

> trainees , fresh graduates from universities don't get much salary naturally ... they don't have the experience but when they see someone experienced is getting taka 50 thousands and they are getting taka 10 thousands doing the same work ... some of them leave within a year or less when they get good offer.   --Executive Director of a Sweater Factory, Savar

Respondents generally confirmed that the training and development of managerial employees within their factories in Bangladesh took place 'on the job'. When asked about such practices, employers and top level managers sounded defensive and argued that strict delivery dates and external uncertainties left them with very little time and scope to offer any formal and structured form of training to their workers and management staff.

As the owner of Tiger Company said:

> We provide training mainly on the job ... we don't have time for formal training ... neither do my employees have time ... if they go out to train ... when will they work ?

Although at an organisation level, some large scale companies had introduced management training programmes and recruited fresh graduates; this was found to be quite a new departure and was sporadic in nature. However, in contrast, interview data revealed a very interesting finding in terms of the well-organised approach which was made available for the training of officers in the HR and social compliance departments. Such managers received training in social compliance issues on industrial health, safety and welfare, labour laws, social audits, and international standards; this was found to be a common factor in all 18 socially compliant garment factories visited in the course of this study. Some of the respondents said that the training of HR and compliance officers was part of the requirement placed on factories by the brands and retailers they supplied in order to apply for (or retain) the status of 'social compliance' – a key aspect of being awarded contracts. This issue will be further explored in chapter seven.

Overall, there was found to be a dearth of strategic upskilling across the Bangladeshi garment industry. Generally, training appeared to be done on a trial and error basis, resulting in the wastage of resources and a lack of adequate development of industry specific professional graduates. Such a casual approach to training and development could possibly make it difficult for the industry to face the challenges posed in the global market unless higher numbers of skilled employees, both factory floor workers and managerial staff, are nurtured for the future. Most of the factories in this study had either recently added new production lines, built new factories or were going for immediate expansion to meet challenges and make use of the opportunities prevailing in the global market. Industry experts working for the BGMEA and BKMEA mentioned that some 'smart' factories had repositioned their production through factory restructuring and had increased the number of machines to reach high-end markets, backed up by expanded

design sections, but they still lacked the much-needed skilled manpower at factory level and in management.

In summary, it can be stated that the interviews with employers about the local labour market indicated a high demand for skilled managers as well as an acute shortage of supply of appropriately skilled and experienced applicants. There did appear to be an abundant supply of fresh, untrained applicants from lower grade colleges or universities but there was a significant lack of academic institutes in Bangladesh with the capability to produce industry specific technical graduates. Employers looked for experienced candidates but they were reluctant to spend their own resources on employee training and development in the context of the absence of industry-wide initiatives or a national system or culture of vocational and managerial training. The following section adds to the understanding of the Bangladeshi job market by illustrating the industry demand for prospective candidates through an analysis of online recruitment advertisements.

5.2 Industry Demand for Labour, Evidenced by Analysis of Advertisements

Any competition for managerial jobs and careers is shaped by the way companies understand the nature and distribution of employable people, which makes the discourse on the 'war for talent' important to consider (Brown and Hesketh, 2004). With very little existing research-led evidence available on the labour market of Bangladesh, the empirical phase of this project began with an analysis of online recruitment advertisements. A quantitative content analysis (Krippendorff, 2012) of 704 online advertisements (for the garment sector alone) was conducted and they were found to be generally targeted at recruiting managers, officers and other administrative staff. Interview data later revealed that the recruitment of factory workers and lower level staff took place mainly through word of mouth and the display of recruitment banners on or around the factory premises. Thus the RMG factories studied did not use newspaper or online advertisements to recruit factory workers. The following table (5.1, p-106) depicts industry demand for applicants by department and by level of the post based on content analysis of recruitment advertisements.

Table 5.1: Industry Demand for Applicants by Department and Level of the Post

Department	Percent	Level of the Post	Percent
Production	27.2	Support Staff (i.e. receptionists)	5.0
Merchandising	32.7	Officer	42.3
Commercial/Marketing/ Logistics	4.0	Entry level managerial post (i.e. Trainee/Assistant Manager)	16.9
HRM/Administration	12.4		
Finance/Accounting	5.9	Mid-level managerial post (i.e. Manager/Senior manager)	24.3
Quality Assurance and others	12.9		
Warehouse/Store/ Maintenance	3.0	Top level managerial posts (i.e. Departmental Head, General Manager, Factory Head)	11.5
Knitting/Dyeing/Finishing/Was hing	2.0		
Total (704)	**100**	**Total (704)**	**100**

Content analysis indicated that only five percent of the vacancies that were formally advertised were aimed at recruiting non-managerial, support level staff such as a secretary, driver and company appointed mail delivery man. The majority of the advertisements were found to be targeted at entry level staff, executives and managerial posts (59.2 % of the total of 704 online advertisements). Almost a quarter of the total advertisements looked for mid-level managers (24.3%), while some 11.5% sought candidates for upper level positions, for example plant-heads, factory managers and chief operating officers (COO). Table (5.1) also indicates a high demand (in terms of the number of advertisements) for production officers (27.2% of 704), which might be expected in this rapidly growing sector. There was also a significant demand for candidates in HRM/administration (12.5%), compliance and other managerial roles (12.9%).

The highest number of advertisements was for 'merchandisers' (32.7%) who play a vital role in raw material resourcing and costing. They also follow up the entire production process to the point of delivery of the product and sometimes even communicate or deal with buyers. Interview data suggested that in any typical garment business, production and related departments constituted 88–96% of its total workforce. Of the remaining 4–12% of the total workforce, the merchandising department would typically employ the highest number of people. In later interviews, most of the recruiting managers ascribed such high

demand for merchandisers to the growing industry need and to high turnover due to the resignation and or termination of employment.

The data on recruitment advertisements was considered to be important for understanding the demand for different types of managerial staff within the local job market. However, it reflected only a partial picture of the reality of recruitment. Interview data later revealed that these same firms who advertised for staff actually relied heavily on informal sources to hire people. This finding is further discussed in section 5.4 of this chapter.

5.3 Local Attitudes to Garment Jobs

Some studies, for example the one by the Association for Graduate Recruiters (2013), indicated that the perception graduates have of a business sector can be one of the primary factors that may explain why it is difficult for companies to fill vacancies. Interviews for the present study, undertaken with employers, recruiting managers and employees, revealed that the industry's ability to attract qualified graduates was plagued by the RMG sector's very low status in Bangladeshi society. Findings suggested that in the context of Bangladesh, social ideas, sentiments and values towards industrial society in general and the RMG sector in particular were negative.

Socio-cultural antipathy towards industrialism or industrial work has been long observed in more general terms. Weiner's work (1981) on English society, for example, showed that even in the world's first industrial nation, industrialism did not seem quite 'at home'. Industrial jobs and industrialists continued to have a relatively low status in British society for a long period of time, well into the decade of 1970s. Compared to the UK, industries in twentieth-century France, Japan and Germany found it easier to recruit managers and technologists with high qualifications, as industrial careers in these countries were not treated or regarded as less esteemed. Bangladesh was a British colony for almost 200 years (1757–1947); its education and legal system still carries some colonial legacies such as National Labour laws and Labour Acts (stated earlier in chapter two). It is impossible to

draw a definitive link between the historical aspects of colonial rule and contemporary Bangladeshi society, but the kind of antipathy and sentiment that Weiner (1981) argued once existed against industrialists and careers in trade and industry in the UK are also found in Bangladesh.

It is generally considered that the status of 'non-industrial service oriented jobs' as the 'gentlemen's job' in Bengali society developed during the British period (Encyclopaedia Britannica, 2014). Whether influenced by such norms or not, respondents to this study made it obvious by their comments that a career in the garment business was yet to achieve respectability and status in Bangladeshi society. Interviews with most of the respondents indicated that since the mass manufacture of garments first established a presence in Bangladesh, many of those involved in the industry have had low status in the local society, and that position has not changed greatly over time. As one manager stated:

> I had this notion before I joined this trade ... is it possible for a respectable human to work in garments at all? Here, people work from morning till late evening. There is hardly any life for these people."

Some of the more experienced respondents said that during the 1970s and 1980s it was mostly less educated or uneducated people who came to work in the garment sector. These people started their career as machine operators and some of them reached the level of general managers after 15–20 years of experience. Several respondents (from production) in this study started at the lowest level of factory work and gradually reached management level. One such respondent was the production manager of Tiger Company (case 1) who did not even pass his high school phase of education. He stated:

> I started my job twenty years back as an arranger [errand man]. I was not even an operator. Then I became an operator… then line supervisor … then sample man ... I then paid a foreigner to learn to be a pattern master … I joined then a buying house … then I joined a factory in Narayangonj as the production manager. I came to this factory two years ago."

An individual's search for job opportunities and their experience of the constraints faced can be influenced by interwoven threads of social and individual factors (Moss and Tilly, 2003). Wiener (1981) reflected that in the UK, people joined a particular industry due to a range of sometimes random influencing factors, such as family tradition, a need for money or perhaps having failed to find the kind of work they wanted. Similarly, almost all of the employees and recruiting managers interviewed in this study reported that they began their career in garment factories by chance, and not by choice. Some of these respondents said that they had originally thought of quitting their garment jobs after a few years of work but stayed on as they did not want to lose the benefit of the valuable experience they had gained and did not want to risk starting from scratch in a different trade.

In India and China there exists a long cultural heritage that bestows social status on the educated person regardless of the 'economic value' of that education (Brown et al., 2011), and interview findings confirmed that a similar pattern prevails in Bangladesh. Some of the respondents said that the low status of the RMG sector was exacerbated by the image of some greedy 'uneducated' and 'half educated' entrepreneurs who started coming into this trade to make quick and easy profits. Respondents in general blamed the presence of such entrepreneurs (a group to which they clearly felt they did not belong) for ruining the image of this sector in Bangladeshi society by presiding over poor work environments, alleging that such owners lacked concern for their workforces and brought nepotism into their business. For respondents, the behaviour of the greedy entrepreneur had besmirched the much appreciated roles played by the majority of those early entrepreneurs, who had fairly high level of education (Kabeer and Mahmud, 2004). One respondent (chief financial officer) said of the so-called greedy entrepreneurs:

> Social stigma or social perception on garment entrepreneurs started [to fall] due to some of these people in the early period. Some of them turned from 'zhut' [left over cloth after a garment item has been cut] business owners to garment owners. These owners and the managers they employed to run businesses were not capable of good management. You see they could not create the environment. They used this trade as a money making machine … things have changed now ... now you can't do this still ... yet this stigma persists.

Sociological theories largely conclude that the development of job awareness in children is moulded by a range of different actors (Livock, 1983). Parents, teachers, peer groups and their corresponding institutions help socialise a young person into his or her work, and define the appropriate 'ports of entry', level and type of occupation. A person's socio-cultural exposure can play a significant role in circumscribing his or her opportunity structure. Writing of India, Brown et al. (2011) identified the hope for education as a route to social mobility that liberates the poor and the disadvantaged and encourages parents to invest in their children's education. Right across Asia, an explosive growth in education has been observed over the last 20 years, in response to the perceived importance of advanced education in subsequent life opportunities (e.g. ADB, 2011; World Bank, 2012). In the context of these developments, the recruiting managers interviewed revealed that status conscious parents in Bangladeshi society did not want their children to have a career in garment factories as to them it was no place for the 'highly educated or for gentlemen'. Some of the top and mid-level managers even said that their families did not know for a long time that they were working in a garment factory. One senior manager stated that:

> My father who is a former WHO (World Health Organization) consultant, he still introduces me to his friends [saying only] that I work in a foreign company, he does not utter the word 'garments'.

Those respondents who began their careers in the 1990s experienced other difficulties, for example, in renting a house or even getting married because of their profession. There was a widely circulated misconception in Bangladeshi society during that period that people working in the garment industry 'don't get a salary on a regular basis' which made both landlords and the family of prospective life partners doubtful about their financial stability.

Lievens et al. (2007) identified that organisational image and identity was related with the ability to attract applicants and engender employee identification. In this respect, Bangladeshi RMG owners faced challenges in their attempts to recruit desirable candidates to an industry that had a very low status in the open jobs market and in society at large. Interview data indicated that in Bangladesh, talented people were attracted more towards multinational companies, banks and other service oriented jobs where they perceived a

better work environment, corporate culture and a life centred in Dhaka, the capital city of Bangladesh.   One manager (industrial engineering) of a large garment business said that:

> There is a good supply of diploma engineers but their quality is not as good as BSc. engineers. Those who graduate from good institutes [BSc. engineer] … they go abroad or tend to work in the capital. They don't want to do so much hard work. They don't understand that they have to get their hands dirty if they are to work in factories. You can't just expect to relax in air-conditioned rooms in a factory! If your machine breaks down you need to fix it before you can go home. This is not a 9am–5pm public service job…

5.3.1 Conditions of the Work Environment

Empirical evidence suggested that apart from prevailing social prejudices and a lack of supportive academic orientation, certain work conditions at garment factories also made it difficult for the factories to attract, hire and retain well-qualified people. Recruiting managers in general identified three elements of working conditions inside the factories which they believed contributed to the garment industry's persistent unattractiveness in the jobs market, namely travelling distance, long working hours and a lack of career prospects. As these garment factories were mostly located in suburban areas and away from the inner city, the travelling distance acted as a barrier to employment (see Moss and Tilly, 2003) and made it quite difficult to attract and retain talented graduates. Garment factories also generally demand very long working hours compared to other manufacturing industries in the country (Kabeer and Mahmud, 2004). Recruiting managers reported that they sometimes had instances where candidates withdrew themselves during or after a selection process, specifically citing issues of long working hours and long-distance travel.

Some employers interested in recruiting talented graduates commented that their failure to provide a career path also sometimes discouraged qualified candidates. Only a limited number of employers attempted to offer a career plan (for example, a plan of over 18 months was exceptionally good for the sector) which did not compare well with what some multinational banks could offer.

The director of one large group stated:

> We have tried to recruit some elite graduates and we did try to give them a career path. But we can't match the multinational banks who can perhaps provide a much longer career path … obviously the latter sells better in the market.

For example, some banks offered a five-year progression chart which, according to some of the factory owners, sold better in the jobs market. Research evidence (Auger et al., 2013; Rosethorn and Mensink, 2007) on graduates' preferences and decisions in the West are very similar, and show candidates' preferences for jobs with prospects, where there is an attractive corporation or brand and evidence of ethical concerns. The garment sector in Bangladesh generally did not offer scope for career development through training and planning in a systematic manner, of the sort that creative, well-qualified employees expect and require. The prospect of promotion in Bangladeshi garments, for example, was basically at the discretion of the owners and could be highly variable. Thus the majority of the recruiting managers agreed that while good performers in this trade could reach CEO level in five to seven years, poorer performers may not get any promotion at all in the aforesaid period. For example, the factory manager of a medium-sized garment factory said:

> I am a master degree holder … I got married against my family's will and needed a job quickly. So I came to this factory and then I started my first day as an ironman. I worked there for only one day. I still have the burn mark [he shows his palm]. The next day when the managing director came to know about it … he was very surprised and then put me as trainee quality. I stayed there and learned the job. I became supervisor … then line chief … then floor in charge … then assistant production manager … then … production manager. The Malik [owner] is happy with me … Now I am the factory manager. I have been here for nine years.

Research by Cable and Judge (1994) indicated that pay preferences can influence individuals' decisions about their job search. In a mature economy such as the UK, pay differentials between public and private companies reveal that on average the pay of the public sector is higher after adjusting for the different jobs and personal characteristics of the workers (Office for National Statistics, 2014). By contrast, in developing countries like

India, the pay structure was better in the private sector than in the public (Budhwar and Boyne, 2004). Private enterprises including the manufacturing sector in Bangladesh are generally known to have better pay levels compared to their public counterparts (Absar et al., 2010). Most of the employers in this study claimed to offer market-based competitive salaries, as they wanted to retain good performers at all levels of management.[12] Some respondents shared that in the garment industry an owner could offer what he felt 'right' to keep a qualified employee. The HR advisor at Aryan Global (case 2) said:

> Employers are ready to pay good money ... If an employer is happy with an employee's performance then he would not hesitate to offer him a lucrative salary and other incentives to prevent him moving to a competitor … in that case there is no ceiling for a 'salary' for a good employee ... but it is very difficult to find such candidates.

It seems that the RMG sector's lack of a systematic approach to people management also partially explains its difficulties in attracting qualified candidates. A limited number of recruiters explained that sectors like banking have well-developed policies for managing human resources in areas of, for example, recruitment and selection, leave, salary and promotion. Interviews with employers and employees reveal that the industry was yet to achieve a structured state and posed a threat to those qualified job candidates who aspired towards a better work environment, job security, a clear career path with training and development, as well as merit-based HR packages in terms of recruitment, selection, compensation, benefits and promotion.

In management studies, recruitment has been described as 'the most critical human resource function for organisational survival or success' (Taylor and Collins, 2000, p. 304). The previous sections of this chapter brought out complexities that are characteristic to this local labour market. The following section explores employers' attempts to attract desired applicants using different sources of recruitment and is about their expectations on candidates' academic qualifications, skills and experiences.

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[12] Bangladesh offers the lowest wage levels to its factory workers and at the time of writing was among the very lowest paying locations in the global garment sector.

5.4 Recruitment Sources

The majority of the recruiting managers in this study reported that a business's specification of its requirement for employers usually came from the respective departments of the firm, but at times they were initiated by the factory owners or top level managers. Once that request was received, research findings revealed that recruiters for the RMG industry relied extensively on informal sources to recruit their managerial staffs. Recruiting managers employed by the firms in this study reported that they usually recruited 70%–90% of their managerial employees through the personal networks of social relations, and said that just 10% to 30% of their vacant posts were filled as a result of using formal sources. Gladiator (case 3) was the only organisation in this study that reported sourcing 70%–90% of its employees through formal recruitment advertisements and said that it followed a structured and rather bureaucratic hiring procedure.

Recruiters in general reported that the most commonly used formal sources of recruitment were newspapers and online job sites. Only three firms in this study had started visiting universities and participated in job fairs using employer branding as a competitive strategy to create a positive 'image' to attract graduates. However, these recruiters found that such a search for talent was difficult to sustain, due to poor retention rates. According to these recruiting managers, 'talented' candidates lacked the required patience and mindset to work in a manufacturing sector. Several of the factory owners who were respondents to this study, also felt that in addition to the social prejudices (section 5.3), the country's educational system also failed to encourage the students to work in the manufacturing industry. This sustained the RMG sector's poor image in the job market despite its overwhelming contribution to the country's national economy. The HR manager of Aryan Global (case 2) said:

> Fresh graduates have no idea about the manufacturing industry: it is about long hours, a heavy workload and they get a blow when they come here … Those who can absorb, they stay back … Those who can't ... well, they just have to leave.

Such attitudes by established managers were not uncommon, but they did not account for the possibility that the talented graduates they selected did not find the work environment to be what they had been promised and was actually at odds with what they desired or anticipated. While the blame was aimed at the graduates themselves, it was also clear from the findings that the material conditions of work for managerial staff could be pretty demanding (see section 5.3.1) and hence had relevance for recruitment and retention. Some of the newly recruited young graduates interviewed in this study spoke of having difficulties in accepting factory life and the kind of hard work it involved.

5.4.1 Attracting Candidates through Recruitment Advertisements

It has been argued by some researchers, for example, Turban and Dougherty (1992), that applicant perceptions of the recruiters' behaviour (especially the interest shown in candidates) had the strongest influence on attraction. The RMG employers' attempts to attract candidates through advertisements is critically explored and analysed in the following section. It can be argued that, through advertisements, organisations engage in elements of transparency by sharing job and company related information, and use a persuasive style as they are aware that such measures can play significant roles in building 'applicant perspectives' (Billsberry, 2007).

The following table (5.2, p-116) is based on content analysis of recruitment advertisements. It illustrates the variability in information provided through the formal process of advertising and reflects the relative failure of the RMG businesses to provide sufficiently comprehensive or realistic job related information to prospective candidates.

Table 5.2: Job Related Information Shared by Individual Companies

Types of Information		Info. Shared (Percentage)
Company name disclosed		85.9
If the company belongs to a group (indicative of a large scale business)		33.2
No of vacant positions per ads mentioned		79.4
Job Location	Dhaka	37.1
	Greater Dhaka	35.5
	Chittagong	8.4
	Other specified location	3.0
	More than one location	11.2
Job Description (JD)	Clearly provided JD	49.1
	Brief JD (1-3 sentences) Provided	17.6
Salary Information	Specific offers	3.3
	Subject to unspecified negotiation	67.2
Other Benefits	Specific offers	8.7
	As per (unspecified) company rules	29.4
Mode of Application	Email and others	76.5
	Website and others	53.2
	By post and others	57
	Others (walk-in, direct contact, fax)	0.7

Table 5.2 shows that firms that formally advertised their vacancies varied greatly when it came to sharing company and job related information. It shows that a total of 14.1% out of 704 advertisements did not disclose their company names and 20.6% of advertisements did not mention the number of vacant posts available against each post. Almost 16.1% of advertisements did not reveal where in Bangladesh the job location would be and therefore risked applicants being unable to maintain their employment even if recruited, due to their inability to travel to work. More than one third of the recruitment advertisements (36.1%) did not include any job description; a few even declared that the job description 'will be provided, if you are selected'. Although some organisations did attempt to mention the kind of work pressure that these jobs might involve (11.6%), specifications were vague; for example, they looked for people with the 'ability to work under pressure' especially in merchandising jobs (19.5% or 32 out of 164). Content analysis also showed that only 3.3% of advertisements offered a definite salary amount. As

most of the time salaries were subject to negotiation (67.2%), much depended on the candidates' ability to negotiate a good bargain.

In the absence of clear information which might attract a candidate, and the occasional usage of direct disincentives, such as, '*women are not allowed to apply*', it is the offer of additional benefits other than salary in advertisements that could be considered as persuasive tools to attract qualified applicants. However, only 8.7% of organisations specified the kind of additional benefits other than salary that they were offering. The advertisements were thus not always tools of elucidation – a significant proportion failed to mention much information that might be considered important to potential applicants.

In addition to these deficiencies in information, the presentation of advertisements was not always of a high standard. It has been argued that well-designed advertisements (containing physical features or graphic presentations) are positively related to the quantity of the applicant pool (Kaplan et al., 1991). Findings showed that RMG firms had a growing preference for using online job sites to advertise vacant posts as it was easier to access and much cheaper when compared to the costs of advertising in newspapers. However, content analysis indicated that when firms advertised jobs online, their scope to creatively design their job advertisements was limited as they had to follow the specific formats that the job site allowed. It was also observed that 8.4% of those online advertisements chosen for content analysis displayed negligence as they had major typing and information errors; such inefficiencies are more likely to portray a poor image of the recruiting firms and the quality of the people who work there.

In conclusion, it can be said that through online recruitment, the communication with the applicants was definitely established to share job opportunities. However, the content in each individual vacancy varied in terms of transparency in the information shared, based on which the applicants would take a decision. The content of these advertisements lacked the persuasive language or features required to attract and motivate prospective candidates. It can be argued that the employers' concerns about the shortage of skilled employees in the industry and their failure to attract qualified candidates was not reflected

in these advertisements, as these garment factories did not always deliver realistic job related information beyond the essential fact that a vacancy existed.

5.4.2 Recruiting Through Informal Sources

A firm's reliance on extended internal labour markets, defined as social networks close to the workplace, can also reflect its relationship to the surrounding community (Manwaring, 1984). In the previous section, it was noted that although RMG employers and recruiting managers used formal methods of recruitment, they mainly relied on the informality of the extended internal labour market in their sourcing practices. Interviews with respondents on their career history revealed that the practice of sourcing people from networks of friends, relatives, existing or past employees, and professional colleagues was very much well established and widely practiced in the Bangladeshi garment industry.

It has been argued by some researchers, such as McCormack and Scholarios (2009), for example, that small firms (in locations outside Bangladesh) are more likely to adopt informal HR measures, and Greenidge et al.'s (2012) work on emerging economies showed that in Barbados, smaller firms relied more on informal methods to recruit and train employees compared to the large organisations. Fieldwork findings in Bangladesh indicated that all the small and medium-sized businesses investigated as part of this study usually recruited their managerial staff through informal means; these firms resorted to formal sources of recruitment only when they failed to recruit from the personal networks of relationships. Smaller firms' recruiters reported that (especially for entry level posts) they always recruited through informal channels. The owner of a medium-sized firm stated that:

> I have always got people when needed. We know that the rule is to give ads when people are required. But our factory is not that big so that we should go for advertisements. We tell others that we need people. Then they send people they know and we take interviews to select. We don't have the time to go for advertisements.

Interestingly, in contrast to the popular idea that bigger firms are more likely to rely on formal sources, the larger businesses studied in Bangladesh also relied significantly on informal sources to recruit candidates. It is found in the present study that larger firms did indeed tend to advertise job vacancies more frequently for all levels of posts. However, recruiting managers from *some* of these large firms admitted that they used formal advertisements just to maintain company policy as they would never hire people this way. A number of employees working at the small and medium factories also stated that they had never got an interview call when they replied to paper or online advertisements from large organisations. Thus, in the firms studied, it can be said that formal advertisements had been serving little more than a 'decorative' or 'eye wash' purpose, as some of the respondents labelled them. In practice, they were more symbolic than substantive recruitment tools, which were used, perhaps, to create a modern professional impression. Such 'decoration' however, failed to make up for the poor 'recruitment image' (Gatewood et al., 1993) of this industry and its hiring practices.

Empirical evidence suggested that most of the foreign managers working in different large organisations had also been recruited through their existing friends or professional networks in Bangladesh. Interviews with a limited number of foreign managers (three of whom were Sri Lankan) further revealed that they had their own community networks and many of their fellow countrymen came to Bangladesh to work through such network connections. The tendency of large businesses in this study to recruit international managers through informal networks under the close supervision of the owners reflected a common approach (Moore, 2006).

The following section explores the expectation of garment employers on candidates' academic background, skills and experiences. This is based on the analysis of advertisements conducted for this study, and supplemented and verified by recruiting managers who were interviewed.

5.5 Academic Qualifications, Skills and Experiences Sought

The current picture across affluent and emerging economies around the world shows that there has been an education explosion in the supply of college-educated workers (Brown et al., 2011, UNESCO, 2014); Bangladesh is no exception. Respondents in this study reported that in the beginning, educational qualifications of candidates were not much emphasised but in the last decade the value of academic qualifications in the market has gone up and so has the supply of college graduates. Given a choice, employers now wanted to select and retain candidates from a good school, college or university even though the employers' chances of success in such endeavours can be very slim due to the poor industry image. The following table (5.3) shows the RMG employers' expectations in terms of the minimum educational qualifications from prospective candidates.

Table 5.3: Minimum Education Level Required

Department	High School and below	Diploma	Bachelors or Masters	Total
Production	22 (3.1%)	10 (1.4%)	136 (19.3%)	168 (23.9%)
Merchandising		3 (0.4%)	159 (22.6%)	162 (23.0%)
Commercial/Marketing/Logistics			32 (4.5%)	32 (4.5%)
HRM/Administration	10 (1.4%)		90 (12.8%)	100 (14.2%)
Finance/Accounting			42 (6.0%)	42 (6.0%)
Compliance	4 (0.6%)	5 (0.7%)	96 (13.6%)	105 (14.9%)
Warehouse/Store/Maintenance	1 (0.1%)	3 (0.4%)	19 (2.7%)	23 (3.3%)
Knitting/Dyeing/Finishing/Washing	2 (0.3%)	10 (1.4%)	23 (3.3%)	35 (5.0%)
Others(Doctor/Nurse/Lawyer)		1 (0.1%)	8 (1.1%)	9 (1.3%)
Procurement/Purchase		1 (0.1%)	8 (1.1%)	9 (1.3%)
Total * 704 = 100%	39 (5.5%)	33 (4.7%)	613 (87.1%)	685 (97.3%)

The analysis of advertisements showed that the majority of the employers (87.1% out of 704) wanted their employees to have at least a graduate degree and more than half (51.1%) looked for basic communication skills in English and Bengali language, and the ability to use MS Office and the internet. Some of these employers also specified the kind of academic degree they wanted, which included engineering (10.3%), textiles (7%), and

HR (4.6%). Empirical evidence gathered during interviews also reflected similar expectations from the recruiting managers.

The low level of education of the employees involved at the day-to-day operational level (workers and managers) in Bangladeshi factories was once suggested by researchers like Bow (2001) as one of the potential inconveniences for buyers when placing orders in Bangladesh. Recruiting managers admitted that in some cases they had been forced to relax the educational qualifications they expected of experienced candidates for production jobs as they came across very few educated graduates or engineers who were willing to work on their factory floors. The analysis of advertisements showed some clear evidence of companies that had relaxed the educational requirements for highly experienced candidates. Interview findings also indicated that most of the garment firms in this study employed production managers on the basis of their experience, some of whom had not even passed high school. One owner of a factory rather defensively stated that:

> In the garment sector, those who are brilliant come out naturally even if they lack higher education or professional training. My production manager says he passed high school, I doubt that ... yet he is one of the best production managers that I have come across.

Nevertheless, employers and recruiting managers in general acknowledged the importance of education, as without it a factory or an individual would not experience career growth after a certain point. Some of them acknowledged that people with limited formal education can run factory floors but they would eventually find it difficult to continue if or when technology imposes new forms of production.

Recruiting managers said that they valued candidates' work experience as it delivers the 'tacit knowledge' on how to perform in a job which otherwise was not possible to acquire academically. These recruiters considered experience to be essential for all levels of management except for trainee posts where people came to learn. Content analysis and later interviews with the recruiting managers confirmed that only a few companies

advertised for fresh graduates as management trainees or fashion designers. Even an entry level post, for example, a junior officer, almost all the companies in this study looked for experienced candidates. Such findings confirm that inexperienced candidates were mostly sourced informally.

Employers' expectations of candidates' experience depended on the level of the job. Content analysis indicated almost 15% of those (38 out of 252) advertisements where the length of experience was specified looked for an average of 5.6 years of same-level experience to apply for manager and above level posts. Candidates were expected to have industry related work experience, for example, in garments (26%), textiles (10%) or buying houses (11%). However, interview data indicated that employers sometimes hired people from other industries to work in HR, compliance, finance, accounting and IT departments, which implied a wider opportunity for candidates from other sectors to work in this industry in non-technical posts.

Brown et al.'s (2011) study of the American graduate labour market showed how the promise of higher education was failing to match with a higher quality of life, as the global labour market was getting congested with well-educated low cost workers from India and China. In the context of Bangladesh, in contrast to Brown's study, opportunities exist for home-grown graduates in the RMG sector but there was little competition between 'talented graduates' to enter the garments industry due to strong societal constraints. The RMG employers' 'war for talent' was more inclined towards poaching experienced staff and depicted a struggle to recruit from the 'left over' low-quality graduates that the local job market made available to them.

5.6 Selection Process

Analysis of recruitment practices in this study makes it important to find out the extent to which organisations would follow a systematic process during selection, or adopt sophisticated selection techniques. On the face of things, it would seem difficult to use formal selection methods when the majority of the applicant pool is gathered using

informal means. At the same time, it can be argued that an organisation's reliance on informal sources of recruitment does not invariably imply its processes of selection too would be informal or casual. Most of the firms in this study used application forms and résumés, references or recommendations and unstructured interviews as part of the selection process. In the West, 'assessment centres' and psychometric testing are used for capturing managerial qualities such as leadership and decision-making style (Shackleton and Newell, 1989; Torrington and Hall, 1995) but the garment factories of Bangladesh did not use any such tools in selection.

In a typical recruitment and selection cycle, 'screening' takes place to weed out unqualified candidates, and organisations in developed countries often do so using technology (Chapman and Webster, 2003). Assessing candidates' suitability can be partially made through résumé analysis which some researchers, for example, Reilly and Chao (1982,) suggested being moderately or even highly indicative of a candidate's tenure and performance. Recruiters in the present study generally said that they found that applicants' résumés were less effective in predicting a candidate's suitability or performance, especially for technical posts. However, the majority of the organisations here shared that they used the information provided in the application forms and résumés for screening purposes and to develop short lists of candidates, especially when they formally advertised. These recruiters said that they received hundreds of applications in response to advertisements but it was a challenge for them to gather a quality applicant pool from that source. Recruiters said that they often came across poor quality candidates who apparently passed the screening process (based on well-written résumés) and were called for interview. According to the recruiters, these candidates sometimes had their résumés written by professionals and if so, this would become apparent during the interview. The General Manager (HRM) of an EPZ factory said:

> I put advertisements on bdjobs.com portal. I get a tremendous response but out of 400 I cannot even find ten people to call for an interview... Sometimes I kindly remind some people to please see before you apply [as they don't qualify] ... Sometimes we have to go for second-time advertisements.

Respondents explained that in the case of recruitment which was reliant on the sourcing of candidates through informal personal networks, the person taking primary responsibility for searching for potential candidates would make an informal assessment or conduct a 'casual' interview of those candidates (or a screening out) before finally recommending them to the company's management. These recruiters felt that this saved time and effort as they did not have to go through hundreds of applications and résumés but still managed to prepare a short list of candidates for interview.

The research evidence spoke of smaller companies having a tendency to adopt simpler selection methods that require low levels of technical expertise over ability or aptitude tests and assessment centres. SME owners in this study reported that they mainly used interviews as a selection tool and they did not require any elaborate formal plan to set up interviews. These owners personally interviewed candidates and negotiated a salary and fixed benefits for selected candidates. Sometimes these employers included a section or departmental head in the interview board for a second opinion but the final decision always came from the owner(s).

Empirical evidence from other studies has shown that larger firms are more likely to adopt formalised, job related and multi-method hiring procedures (Shackleton and Newell, 1994; Rowe et al., 1994). As was the case with recruitment processes, the larger firms in this study reflected greater variety; some of these firms used a casual interview approach while others put candidates through a selection panel and followed a general structure to interview. A limited number of companies (including Aryan Global and Gladiator) had introduced written tests for management trainees and entry level executives. For higher level posts, these organisations conducted a series (two or more) of interviews and formed selection boards or panels where the company directors or owners would be present in the final interview. It took recruiting managers between 30 and 90 days to circulate advertisements, screen, interview, and finally select candidates. Recruiters here reported that they often had to wait a longer time to fill up senior posts and especially when employees left the job without prior notifications.

Inaccurate selection decisions may prove costly in terms of financial investment, loss of productivity, disruption of service and depressed morale (Ramsay, 1994). Some of the recruiting managers in this study talked about using work samples (Muchinsky, 1986) for technical posts but they stressed that a candidate could be truly judged during the probation period before making him a formal job offer or promoting him from a temporary job to a permanent one. Empirical evidence suggested that the majority of the recruiters placed a considerable reliance on the probation period since it allowed them to have some flexibility in decision-making. The managing director of Tiger Company said:

> I tell the newly recruit that you take time to understand me and my company … I will also take time to see how you perform.

In summary, research evidence from this study made it rather clear that recruiting managers did not use the more popular sophisticated and modern techniques that organisations in developed countries are more likely to use. The managers basically adopted a more limited repertoire of selection tools and used probation periods as periods of assessment to confirm their choice of candidate.

5.7 Equality of Opportunity in Recruitment and Selection

It is acknowledged that the adoption of informal sources during the recruitment process means that there is the possibility of nepotism. Any reference from family members and their assistance during the hiring process could be treated as nepotism (Hernandez and Page Jr., 2006), and such evidence was found in the present study. It was also found, however, that the predominance of blood relatives as managers in the garment sector was becoming much less common in practice, while there were a vast number of people recruited into managerial jobs through social networking. The issue of nepotism will be further discussed in the next chapter (six) while exploring recruiters' dependence on social relations in hiring practices.

In developed countries like the UK it is considered unlawful for an employer to discriminate unfairly against a candidate in any part of the recruitment process – in job descriptions, person specifications, application forms, during interviews, in tests, or in short listings. The Advisory, Conciliation and Arbitration (ACAS) guidelines in the UK require organisations' selection processes to be effective, efficient and fair in the sense that they should preclude discrimination (Beardwell et al., 2004). Such provisions are far from universal. On the contrary, in other countries like China, for example, specifying age and gender in recruitment advertisements is a common practice for many companies (Cooke, 2004). The following section investigates evidence of hiring bias by the recruiters from the Bangladeshi RMG sector and why they do it.

5.7.1: Gender Discrimination

Analysis of recruitment advertisements pointed out that a total of 37.9% of firms were gender specific in their wording and the criteria they published to potential applicants. The jobsite itself from where the advertisements were collected offered employers the service to screen out applicants on the basis of age and gender requirements. Analysis of advertisements (see table 5.4) indicated that there was a strong bias for male candidates in almost every department in a garment factory. The one exception appears to be HRM and/or administration where women are more prevalent, although they are still significantly under-represented.

Table 5.4: Gender Specification by Department (in Number and in Percentage)

Department	Total No. of ads	Male	Female	Both Male and Female
Production	174	54 (31%)	1 (0.6%)	8 (4.6%)
Merchandising	164	39 (23.8%)	1 (0.6%)	4 (2.4%)
Commercial /Marketing /Logistics	34	14 (41.2%)	0	1 (2.9%)
HRM/Administration	102	38 (37.3%)	7 (6.9%)	1 (1.0%)
Finance/Accounting	42	11 (26.2%)	1 (2.4%)	1 (2.4%)
Compliance	110	35 (31.8%)	1 (0.9%)	4 (3.6%)
Warehouse/Store/Maintenance	24	12 (50%)	0	0
Knitting/Dyeing/Finishing/Washing	36	27 (75%)	0	1 (2.8%)
Others(doctor, nurse, consultants)	9	2 (22.2%)	1 (11.1)	0
Procurement/Purchase/IT	9	3 (33.3%)	0	0

Some of the recruiting managers argued during interviews that statements like 'only males [or females] are allowed to apply' in job advertisements were justified and necessary to discourage women (or men) from applying for those posts. In the absence of specific laws on equality of opportunity in the private sector, none of these activities could be treated as illegal in Bangladesh.

Respondents in general reported that in the garment factories, female employees were recruited mostly as doctors, nurses, welfare (social compliance) officers, receptionists and as kitchen staff. Interview data further indicated that these factories employed only a limited number of women administrators, in merchandising, compliance and the HR department. Some of the recruiting managers reported that women officers in their organisation were usually located in the head office (located in Dhaka or near a city) as a factory environment was largely considered to be unsuitable for them.

> .... It is difficult for women officers to work in a factory ... the limited number of female merchandisers we have are usually located in head office in Dhaka ... You see, we have all males in the factory ... it may be difficult for her [the women] to socialise or feel comfortable with all the noise and shouting sometimes ... they may have to use the same toilet ... which women workers don't have to.   --HR   Officer, Ashulia, Savar

A cross tabulation between the level of the post that was advertised and the desired gender of candidates indicated zero demand for female candidates beyond the level of an assistant manager; this cross tabulation is produced in the following table (5.5).

Table 5.5: Level of the Post and Gender Cross Tabulation

Level of the Post	No of Ads Per Level	Only Males (%)	Only Female (%)	Both Male and Female (%)
Staff	35	31.4	11.4	17.1
Entry level/Trainee	36	16.7	11.1	2.8
Officer/Junior Officer	298	30.9	1.3	3.7
Assistant Manager	83	28.9	0.0	1.2
Manager	140	37.9	0.0	0.7
Senior Manager/AGM	31	61.3	0.0	0.0
Department Head/DGM/GM	74	37.8	0.0	0.0
Others (Head of Plant/Factory)	7	28.6	0.0	0.0

Interview data also supported the scarce presence of women in management which contrasted sharply with the female dominance (90%) of factory workers (BBS, 2002) in the RMG sector. In her research, Bow (2001) opined that Bangladeshi women had so far played a rather minor role in top management which contradicted her findings on the rest of Asia, where some powerful businesswomen began their careers in the garment business. Findings from interviews in Bangladesh indicated that women's presence as entrepreneurs in RMG businesses happened either through inheritance or by becoming a partner of their brother's or husband's business.

In her review article, Heilmen (2001) argued that being competent does not ensure that a woman will advance to the same organisational level as an equivalently performing man. Section 5.3.1 in this chapter spoke of certain working conditions such as distance and long hours as two of the factors that discouraged elite graduates to seek a career in the garment industry. Most of the recruiters, however, interpreted these two factors differently when it came to women officers and staff. These recruiters argued from a societal perspective that female employees' inability or reluctance to work long hours or late at night, travel long distances, and their tendency to end their careers soon after marriage or childbirth, made them less attractive to recruit as managers.

Most of these recruiters argued that women employees often go through a career break and therefore lack the adequate experience required to reach mid-level positions. This also implies the possibility that family responsibility, societal norms and the perceived insecurity of women travelling at night from factories located on the city outskirts or in industrial zones were the actual underlying reasons. A limited number of recruiting managers commented that they found that female merchandisers were more reliable than their male counterparts but they (recruiters) appeared much more cautious when selecting a female executive, even if at an entry level position. The chief operating officer of Aryan Global (case 2) stated in this regard:

> When we want to take in a female candidate we have to be careful as we don't know how long she can continue … If she is unmarried, her decision to work will be influenced by her father and after marriage her husband will decide and she herself may discontinue once she gets pregnant.

Researchers, for example Murayama (2008), showed that in Bangladesh, women's employment opportunities were severely limited by the number and types of job they could access, and had a strong co-relation to class, social prestige and social acceptance of working women. Recruiting managers in this study also said that they usually received a very limited number of applications from female candidates. Thus it can be argued that women's exclusion from the wider labour market in Bangladeshi garments was largely confined by socio-cultural norms and discrimination by employers (Kabeer and Mahmud, 2004). This may have contributed to women 'deselecting' themselves from job opportunities at the recruitment stage and therefore making a case of gender imbalance due to societal effects.

5.7.2 Evidence of Other Hiring Biases

Interview data indicated that garment owners held a strong preference to recruit people holding power positions in previous occupations, especially those working in defence (army, navy and air force). Analysis of recruitment advertisements indicated that 15.6% (16 out of 102) advertisements for administration, HR and security posts targeted retired army officers. Almost all of the factories in this study employed people with army experience, especially in administration; those who did not shared their intention to do so in the near future. It was observed that larger, well-reputed garment companies employed higher ranked former officers up to the level of retired major general, while medium-sized factories usually employed people who had served as captain or major in their former occupation. In interviews, the majority of the recruiting managers and owners revealed that people with army experience were thought of as being good in administration as they could handle a large workforce better and their presence added to the image of the company.

Analysis of recruitment advertisements further revealed that, in the absence of legal restrictions, specification of age (43.8%) and submission of photographs with applications in Bangladeshi garments recruitment advertisements may have signalled 'hiring bias' but this was not unlawful (Perry, 1993). Some organisations looked for candidates they

specified should be 'smart', 'intelligent looking with good IQ', 'polite and aggressive', 'honest and hardworking' candidates for secretarial, merchandising, HR and administration jobs. Others wanted candidates with 'strong physiques', 'the energy to walk around large work premises', and 'able to handle large workforces'. Some past research work found attractiveness as a source of bias in hiring decisions (e.g. Marlowe et al., 1996). In the present study, recruiting managers treated such applications of 'biased' person specification as pragmatic steps undertaken to discourage unqualified candidates from applying.

5.8 Chapter Summary

In summary, this chapter has explained the way recruitment and selection practices in the RMG sector were taking place in the particular social context of Bangladesh. This research was also indicative of the society of Bangladesh enforcing its own set of dominant social values quite apart from the economic and legal arrangements. Employers' difficulty in getting the required number of skilled employees, especially at the middle to upper level of management, emerged through interviews and other independent sources. Evidence-led discussions showed that the low status of the sector in Bangladeshi society and its intensive working conditions made it a challenge for the RMG employers to recruit and retain successful candidates. Recruiters' responses to gender imbalance and the practice of some other biases in hiring reflected the way prejudice and rational business decisions were tangled together in the local context (Moss and Tilly, 2003). It can be argued that the practice of hiring someone with a particular background could not always be explained as rational and needs driven but rather it reflected a pattern of power and inequality in Bangladeshi society, which was reflected in its RMG sector.

It has been shown that Bangladeshi RMG employers rely significantly on informal sources to recruit their potential candidates. The next chapter (six) thus investigates what causes recruiting managers to rely significantly on social networks and personal references to hire managerial employees using social capital theory. Empirical data in this chapter also showed some evidence of formal practices of recruitment and selection. While informality

remains dominant, it may well be that the evidence of formal advertisements and the claim that many firms associate them with a particular corporate image, may well be indicative of an emergence of a growing role for HR in RMG management practices. This possibility is explored further in chapter seven.

Chapter Six

Exploring Social Relations, Personal Networks and Personal Reference in Hiring Practices

6.0 Introduction

In the previous chapter, apparel suppliers' dependence on social networks in general to recruit managerial staff was identified and examined in the societal context of Bangladesh. These findings raise questions about why the suppliers do not follow conventional, western models of good practice which stress formality and equality of opportunity as key features of the recruitment and selection process. Part of the answer may lie in the argument proposed by proponents of the societal effects approach (Maurice et al., 1980), that each society is unique and that organisational or economic constraints fail to make redundant the specific nature of the social relations characteristic to a particular society. Bangladesh society is patriarchal as well as hierarchical, and social status matters. In explaining the persistence of difference in Bangladeshi hiring practices, this chapter therefore explores the issues of personal references and networks of social relations in hiring practices using social capital as the theoretical lens for examination.

The review of the literature highlighted that the concepts of *trust* and *social capital* are interrelated in many ways. Empirical evidence in this study indicated that recruiters' trust in recruitment sources and selection outcomes lay with personal recommendations and social networks rather than with open advertisements. Evidence presented in this chapter shows that recruiters' dissatisfactions and negative experiences originated in their experiences of employees recruited through formal means. As recruiters reported positive outcomes when they hired employees through their social network contacts, they continued such practices. It is possible that recruiters have vested interests in reporting such success, as it is their social networks that they credit with providing good results. This might throw doubt on the reliability of their assertions, but it was nevertheless a strongly held perception which directly influenced behaviour and recruitment practices.

Interestingly, the analysis of data in this chapter shows that the interpersonal ties and social networks relied on by recruiters were generally 'weak ties'; for example, at the time the study was undertaken, a reliance on familial ties constituted a small part of the social networks used to hire people. Increasingly, the search for technical experts was influential, and industry based networks at times replaced straightforward nepotism. This chapter also engages with the way relationships between the referee, the recruiters and the candidates played out in hiring practices. This research is conducted from a critical realist's perspective, hence ideas around the empirical, the actual and the real led to the exploration of 'trust' in personal references and networks. Empirical evidence spoke of an exercise of relative trust in loose personal networks that serves a short-lived purpose to 'hire' people, as well as some alternative sources that employers in this industry trusted and used to secure control in workplaces, for example, by selecting and employing former military personnel. The following section begins with an understanding of the way respondents in this study had interpreted and applied 'personal reference' or 'reference' to hire people.

6.1 The Meaning of 'Personal Reference'

The extent to which social networks are used by organisations to recruit and select in a particular societal context can serve as a potential linkage connecting society effects, social capital and organisation studies. Empirical data in the present study evidenced an exercise of social capital embodied in the relations of the recruiters, the recruited and the referee which led these recruiters to trust a candidate who was referred by someone known to both the other parties (Coleman, 1990).

The term 'personal reference' or 'reference' in this study has been used to indicate an individual's personal connection to others through social networks as an entry point when looking for jobs or searching for people to recruit. In Bangladesh, when a recruiter recruits, or a candidate gets a job through 'personal reference', it implies that some sort of informal recommendation, usually verbal, has been forthcoming. Recruiting managers and factory owners in this study reported that it was typical for them to look for 'personal references'

on prospective candidates. In the RMG industry of Bangladesh, checking applicants' background informally was found to be a common practice. Research data in this study indicated that even though some candidates got hired through formal advertisements, recruiters would still try to do a background check using their personal networks or social connections. As one recruiting manager said:

> It is not the case that we don't take people through formal ads ... but if we do, we try to find out about that person ... his reputation in the previous office ... anything bad or bad records ... we do it ... we verify if he really was working in that factory ... why he left. If at the time of application he was employed we will give a call [anonymously] at his office to see if he really works there and if he is there for some time that means he knows the job ... we might do it [this verification] even after we take him in ... we want to be sure.

Findings of this study indicated that, in general, recruiters did not ask for or expect candidates to submit recommendation letters from previous and/or current employer. Some of the recruiting managers said that obtaining recommendation letters on potential candidates using formal channels was difficult, as their former employers and organisations usually did not agree to provide them. A limited number of recruiters who succeeded in getting formal letters found these to be written in a rather personal, biased and unprofessional way. As a result, recruiters said that they mostly preferred to obtain references unofficially and informally, as was the trend in the garment industry. One of the managers (Head of Finance) interviewed explained this trend as such:

> We don't have this culture of giving formal [written] references. If you ask someone for a formal reference ... they [other garment firms] usually will not respond ... they don't want to give time. Even if you do get a response, you get a very personal judgement; we don't get professional answers.

Some of the recruiting managers further contested that if references were sought through formal channels in advance of selection, unsuccessful candidates might face negative consequences from their current employers. This is a common feature of recruitment irrespective of location, and in the Bangladeshi context there may well have been another motivation behind the preference for informality. It has been noted that in Bangladesh the scarcity of skilled managerial employees had resulted in the 'poaching of skilled

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employees' which has become quite a common practice in this sector. While the recruiters portrayed their preference for informal recommendations under the guise of maintaining potential recruits' 'confidentiality', it is a reasonable proposition that informality was a more effective tactic to facilitate the poaching of staff (Winterton, 2007) rather than it being an attempt to protect the interests of the individuals concerned, which could easily have been done by taking up references only when a firm job offer had been made. The following section presents the findings on recruiting managers' preferences for the use of personal reference in hiring, along with the underlying causes that explain such actions.

6.1.1 Why Personal Reference?

It is generally known that Bangladesh has a highly unequal distribution of income (a GINI index score of Bangladesh is 33.2 as of 2005) which is often considered characteristic of a low trust society as opposed to high trust societies that have more equal distribution of income (Uslaner, 2000). According to Fukuyama (1996), in low trust societies people are disinclined to trust anyone outside their family or clan; hiring decisions are likely to be influenced more by the trustworthy personal attributes of candidates, for example, blood ties or personal knowledge, and less by educational credentials. Findings of this study showed that garment organisations attempted to meet their demand for human resources in a low trust societal context through personal knowledge gained of their potential candidates via social networks. This is not to say that in western societies, social networks are not used, but in Bangladesh the use of networks is simply more apparent than in settings where process disguises the ongoing influence of personal recommendation.

The present study is built primarily on the stories that RMG employers and recruiting managers had to tell regarding their recruitment and selection practices, but it also includes some employee perspectives on specific issues, such as, for example, the way they found personal networks to be useful in accessing job opportunities (as table 6.1, p-136 shows). Almost all of the employees interviewed in this study reported using personal networks at some point in their career, either to find jobs (Lin et al., 1981), switch jobs for

promotion, better pay and benefits, or join more highly reputed companies, thus indicating the influence of social capital in career success (Gabbay and Zuckerman, 1998).

Table: 6.1 Employers' and Employees' Perspectives on the Use of Personal Reference in Hiring

Employer Perspective		Employee Perspective	
Process Benefit	**Desired Applicant Quality**	**Process Benefit**	**Desired Job**
o Quick and easy o Cheap o Low turnover o Traceable o Free from pressure created by local political parties	o Better applicant pool o Adaptive o Better performer o Relatively honest o Dependable	o Quick access to job o Better acceptance in the work place	o Occasionally yes o Better pay and promotion? Mostly yes

Recruiting managers generally agreed that through personal references or social networks they had a better chance to gather an applicant pool of the desired quality and quantity. The previous chapter has already highlighted the labour market conditions (an abundant supply of poorly qualified, inexperienced and therefore surplus candidates) and the kind of societal constraints that RMG recruiters faced when seeking suitable candidates. With reference to that, recruiters in this study said that when they formally advertise for positions they usually get a huge response from these poor quality graduates, including unemployed people and some 'job hoppers'. Most of these candidates who usually respond would not meet the stated minimum qualifications, which made the screening process a rather time-consuming and often fruitless effort. Some of these recruiters were very critical of job hoppers whom they described to be people with poor performance records and workplace adjustment issues. According to these recruiting managers, job hoppers have a natural tendency to switch jobs frequently and apply for any advertisement, in their view, probably because no one would *refer* them.

The Executive Director of ABC garment Ltd said regarding job hoppers:

> These [job hoppers] are floating people ... they don't give time ... Neither do they give effort to concentrate on learning the job ... that is why they frequently change jobs ... Those who are good they don't want to leave ... owners always want to keep the good people ... good people do not come much in this profession through advertising.

From these responses, it is clear that the advertisement is seen as the refuge of the person who fails to meet the standard required for personal referral. In this sense, the advertisement is seen as a substandard mechanism of recruitment, for sub-standard and socially inferior candidates. Such positive distrust for formal recruitment sources on the part of employers suggests that applicants are rational and wise to seek personal referrals, and to resort to formal sources only when lacking in social networks.

Recruiting managers also said that they found reference-based recruitment and selection processes to be quick (see Tayeb, 2005; Windolf and Wood, 1988), cheap, and hassle-free compared to their experience of hiring via formal advertisements. According to these recruiters, employees hired through informal social networks were better performers, had lower turnover rates (see Breaugh and Mann, 1984; Krackhardt and Hanson, 1993) and could be expected to provide evidence of a service record over a reasonable period of time, for example, usually two years. It is likely that as referred employees had better access to company or job related information that was difficult to obtain (Fernandez and Weinberg, 1997), probably from their referee, thus they could cope better, meet expectations and had better job satisfaction that in turn may have reduced to the likelihood of short-term job turnover (Saks, 1994). Gladiator (case 3) was the sole organisation in this study that recruited 70% to 90% of their managerial employees using formal sources, and interestingly they admitted to have a higher employee turnover compared to the other garment firms, but did not share the statistics.

Recruiting managers said there were some candidates who did very well at the interview stage but had failed to perform satisfactorily on the job and they generally associated such disappointments with formally sourced candidates. Recruiters also said that they found referred employees to be a lot more adaptive to their work environment or 'culturally fit'

for the workplaces they entered (O'Reilly and Pfeffer, 2000). Research has indicated that references stemming from personal relations can help build trust in a potential candidate (Brook, 2005). The attitudes expressed by recruiters interviewed for the present study were so much more favourable towards personal references over advertisements that it is reasonable to conclude that their expectations and trust in personal references may have preconditioned them to being more supportive and accepting of a new recruit. If employees refer a person they then have a personal interest in that individual doing well and so are more likely to commit themselves to looking after or sponsoring the recruit to make sure that they settle in (McCormack and Scholarios, 2009). In the present study, it was found that employers and employees were more likely to be willing to trust and co-operate when the 'new recruit' came through reference or personal networks. For example, the Head of Industrial Engineering at a large company said:

> In textiles, even if we do take people from an advertisement at entry, mid or top level, mostly it is reference dependent. Because if I can find a person who matches well with me ... he will also feel comfortable here ... also if he came through a reference I know that he knows his job well ... why should I go for a formal ad then?
> .

Recruiting managers in general were particularly wary of resorting to formal advertisements when recruiting for job positions handling cash and strongly preferred personal references as it allowed them to carry out some sort of background check on candidates. Particularly when recruiting people in the finance department, warehouse or store, employers considered honesty and integrity from potential employees to be very crucial but quite difficult to judge. Gladiator's Head of Finance stressed that undertaking such measures was vital and said:

> When we take in people handling cash, cross checking is highly important. We had to do this in some cases and we took decisions based on the opinions we received. I even spoke with the auditors [audit firms] that these candidates have worked with.

These recruiters shared that there had been incidents of employees running away with cash given to purchase raw materials, selling machine or machine parts, stealing from storage, taking commission to approve below standard or overpriced equipment and raw

materials for production. As a result, recruiters usually tried to find out about the reliability and honesty of potential candidates through their social networks. Such findings serve here as an indicator of a low trust society in which there is high suspicion of employees and an expectation that they will act contrary to the interests of the business.

In Moss and Tilly's (2003) research on hiring practices in America, employers said that the 'dependability' of the employees was the most important factor to be looked for. Recruiting managers in the present study generally anticipated higher levels of reliability in personally recommended candidates, since they came with the referee's assurance (see McCormack and Scholarios, 2009). Crucially, recruiters said that they found it easier to trust referred employees to keep company secrets or maintain confidentialities. As the owner of Tiger Global said:

> In interviews I try to find out about the applicant's knowledge, skills and abilities and try to verify his qualifications stated in his CV. I do all this and try to sum up that [making an overall judgement] if I take him in, he will or will not maintain my business confidentiality or trade secrecy. For example, I try to know if he is going to snitch away my buyers [for a merchandiser post] and join another company after some time.

One of the strong arguments made by these recruiters was that a referred person could be traced back if anything went wrong and the referee could be held personally accountable, at least morally. Some of the employers in this study emphasised that they *had* to find a way to 'know' the prospective employee, especially for a high level managerial position. The managing director of a large group stated in this regard:

> I cannot trust sourcing someone through formal advertisements for higher level posts like a factory manager who would look after 5,000 people even if he has the required skills and experience. My factory depends on him and I *will not* select someone I cannot trace through people I know.

In their study of four European multinational subsidiaries (pharmaceutical companies) in Bangladesh, Chowdhury and Mahmood (2012) spoke of the political system as a social institution and determinant of HR practices in Bangladesh. For example, political interventions from the ruling party have long been influential in the hiring of civil servants by the Bangladesh Public Service Commission (BPSC) (see Sobhan, 2002; Karim, 2007), a

factor that has led to a massive erosion of public trust in this organisation's fairness in recruiting practices. Chowdhury and Mahmood's (2012) finding suggests that private sector MNCs can also face political pressure to recruit certain candidates. In the present study, however, political pressure did not seem to be such an issue, as only a limited number of recruiting managers (three) said that they deliberately avoided using advertisements to evade pressure to hire people recommended by local political parties or other influential public figures. Perhaps the low social image of the industry made it less attractive to use political lobbying for garment jobs although such insight just goes to show how powerful these social networks can truly become at times.

In summary, employers and recruiting managers in this study were sceptical of successes in recruitment and selection outcomes through the use of formal sources such as advertisements because of the kind of negative experiences they had had. Their confidence and trust in people hired through advertisements was found to be very low. The work of Scholarios (2009), for example, has shown informality to be a rational approach when an industry is facing skill shortages and has a need to fill positions quickly. Similar evidence has been found in the present study. Analysis of data suggests that in this particular context, social capital seems to have played its role in increasing the efficiency of action (Nahapiet and Ghoshal, 1998). The RMG suppliers faced no legal provisions, such as equality legislation, which constrained their use of personal references and social networks to hire people.

Moss and Tilly (2003) have argued that when formalised procedures wane as the pressure to use them is scaled back, the importance of subjective judgements in hiring and recruiting is likely to grow as is the reliance by employers on networks as a source of employees. Such was the case with Bangladeshi apparel suppliers and their management practices. Interview data here was indicative of social networks lending a great deal of weight to those who want to persist with informal practices. In fact, the pressure to formalise has never really taken hold and is contrary to the social norms of the industry. This is a powerful indicator of the likelihood that these practices are going to continue. The following section explores relationships among the referee, the recruiters and the candidates in question in an attempt to understand the motives and actions of each group.

6.2 Exploring the Mechanisms of Personal Reference: Recruiters, Referees and Future Employees

In this study it was possible to explore the social relationships and networks used in organisation practices at an individual level. Findings suggest that, primarily, social capital originated as a product of social relations related to kinship, friendship, professional acquaintances and associated network ties. The actors concerned were employers, employees and people looking for jobs in the local labour market, who co-existed in society as neighbours, friends, relatives and also suppliers. As the researcher did not have open access into the networks *per se*, it was not possible to identify any form of formal political affiliation for the purposes of this study. The use of social relations in this way, through networks of professional circles, neighbours, distant relatives, friends and other acquaintances and their networks, is what some social capital theorists identify as 'bridging' (Brook, 2005). The findings of this study showed that, in general, 'bridging' or weak ties were used to recruit people at all levels of managerial positions in this industry.

Recruiters identified 'employee referral' and references from people known to them in the garment industry to be the most reliable sources of recruits. Employees developed their sectoral or professional networks once they joined garment organisations and respondents explained that over the length of a career their connectivity grew through interpersonal relations, and continued to expand when joining new organisations. These employees would refer/recruit people through their networks of referees within or outside their garment sector organisations. Their family, friends, neighbours or anyone outside their professional circle could also play a role (for example, as a referee or potential candidate). The findings of this study further showed a few cases where, when a senior employee left one company to join another, they took colleagues with them, either at the same time or soon afterwards. This has been called a new type of 'Pied Piper' effect by Wysocki (2000); several respondents admitted either following a senior employee (their boss) or drawing in some followers at some point in their career.

For example, one Assistant Manager (HR) from Aryan Global said:

> When I applied for an HR executive post in DBC Garment [previous job], it was our HR Advisor [Arayn Global] sir who took my interview, he was the HR Head there. I learned a lot from him. After sir left DBC and joined here [Aryan Global] he brought me in and also another colleague of mine here to work.

In this study, then, social capital in the Bangladeshi societal context of the localised garment sector was mostly embedded within networks of mutual acquaintance and recognition (Nahapiet and Ghoshal, 1998); these people worked in the same industry, they knew each other or connected through others whom they trusted. As one HR manager said:

> We get calls ... few days ago I got a call from my former General Manager (GM) from another company if I knew somebody for a post and told me what he needed. Then I sent someone I treated like a small brother who was also looking for a job ... we studied together and he got the job with just one interview. That former GM said to me that you [HR manager] sent this guy for you know what he is like and what I [former GM] required ... This faith is very important.

Social relations and network links between potential candidates and prospective employers are usually created through one or more bridging actors or referees. Figure 6.1 (see p-143) captures relationships of potential candidates, recruiters and referees and their relational directions.
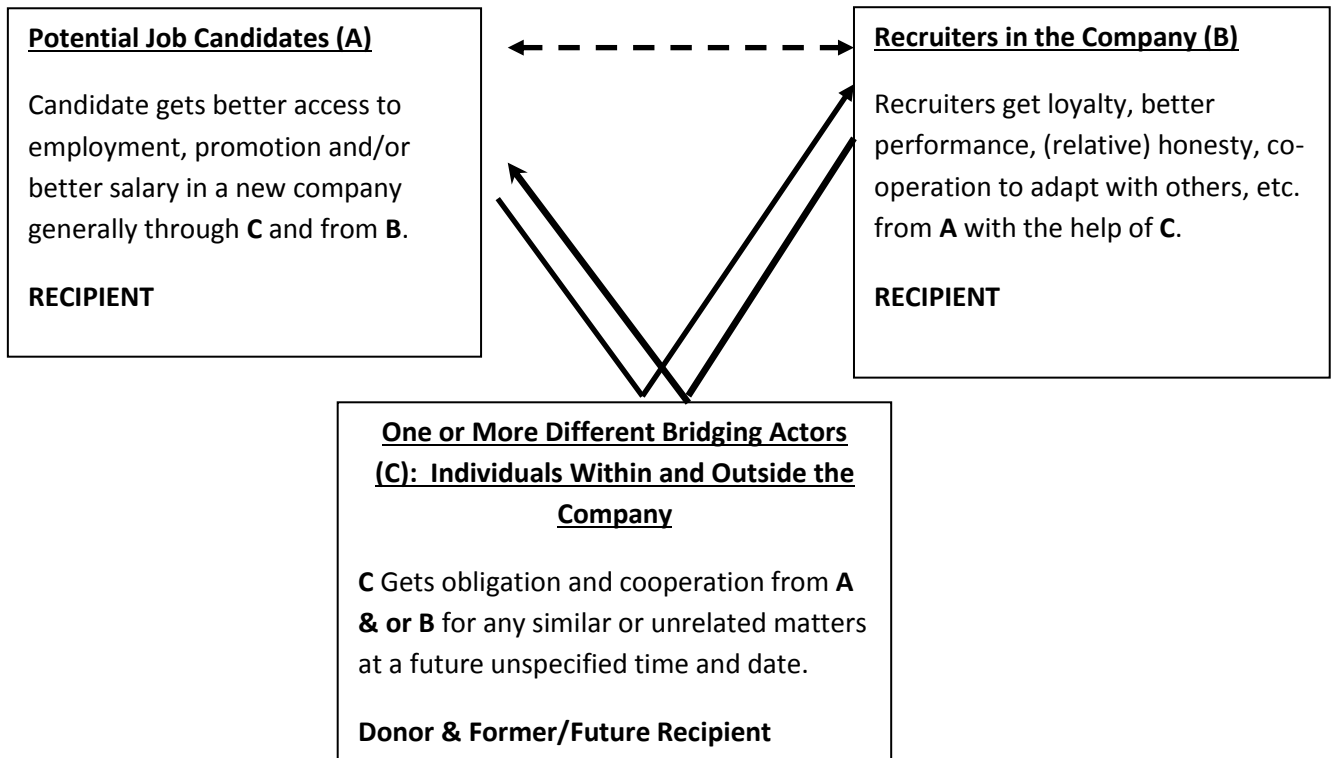
Figure 6.1: Relationships of Recruiters, Referees and Applicants

The dotted arrows in figure 6.1 indicate a less frequent (but not necessarily less effective) direct linkage between the candidates and the recruiting managers. It also speaks of the purposes and benefits that potential job candidates, recruiters and referee(s) can expect and gain access to. The data also suggested that informal co-operation taking place between members in social networks who may not have equal economic power or social status, but that aspect of the result is not within the purview of this study and therefore is not reflected in the diagram.

Empirical evidence indicated that recruiters expected their referees to act as a guardian of the prospective employee at least for a reasonable period. If a referred candidate fails to perform or breaches trust, the referee is likely to suffer some form of social debasement, and the employee may be unable to find anyone to refer them in future. Thus, those respondents who had acted as referees said that they had to be very careful when recommending someone as a wrong decision could cause them serious reputational harm

(see Breaugh, 2008). However, it might not always be so straightforward, as shown in the following statement from one of the senior managers, who had often acted as a referee. This shows the complexity of social relations associated with personal referral.

> Before I refer a person, I try to judge his or her qualification ... I don't want to hear from that employer ... hey brother what kind of person have you sent me? His performance is very poor [stops for a while] ... but ... it depends actually ... if I have a good relation with that employer, he may decide not to say anything at all especially if he has to deal with me for other things he may not want to ruin our relation.

A further dimension was that recruiters frequently had to go through multiple bridging actors in search of potential candidates, and as a result they often found it difficult to make someone specifically responsible if the referred person turned out to be unsatisfactory. Though it was not possible to uncover the exact motives of referees (as that was not the prime focus of this study) it would seem a reasonable proposition that the positive implications of a good referral may well have been significant for the referee, in terms of the obligations created in the process of any social exchange (Blau, 1964). These referees might have been former recipients of social capital who later assumed a position to return the favour.

Overall, the trust of recruiters, candidates and referees in the present study context was found to be built mostly through an indirect reciprocal process in which recruiters and potential candidates taking benefits from a referee could return the favour to the same person or a different person in the same social community; this speaks of a kind of generalised norm of reciprocity (Das and Teng, 2002). The acceptance of generalised reciprocity and uncertainty here involves a high risk of free riding and further confirms the nature of network ties being used as a 'weak' or bridging type. In the present study, even though referees did not get any immediate return for a good referral, it is anticipated that in a status-conscious hierarchical society such as Bangladesh, the status conferred by having been consulted may be return enough at least in the short term.

6.3 Avoidance of Nepotistic Social Relations in Hiring Practices

Respondents in this study did not deny that nepotism was a feature of hiring practices but they argued that it supplied an insignificant portion of the total managerial work force. It is generally known that garment businesses in Bangladesh are typically owned by family members (for example, husband-wife, father-son-daughter) or partners. This study identifies and separates the notion of 'family ownership or family-owned businesses' from practices of 'nepotism' or 'favouritism' in hiring practices. With reference to which, this study found that bonding (Brook, 2005) or the inclusion of closely tied relatives and close friends in management constituted an insignificant portion compared to the vast number of people recruited through networking.

Respondents in the present study generally said that nepotism had been much more widely practiced in the earlier periods of the garment industry in Bangladesh than was currently the case. Such findings in a way mirrored the early management structures in industrialising Britain where familial ties were very important for managerial positions and the transfer between ownership and management was fluid (Pollard, 1965). This is not to say that the situation is the same in Bangladesh, as both time and local social norms are different, but an understanding of the earliest developments of management as a discipline allows us to draw some parallels. In developments reminiscent of the past, for example, some of the more experienced managers of the present study indicated that their reliance on kinship dwindled as businesses grew larger and more technically complex. The second generation of employers in the Bangladeshi garment sector (who took over their family businesses) were more in favour of avoiding nepotism as a sole basis for employment and were more focused on employee efficiency, expertise and qualifications, as has been observed in this study.

It is possible that blood tie networks may help employers obtain a committed personal supervisor for the organisation with minimal recruitment costs (Hernandez and Page Jr., 2006). However, some respondents, including a few owners, spoke directly against employing close relatives or extended family members in businesses. These respondents generally said that nepotism may be harmful, as relatives may feel entitled to take

privileges, perhaps doing less work and getting involved in politics inside the factory. One manager shared his experience from a company he previously worked for:

> The Malik [owner] used to be most of the time abroad, outside Bangladesh. I did the accounts and I know the people [relatives] he relied on were just robbing him. They would show false electric bills and other bills and thus exaggerate expenses and steal the money from his business.

Another respondent who used to work in his uncle's factory said:

> The brothers [uncle] as partners to the business were doing fine at first. The business was going well for five years. Then each of their family members started using cash for the business to buy personal household items. Starting from curtains etc ... If one was buying a car today ... the other will like to take out money for something else. How long can a business survive after that?

Recruiters generally agreed that nepotism can risk conflict between employers and other employees who are not family members, by allowing scope for inequality and injustice when hiring which may, ultimately, endanger the business. Some of the employers in this study said that while nepotism or favouritism might give *access* to employment (mostly for entry level posts which required little experience) it would not provide long-term careers for people who then failed to perform. Only three small and medium scale firms in the present study heavily involved close relatives and friends in management; two of these firms reported incurring huge losses because of some corrupt relatives and were about to close down. The third company had not experienced any such betrayal but was struggling to survive.

While straightforward familial ties may be waning in Bangladesh, critics such as Ben Fine (2001) have argued that *all* forms of social capital are essentially nepotism. Interview data indicated that the kind of social networks relied on by factory owners were actually sectoral in nature. They looked for expertise that was specific to the sector and used industry networks to find it, even outside Bangladesh's borders, by recruiting foreign employees. Most enterprises like this started out as family concerns and explain why family connections persist in managerial hierarchies, yet the present study suggests that

except for entry level posts, it was sectoral connections that took precedence over strictly family-friends-relatives ties. Therefore, if we accept Fine's point that social capital is always more or less a basis for nepotism, whether familial ties or other criteria for a social network, it could perhaps be argued that technical expertise is now changing the dimension of nepotism and promoting the use of social networks within the sector in this particular context. The complexity of the balance struck between the rhetorical as opposed to the real nature of technical expertise and the significance of belonging to a particular social network is one that would benefit from further, focused research.

6.4 Analysing Trust

Analysis and discussions about empirical findings in this chapter identify that the type of trust that characterised social relations and networks used in recruiting people was mostly interpersonal or personal. Findings have already shown that the low status of this industry in the local job market and in Bangladeshi society made it difficult to attract qualified elite graduates. In this context, the decision to place trust in networks of friends and acquaintances is situational and guided by societal values, images and culture. Personal networks gave recruiters trust in the recruitment and selection decisions. The role of merchandisers was a particular concern to employers as respondents said that some employees particularly those in the merchandising department, are likely to be offered a 'commission' (bribe) by raw material suppliers when an order is being agreed. This might risk poor returns to the business if the work was of lower quality and or became more costly. One owner, who started his career as a merchandiser commented:

> Trust is an issue in our culture. If you tell someone that people working as police, tax officers and merchandisers don't take bribes ... no one will believe you … these corrupt merchandisers will take bribes to accept a low quality input material or may get the right quality product at a higher price or just place the order to a particular [raw material] supplier ... those who get appointed as merchandisers, more than 75% of them are here through [personal] reference, yet the problem persists.

Merchandisers who could be interviewed in this study avoided answering any questions about whether they had ever accepted commission. The only merchandiser who appeared to speak frankly was interviewed over the phone and was also the only respondent from his particular company. He commented on the issue of commission:

> If someone gets a good commission, it does not harm the company; I don't see it to be a real problem. Our employers won't tolerate a single mistake and fire us on the spot. But if we earn some extra then we can make up for any silly mistakes made by us; the company does not need to know about it.

Such findings raise a question mark over whether networks of relations or personal references can indeed guarantee the 'honesty' of recruits. Such practices seem to be part and parcel of Bangladeshi society and this industry. Top managers at Gladiator shared that they had had to sack some of their best employees who were caught with evidence of misconduct (bribery). Recruiters considered it difficult to judge a candidate's honesty and integrity through interviews alone and therefore relied on personal networks and references to arrive at a hiring decision. The kind of trusting intention, behaviour and belief in references did not mean, however, that they were blind to the risks involved in using such networks. One of the employers stated:

> We don't look for honest people. You can't judge honesty. I find it to be a vague term. If you ask someone if he or she is honest, everyone will say yes. I would rather look for someone who knows the job and even if he takes commission, he would take five cents not fifteen cents per dollar purchase ... it is rare to find someone who will take zero cents ... We look for that five cent commission taker [not explicitly] who also knows his work ... of course, the punishment of getting caught is immediate termination from the job.

This comment reinforces the point that though the pursuit of trustworthiness informs recruiters' language and is cited as a reason for adherence to informal hiring practices, the nature of this trust is relative and not absolute. Interview data thus lead to the conclusion that to the recruiters, the issue was the minimisation of distrust by means of reliance on social networks.

However, respondents in Aryan Global and Gladiator revealed that in addition to strong family ties and personal networks, there was one crucial means of securing trustworthy behaviour in the day-to-day operations of factories, and that was technology. The technological surveillance and monitoring of employees' behaviour was a key method used by employers to allow them to 'trust' their workers, and this finding is relevant for future studies on employment relations within these factories. Gladiator (case 3 in this study) started using enterprise resource planning (ERP) software to create a system of integrated applications managing all facets of operations, including product planning and development, manufacturing processes, sales and marketing. According to the directors of Gladiator, the application of ERP made it very difficult for an employee in their organisation to manipulate or withhold information, or to take 'commission' from suppliers or sell off machine parts and/or production materials. Owners and senior managers from Gladiator asserted that ERP technology helped them to control corruption and dishonesty from employees; this technology created a system trust and hence can be considered as another way of minimising distrust, alongside the adoption of personal networks. Interestingly, Gladiator's recruiters also said they had seen a higher rate of employee turnover after implementing ERP; according to the chairman and one of the directors, people who failed to adjust and those who found no scope to steal or take commission from suppliers were the first ones to quit.

One director of Gladiator said:

> [After the implementation of this ERP system] we even had to sack some of the best guys because of integrity issues and other issues … Merchandisers may think they can take advantage of subcontractors. Many had to leave [our company] for this issue. In this regard we have 'zero' tolerance. Maybe he was getting 150,000 taka a month … through commission he might get another 100,000 taka.... We offer him 200,000 taka a month … If any such report on commission is received we sack him … I know people have left our company for this as soon as they realised.

This type of reasoning is typical of employer responses and totally negates any rational and interest-driven choices made by the employees. Technology circumscribed trust which made it valuable to these employers; it made trust less of an issue by limiting the scope of managers to behave untrustworthily. Technology is used to limit the scope for any

employee to sabotage the business. It appears that this company increased surveillance by using technology which is probably why they were able to use formal sources (70–90%) to recruit people. This may be a potentially interesting finding and yet only a limited number of garment firms (three firms, including Gladiator) were using ERP technology in Bangladesh. It is highly expensive and in 2011, during the time of the field work, only 11 companies in Bangladesh (including these three garment firms) were known to have implemented such technology.

6.5 Alternative Sources to Secure Trust

In the present study, the issue of trust is seen as a key facet of social accumulation (Leana and Van Buren, 1999) that can also function as an alternative method of control (Floyd and Wooldridge, 2000). In addition to personal networks and technology as a means of minimising distrust, it was also found that employers showed a preference for specific categories of people, such as, international managers or former army personnel in HR/administrative jobs. The lack of trust in merchandisers has already been noted and respondents indicated that most of the factory owners dealt with buyers directly, apart from some exceptions where these owners would employ foreign managers as experts. Findings indicated that some owners even travelled abroad in search of skilled foreign employees. For example, the owner of Aryan Global flew to Colombo in Sri Lanka to interview a candidate who was recruited later as the head of the industrial engineering department. Other than meeting skill shortages, some recruiters reported that they recruited foreign experts recommended by suppliers for a number of reasons, for example, to better manage imported machines.

Findings show that the large businesses who were recruiting foreign employees were doing so not only for these reasons or because they could afford to do so, but also perhaps because they found a status issue here. Some of the recruiters said that the presence of foreign employees gives organisations a multicultural flavour; they considered it a good strategy to attract buyers as the skills of such foreign employees (for example, Sri Lankan employees) were, in their view, probably better known to the buyers. The general

response of owners interviewed in the course of this study considered foreign employees to be comparatively better educated and more honest, professional, dependable and hardworking than their local counterparts. The owner of a large group of companies (multiple garment factories under the same ownership) said:

> We have many Sri Lankans in my company ... We take them in due to their efficiency and honesty ... I have had a Sri Lankan GM for 12–13 years and he is now the production director. My head of Merchandising is also a Sri Lankan ... so is my ABC apparel's GM and Head of Quality ... washing and dry process (GM), the sample development in charge is also Sri Lankan.

Another owner from a different garment group (the Sanders Group) commented:

> I could always expect my Sri Lankan managers and officers [to be] ready to work if necessary until two o' clock in the morning without complaint, but I don't expect the local managers to do the same and I know they would not do so.

The latter quote says a lot more about the industry than perhaps it does about stereotypical 'foreign attributes'. The expectation that employees will work until the early hours of the morning without complaint is hardly a reasonable expectation, and may answer why they find it difficult to recruit and retain talented local graduates (see chapter five). It seems that there is a perception on the part of the owners who run these businesses that foreign workers can be trusted precisely because they are outsiders. Analysis of local labour market has already indicated that employing foreign people can be expensive (70–100% more salary compared to locals in similar positions), which is probably why only some large firms with good financial strength employed them. The high level of pay differentials for foreign employees is likely to distort the local/foreign dynamics in terms of so-called commitment at the workplace and may explain the willingness (as described by employers) of foreign people to work longer hours. It is therefore reasonable to draw links between their pay and conditions, their position as outsiders and their behaviour at work.

Some middle and junior local managers criticised garment factory owners' decision to employ foreigners as they took the view that they (local managers) were equally capable.

Some of them questioned the reputation ascribed to foreign managers of being more efficient and knowledgeable. One respondent blamed the inefficiency of his company's foreign General Manager (GM) for huge losses incurred by the firm and said he felt totally frustrated when the owners renewed this GM's contract with a higher salary and benefits. Another respondent, the production manager of Tiger Company said:

> We [Bangladeshis] like to be bullied by foreigners … like during the British colonial period. We as local managers perhaps can't give enough pressure to our [local] people to work hard. … Perhaps foreign managers are better at exerting pressure or have more control over local employees … But it is not true that we don't have qualified people. We do all the work but they [foreigners] take the benefit … yes, I also learnt from an Indian, but we Bangladeshis are now in this trade and our local people are more meritorious than these Indian, Korean and Sri Lankans and application [performance on the job] wise, the Bangladeshis are more efficient and effective.

Thus it was that respondents reported a certain amount of tension around the presence of foreign employees. The following quote is from an experienced employee in a large business.

> My experience says that these foreigners know nothing extra special but our owners prefer them … there is no correct answer to why owners employ Indians, Sri Lankans … Even these Indians and Sri Lankans won't be able to answer it … It is our problem that we don't value our own people, we degrade ourselves … in one of my jobs they replaced me with a Sri Lankan with a high salary and [offered] car and … I came to know that now a major [ex-Army] has replaced him.

Respondents in this study reported a distinct and general tendency to hire retired defence employees (mostly former army personnel) in administration or senior roles in the HR section. Interview data indicated that most of the former military men had no direct work experience in the garment trade and yet they would start at least at mid-level managerial positions. Aryan Global, Gladiator and some other big garment businesses employed retired top ranking army, navy or air force officers as factory managers or general managers. The presence of former army men in administration was deemed by some

recruiters to have a better impact on factory management. These respondents said that such people were considered to be good in administration and even if they lacked trade specific knowledge, they were backed up by a dedicated team of technical experts. Besides, in general, workers were accustomed to respect and feared these former military men whose presence was expected to dampen any militancy or rebellious tendency in workers. The majority of employers appeared to find this 'power image' more effective in controlling the workforce at large than would have been accomplished by recruiting a civilian.

In typical family-owned businesses like the RMG, it is generally anticipated that salaried managers will be highly unlikely to hold the position of a director. The only non-owner director found in this study was a former army major general who joined right after his retirement, which goes to show the value placed on such people by some employers. Also, people of such specific backgrounds were known to have good networks of contacts in other bureaucratic agencies in the public sector and political circles in Bangladesh. Their status in Bangladeshi society and their social connections could be useful to the owners as one 'civilian' HR manager pointed out. Although such findings could be identified as a sector specific HR strategy to engender respect, it requires careful consideration on whether this is about fear and repression of dissent.

Based on the discussion so far, it can be argued that the employers' decision to employ foreign managers or former army men was not always driven by need. These employers resorted to the power and image status of 'former army men' for multiple reasons and this also reflects their determined intent to exert control. Such preferences certainly create and reflect tension and conflict in the employment relationship but the RMG owners' trust in these two groups was undeniable.

6.6 Conclusion

This chapter explored the ways personal relations and networks played out for RMG recruiters, their referees and potential candidates, and the underlying causes that drive

such practices. The findings of this chapter showed that in this particular context, networks of personal relationships provided the basis for trust and co-operation in recruitment and selection practices. Trust in this study was seen as an individual property that was sustained by the social system and grew with repeated use (Gambetta, 1998) but involved risk (Korczynski, 2000); personal references provided employers with a relative trust in their selection decision and served as a short-lived purpose. As garment businesses are growing at a fast pace, the findings suggest a change in the networks which are underpinning social relationships. These networks are not entirely family related and are very complex. The very top people in garment organisations may be family members in the sense that these are family firms, but the networks are growing and dispersing and becoming more professionalised. This is not informal recruitment as is known to the western society and this is not guanxi, as seen in the Chinese context, but a particular aspect of South Asian society and culture.

Chapter five noted that in the midst of informality and the continued dominance of social capital in all its forms, there was some evidence of a growing presence of formality in the HR function of garment management practices. Recruiting mangers and other respondents in this study attributed this to the indirect influence of the global buyers and leading brands. The next chapter in this study explores the degree to which formal HR departments are present in garment factories and to what extent they have any impact on recruitment and selection practices. The chapter therefore looks for evidence of dominance effects on Bangladeshi suppliers that are originating from dominant players in the global apparel market.

Chapter Seven

The Creation of a Formal HR Function and its Impact on Hiring Practices

7.0 Introduction

Chapter five and six have explained the hiring practices for managerial employees by the apparel manufacturers in Bangladesh, and have drawn out different aspects of societal effects on organisational recruitment practices and selection decisions in this particular context. Empirical evidence in this chapter considers whether there is a spillover effect from the social compliance requirements of buyers and international brands. Evidence suggests that this has influenced garment factories to create formal HR departments and this is observed through HR's role in recruitment and selection practices for managerial employees. It has been shown that the majority of the firms (all but one) in this study recruited just 10–30% of their employees via formal sources. Findings outlined in this chapter suggest that there is an incipient formality and professionalisation of recruitment and selection practices taking place in some of the large garment factories which were studied in the course of this research.

The chapter begins with the following section providing a short account of how the requirements for social compliance led garment employers to create a formal HR department.

7.1 Social Compliance to Formal HR Functions in the Bangladeshi Garment Industry

Corporate codes of conduct (COC), product certifications, process standards, and other voluntary, non-governmental forms of private governance systems are increasingly regulating business behaviour (Braithwaite and Drahos, 2000) across the global supply chain. The reasons for this, according to one perspective, may be to evade or erode statutory regulation, to neutralise independent trade unionism and collective bargaining, to promote the ethical treatment of workers and the environment, and to maintain

corporate reputation with the end user. End users are usually located far away from the people who produce their clothing but may hear of their working conditions through the naming and shaming campaigns by activists (Potoski and Prakash 2005; Spar and Yoffie 2000). In the Bangladeshi RMG industry there have been many tragedies which have highlighted the poor conditions in the sector, and some changes have been made in response to the different forms of private regulation and standards (chapter two, table 2.2, p-34) from the countries importing garments, as well as buyers, labour associations and NGO activists.

This chapter explains the influence of private regulation through codes of conduct on social compliance and identifies it as an indirect mechanism to generate dominance effects. Dominance effects are understood as an institutional isomorphic pressure to conform to social compliance standards and specific HR practices that are derived from the dominant actors in a sector or field of activity. In this study, these practices were adopted by Bangladeshi garment factories on a significant scale. Findings of this study show that it was lead firms in the GVC who were partially shaping these suppliers' management practices (Jenkins, 2013) by creating opportunities and constraints with resulting implications for HRM in this industry.

In developing countries, the state's weakness or failure to implement national labour laws has been noted. In Bangladesh, labour laws are not strictly enforced and there is also a weak trade union movement, which in part is a factor of considerable employer hostility – a factor found in other developing countries, such as India (Debrah and Budhwar, 2001; Jenkins, 2013). There are multiple factors that may influence the lack of enforcement of statutory regulation, such as political choice, which is born of the desire to attract foreign direct investment, but such lines of investigation are beyond the scope of this study. Rather, the focus here is the influence exerted by lead firms (that is, international buyers, retailers and brands) over their Bangladeshi suppliers which, in the context of a weak local legal system, exposes dominance effects in these work places.

Interview data from senior managers and owners (especially those with 10 years or more work experience in the garment business) showed that the concept of 'social compliance'

was introduced to the Bangladesh RMG sector around the year of 2001–2002. According to these interviewees, factory owners and managers barely had any idea or knowledge of what social compliance meant at that time. They said that they had to learn from scratch about the need to comply with local labour laws, ILO conventions, minimum wages, workers' rights and occupational health and safety. The following comments from a senior HR manager provide a glimpse of that period when garment factories for the very first time came to know about the requirement for social compliance:

> We heard this big talk going on about 'compliance' but we had no idea what this meant. All we knew was that the owners have agreed to it or else they won't get an order from the buyers … nobody knew what to do about it. The owners needed people to implement it and anybody who could utter the word 'compliance' would get recruited [he chuckled] … When they [the buyers] first came for the audit inspection in my company, they found that nothing was done. They then helped us to understand what they meant [about social compliance] and what we have to do.

It is understood that a full and rigorous implementation of social compliance standards costs considerable money and most likely requires capital investment. In a labour intensive value chain like garment businesses, where profit margins for local manufacturers are relatively low (Jenkins, 2015), attaining a particular standard may be expensive. Compliance requirements are likely to be regarded by local suppliers as a constraint on their ability to compete on price but, at the same time, for the international brand, it can reduce customer concern and ensure quality (Butthe and Mattli, 2010). The latter position points to social compliance as much as a mechanism to manage reputational risk to brands as it might be to affect an actual improvement in the condition of the workplace (see O'Rourke, 2006). The effects of social compliance standards are therefore somewhat contested and contradictory in operation. In itself, that argument is beyond the scope of this dissertation, but what is relevant for the present study is that its findings suggest that garment owners took compliance initiatives seriously mainly because failure to do so exposed them to the risk of losing orders from good buyers. For example, large international brands like GAP in its 2009/2010 social responsibility report made it very clear to their suppliers that they would terminate contracts if they failed to comply. The international buyers and retailers in turn faced pressure and criticism from national and

international civil society organisations, NGOs, national and global unions, and labour activists worldwide to maintain labour standards in the sector.

When Bangladeshi garment owners realised that they *had* to spend more to earn more, they started taking steps to keep their buyers happy. They were guided by the lead firms in the GVC, whose codes of conduct on social compliance set the standards, and demanded expenditure on the part of suppliers which they (the suppliers) otherwise would not have made. One director gave a small example of certain works he had to redo to comply with safety requirements, for example, using red ceramic lines to delineate adequate space between columns of machine lines on factory floors. He said:

> I had to dig up lines in my factory floors made of mosaic and then fill it with imported and very expensive red ceramic. I normally would not do that ... my floor was nice and clean ... still I had to because of buyer requirements.

Another owner of a medium-sized factory gave an example of requirements for a childcare facility. He said:

> I have to maintain a specific sized room for the children's day care facility. This room I could use for storage or other purposes ... Besides, no female worker keeps her children here ... most of these pregnant women don't usually come back to work after maternity leave ... but I am bound to do it, otherwise I will lose my compliance certificate.

These owners said that good audit reports on compliance help them bargain for better prices, attract more buyers and get orders on a priority basis. Indeed, they said that certification from BSCI and WRAP improves their relationship with the brands. This is significant for the rigour of the auditing and enforcement of standards, since such standards are known to be problematic, as the awarding bodies are essentially employer dominated with limited legitimacy.

Nevertheless, one owner (who was also acting as the executive director) of a large group stated:

> ... After I got my factories qualified for a BSCI audit, I knew this certificate was going to get me 45 buyers not just a few … these buyers are bound to

come to me and I don't have to go to anyone ... My special BSCI identification number [compliance certificate number] can be tracked anywhere in the world.

It would appear that, to the RMG owners, ensuring social compliance in the workplace became a matter of survival to remain competitive in the market. Factory owners in this study directed their attention to such external influences to increase their legitimacy and survival possibilities independent of internal process efficiency (Meyer and Rowan, 1977). Respondents also suggested that once such standards for social compliance were first established in some production units, other local factories were soon motivated to follow (Buthe and Mattli, 2010). Interview findings indicated that even the non-compliant factories included in this study were taking measures so that they could apply for compliance certificates at some point in the near future. The owner of a non-compliant factory shared his plan to attain compliance status in the future. He said:

> I have already appointed a nurse [as part of the steps to qualify for social compliance attainment]; if there is any problem then the workers can come to her ... she is here as part of my plan to qualify for a compliance status ... here, if you want to meet compliance then you have to keep files on each individual employee [factory worker] containing his/her personal data, previous background, leave, previous work place etc. ... it is very time-consuming [but we do it] ... we have failed to secure many orders from the buying houses as now the compliance issues have become very strict ... you have this Wal-Mart evolution, K Mart evolution, WRAP evolution ... I still am not ready to do 'evolution' [apply for certification] ... most of my papers are ready but I need a bit more time as we just started our business.

Empirical data in this study thus identifies that there *is* a spillover effect from privately regulated social compliance standards to HR departments in the garment firms. This led them to the creation of formal HR function to help implement social compliance standards at workplaces. Research evidence here shows that these innovations are driven by the entry of these firms into the global economy. Supporters of the structural contingency model (Pennings, 1987) might argue that such creation of a HR function in these Bangladeshi garment companies is to do with organisational contingency effects and institutional theorists might find it to be a mimetic process (Tolbert and Zucker, 1996; DiMaggio and Powell, 1983) as all the factories visited in the present study reflected a tendency to have similar structures and processes to deal with issues on social compliance.

But based on evidence gathered in this research project, it is the (private) 'regulation' argument that comes forward and speaks of a 'coercive' isomorphism taking place in these supplier firms (Tolbert and Zucker, 1996).

Private regulation of social compliance in the supplier factories is known to have received its fair share of criticism from critics who specialise in labour studies (see chapter two). It is thus acknowledged that research on social compliance needs to make a distinction between rhetoric and real changes related to compliance issues. We acknowledge the market-driven motives (reputation protection) of lead firms that propel their certification schemes to ensure social compliance in supplier factories. We also accept arguments provided by Locke (2013) that a conjoined effort between public and private regulation and rigorous enforcement is needed to bring actual changes on the ground. The reality is that, despite all criticisms, in a developing country like Bangladesh which is plagued by a weak legal system, the private regulation of supplier firms by lead actors has proved to be one of the most effective ways to bring in some positive changes in these workplaces. These new developments include child labour abolition, trade union in EPZ and as the present study shows, changes in supplier firms' management practices. The following section explores the possible spillover effects that the presence of a formal HR department in these factories can have on management practices especially through HR's role in the recruitment and selection of managerial employees.

7.2 Formal HR Functions in Garment Firms

Field work interviews indicated that formal HR departments gradually began to appear in Bangladeshi garment factories once the pressure for social compliance from international brands increased from the early 2000s onwards. Respondents generally commented that HR functions appeared in the Bangladeshi RMG sector in response to the need to implement and maintain social compliance standards. According to these respondents, social compliance brought with it bureaucratic and administrative demands as there was a need to maintain detailed documentation and records on health, safety, wages, rest periods and leave and the work environment for inspection by auditors from certification agencies or buyers. According to the respondents to this study, auditors were thorough

and also interviewed factory workers at random for cross-verification purposes. It is acknowledged here that such assertions about the auditing process are partial, being reliant on employer responses alone, and as noted earlier, are not borne out by the academic literature (for example, Locke et al., 2013). However, the efficacy of auditing in and of itself is beyond the scope of this dissertation and is referenced rather as an indication of the demands being placed on local suppliers by the lead firms in the supply chain, giving rise to the increasing bureaucratisation of HR.

In terms of the relevance of codes of conduct for HR activities, such as recruitment and selection practices and wider labour conditions for supervisory and managerial staff, the respondents generally reported that in Bangladesh's RMG sector, the focus was on conditions for factory workers and did not apply to managerial and administrative staff. One senior HR manager stated:

> Previously [before 2000–2001] there was no HR in garments ... HR in garments was created for workers ... these HR managers handle attendance, overtime, increment, leave, maternity leave, wages, salary, personal files etc.

Respondents said that generally the implementation of compliance led to the introduction of facilities targeted at workers. 'Facilities' is a term that seems to have covered fairly basic procedural initiatives, as according to respondents, in the days before social compliance, there was hardly any documentation or paperwork related to worker appointments, the payment of wages, basic working hours, working overtime, or verification of the age of workers (to prevent child labour), for example. Health and safety measures were also very poor as, according to respondents, 'there were no such rules'. This latter assertion speaks of their ignorance of laws on building regulations, factory premises and health and safety, which did indeed exist prior to the year 2000 when 'compliance' attained higher visibility and prominence in these units.

In the minds of respondents, then, it appears that all forms of regulation, both private and public, voluntary and statutory, seem to have come together under the heading of being forced into 'social compliance' as a means of gaining contracts, but with little focus on the reality of workers' lives. Furthermore, statements by factory owners about the amenability

of foreign workers to work long hours (discussed in chapter five) suggest that various exposes have highlighted poor working conditions for Bangladeshi garment workers on the shop floor, but that conditions for middle managers are also relatively poor. This may well be part of the explanation for abuses allegedly meted out at their hands (Hossan et al., 2012) and offers further insight into the difficulties in recruiting managerial staff, which is discussed in chapter five of this thesis.

It was also noted, in chapter six, that the networks used as a basis for the hiring of managerial staff are changing and moving away from those based mainly in familial ties. Respondents said that prior to the practices now associated with social compliance, the recruitment of workers used to be managed by floor supervisors and production managers, which created greater tension in the workplace due to mismanagement, nepotism and favouritism. More than half the recruiting managers interviewed claimed that the changes in the recruitment and selection of managerial staff, and indeed in other aspects of management, have been due to compliance requirements. One SME factory manager's comments on the nature of changing workplace relations give significant insight into the types of environments inhabited by workers.

> Previously factory supervisors had to move around with a wooden stick or baton in their hand to discipline workers. Calling names was a common practice … that was the way I started working in this trade... now it's the same me who would ensure that workers don't get bullied or verbally abused .... I constantly look up my labour law 2006 hand book and it's always on my table ... things have changed a lot ... we had to change ourselves as well.

Although this example of the cessation of the use of a wooden baton to threaten and 'discipline' workers might not seem like much of an advance, this manager clearly felt that it was, and employers claimed that many other changes had been made in line with standards of social compliance. The examples they gave included the provision of childcare facilities and the employment of nurses and doctors in factory premises. Some of the factories, for example, Aryan Global, actually used its childcare facility as a showcase item for their visitors and auditors. In other examples, respondents cited several large businesses which had begun having factory drinking water tested at reputed laboratories

such as the World Health Organization (WHO) laboratories. The provision of clean drinking water (as opposed to potentially contaminated water) is a significant advance in such working environments. The majority of the large factories in this study also fully sponsored free meals three times per day for their workers and staff. Interview data further showed that HR and compliance officers organised and trained factory workers on health and safety issues. The corporate HR division of Gladiator had a dedicated group compliance team to monitor and train workers and officers on compliance related matters in each of its strategic business units. This company also ran a free health clinic for pregnant workers and their children.

In summary, the majority of employers and managers interviewed in this study said that their RMG factories had taken initiatives to maintain basic compliance requirements. The depth and scope of such measures could not be investigated through interviews with employers and managers alone, but the fact that anything had been done at all and that examples of improved practice were cited, showed at least a superficial compliance with standards demanded by their buyers or certification agencies. Findings and observations also showed that in all these factories, social compliance was implemented and monitored through the HR department.

That said, it is important once again to acknowledge that there is a significant body of research in areas of industrial relations and corporate social responsibility which indicates that codes of conduct are poorly enforced, particularly (but not exclusively) in developing countries, due to the enormous amount of corruption and regulatory failures in the system (Berik and Rodgers, 2010). Some recent research on the Indian garment sector (Jenkins, 2013) indicated that poor health and safety measures, irregular payment of wages and lack of access to union activities have not changed in many garment factories, even if they are compliance certified. In the remnants of the British garment sector, similar abuses persist for ordinary workers (Hammer et al., 2015). As noted, however, the focus of this present study is not the factory floor, where it is acknowledged there are multiple instances of non-compliance in the Bangladeshi garment sector, for example, the infamous Tazrin Fire or Rana Plaza. The scope of this study is restricted to the effects of social compliance on the recruitment and selection of managerial staff in garment businesses in that setting. The

following section discusses the ways in which the need to establish a formal HR function contributed to the development of a managerial class in this sector.

7.3 The Inclusion of a Managerial Class

Respondents explained that industry requirements for different categories of technical experts in Bangladesh's garment sector underpinned the growth of newer management functions. Interview data suggested that the structural configuration of case study organisations was sometimes determined by their operational contingencies (see Child, 1997). Such pressures, for example, promoted the creation of the merchandising and HRM functions. Recruiters serving in this industry for 20–25 years said that during the earlier period of 1982 to 1990, many garment factories used to operate on a cut, make and trim (CMT) basis. The buyers used to provide all the materials needed for garment manufacturing and offered a fixed 'price' for each piece made. All that the factory owners needed at that time was a production floor, some workers and a few supervisors, and they were able then to manufacture goods.

These owners personally managed their businesses with just some clerical help from office employees. Respondents explained that this situation evolved to a place where buyers generally began to leave the matters of raw material procurement with the local manufacturers. These employers then had far more involvement in the whole manufacturing process. They had to calculate costs and quote prices to buyers by taking into account factors and costs from sourcing (importing) raw materials onwards and had to consider, for example, fluctuating cotton prices, oil prices and foreign exchange rates. The veterans who were interviewed in this study shared that they felt a serious need for properly educated university or college graduates to carry out this job at that time. To the employers, material sourcing and pricing became as significant as production, which led to the development of the merchandising function and merchandisers in garment businesses.

The director of a large group of companies with more than 25 years of experience said in this regard:

> At the beginning of this trade [early 1980s–1990s] we [garment businesses] hardly did any merchandising. They [buyers] would ask us to do sample making and they handled the rest of the job; for example they would supply the clothes required to make garments. We just used to do the cutting and making (CM) part. We were offered a rate [majuri in Bengali] ... Do you know that our one of our former Finance Ministers called us 'tailors' for this? ... We did not have to bother about what type of accessories we would require, what button type we would use ... the buyers did it all ... but now we are just asked how much price we want for making ... so we have to calculate everything to come up with a price/unit for a particular sample product. We have to procure all raw materials [most of which are imported] required and quote them a price.

Years later, around 2000–2001, when social compliance initiatives drove the need for HR managers to oversee the processes involved, the demand from RMG employers for employees of quality, with skills and experience, further increased. Employers looked to employ people with an understanding of labour laws and employment standards. These managers were usually postgraduates and some of them had a PGDPM (postgraduate diploma in personnel management) or MBA (HR major). Recruiters from two large firms (later identified as an advanced firm in this chapter) said that they even hired experienced HR managers from other industries, for example, Banks and MNCs in Bangladesh. One such garment business, 'Green Garments', employed an experienced HR manager (from a top business school in Bangladesh) to set up its HR department.

Interestingly, four other large garment groups in this study also employed top business school graduates as Head of HR or Chief Operating Officers. Gladiator also undertook professional consultancy services from a highly reputed HR consultancy firm in Dhaka, Bangladesh when it implemented ERP software (see chapter six) to adjust structural changes within the HR department. Thus it appears that these garment businesses have gradually added in newer functions in response to changes in their business and operational requirements. The growth and development of managerial skills and

techniques taking place in these factories coincided with their businesses growth and changes in organisational structure.

In terms of the case study companies and their engagement with social compliance standards, the presence of formal HR department staffed by qualified people and supported by top management can be expected to bring in positive changes to the work environment and the ways of managing employees. Also, 'elite' candidates with good academic backgrounds and experience can attract others to join the trade. Several such cases were found during the interview process: Gladiator employed some young elite business school graduates as management trainees who then convinced their top management to introduce modern HR concepts such as cost of living adjustments (COLA) and 360-degree appraisals in their HR practices. However, positive changes like this example became possible only in factories whose owners were supportive, ambitious and progressive minded.

Respondents from some of the larger garment factories in this study reported that after HR, their organisations also added independent logistics, supply chain management, taxation, audit and budgeting departments; these additions to the corporate structures generally took effect on or after 2008–2009; these newer developments were found to have occurred within the five to seven years following the development of HR in this industry. These firms also reported employing highly paid certified chartered accountants, logistics and supply chain specialists. Findings from interviews thus support what one of the employers in this study said: 'we are continually learning and adapting'. These developments were mainly observed in some of the larger factories which were most likely to have more direct contact with the buyers/brands.

The nature of the managerial specialisms and functions being introduced in larger firms in this study would appear to be connected with the growing size of individual businesses and the needs of international buyers and brands. They have needs to trade with manufacturing suppliers which are efficient and have professional managers who are capable of relating to similar structures and areas of expertise in the lead firms. It is therefore concluded that the organisational learning and adaptation in RMG supplier firms

in Bangladesh is in response to their growing business size, increasing competition and a need to please buyers to secure businesses.

Previous research has shown that having a formal HR department can influence HR practices (Budhwar and Debrah, 2001; Jackson et al., 1989; Tayeb 1988). In this context, it is important to understand the kind of impact that the formal presence of HR might have made on management practices, especially on the recruitment and selection of managerial employees. It has already been noted that the informal sourcing of managerial employees continues to prevail in the majority of cases, and is indeed seen as the most reliable way of accessing new employees with appropriate skills and experience. However, there does appear to be an incipient formality, which may be allied with more formal HR departmental structures.

7.4 HR's Role in Recruitment and Selection

Questions may arise regarding how social compliance and the rise of HR relate to the management of managers and the recruitment practices of RMG factories in Bangladesh. It is difficult to conclude that there is *no* link. Social compliance standards may lead to changes in the management of workers in order to secure orders, but other parts of the firm can remain unchanged. There is, for example, the continuance of informal methods and recruitment through personal networks. On the other hand, findings in this study indicate that some changes in structures and practices are happening. There is a possibility that as time moves on there will be an evolving and increasing spillover effect as HR expertise within firms gives rise to more formal arrangements becoming the norm. In time it is conceivable that formal practices might colonise all areas of the firm, including the management of managers, and including HR managers themselves who may need to be qualified to operate compliance procedures.

Interview data suggested that two factors were significant in understanding the varying role of HR in hiring practices within these factories, namely, the scale of operations or the size of the business and its status with regard to social compliance. Table 7.1 (p-169) categorises all participating firms in this study into four types: typical, developing,

advanced and unique. Each category is characterised according to the kind of role that their HR department or section plays when hiring in terms of the usage of formal sources of recruitment, the quality of applicants recruited, and formalisation during selection processes.

Firms identified as 'traditional' (see table 7.1, p-169) in this study are small and medium-scale firms which do not have social compliance certification and four such firms could be found. 'Developing' firms include two medium-scale garment businesses including Tiger Company and nine large-scale garment businesses. These were socially compliant firms certified by at least one or more certification agencies. Aryan Global and five other large-scale garment companies are categorised as 'advanced' firms due to the kind of active role played by their HR departments; this is identified through interview data and observation. Advanced firms essentially held social compliance certifications by multiple agencies. Four such advanced firms in this study were also certified by famous global brands for example GAP, Nike and Marks and Spencer; while two such firms turned out to be strategic partners of world famous brands like Marks and Spencer and Puma.

A single firm pseudo-named earlier as 'Gladiator' in this study is considered 'unique' for the way it displayed a committed approach to improve labour standards at work. This company was well appreciated within the local industry and appeared to put some good efforts to go beyond compliance requirements (see Gunningham et al., 2002). Gladiator's membership with the United Nations' Global Resource Initiative (UNGRI) provided it with a powerful point of leverage to enhance its reputation in the global market. This company publishes reports on monthly chemicals and electricity usage, carbon footprint and waste generation as part of its UNGRI requirement.

7.4.1 Role of HR in Recruitment and Others

The following subsections explain differences in these four categories of firms in terms of HR's role in recruitment, its adoption of formal/informal recruitment sources, the quality of the people recruited and its selection practices.

Table 7.1: HR's Role in Recruitment and Selection

Criteria	Traditional Firms	Developing Firms	Advanced Firms	Unique Firm
HR's Role in Recruitment	Owner directly sources and selects people. HR's role is barely visible. These are the non-compliant firms which work mostly as subcontractors.	Owner often directly sources candidates. HR basically does record keeping and documentation for management staff. In large firms, HR carries out administrative tasks related to recruitment. These are social compliance certified firms.	HR is involved throughout the entire process of recruitment and selection. HR personnel are included in almost all job interview boards. These are social compliance certified firms.	HR is involved throughout the entire process of recruitment and selection. This is a social compliance certified firm and signatory of UNGRI.
Recruitment Source	Use informal sources to hire managerial employees at all level. These firms don't use formal advertisements.	Use of informal sources to recruit managerial employees at all level. Formal ads are used occasionally.	Use of both formal and informal sources to recruit managerial staffs at all level. Greater reliance on formal sources for entry level employees.	Greater reliance on formal sources to recruit managerial staff at all levels. Informal sources are used in a limited scale (10–30%).
Quality of the people recruited	Employ average quality people.	Employ average quality people. Attempts to employ some elite candidate i.e. retired major or captain in administration.	Employ average to highly qualified candidates. Recruit high profile employees at mid to upper levels of management i.e. foreigners, and retired army officers.	Stresses hiring candidates with good academic background. Employs high profile top level local and foreign managers. Mid-level managers are also from reputed companies, foreigners or retired army officers.
Selection	Informally set interview mostly conducted by owners. Selection process is generally less time-consuming.	Most interviews are set informally. May use job sampling. Selection process is sometimes time-consuming.	Interviews are usually set formally and conducted through a selection board. Also use written tests and job sampling for entry level and technical posts. Selection process is often bureaucratic and time-consuming.	Interviews are set formally and conducted through a selection board. Use written tests, presentation and formal interviews. Selection process is bureaucratic and time consuming.

As table 7.1 shows, through empirical data, HR's existence and role in 'traditional' firms was barely visible. Garment factories categorised in this chapter as 'traditional' firms

typically recruit managerial staff using informal sources such as familial networks and other social networks. Owners in these firms personally interview candidates and handpick people. Evidence of familism and nepotism was also more commonly found in these firms. Interview data suggested that these firms employed at best one or two office clerks to do some basic administrative works for example, keeping records on attendance and leave.

'Developing' firms in this study also mostly relied on informal sources and occasionally circulated vacancies from newspapers or online job sites. Hiring decisions and processes for managers were mainly undertaken by the owners of these firms who occasionally included line managers in the selection process. Within these firms, HR was involved mostly in worker recruitment and played a limited role in hiring managerial employees; for the latter group, HR carried out administrative tasks related to appointment, attendance, leave and benefits. HR in these firms also looked after housekeeping, dining services and transport for workers and management staff. HR's main role in these factories was to look after social compliance related activities targeted at the factory workers. Examples include documentation and record keeping on health and safety, attendance, wages, benefits and rest periods and leave. These HR personnel also provided training to factory workers on health and safety related issues. Managerial staff in these firms were essentially subject to 'on the job training' and a 'seniors solve problems and juniors learn from them' motto. These firms, however, made sure that their HR or compliance officers attended professional social compliance training which was needed as part of their compliance maintenance activities.

Companies categorised as 'advanced' firms in this study usually went through some pre-recruitment activities, for example, drawing up person specifications and job descriptions (McCormack and Scholarios, 2009) as part of their formal recruitment processes. Content analysis of advertisements, outlined in chapter five found that 49% of the total advertised jobs included some form of job description and person specification. However, interview data failed to illuminate the quality and effort devoted by HR on its effectiveness or actual usage. In 'advanced' firms, HR was involved in the recruitment of workers and managerial staff, worker and staff training, and social compliance. The HR department in Aryan Global, for example, advertised jobs online or in newspapers, checked references, issued all

appointment letters and work permits for foreigners, prepared questions for written exams and sorted CVs in liaison with related departments. HR also undertook dining services and transport management for all employees and was responsible for other housekeeping activities. At Aryan Global, mid-level managers (including HR managers) were often entrusted with the authority and responsibility to recruit entry level management staff and their top management would be informed about decisions made and would sign appointment letters for approval.

Recruitment boards in these firms essentially included the HR head or senior HR manager when hiring people at all levels of management. These firms usually advertised all vacant posts even if they sourced candidates using informal networks. These firms also participated in job fairs and did on-campus visits to recruit fresh graduates. The HR departments at 'advanced' firms also developed, maintained and executed training plans or training calendars to train workers and HR officers on social compliance. The owners of these firms usually involved the HR department in policy development on recruitment, leave and other matters.

Gladiator, one of the three case studies used in this research project, is rebranded in this section as the 'unique' firm. Its approach to managing people and the kind of role its HR division played was found to be quite different when compared to the rest of the organszations studied in this research project. Its top management created a centralised 'group HR' that took care of 500 management staff only; workers were taken care of at factory level by separate compliance teams in each of its eight strategic business units. Unlike any other factories visited, Gladiator's 'group HR' had five separate units of ERMTM (employee recruitment and talent management), training and development, compensation, support services, and compliance and sustainability.

Gladiator's ERMTM department helped with appraisal, promotion, transfers, succession, and grievance management. It conducted employee surveys, HR audits and arranged recreational or welfare related activities like wishing happy birthday to individual staff and even published an employee newsletter. The Training and Development unit carried out induction and orientation programmes for newly appointed and existing management staff

only. Support Services looked after fire safety measures, transport services, the payment of petty bills, security, dining services and proper housekeeping for all business units. The group compliance manager supervised and monitored compliance activities at each of its strategic business units. It was the only firm that reportedly sourced 70–90% of its employees through formal advertisements as opposed to the 10–30% reported by all other organisations. Gladiator's group HR was found to be rather dynamic and active in managing people and adopted a very structured and formalised process of recruitment and selection.

7.4.2 Quality of the People Recruited

Empirical evidence in this study indicated that 'traditional' firms did not aim to hire the best or exceptional managerial employees. This may have been because owners exercised much higher levels of direct control and were less reliant on middle managers to manage their businesses. Developing firms usually employed average quality people from lesser known schools, colleges or universities (left over people from the job market discussed earlier in chapter five). Recruiters in 'advanced' firms and at Gladiator attempted to recruit people with good academic backgrounds, and actually succeeded in employing some elite or talented employees who studied at reputed educational institutes; these candidates usually came from educated families and or had good economic status.

The 'unique' firm also known as Gladiator in this study, employed 300 engineers and MBA graduates out of its core 500 management employees. These 'advanced' firms, including Gladiator, all reported recruiting people with work experience in the UK, Canada or in local MNCs. They also recruited mid-level managers from other industries who joined the HR, finance or accounts departments. It is possible that these firms could attract relatively talented people as they developed a good reputation in the market and were suppliers to some very reputed brands. Three of these 'advanced' factories were also located in the Dhaka EPZ; jobs in EPZ are highly coveted and sought after by workers and managers working in the garment industry. A supporting comment by the HR manager of SG garments explains further:

> Those who work in the garment industry, to them EPZ is a goldmine. You get a better salary, job security and benefits here. Those who come to work here usually don't want to move out of the EPZ factories.

Overall findings here indicated that the industry, though very slowly, has started to attract some talented candidates; future investigation on this issue can shed light on ways of attracting similar people in a greater scale to better meet industry requirements for qualified managerial staff.

7.4.3 Selection

Good selection practices suggest that each candidate should be assessed against selection criteria that are objective, meritocratic and efficient (Torrington et al., 2005). Garment factories studied in this project did not apply any sophisticated selection techniques such as psychometric tests or assessment centres that are used widely in western societies to capture managerial qualities such as leadership and decision-making style. Case study firms in this study were using typical screening tools such as résumés and applications to screen candidates. All of these firms were using interviews to select people but they differed significantly in terms formality, planning and the time used in interviewing and selecting.

In 'traditional' and 'developing' firms, owners personally undertook interviews and made selection decisions. Advanced' firms and Gladiator generally formed a selection board to interview prospective candidates; they also used written tests to screen applicants for specific entry level posts. These firms also involved their HR managers and other departmental heads in a formal selection panel before making a final decision. The growing concepts of objectivity, meritocracy and efficiency in the selection process are considered to indicate the emergence of HR in business organisations (Scholarios, 2009). These factories adopted formalised, multi-method hiring procedures (Shackleton and Newell, 1994; Rowe et al., 1994); the bureaucratic procedures they followed in hiring practices perhaps explains why these firms barely reported nepotism as hiring biases and were able to minimise individual differences or biases (Midtboen, 2015) during the selection process.

In conclusion, empirical data identified that once established, HR's role in the recruitment and selection of managerial staff developed better, more quickly and more fully in some large-scale businesses that have been categorised as 'advanced' firms in this study. The present study, however, could not identify 'size' of businesses as a definitive factor in the determination of formalisation (Child, 1973); similar to other large factories hereafter identified as 'developing' firms included in this chapter, HR played a minimally active role in hiring.

7.5 Chapter Discussion

Findings in this chapter revealed two major aspects; it showed that HR has started playing a role in the recruitment and selection of managerial employees which in the past used to be managed solely by the owners or at best a few senior line managers. However, it was also found that the kind of role that HR plays reflects a persistent tendency to be very much service-driven rather than being a strategic driver. There is some evidence of increasing formality in recruitment and especially in selection practices but the trend requires further research and analysis before a full assessment can be made as to whether this tendency will grow.

In evaluating the significance of small changes, one needs to remember the origins of the industry and how it developed into its present state. In this sense, the emerging role of HR in the RMG sector of Bangladesh has been relatively rapid and is a much valued outcome of a variety of pressures in the supply chain. It is indeed apparent that HR strategy and initiatives are sporadic, but there may be potential to make a difference across the industry in the future. Findings suggest that HR certainly has the potential to play an active role in recruitment and selection where there is positive support from business owners. Thus it can be argued that social compliance may have been the driving force behind the creation of HR departments in the Bangladeshi garment industry, but the extent to which HR could *perform* its function well, depended on the employer's attitude and management style. HR

typically has low status as a managerial function and in this context is very much under the personal control of autocratic owner-managers.

Findings have shown that it was lead actors (retailers and brands) in the global supply chain who set out to ensure social compliance through their codes of conduct, giving rise to related HR practices in the local factories and the formalisation of the HR function to a greater or lesser degree. The drivers of these changes were not voluntary management decisions or political initiatives or local law, rather, it was private regulation that acted as an indirect mechanism to ensure better employment and safety practices in these supplier factories which, when taken up on a wider scale, indicates dominance effects.

The role of formal HR in supplier factories showed that it is a potential tool which could bring in longer term changes. HR functions observed in the supplier factories can be criticised for not being embedded or fundamental but cosmetic as they appear to be part of the processes of making sure that the global supply chain relationships are maintained. In reality, though change is happening, it is still at a very early stage and the findings outlined in chapters five and six suggest that, in terms of recruitment and selection, norms embedded in Bangladeshi society are pushing back.

Thus, HRM in Bangladeshi garment factories really is at an early stage and we might say that the industry is going through a process of transition. The scope for social capital to exert control hidden from scrutiny would seem to be undermining formalisation. Undoubtedly, in supply chain relationships where lead firms are highly influential, there are dominance effects, but the local context, social norms, the structure of society/gender relationships are powerful constraints affecting the development of a managerial discipline in HR. There is arguably an island of formalisation around HR and compliance that is focused on factory workers but ignores managerial staff even though some 'advanced' firms in this study showed the potential to attain some degree of formality and professionalisation with the HR practices targeted at the managerial employees.

This research highlights the fact that current developments in HR cannot be neatly pigeonholed into informal and formal, or particular types of social interaction. The

formalisation of HR practice is happening in a world which is becoming internationalised but retaining its regional and local identity. What is observable is a 'cosmetic convergence' in the sense that there is an HR department and that recruitment and selection practices appear to be similar, but the most important factor is the detailed understanding of local context. For example, in the case study companies, it was found that some of these firms were using adverts as public relations as advertisements are perceived as an indicator of the status of the firm and businesses want people to think about them in a certain way. The actual embeddedness of the adverts is shallow; while they may be present as a managerial tool, they don't carry much influence in recruiting the pool of candidates from which a selection will be made, and they have a low level of acceptance from recruiters across the majority of case study firms. What this teaches us is that international effects are having an impact and are manifested locally; however, there is a difference between the appearance and the reality of how embedded these changes are. The study evidence speaks of an illusion of convergence but in a local setting where a complex interaction of local and societal factors is taking place which characterise the reality of day-to-day practices.

Chapter six has already shown that there are good reasons for the industry to rely on social networks to hire management staff. It happens because the system of social networks works well and employers use these to their advantage. Westernised definitions of HRM put forward the principle that recruitment and selection should function to ensure objectivity, meritocracy, equality and efficiency. However, the westernised prescription of the 'way to do' HRM, and in particular recruitment and selection, is evidently not something that the garment employers find easy to accept. There is a prescriptive literature with regard to recruitment and selection and the function of HR as a 'business partner'. Overall findings on HR practices observed through recruitment and selection suggest, in fact, that there are many varieties of recruitment and selection practices in Bangladeshi garment factories and that individual differences need to be understood and analysed further, in this case by using the SSD model.

The final chapter, which follows, sets out to explore, analyse and discuss the overall research outcomes in light of the SSD framework and will highlight the contributions that this study has made to the literature.

Chapter Eight

Discussion and Conclusions

8.0 Overview of the Research

This research project has explored the Bangladeshi garment industry in order to contribute to the current debate in management and sociology on how the system, societal and dominance (SSD) effects (Smith and Meiksins, 1995) shape the practices of work places that operate in a transnational context. It has found that the analysis of management practices in clothing factories in Bangladesh requires an understanding of the interaction of structural forces of SSD at an international and local level. Organisational actors need to manage and respond to these structural forces to remain competitive in the global market. As these actors have agency and their actions are not necessarily wholly determined by the socio-institutional environment within which they are embedded, it is critical to understand the ways in which structural forces are played out in local workplaces.

This study used an analytical framework that was developed using the original SSD framework, the concepts of social capital and private regulation of social compliance standards as a holistic approach to understand the management practices of apparel suppliers. Through a review of the literature, it was argued that social capital theory can be a useful lens to explore social relations and societal effects and that 'private regulation' is an element to consider within the SSD framework as a factor that can construct societal effects and dominance effects. A primary research project in Bangladesh was conducted using case studies, individual interviews and a content analysis of secondary data (recruitment advertisements). The specific focus of this research was an investigation of the practices of recruitment and selection of management staff into the Bangladeshi garment factories which are suppliers to the international garment supply chain.

Empirical findings in this research project reveal a mixture of international and local influences on actions observed in the case study firms. It is found that the interactions of societal and dominance effects are complex and variable in their outcomes for the

development of management and its practices in the Bangladeshi garment sector. Analysis of empirical evidence shows that superficial change to managerial practices is apparent in many respects, but the degree of *real* or concrete change in the recruitment and development of workplace managers is very much influenced by the relative strength of the local norms of social relations. The *actual* (as opposed to claimed) practices are mediated through local actors' (employers) strategic choices in response to international forces, and are both a function and a consequence of local social norms and the established local expectations of management control. For example, local actors made strategic choices regarding the extent to which the management of managerial staff would be integrated with the standards for social compliance practices and HR practices already in place for shop floor workers. Findings in this study therefore contribute to the existing literature by examining in detail the interplay between societal effects and dominance effects in a specific context, through the example of the recruitment and selection of management staff in the Bangladeshi garment sector. Through a detailed review of the findings in this study, a 'multilevel analysis' of the structural forces on suppliers' firms is established.

In this final chapter, the main findings of the research will be briefly summarised, and their implications will be discussed, firstly in terms of the scope they offer in theorising the way societal and dominance effects interact in the supplier firms and secondly, in relation to the insight to be derived from understanding local actors' scope for strategic choice in an international context. The final section of this chapter presents the contributions that this study has offered to the literature and acknowledges some of the limitations encountered.

8.1 Summary of Empirical Findings

The following section presents a summary of findings from chapters five, six and seven. Findings in chapter five highlighted the dynamics and complexity of hiring practices at the local level in Bangladesh. It was clear that they were influenced by the prevailing social norms, values, prejudices and social relations of Bangladeshi society, that is, the immediate context in which the industry operates and to which the local labour market belongs. In

this environment, the acute shortage of skilled employees, especially mid-level managers, and the 'low status' of garment sector jobs were identified as two of the major constraints affecting employers' search for qualified candidates. The matter gets complicated even further in the absence of any national or institutional support to develop 'industry-specific graduates'. Under such circumstances, 'poaching' employees was found to be a commonly exercised strategy by the local employers. Empirical evidence also indicated a scarcity of women in managerial positions which was attributed to local norms and expectations of a female's role and place in society. There was also evidence of other hiring biases, for example, a preference for hiring foreigners and retired military men in managerial roles. Overall, it was found that informal sources of recruitment and selection continue to dominate, with the vast majority of the employers using personal relations or networks to hire managerial staff despite evidence of some international pressures (from buyer firms) to professionalise managerial practices. Thus, chapter five highlighted long-standing societal influences and the exercise of social relations and networks in hiring practices.

Building on the findings presented in chapter five, chapter six used social capital as a theoretical lens to engage in detail with the way social networks played a role in hiring practices. The relationship between the referee and the referred (job seekers) in this particular context thrived on generalised reciprocity and relative trust. It was found that 'trust' in recruitment sources and selection outcomes were mostly generated from networks of social relations. The recruiters interviewed had repeatedly experienced positive results when hiring people through informal sources, which encouraged them to continue using such practices. Analysis also showed that, in general, employers placed greater trust in personal networks than more formal methods of recruitment such as open advertising, as accessing candidates through recommendation or social networks was believed to increase reliability in selection decisions. However, the basis of the social network was found to have shifted, from being primarily founded in familial ties to being increasingly based around groups of people with known sectoral, industrial expertise. In this way, new criteria replaced straightforward family based nepotism as the basis for hiring, but social networks persisted, as did hiring biases towards male managers, retired army officers, and foreigners. Analysis of empirical data also identified that these employers were becoming more dependent on 'weak' network ties (see chapters three

and six). Trust is typically associated with strong ties, but in this particular context, the employers' trust in weak ties turned out to be 'situational' (McKnight and Chervany, 2001) in the process guided by societal values, images and culture.

Chapter seven focused on research findings about the increased requirements for social compliance standards in supplier firms in the context of pressures from international buyers, and explored dominance effects. Empirical data showed that requirements for social compliance standards from lead actors, especially buyers, created an isomorphic pressure of a coercive nature on the supplier firms. Findings highlighted local suppliers' responses to such pressures; for example, there was evidence of the creation of formal HR departments. Analysis of data indicated the growing role of HR in managing people and there was some evidence of an emerging formality and professionalisation of recruitment and selection practices in some of the factories which operated on a large scale. This finding, however, should be seen in context of the persisting strength of local social norms, meaning that whatever new structures were evolving, the reality was that decision-making continued to reside with factory owners rather than becoming the preserve of a new breed of HR managers.

The following section presents an explanation of the empirical results of this study through the application of the SSD model along with the locally significant mechanisms and processes.

8.2 Construction of the SSD Effects in Supplier Firms

Current studies on the SSD framework have articulated the different mechanisms through which system, societal and dominance effects are constructed (Smith and Meiksins, 1995; Elger and Smith, 2005; Smith, 2008). Research questions in this study were intended to explore and to understand the specifics of SSD effects on supplier firms and their impacts on management practices, especially the recruitment and selection of managerial staff in Bangladeshi garment factories. The research questions further asked why these SSD effects were important to understand supplier firms' management practices. This research

specifically acknowledges the different forces that underlie societal and dominance effects as their dynamics and complexity emerge in terms of construction and continuity. System effects in this study are about supplier firms operating in the global value chain (GVC) system that provides a wider context of this study. The privately owned RMG suppliers operating in the global apparel market are subject to system effects, that is, political economy and a mode of production that talk about competitive market relations, wage, labour, and the accumulation of capital. The following section draws together the findings which underpin conclusions arrived at in relation to societal effects in the participating factories.

8.2.1 Construction of Societal Effects

McSweeney et al. (2008) argued that the fluidity and contradiction within a political economy has inherent global reach but that the practical experience of actors is always located within a particular set of local rules and practices. It is argued that the societal effects in this study could be seen in the application of local norms and the use of social networks in recruitment and selection practices for managers. Societal values and prejudices act as constraining factors in workplace practices and such manifestation of societal effects was empirically identified.

This research has shown that social relations outside the workplace are influential within the work sphere, and that social capital informs the underlying processes and meaning of work relations and networks. Social capital, understood as a construct of societal effects, offers insights into the actors' reliance on social relations and their 'trust' in personal networks, which is reinforced through generalised norms of reciprocity. Local actors thus exercised agency to influence the practices of recruitment and selection, despite being under some pressure from international buyers to conform to different standards of social compliance which were more in line with brand expectations. The prime thrust of social compliance measures in Bangladesh is related to shop floor conditions for workers engaged in production. The current tripartite Bangladesh Accord on Fire and Safety for garment factories and the alternative 'Alliance for Bangladesh Worker Safety Initiative'

between brands and employers are just two examples of changes in the industry in recent years. While there are many new pressures on garment sector employers in this respect, especially since the Rana Plaza disaster which took place in April 2013, pressure on HR practices is not primarily directed towards the recruitment and selection of managers. In this context, local norms and established practices persist.

Empirical evidence in the present study made it apparent that organisational actors were assessing the employability of candidates primarily through personal references obtained through their social networks, even though there was an apparent formal recruitment process in place. This suggests a process of rationalisation, reflecting a social construction of reality with social norms and values influencing the trust-building process (Doney et al., 1998) that was experienced at the 'empirical' level (Fairclough et. al., 2004). It is argued that the 'actual' or 'real' mechanism (Fairclough et. al., 2004) for organisational actors and their preference for networks go even deeper, and reflect their need to exercise 'control' over decisions made and to avoid uncertainties.

The actors' choice or selection of a candidate was directed by their ability to trace employee background or past history. In particular, they were keen to minimise the risk of misconduct and dishonesty (see chapter six). Employers' reliance on recruiting people from certain elite backgrounds, such as from the armed forces, speaks of a particular understanding of power and control that underlies actors' trust in such choices made. The need to be informed about a candidate's reliability and honesty is rational and part of a good selection practice, but the preference for candidates from specific backgrounds as a proxy for reliability and sector-appropriate characteristics reflects the embedded social norms that underlie such types of decision-making.

By broadening the recruitment pool beyond current norms, the garment industry faces some structural barriers that are again influenced by the societal status of the sector. The garment industry in Bangladesh has a low status and skills development which has been neglected by various local institutions, for example educational institutes and training institutes, despite it having become a core contributor to the country's GDP. Long-standing social prejudices against the RMG sector continued to enhance the difficulties of recruiting

good local candidates into the industry (see chapter five). Indeed, undergraduates in Bangladesh have little opportunity to study manufacturing disciplines on the syllabi offered in local colleges and universities, as this society ascribes a low status to such career choices. As a result, parents who have funded their children's higher education do not want them to build a career this sector. Thus elite graduates never get the exposure to develop 'industrial spirit' (Weiner, 1981) through the system of education, society or family that would encourage them to look for a career in the manufacturing sector.

Compounding the limited training of the local labour force, the 'dark reputation' of the garment industry itself, due to its perpetration of working long hours, forced overtime, irregular pay and job insecurity, also contributed to the overall negativity around employment in the sector, particularly for graduates who had other more attractive choices available to them. In a Bangladeshi context, it is generally understood that it may be near impossible to get a good public or private sector job without having a close relative in a top position in politics or business (Quadir, 2000; Chowdhury, 2002). This is a hierarchical society where the Influence of national political actors on the recruitment and selection into local public and private-sector organisations including MNC subsidiaries is commonplace (Choudhury and Mahmud, 2012). However, in the case of garment factories in this study, no such lobbying was found. Somewhat paradoxically, its apparent absence is not an indication of fairer practices within the garment sector. Rather, it can be understood as a further indication of the low demand for jobs in the garment sector related to the low status or image of this industry in the local labour market. Thus, findings showed that it was those candidates from mostly low quality colleges and universities that flooded the local market, seeking jobs in garment factories because they had 'no other option'.

The way social image and prejudices (chapter five) affected managerial practices in this study thus reflects long-standing local ways of life. In another example of the way that social prejudices influenced the composition of the managerial workforce, there were hardly any women in mid-level managerial positions (see chapter five, table 5.5, p-127), despite the broader garment sector workforce being overwhelmingly feminised. Women in this society are subject to masculine norms within and outside the workplace and roles in

production management are not seen as appropriate. All these findings support the conclusion that management policies and organisational or technological repertoire alone do not determine the social relations of work independently of the wider contextual features of the workplace.

In summary, competition for managerial jobs and careers in this industry were shaped by the way organisational actors or recruiting managers understood the nature and distribution of employable people (Brown and Hesketh, 2004) and they found solutions to their recruitment needs by using social networks to hire people. Job seekers in this present study were also significantly reliant on social networks to search for jobs and to move up the career ladder (chapter five). The lack of adequate industry-specific training and technical institutes on a national level rationalises the practice of 'poaching' by employers and is an accepted feature of the sector. Employers' logic not to invest in formal training speaks of their 'distrust' of their employees, which even social networks or personal references failed to make up for.

Societal effects underlie the basic logic that social institutions are humanly devised constraints that shape human interactions (North, 1990). Notions of institutions articulated by sociologists refer to particular conventions (Dobbin, 2004) that are defined by law or tradition and have the ability to influence behaviour in all societies. This research contends that social capital is part of the institutional continuum (Knowles, 2005) through its ability to impose informal constraints, for example sanctions, norms and culture (Peng, 2003; Peng et al., 2008). The stabilising influence of shared norms and values imposes constraints on social behaviour and creates responsibilities with gentle sanctions, for example, the loss of image or personal reputation imposed in the case of a failure to comply. Social capital as an institution draws its legitimacy largely from one of the three pillars of institutions (Scott, 1995), each of which can offer a different rationale to claim legitimacy. In this context the institutionalisation of social capital cannot be explained by formal regulative aspects since it is largely diffused through casual mechanisms using informal ways such as shunning or shaming activities. Social capital norms here are not created out of social obligation but follow a morally governed response. Social capital is institutionalised and transmitted in

this context by one type of carrier with social relations operating at a localised interpersonal relationship level (Scott, 2001).

Social capital in this study further fits the hallmark of an institution for its ability of automatic maintenance or self-restoration (Jepperson, 1991) through a mimetic mechanism that speaks of norms of reciprocity, shared logic of action and shared understanding. It is further reasoned that social capital persists in the Bangladeshi case context because it makes sense to recruiters and job seekers. Dobbin (2004) argued that most conventions are re-enacted with an understanding of their rational purposes. This research shows that recruiters' decisions to follow traditional social networks served rational purposes informed by their experience of recruiting and their understanding of the local labour market, mediated by social images and prejudices. This study therefore makes a strong case for the value of researching firms operating in global supply chains from a socio-institutional perspective in order to explore and examine their local embeddedness.

8.2.2 Construction of Dominance Effects

McSweeney et al. (2008) noted that, as capitalist societies are not equal and tend to vary widely, for example, in terms of their economic, social and or political status, thus, there is an observed tendency for a strong player to evolve patterns of work management that are seen as modern and dominant. Dominance effects speak of an 'audience' and of management as an agency that comes under increased pressure to keep up with an expectation from that audience to remain competitive. In the context of the global supply chain, the audience is mostly consumer groups, international trade unions, international NGOs and other transnational organisations. Affluent western societies (where the markets for consumer goods are located) are generally home to lead firms in the global garment supply chain, and typically promote managerial standards that are (at least for a period) celebrated as a 'modern or good practice'. In order to promote the sort of managerial practice their consumers expect in supply factories, global brands and other apparel importers disseminate internationally accepted social compliance standards for organising work and management to their suppliers around the world. However, this

research finds that the notion of what constitutes 'best practice' is problematic if it is taken to imply a linear movement towards convergence around international standards in all countries (Smith et al., 2008). Hence, in this study, the notion of 'modern' or 'good' management practice is applied when analysing practices in case study firms.

The social and environmental conditions prevailing in supplier factories to the international garment sector in Bangladesh have raised controversy over the roles and responsibilities of global brands and their suppliers. Poor standards of workplace safety for workers have been highlighted by the many lives that have been lost to fires and building collapses. Catastrophic incidents like the infamous Tazrin Fire (2012) and Rana Plaza disaster (2013) are just two examples of tragedies associated with the garment sector and Bangladesh. High-profile international campaigns of 'naming and shaming' brands that source from unsafe, unsanitary factories, where wages are low and hours are long, have had the effect of raising the profile of social compliance on the factory floor. The motor of capitalism, and the GVC as its current engine of expansion, has always been the derivation of economic rents, or profit making. Social compliance in supplier factories too has implications for the longer term economic success of these actors (buyers and suppliers) involved in these businesses. In this respect, the survival and success of the apparel business is much affected by the reputation of sourcing factories' workplace standards. Thus, the issue of market reputation and consumer power for the commercial success of international brands is part of the explanation for the convergence or isomorphic pressure on supplier firms to become socially compliant. The inequality of power that exists in the buyer driven commodity chain makes suppliers particularly vulnerable to such pressure.

Thus, in this study, dominance effects can be seen in the private regulation which acts as a mechanism to create social compliance in supplier firms. The widespread awareness of social compliance standards and associated practices in supplier factories originated from multiple dominant actors leading the global supply chain. These lead actors are international firms and buyers. They are not local or societal actors, and their requirements mean that dominance effects are manifested in the promotion of 'good' managerial practices or global standards of social compliance, which over time may come to be emulated more generally by the societies where their supply firms are located. As these

lead firms do not own the workplaces, such activities cannot be considered as 'corporate effects' (Delbridge et al., 2011).

The research findings reveal a complex set of processes and outcomes. There is no single dominant model of diffusion, such as a single transnational corporation, and the supply chain is multi-layered and diverse. Nevertheless, compliance certification serves as a central reference point for organisational actors and it is understood that the ways in which the lead buyers affect local suppliers' work practices are shaped by their specific supply chain relationships and power relations. Local suppliers have to meet their international buyers' requirements for product compliance (quality, cost and delivery time) and social compliance in order to maintain their position as suppliers in the market. However, buyers for the international firms did not get involved in the operation and management of suppliers. They had *no* ownership, but controlled their suppliers through their market power and set the parameters of product quality and social compliance, and expected their supplier firms to be certified by certification agencies of their choice. The reality was, however, that audits, inspection and monitoring from buyers and certification agencies were largely paper centric, often superficial and focused on the appearance of the workplace which kept buyers' interference at a minimum level.

The findings of this study do not explicitly support the idea that any good practice or idea will be automatically diffused. But the study did strongly indicate that what got taken up was commercially convenient for the supplier firms, in the sense that the adoption of certain practices helped firms to obtain a steady stream of orders at a good price. Thus, social compliance standards were adopted at workplaces because of the kind of legitimacy it bestowed on the firms concerned, suggesting that the borrowing of such practices was often superficial, based on their commercial interests in the supply chain. While case study findings showed that the adoption of social compliance practices by supplier firms was largely driven by coercive pressure to conform exercised by the dominant actors in this field, there was also evidence that beyond the initial response, there was a wave of mimetic isomorphic take up of new HR practices (formal HR functions directed at implementing compliance) that was influential beyond the direct control of the dominant actors.

8.3 Creation of Formal HR and Dominance Effects

Research evidence in this study has shown that the convergence of specific actions around social compliance to maintain international workplace standards put national or local management practices under pressure. In chapter seven, it was indicated that international actors, including buyers, were not always very explicit about how the requirements for social compliance were to be operationalised. This uncertainty, in turn, led to the creation of formal HR departments. In practice, local firms created formal HR functions as a means of implementing the standards, which (for garment factories) emphasised formality, specialised functions, rules, records and routines. The formalisation and objectification of HR as a means of addressing compliance, administration and other HR activities became legitimised in this case as more factories started accepting this new form of HR management (Cantero, 2005). The creation of a formal HR department brought in formal allocations of people and resources to specific tasks and activities, whilst also providing a mechanism for co-ordination. This led to the allocation of HR related tasks and responsibilities to some individuals who required specialised skills and had the discretion to use those skills.

Countries like Bangladesh are integral to the circuit of global trade and therefore particularly subject to the transfer of ideas and technology from the developed world (Hollinshead, 2009). The agenda for changes to and the reform of managerial practices addressing social compliance in supplier factories was set by big brands, retailers and other buyers in the GVC. It can be argued that normative pressure led local suppliers to include formal HR in their existing structure to implement changed workplace standards and avoid uncertainties (DiMaggio and Powell, 1983) or risks associated with the loss of contracts with global brands. Such changes were emulated by other firms and later appeared mimetic in nature.

Changes in recruitment and selection practices in the case study firms did not necessarily conform to deep change, as could be seen in the firms' continued reliance on social networks to hire managerial staff; here, the influence of social capital and other societal effects was also apparent. Some of the large firms showed some formalisation around

recruitment and selection activities, but the picture was varied and there were several different examples of local strategy. For example, firms like 'Tiger Company' formalised practices mostly around compliance with labour standards for shop floor staff, while their HR practices lacked formality in managerial staff supervision and hiring practices, despite having a formal HR department. In a second case, Aryan Global, the HR practices appeared much more organised and formal for both managerial staff and workers. Aryan Global was a large firm and its behaviour reflected an entrepreneurial mindset which characterised the corporate culture. Owners of organisations like Aryan were found to be ambitious, progressive (futuristic) and they included an experienced and well-educated mid-level managerial class to run their businesses.

Meyer and Rowan (1977) have argued that in modern societies, formal organisational structures arise in highly institutionalised contexts, where professions, policies and programmes are created along with products and services. Many RMG factories in countries outside Bangladesh are criticised for adopting social compliance standards and HR practices merely at superficial level. These allegedly have the objective of satisfying external brand influences and increasing their legitimacy or chances of survival, independent of the efficacy and implementation of the processes themselves. The issue of tokenism was indeed a factor in the factories researched for the present study, but it was also found that in some research sites, HR's formal role *was* part of a growing formality in management practices, though it hardly played any strategic role. The dominant hiring pattern is one of reliance on traditional management practices with some marginal movement towards formalisation prompted by external pressure, which in turn is mediated by the characteristics of internal management in some of these large firms.

8.4 Strategic Choices and Actions

The construction of societal and dominance effects and their interactions (sections 8.2.1 and 8.2.2) in the context of this study were manifested in the differences they made to organisational level practices. While societal effects underpinned persisting informalities and social norms at the local level, dominance effects appeared to impose a sort of order

and structure on local practices in an organisational context. Thus, where managerial practices in RMG factories in Bangladesh changed, they did so largely *within* the specifics of the immediate social and institutional context, and appeared as localised and mediated effects, as a result of the strategic choices and actions of local organisational actors.

It is understood that the SSD model provides the context of strategic choice (Child, 1997) and thus gives a way of framing management actions that are sensitive to competing and conflicting influences in the modern business environment. Analysis of the outcomes of strategic choice within the SSD framework shows that organisational actors have a number of different opportunities to respond to their context. Structural effects are not mechanical or 'given' in terms of their consequences. Within certain parameters, local actors have the agency to choose not only which of the lead firms' guidelines they adopt, but also, crucially, the depth and rigour with which initiatives are implemented and monitored. In the case study firms, variation in practice was apparent and it was clear that not all practices recommended or required by lead firms in the value chain were adopted by all workplaces and the scope for local actors' strategic choice persisted.

The RMG employers responded to their dynamic and complex environment in variable ways, the pattern of which can be interpreted using a partial contingency model (Neergaard, 1992). These actors were using both 'buffering' and 'bridging' (see table 8.1, p-192). Through 'buffering', these managers were protecting their core ways from external influences, for example, they continued recruiting managerial staff using social networks. It was evident that societal values and institutional norms could influence and constrain strategic choices made by the employers. Recruiters carried out traditional ways of hiring practices as they were comfortable with such methods. Their prior social values, ideology, work experience, occupational and national socialisation, and demographic profile (education, age) were also influencing factors in 'mediating' actions. Thus, organisational actors were engaging in 'buffering' when they assessed, strategically, the extent to which they would apply or balance elements of societal effects, such as social networks and prejudices (for example, in relation to gender), in hiring practices.

In terms of 'bridging' initiatives, the managers responded to dominance effects by endeavouring to manage their environment through various forms of negotiation, co-operation, exchange of information and other forms. Employers here made strategic choices upon evaluating the position of their organisations in the market and expectations from their buyers and other stakeholders. Analysis of data indicated largely reactive decisions to make adaptive internal arrangements, for example, the inclusion of a formal HR department in response to dominance effects to help implement internationally accepted standards and associated practices of social compliance. Table 8.1 in the following enlists different strategic choices made by the local actors; these choices are not mutually exclusive and are sometimes exercised concurrently in response to the system, society and dominance effects that these firms face.

Table 8.1 Actors' Strategic Choices and Actions

Strategic Choices	Description and Example
Buffering	Buffering action are those enacted against influences or pressures for changes in order to uphold the continuance of traditional management practices informed by societal effects. For example, actors' decisions to continue using social networks to hire managerial employees.
Bridging	Bridging describes actors' agency and the choices they make when they implement (any) social compliance standards informed by system effects and dominance effects. For example, actors' decisions to apply for/implement social compliance, and subsequently formalise HR functions around compliance for survival in the GVC system.
Moderating	These are strategic choices undertaken that moderate the scope for, and influence of, dominance effects. For example, actors' choice of particular certification scheme(s) and whether or not to qualify for multiple certificates (in order to have greater market coverage) can moderate the scope for dominance effects.

As discussed thus far, a key example of local actors' agency to influence day-to-day management is the way they have interpreted and implemented social compliance and workplace standards. We saw in chapter seven that the majority of local employers

adopted only basic measures and set up formal HR functions instrumentally, as a means to securing international contracts. In contrast, other supplier factories went beyond the social compliance demands of the international brands they served. However, whatever the depth of implementation of measures intended to support social compliance, it seemed that research respondents across all case study factories understood that measures were primarily targeted at the shop floor (chapter seven). This meant that they retained the belief that HR strategies for *managerial* staff could be managed differently from those aimed at shop floor workers. Local employers thus interacted with their international context differently within the same workplaces for different categories of employees. Thus, in terms of moderating behaviours, the agency of local employers to influence the scope of dominance effects could also be seen through their choice of specific codes of practice and employment standard certification(s). These matched their organisation's ability to meet their target market's requirements. Codes of conduct vary, and employers thus have the option to choose and implement the specific type of code that best suits the ability of their organisation to deliver on standards.

Supplier firms' differing positions on social compliance and HR initiatives can be partially explained by the relative size of the businesses, employers' characteristics, and the degree to which the industry is exposed to the pressure of the global market. Variations in strategic choice were observed more frequently in large-scale operations; bigger firms have greater degrees of specialisation or formalisation and have greater scope for choice. Here entrepreneurial roles and mindsets again can also be factored in to explain such variations. HR functions were more formal in the large-scale businesses whose owners were 'ambitious', well-educated and wanted to go beyond basic compliance requirements. These individual actors' 'mediating' roles varied depending on their personal attributes, understanding and acceptance of the structural forces; all of these might inform how they act when they are buffering, bridging or moderating. Factories that dealt with reputed brands and or got multiple certifications to cater to a wider market actually implemented a more formal approach to their HR practices.

Overall strategic choices made by the local actors preserved some continuity in management practices by being conservative when making changes. Local actors' strategic

choices and actions within the context of the social constraints reflected a 'reflexive recombination of local and international practices' (Mayer and Whittington, 1999, p. 936). Studies on organisational transformation have shown that, in order to accept radicalised changes, elements of continuity could be at least ideologically maintained to increase acceptability (Child and Smith, 1987). Findings of this research did not reflect radical change but showed some 'transformation' taking place to better respond to their local and global environment. Strategic choices made in this context were guided by the anticipated economic success and effects of national, systemic and dominant elements but could not be termed as deterministic or voluntary. The way these actors were responding to system, societal and dominance effects using agency, structure and their external and internal networks of relationships turned out to be quite political (Child, 1997) in nature. Overall analysis and discussions support the notion that the effects of system, society and dominance are complex and the changes resulting are not always uniform and therefore not predictable.

8.5 A Process of Sedimentation

The chapter's review of societal effects, dominance effects and the scope of strategic choices made by organisational actors in case study firms as they interacted with their international context suggests a sedimentation process of change and adaptation. There was evidence of relatively newly formed formality in policies on recruitment and selection alongside the traditional informality of HR management practices. The persistence of long-established ways of managing recruitment and selection was tied to local norms values, ideas and practices, and remained influential even when the formal structures and processes seemed to change. Empirically grounded evidence thus shows sedimented (Cooper et al., 1996) layers of old and new ways of management practices. Such existence of modern/formal and informal/typical practices makes a case that follows a dialectical rather than linear pattern of change, with different archetypes dominating different parts of the organisation. Results suggest that layers of old and new practices are in a state of constant flux within organisations, with some continuity towards the traditional informality in recruitment and selection, and some change towards the modern or formal.

Organisations in this study were found to be formalising around a different set of social capital, in the sense that social networks based on sectoral experience and professionalism were replacing straightforwardly nepotistic networks. Yet the fact that social capital, social networks and informal recruitment methods remained the preferred mode of accessing sectoral and professional expertise highlights a blend of old and new, and change 'within' layers. The processes of the sedimented changes described were set against a context where the pressures from international firms in the global supply chain proposed greater formality in the recruitment and selection as 'good' practice. Such pressures have the potential to test and erode local or national institutional rules and practices. Yet this study has shown that dominance effects did not override but rather acted in combination with societal effects to reshape institutions and organisations. The explanation of the processes of sedimentation is helpful as it crystallises our appreciation of the ways that SSD effects within workplaces are influenced by actors' strategic choices. It offers a clear picture of the complexity and the dynamism involved, contributing towards the understanding of specific issues around HRM practices. The SSD model is not considered to be unidirectional and overly structural in emphasis and the ideas around sedimentation captures this notion rather well. Such sedimented layers of old and new and their changes within and/or between layers continue to challenge the permanence of a standard idea of change proposed by the globalisation or convergence school.

Researchers have applied the SSD model as an analytical framework (Smith and Meiksins, 1995; Smith, 2005, 2008; Elger and Smith, 1994, 2005) to look at work, employment and HRM practices. There is also a large body of literature on SSD and the internationalisation of Chinese MNCs including Chinese OFDI on work and employment relations (Deng, 2013) and Chinese cases related to transfer and internationalisation (Elger and Smith, 2005; Peck and Theodore, 2007). The following section therefore covers the overall contribution of this particular research to the existing literature and speaks of future research prospects.

8.6 Contributions to the Literature

Typically the applications of the SSD framework have been on large MNCs, their subsidiaries and their suppliers. There has been research on suppliers located in developed economies, either within the society in dominance or one that is relatively similar to it, that is comparisons are between developed economies. For example, Elger and Smith's (2005) work was on Japanese firms located in the UK. In contrast, the present study has made a distinct contribution by using the SSD model to conduct a multilevel analysis of the specific management practices of supplier firms in Bangladesh that operate in the global apparel market. The firms studied are independent suppliers that are part of global value chains, but they are not MNCs. Furthermore, they are operating in a developing market context rather than within the setting of a mature industrialised economy.

Comparative studies have been criticised for overlooking or isolating the unit of analysis from its social and historical context (Maurice, 1979), but the present study is much informed by its engagement with the local norms and cultural pressures of surrounding society, for example, social values affecting the images of an industry or social relations carried over in work practices. In this respect, social capital is explained as a form of societal effects; its meaning gets unpacked and explored largely through an examination of the significance of social capital for the recruitment and selection of managerial staff. This research shows that social capital is important in understanding the detail of societal effects experienced and manifested in Bangladeshi workplaces, just as studies on China have highlighted the significance of guanxi and Confucianism (Yeung and Tung, 1996; Tsui and Farh, 1997). The present research thus stresses the need to recognise informal practices such as, the significance of social networks for the resourcing of an organisation. It suggests that in the firms studied, informal practices became part of organisational design and practices as social capital was an element of the institutional domain.

Mayrhofer and Brewster (2005) argued that dominance effects arise when a national system appears to have developed leading practices that are adopted elsewhere. Thus, past studies have conceptualised dominance effects as either the dominant model of a particular society for example, Fordism in the US, and Just in Time (JIT) in Japanese society

or the model of best practices associated with leading firms in a particular sector (MNCs and subsidiaries). This study draws out a different and distinctive construct of dominance effects, where they were not being seen in the transfer of best practices by lead firms to subsidiaries they owned (within the boundaries of a dispersed multinational organisation) but instead appeared in variously mediated forms in independent suppliers. This study's contribution to the literature lies in its focus on the dominance effects flowing from the lead firms within an international supply chain to the suppliers operating in a newly developing economy. Large retail chains or multiple lead firms located in a range of developed or dominant economies have introduced their own voluntary codes of practice on labour conditions and other managerial practices. They require compliance with quality standards, delivery times and also social standards relating to conditions of work. In the latter case, private corporate codes generally require that supply firms adopt internationally accepted workplace standards and associated practices, such as those agreed by the ILO. In the present study, it was found that the indirect effects of such pressure stimulated the adoption of formal western type HR practices in Bangladeshi supplier firms. The research identifies 'private regulation' as an indirect mechanism to construct dominance effects. Thus there are broad international regulatory standards underpinning social compliance-related dominance effects in supplier units, which emanate from multiple lead firms, located in different parts of the world rather than being the product of a single nation state or even a dominant industry.

The literature on social compliance shows that such standards and codes were initiated by leading international actors in the GVC system to keep their audience happy, gain legitimacy and avoid criticism on their sourcing practices. This audience creates pressure for the lead firms; examples of the audience members include international NGOs, supranational authorities (EU), intergovernmental organizations (ILO) and nation state governments. Findings of this research therefore contribute to understanding the specifics of how dominance effects work at individual workplaces, and extends the understanding of the ways in which such effects are mediated by local actors.

This study in particular stresses the need to think about the element of regulation within the SSD framework; it does not extend the framework by *introducing* regulation but

implicates an opportunity to elaborate the framework. Explicit discussion on regulation has not been made commonplace in the application of the SSD framework and this study gives this greater prominence. The original SSD model by Smith and Meiksins (1995) speaks of 'regulation' in its formal and informal forms as societal effects; state laws and local standards represent aspects of societal effects. This research argues that within the specific application of SSD framework to a particular context, the *sources* of private regulation will determine if it should be considered as a feature of societal effects, or of other effects. In this case, it is found that the private regulation of supplier firms operates at a transnational level and comes from another part of the world. It operates transnationally in different nations, possibly filtered through local societal contexts. Regulation therefore is understood in its different forms as elements within the SSD framework, operating variably within the SSD effects.

The identification of regulation as a specific element within the SSD framework further implies that 'regulation' could take firms in different directions. Questions might arise regarding whether the private regulation of supplier firms can become a characteristic of this phase of global capitalism which therefore makes it a system effect. System effects reflect the systemic characteristics of capitalism and become visible at the firm level through the widespread adoption of common practices (HRM practices) or standards. Some researchers find (Edwards et al., 2013) the separation of system and dominance effects as the greatest challenge to the SSD. The case could have been argued for regulation in connection to system effects; if there were other patterns of commonality reflecting some global HR models, this would then strengthen arguments for understanding regulation as systemic. However, the findings of this research suggest that regulation is a mechanism of dominance effects exercised by specific dominant countries, industries or actors at a particular point in time. In this study, the creation of formal HR practices was also found to be an indirect result of dominance effects. The specific nature of private regulations as system effects is not borne out by the evidence of this study. Besides, international standards and global regulation are not characteristic of all features of global capitalism. So the conclusion is that it is best not to use regulation as a system effect; it is better to review its nature as a component of dominance effects.

One other contribution that this study offers is around the differing actions that strategic actors were able to take and apply. This research does not present strategic choice as an open door. The different levels of power and resources residing in different organisations inform their scope for action, as does the variety of different ways in which the SSD effects are experienced. So some actors may be able to take strategic choice around 'moderating' whilst the choice for others may be much more constrained. It is argued that all socially compliant firms practiced different combinations of bridging and buffering. The choice of 'bridging' for smaller firms is limited to implementing international standards or social compliance on worker management only while they strive to buffer their traditional managerial practices. Actors located in large firms have a greater choice to moderate but this is then subject to mediating factors underpinned by their personal characteristics and experience. Thus strategic actions are more likely to be guided by the scale of operations of the businesses concerned and actors' personal attributes.

This study draws out an under-researched topic of HRM practices in Bangladesh and applies the SSD framework. It complements research conducted in developed economies and shows the specifics of how a developing country's workplaces are subject to forms of effects, particularly dominance effects that are distinctive from studies on matured economies. It shows that firms in developing countries are particularly influenced by multiple and different actors of the GVC and not just a single nation state or single dominant industry. Such variety of dominance effects and its sources is distinctive from that which other literature has reported previously, perhaps because this research has taken place in the context of a developing country and, as such, this provides further justification for researching a new, developing country context.

The study has used a critical realist approach to gain an ontological depth that neither positivism nor social constructionism can reach. Explanation of the managerial practices here takes place by identifying the underlying structures, examining how these structures are manifested at different levels of analysis, and exploring firms' responses to and interaction with these structures. Here, local actors in the supplier firms respond to a three-way interaction of contextual and interest group effects from different structural sources (Smith, 2005): the global supply chain, a particular societal context, and the

dominant players or lead actors in the supply chain. These mechanisms and processes thus disclosed, help to explain the construction and development of management practices in these supplier firms.

Edwards et al. (2013) argued that the SSD framework is a flexible and powerful one which at the same time needs further empirical development. The implications of this research using the SSD framework can be extended towards workplace studies in other countries. This research has shown that there is a breadth of different dominance effects which gives a new understanding to where such effects might come from; and might be relevant to other sectors and other economies, but this has not been previously explored. Regulation as an indirect mechanism of dominance effects supports such a stance. Thus future research on developed economies (for example, the USA, the UK, Japan or Germany) would also look for the influences that this study has identified and it might not be just limited to the garment industry nor Bangladesh. It can be extended to other industries in other countries, for example in Sri Lanka, India or China. Research implications of this study indicate that it might be useful to further explore regulation while applying the SSD framework in mature economies. Literature on societal effects predates the original SSD model and has gained a relatively high level of depth and breadth. Literature on dominance effects however requires further exploration that goes beyond the typical parent company-subsidiary relationships and this research offers a new direction towards that.

In summary, it is argued that this research has made some significant contributions and implications for research in multiple ways. It has laid the foundation of future research in a number of directions through contributions made at a theoretical, empirical and conceptual level. At a theoretical level it has elaborated the understanding of the SSD effects, particularly through the identification of regulation as an element within the framework. What makes this study interesting is that the subject matter of this research is not what is usually covered in supply chain relationships research; the research deals in the codes, a form of private regulation and their indirect effects on the management of these organisations. At an empirical level it has shown the value of the application of the SSD framework on supplier firms from a developing country operating in the GVC.

The incorporation of social capital as a focal point in the SSD effects offers a new insight or concept into the understanding of social capital in a broad context. The study draws on social capital and its significance in unpacking the meaning of societal effects on HR practices and employment relations. It posits social capital as an informal institution for its ability to influence behaviour through long-standing social norms, values (prejudices) and social (relations) practices. It shows that informal social relationships can be valuably interpreted through social capital concepts which, in turn, is important in understanding how recruitment practices take place in particular contexts. The project therefore makes an empirical contribution to the research on social capital in organisation studies, especially recruitment and selection studies.

Finally, findings of the present research offer additional implications for practice; there are clear practical consequences for HRM and for businesses, particularly in Bangladesh. The research suggests first, that there may be benefits to be gained from formalisation for the professionalisation of HR management practices. Second, as the garment industry becomes more technically sophisticated and demanding, there are benefits to recruiting more formally qualified people as opposed to recruiting through traditionally ascribed processes. In conjunction with the second point, the research highlights the real nature and evolution of practices of recruitment and selection and the indirect consequences of private forms of regulation and shows that corporate codes of practice for labour standards among manual workers can perhaps stimulate the professionalism of management practices in supplier firms.

The study indicates that garment owners and managers need to be aware that firms operating in the global supply chain are subject to both global and local, societal influences. The social systems in which they are embedded exert considerable influences over business practices, even if employers and managers do not immediately recognise them as doing such. There is thus considerable scope for practitioners or managers to balance local and global forces through different strategic choices that they might make. The study can also be used at an industry level by organisations to help them develop future strategies for human resource development especially, management development.

By recognising the strengths and weaknesses of informal networks and related underlying issues of training and development, employers may be able to develop and improvise training suitable to remain competitive in the global market. The following section acknowledges some of the limitations of this study.

8.7 Limitations

As with any study, the present research project also entails possible limitations. Three such limitations of the study are acknowledged while hoping that it provides ideas for future extension and improvement. We find that such reflections on limitations speak of awareness and indicate ways in which the research could have been improved even further. Firstly, there was a limited budget and time for this research but we contend that the research was conducted quite effectively and efficiently. Secondly, this study has focused on apparel suppliers' management practices and collected data only from supply firms and therefore lacks the voices of buyers and other actors in the supply chain who could have offered a more comprehensive picture. We, however, like to think of such limitations as an indication of the way forward for future researchers, who, can carry out further research on similar issues considering other actors' including buyers' perspective in their research project. Thirdly, the study has highlighted significant changes and development in a specific social context conducted in a particular point of time, which could have been well envisaged over a period of time, and this limits the scope of analysis in generating a view on the process of change. However, it was felt that during the fieldwork in Bangladesh, continuous contact with the participating garment organisations in general helped capture some of the ongoing stories in this sector.

It is further acknowledged that this study may incur other limitations due to the kind of methods selected to collect data. For example, ethnographic studies would have received more insightful information on some of the issues explored. Survey methods could have been used to statistically establish claims on some of the findings, all of which perhaps future researchers may consider. Such limitations have already been considered in chapter four which explores research methods in detail. 'Access' to respondents was one of the key

determining factors when choosing data collection tools and designing the overall methodology used in this study.

By assessing the limitations of this study, we propose that future research can potentially enhance the construction of dominance effects through the inclusion of buyers, NGOs and other social activists' perspectives. There is a need to understand the relationship between the regulation of social compliance, employment conditions and the experiences of line managers who work in the garment factories of Bangladesh. Such studies can explore whether better treatment of line managers could have a 'trickle-down' effect in terms of the diffusion of more advanced employment practices for shop floor workers. Concurrently, outcomes of this research project can also be used to study similar industries located in both developed and developing economies where societal influences are perceived to be rather complex and strong.

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Appendix 1   **Interview Checklist:**
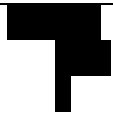
Data Collection in Bangladesh: May-August 2011

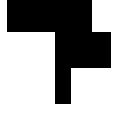Name of Company   Date &
Location_____

Check List

- o Personal experience on recruitment in this sector.
- o Views on informal recruitment source.
- o Perception on importance of reference checking.
- o Perception on education, skills and experience requirement … how it varies from department to department as well management level.
- o Computer, IT, Internet, communication skills requirement.
- o Need for technical and industry related academic qualification.
- o Education vs experience.
- o Things to look for other than education, skills and experience (Honesty, reliability of candidates).
- o Source of recruitment/ vacancy information provided (news paper, on-line ads, and informal sources).
- o Career in garments.
- o Women / gender issues (representation gap in management: causes and consequences)
- o Issue of age and gender and look/smartness specification in ads.
- o Training and development scope in garments.
- o Internal source of recruitment (promotion from within etc.).
- o Situation of external job market (demand supply balance; department and management level wise).
- o Social factor.
- o Evolution and modernization of management in garments.
- o Role of labor laws.
- o Buyers influence in modernization of factory and management through 'Code of conduct'.
- o Comparison between small medium and large garments.
- o How EPZ garments differs and in what way from other Non-EPZ based garments.
- o Impact of Ownership pattern on recruitment and management.
- o Miscellaneous

Appendix 2: Individual Company Profile and Total Interviewee List (by position)

* Indicates recruiting managers/owners (43)

Company Name	Year of Establishment and total no. of years in operation in bracket	Company Type and Location	No of Employees	Respondent designation (Recruiting managers /owners are numbered)
■	2007 (4)	Non-composite Knit.	1,300	1. Managing Director* 2.Chairman* 3.Director* 4.Commercial Manager* 5.Production Manager 6.Senior Merchandiser 7.Accounts Officer 1 8.Accounts Officer 2 9.Welfare Officer 10.Store Keeper 11.HR officer 12.Merchandiser
■	2002 (9)	Non-composite, Non Compliant. Knit.	750	13.Managing Director* 14.Director *
■	1984(27)	Knit and Woven.	3,459	15.GM-HR, Admin and compliance* 16.Head of Procurement * 17.Head of finance/ accounts* 18.Marketing and development manager *

	1997 (14)	Knit and Woven. Located in Dhaka EPZ	4,667	19.Chief Operating Officer* 20.HR Adviser* 21.GM(accounts & Finance)* 22.HR Manager* 23.Manager, Commercial 24.Industrial Engineering Manager* 25.Merchandising Manager 26.Production Manager 27.Sr. Manager Supply chain 28.Asst. Manager, HRM 29.Merchandiser 30. Welfare Officer
	1998 (13)	Knit and Woven. Located in Dhaka EPZ	5,000+	31.GM-HR and Admin* 32.HR manager*
	2000 (11)	Knit.	4,537	33.Director * 34.Divisional DGM, HR, Admin and Compliance* 35.Divisional DGM, Marketing and Merchandising* 36.CFO* 37.GM, Head of Technical Services * 38.Senior Executive (Mechanical Section)
	1994 (17)	Knit , Non-compliant	1,489	39. Director *
	2009 (2)	Non-composite, Non-compliant Knit.	278	40. CEO*

	Year (age)	Type	Workers	Positions
	2004 (7)	Knit non-composite garments Non-compliant.	1,490	41. CEO*
	Industry Association for Knit, Woven and other related associates including buying houses.			42. Research Executive
	Industry Association for Knit and other related associates including buying houses.			43. Research Executive
	2006 (5)	Woven	10,000+	44. Director*
	1994 (17)	Knit, Woven Located in the EPZ	2,500+	45. General manager, administration*
	1991 (20)	Knit and Woven	21,130	46. Director *
	1994 (17)	Sweater Located in the EPZ	4,800	47. Managing Director* 48. Manager-Planning and marketing
	1983 (28)	Sweater, Woven	8,000+	49. Managing Director*
	1984 (27)	Sweater and Woven	2,500	50. Executive Director*
	1991 (20)	Sweater	3,300+	51. Managing Director*
	1998 (11)	Knit	2,321	52. Manager, Marketing*
	2006 (5)	Woven	1200+	53. Chairman* 54. Managing Director* 55. Admin Manager 56. Merchandising manager
	1986 (25)	Woven and Knit.	12,000	57. Senior Merchandiser 58. Marketing Manager 59. Merchandiser

	1998 (11)	Woven	2,130+	60. Factory Manager*
	1998 (11)	Woven and Knit	13,000+	61. Chairman* 62. Director, Operations* 63. Chief HR Manager* 64.Chief Finance Manager * 65.Compliance Manager* 66. Head of Sustainability 67. Management Trainee 1 68. Merchandising Manager 69. Commercial Manager* 70. Merchandiser
	2007 (4)	Sweater	2,200+	71. Director*

Calculation of years in operation (for individual firms):

15/22*100= 68% active for 10 years+;

9/22*100= 41% for 15 years+;

6/22@100= 27% for 20 years+;

3/22*100= 14% for Less than 5 years

APPENDIX 3:
INDIVIDUAL PROFILE ANALYSIS (SAMPLE COPY)

Sl.	Respondent	Age	Designation	Experiences	Academic Qualifications	Year of passing	Total Org worked for	Exp in other Industry	Cause
FGS1	Male	38	Snr Merchandiser	11 years	BSc	1996	5	coca, BH& bus	2,3,4
FGS2	Female	31	Welfare Officer	3 years	MSc (Geography)	2005	5		1,2,5
FGS3	Male	32	Snr. Exe (act &fin)		Mcom, CA	2004	4		
FGS4	Male	30	Store in charge	7	under SSC		4		2
FGS5	Male	45	MD	17	MSc (math),DU	1994	4		2
FGS6	Male	37	merchandisers		Bcom; MSc,mgmt		5		
FGS	Male	37	Director		MSC, DU (stat?)		2		
FGS 8	Male	39	Snr Merchandiser		Bsc(bogra)	2003	4		2
FGS9	Male	43	chairman	9	eng from japan		3		2(own bus)
FGS10	Male	46	admin manager	2			2	1(own bus)	4
FGS11	Male	40	commercial manager		Mcom		5	BH,foreign 2	2
FGS 12	Male	37	accounts officer2	18 years	ms in accounts	1992	3	2(govt, UNDP)	6(cont
FGS13	Male	40	Production Manager	20	under metric		10		2,3,4

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Appendix 4: Supporting Letter from Supervisor Used in Field Work (Bangladesh)

Cardiff Business School
Dean Professor Robert McNabb BSc MA PhD
Ysgol Fusnes Caerdydd
Deon Yr Athro Robert McNabb BSc MA PhD

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Cymru Y Deyrnas Gyfunol

March 24, 2011

TO WHOM IT MAY CONCERN

Re: Sawlat Zaman

This is a letter of introduction for Sawlat Zaman, PhD student at Cardiff Business School, Cardiff University, UK.   I have known Sawlat since 2009 when she started her PhD under my supervision. Sawlat's research is on management practices in the garments industry, particularly the way garments firms recruit and select their employees for office management.

Findings from this study will have the potential to strengthen Bangladeshi garments management practices and image as very little is known about how this business is managed successfully by hard working, dedicated people.

These case study interviews are a very important part of Sawlat's research; therefore your valuable co-operation and participation will be greatly appreciated. Sawlat's research is for academic purpose only and all kinds of confidentiality and anonymity of respondents if asked for will be strictly maintained.

Thank you for co-operating with us in this regard.

Sincerely Yours,

Professor Rick Delbridge
Associate Dean, Research
Cardiff Business School
Cardiff University

CARDIFF BUSINESS SCHOOL ETHICAL APPROVAL FORM:
PHD THESIS RESEARCH
(For guidance on how to complete this form, please see http://www.cf.ac.uk/carbs/research/ethics.html)

For Office Use: Ref	Meeting

Does your research involve human participants? Yes √☐ No ☐

If you have answered 'No' to this question you do not need to complete the rest of this form, otherwise please proceed to the next question

Does your research have any involvement with the NHS? Yes ☐ No √☐

If you have answered **Yes** to this question, then your project should firstly be submitted to the NHS National Research Ethics Service. Online applications are available on http://www.nres.npsa.nhs.uk/applicants/ . It could be that you may have to deal directly with the NHS Ethics Service and bypass the Business School's Research Ethics Committee.

Name of Student: Sawlat Hilmi Zaman

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Section: HRM

Email: ZamanSH@Cardiff.ac.uk

Names of Supervisors: Professor Rick Delbridge, Professor Edmund Heery, Dr. Jean Jenkins

Supervisors' Email Addresses: delbridger@Cardiff.ac.uk, heery@Cardiff.ac.uk, jenkinsj1@Cardiff.ac.uk

Title of Thesis: Recruitment and Selection Practices in the Ready Made Garments Sector of Bangladesh

Start and Estimated End Date of Research: October 9, 2009 –September 30, 2011.

Please indicate any sources of funding for this research: Commonwealth Scholarship in the UK

1. Describe the Methodology to be applied in the research

The purpose of this research is to explore what is happening in the field of recruitment and selection practices of the Ready Made Garments (RMG) as very little is known about management practices of garments in Bangladesh. This research aims to understand employer's perspective on adopted recruitment and selection approach; complemented and corroborated by accounts of employees experience on recruitment and selection.   The researcher intends to collect and analyse on-line recruitment advertisements and take in-depth semi-structured interviews of garments employers and employees to hold different but complementary data on the same topic. Content analysis of recruitment ads would provide a generalized view of employer's expectation in terms of employee skills and experiences in formal recruitment process. At the same time case study of different representative RMG will be conducted to get a complete in depth understanding.   Individual interviews of people involved directly in garments, buying houses and buyers will be conducted to obtain further information on context. Resulting findings from these would then be used to compare, contrast or complement analysis and arrive at final conclusions.

2. Describe the participant sample who will be contacted for this Research Project. You need to consider the number of participants, their age, gender, recruitment methods and exclusion/inclusion criteria

The population of the present study is the export oriented readymade garments factories of Bangladesh. At present there are more than 4,000 knit and woven garments in Bangladesh. All garments in Bangladesh are export oriented and export directly or via buying houses or use a combination of both. Individual interviews of people involved in garments and case studies on selective garments will be conducted to gather their opinion on garments recruitment and selection practices. The respondents will be basically categorized into three groups: recruiting managers/employers, recruited employees and a third group comprising of individuals from buying houses and a few buyers. Managers responsible for recruiting office staff are considered one of the two groups of key informants who handle recruitment and selection, and therefore are in the best state to provide relevant information. The second key informant group will be recruited employees who will be interviewed to reflect upon their own recruitment experience. Interviews of individual of buying houses and buyers will help situating the context in which this sector operates. The researcher aims to conduct 60 in-depth mostly semi structured interviews. A total of 20 to 25 interviews will be of recruiting managers and 30-35 employee interviews will be conducted. At least 5 buying house employees and buyers will be interviewed to gain further insight into the context of the sector. Each interview is expected to last between 30 minutes to 90 minutes. The respondents may come from any age group or gender.

3. Describe the consent and participant information arrangements you will make, as well as the methods of debriefing. If you are conducting interviews, you _must_ attach a copy of the consent form you will be using.

Participating case study organizations will receive a letter from the researcher (appendix 1), providing comprehensive information about the purpose of the study, why the organization have been approached to participate, the anticipated benefits of the study and written assurance of confidentiality. Two such copies will be sent to each selected organizations one for their office record and one 'received copy' signed by the HR manager/ administration and will be kept by the researcher. In case of interviews of individuals from selected case study organizations and of individuals working in garments sector, the participants will be briefed on the purpose of the study, the importance of their responses, assurance of confidentiality etc. before the interview starts. Consent form (appendix 2) and an interview checklist (appendix 3) will be used while taking the interviews.

4. Please make a clear and concise statement of the ethical considerations raised by the research and how you intend to deal with them throughout the duration of the project

Respondents will be interviewed to get a general view on recruitment and selection practices of the sector and hence opinions sought after is not company specific. In addition to that, participants would have the option to respond anonymously. They will also have the option to withdraw at any point during the course of interview or refrain from answering part of the questions being asked. The researcher anticipates two major ethical considerations here, that is, the issue of confidentiality and offer to receive study findings. Letter issued to the case organizations will act as a strong assurance of confidentiality on behalf of the researcher. The respondents will also have the option to receive a summary report if interested. The researcher will ensure that contact details (appendix 4) are made available to the respondents for any query.

PLEASE NOTE that you should include a copy of your questionnaire

NB: Copies of your signed and approved Research Ethics Application Form together with accompanying documentation must be bound into your Dissertation or Thesis.

5. Please complete the following in relation to your research:

		Yes	No	n/a
(a)	Will you describe the main details of the research process to participants in advance, so that they are informed about what to expect?	√☐	☐	☐
(b)	Will you tell participants that their participation is voluntary?	√☐	☐	☐
(c)	Will you obtain written consent for participation?	√☐	☐	☐
(d)	Will you tell participants that they may withdraw from the research at any time and for any reason?	√☐	☐	☐
(e)	If you are using a questionnaire, will you give participants the option of omitting questions they do not want to answer?	☐	☐	√☐
(f)	Will you tell participants that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs?	√☐	☐	☐
(g)	Will you offer to send participants findings from the research (e.g. copies of publications arising from the research)?	√☐	☐	☐

PLEASE NOTE:
If you have ticked **No** to any of 5(a) to 5(g), please give an explanation on a separate sheet.
(Note: N/A = not applicable)
There is an obligation on the lead researcher to bring to the attention of Cardiff Business School Ethics Committee any issues with ethical implications not clearly covered by the above checklist.

Two copies of this form (and attachments) should be submitted to Ms Lainey Clayton, Room F09, Cardiff Business School.

Signed

Print Name

Sawlat Hilmi Zaman

Date

11/02/2011

SUPERVISOR'S DECLARATION

As the supervisor for this research I confirm that I believe that all research ethical issues have been dealt with in accordance with University policy and the research ethics guidelines of the relevant professional organisation.

Signed

Print Name   Professor Rick Delbridge

(Primary supervisor)

Date   11 / 2 / 11

STATEMENT OF ETHICAL APPROVAL

This project has been considered using agreed School procedures and is now approved.

Signed

Print Name

(Chair, School Research Ethics Committee)

Date