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**Textile and Clothing Industry - salvation or
curse of developing countries - the case of
Bangladesh**

Bachelor thesis

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Brno, 31.12. 2014

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Abstract

Assess importance of textile and clothing industry in developing countries with the emphasis on Bangladesh and identify main advantages and disadvantages this country happened to experience. First part is theoretical which discuss about main impulses and factors connected, such as globalization, industrialization etc. Later in my practical part I worked on issues individually for my chosen region – Bangladesh. Also I try to evaluate the impact of recent events on textile and clothing industry. In the conclusion I have summarized impacts and suggested the possible prognosis for the direction of development in the future.

Abstrakt

Zhodnotiť význam textilného a odevného priemyslu v rozvojových krajinách s dôrazom na Bangladéš a identifikovať hlavné výhody a nevýhody, ktoré z nich pre danú krajinu plynú. V prvej časti bakalárskej práce sa venujem teoretickej diskusii hlavných impulzov a faktorov, ktoré ovplyvňujú rozvoj menej rozvinutých krajín ako napríklad globalizácia, industrializácia a pod. V praktickej časti sa venujem problematike konkrétne na vybratej krajine – Bangladéš. Zároveň hodnotím dopad aktuálnych udalostí na textilný a odevný priemysel. Zmienené dopady sú v závere sú zhrnuté do prognózy o možnom vývoji v tejto oblasti do budúcnosti.

Key Words

Developing Countries, Apparel, Garment Assembly, Sweatshops, Textile Industry, Garments, Sustainable Development, Bangladesh, Third World, Globalization, Ready-made garments,

List of Abbreviations

DC – Developing Countries

GDP - Gross Domestic Product

IMF – International Monetary Fund

ILRF - International Labor Rights Forum

LDC – Least Developed Countries

RMG – Ready-made garment

T&C – Textile & Clothing

WTO – World Trade Organization

CSR – Corporate Social Responsibility

WB – World Bank

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1 Introduction

Topic that I am focusing on in my thesis is an issue connecting the whole world in multi-dimensional nature. Textile and Clothing industry is a sensitive issue for both developing and developed countries and I dare to say-for both equally. Western civilization has been accused of harming the least developed countries for decades. We as developed countries citizens with our demands are aware of that fact. There have even been wars, strikes and revolutions due to access to natural resources. Yet for regular, ordinary people it is hard to imagine its harmful impact in the matter of abstract numbers of resources such as oil, gas etc. But when it comes to garment shopping, we all can imagine quantities and situation much better. As a citizen of capitalist countries, there is almost no one in the western civilization who is not living as consumerist. The whole setting of our countries is created in order to be dependent on buying imported products. With constant buying of new imported (in most cases cheap) clothing, consumers of western world only support more of the situation as creating the demand. My personal interest is conceived from the fact that I feel responsible for my own consumption and aim to live sustainably. That is in huge contradiction with the state structure that I am part of. Clothing is part of everyday life so I consider it to be a common ground for all - Developed and Developing World.

Other unfortunate situation connected with imported clothing from developing countries is the level of demand for the cheapest prices. Once they have started to be imported with the comparably cheaper price than local production and the potential has been fully realized, the import increased. It is only natural, people would choose cheaper (imported) garment over the more expensive (local). That was the beginning of the huge price competition and insane price cutting and fast fashion phenomena.

Textile and Clothing Industry was one of the first globalized economy sectors in the process of global economy trade. It became the 'ladder' for developing nations to grow economically. Due to its high employment needs, it is perfect industry to be implemented in developing countries. Every developed country experienced through years of developing that period of having textile industry as a main contributor for GDP. Even this industry contains many advantages, poor government maintenance and 'greedy' behavior of foreign investors can cause slow pace of development and affect well-being of its citizens.

However development of countries is not solely dependent just only on textile and clothing industry, yet it is definitely widely implemented one. This type of industry is often considered as the clearest way to understand globalization process due to its interconnection between levels of production and management, geographic dispersion of establishments.

In the second chapter I have described the general characteristics of developing countries and main terms. I have examined their position in the world according to their economic development and power on international scale. In the precedent chapter I've elaborated International trade regarding North – South global hemisphere distinction and export preference switch after the Second World War by post-colonial countries.

Next part is dedicated to Textile and Clothing industry from the most general description to structure and sectors. Later, I have continued with the position and role that T&C Industry has in developing countries. Importance of following chapter brings whole new aspect to the topic by introducing another actors involved in business – stakeholders. I have listed all sides that might impact the T&C Industry in developing countries. According to my statements and literature research its logical continuity proceeded topic 'Sweatshops' which is quite currently well talked about and widely connected with garment production.

Globalization made huge impact on developing countries and its coping with the issue shaped Textile and Clothing Industry as well. Consequences brought one of the most damaging dimension that developing countries had to face – poverty. Problems of poverty rate are creating base for business ethical topics. As one of the main example for current issue impact I have included Corporate Social Responsibility and behavior of corporate apparel leaders. Is CSR the salvation of Textile and Clothing Industry in developing countries? Are un-ethical exploitations of workers stoppable?

Later in the case study I have introduced Bangladesh as a developing country and described its specific features. Later on I paid attention to incidents from 2012 and 2013 that changed the whole Textile and Clothing industry approach forever. Media, public, NGOs, activists, foreign government authorities, international economic and social institutions were discussing the problems regarding the safety in the Bangladeshi factories and working conditions. Due to this pressure, Bangladeshi workers are kept eye on. According to latest reports situation is enhancing. Yet it is long way for this country to get out of the illiteracy and poverty. Did Textile and Clothing Industry help the country to grow or it slows the development process? Is the situation of exploited

workers and deathly incidents stoppable? I further discuss and try to answer those answers in the work.

2 Goal of the Thesis

Aim of the thesis is to analyze and outline the situation of the clothing and textile industry and its impact on the developing world, more concretely on Bangladesh. The goal set for this work is to grasp and explain relations of the multidimensional issues. Purpose of my practical work specifically is to examine the importance of the textile and clothing industry in Bangladesh. The work I have done is the review of online sources and what has been researched about it. I have sourced from the work of other researchers and organizations, compared them and concluded my own assessment based on it.

3 Methodology

I have been doing desk research where I have been focused on the most recent reports and works of other researchers. My methods have qualitative nature and the work is mostly observational. Due to my geographic limitation I didn't do any quantitative research. Also anthropological case study would be interesting from my point of view to outline the social aspects better. I can see the potential of taking my work to another level if I could analyze my conclusion with the reality of life in the garment factory in Bangladesh. I have constructed the analysis and conclusion from the data withdrawn from international organizations reports.

4 THEORETICAL PART

4.1 Developing World: An Overview

Widely used term 'developing countries' describe the state and the socio-economic situation mostly post-colonial countries find themselves in. In oppose to 'developed countries' the term itself already alerts how completely different situation it

is. This group of states is in a literature also mentioned as ‘Third World’¹ (Heywood, 2007). Even though this notion is neither very accurate nor valid anymore, it is still widely used. Living conditions are in those countries almost unbearable comparing to the rest of developed countries referred as ‘The First World’. Economists typically measure the level of development by GDP and income per citizen. Yet those figures are not really going beyond the fact that majority of people living in the World is massively poor, illiterate and without access to drinking water on daily basis. Therefore notion of ‘development’ was considered as intervention for the improvement of human existence (Peet 2002).

In 2006 released book ‘Local and regional development’ authors mention interesting fact retrieved previously from Scott and Storper (2003 in Pike et al, 2006) that the ‘development question’ was largely focused upon so-called ‘Third World’ countries and the poverty and economic stagnation that afflicted much of Africa, Asia and Latin America at the same time. Based on that fact nations can be differed by the amount of per-capita incomes. On the one side of spectrum there are ‘First World’ countries which incomes per capita are exceeding \$ 40,000 per year. On another side of spectrum there is a group of developing countries with incomes per capita rates are lower than \$40,000 per year.

4.2 International Trade of Developing Countries

Economies in Developing World are very diverse group. Their structures have some similarities, yet many differences as well. Group consists of large economies like China, Brazil or India that has been classified as ‘emerging economies’. Those experience growth in GDP and export even in times of crisis. More economically sensitive are the countries classified as the ‘smaller and middle income economies’. They have been given this status based on some specific factor based on their development level. The rest of the countries in the group are those economically unstable and vulnerable economies classified as Least Developing Economies (LDC).

¹ The term “Third World” occurred during Cold War Era firstly used by Heywood in the “Three Worlds Typology”: “The three worlds classification had economic, ideological, political and strategic dimensions. Industrialized western regimes were ‘ first ’ in economic terms, in that their populations enjoyed the highest levels of mass affluence ... Communist regimes were ‘ second ’ , in so far as they were largely industrialized and capable of satisfying the population ’ s basic material needs ... The less developed countries of Africa, Asia and Latin America were ‘ third ’ in the sense that they were economically dependent and often suffered from widespread poverty ” Heywood(2007,p29)

These countries have their economies indebted and so they are in the worst position in the global economy. (Bjelić, 2012)

On the other part of the economic development scale we have the ‘first world countries. While ‘first world’ countries are mostly located in Europe, many of ‘developing countries’ or ‘third world’ countries were European colonies before World War II. ‘Developing country’ is a term used by international organizations yet some of those countries’ living standards had declined and some have enhanced through decades. Another term possible to be used and describe (yet less polite) is less-developed countries (Krugman, 2012). Those countries were in the past used as cheap suppliers for raw materials for the northern hemisphere². In the past, colonial powers exploited areas of Asia, Africa and South America in the raw material trade. Developing countries under the colonial establishment were used as sources of raw material products³ to be shipped to the north part of the World. Those were produced or extracted with the local citizens suffering brutal and severe treating in the process. This approach had been stopped by the end of the World War II as a result of colonialism era terminated (Kodweiss, 2011).

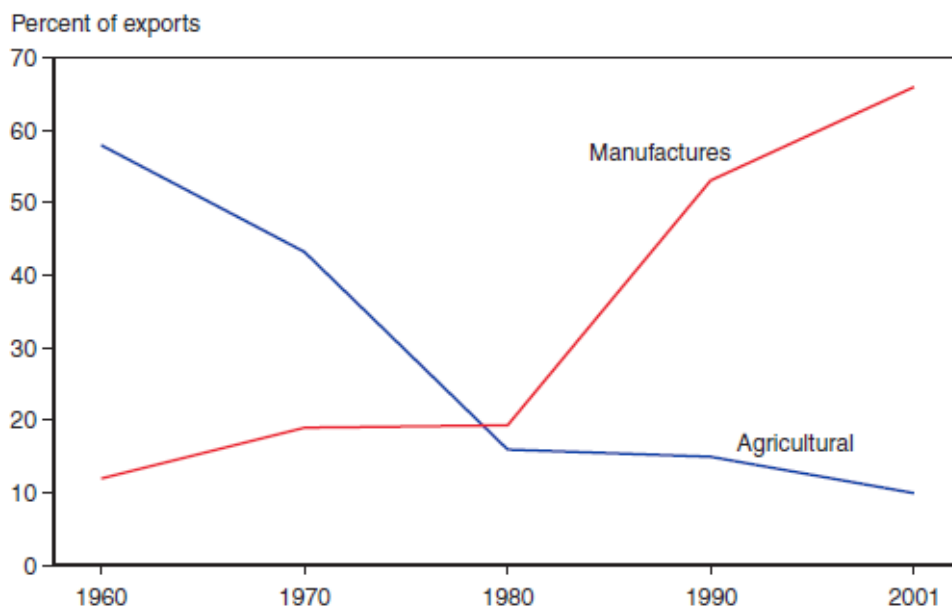
After gaining independence former colonial areas believed they could attain the income level through government-directed industrialization and urbanization. “Finally, developing country leaders feared that their efforts to escape poverty would be doomed if they continued to specialize in primary-commodity exports such as coffee, copper, and wheat. In the 1950s, some influential economists argued that developing countries would suffer continually declining terms of trade unless they used commercial policy to move resources out of primary exports and into import substitutes.” (Krugman et al, 2012 see page 626) In the end these estimates did not turn out the way they were anticipated. Yet these forecasts influenced developing countries’ policies in the first decades after WW2 (Ibid).

Through years up to recent times there has been switch in export specialization from Agricultural to Manufactures. In Figure 1. we can see how over the past 50 years ‘developing countries’ gradually switched the export preferences to almost complete reverse. At this particular time period wage inequality between North and South parts of

² Used from the term ,North‘

³ A material or substance used in the primary production or manufacturing of a good such as coffee, gold, and cotton

globe occurred. Many observers talk about the world trade change of export preferences as a main reason in so called ‘North-South trade’⁴ (Krugman et al, 2012)



Source:

United Nations Council on Trade and Development - UNCTAD (2011)

Figure 1 - The Changing Composition of Developing-Country Exports

4.3 Textile and Clothing Industry

Textile and clothing industry is a special for the global economy for several reasons. It can uplift the whole a nation’s economy and really enhance its development as expressed by ESCAP⁵ authors in their economic paper. “Most developed countries of today and newly industrialized countries (NICs) used this industry as the springboard for their development journey and even some least developed countries (LDCs) were able to step onto the development ladder on the basis of their T&C industry.” (Adhikari R, Yamamoto Y., 2008)

4.3.1 T&C: The Structure

In terms of clothing and textile industry we can distinguish several sectors depending types of market segments one focuses on. High-quality fashion market requires using modern technology and having relatively well-paid workers. It is

⁴ ‘North’ referred to high-wage countries located on zone of Northern hemisphere, ‘South’ referred to low-wage countries located on precisely opposite side of the globe

⁵ ESCAP or UNESCAP – (United Nations) Economic and Social Commission for Asia and the Pacific

commonly located in developed countries yet in recent years this sector has seen relocation of production as well due to outsourcing to developing countries where obviously cost of production is lower. Other major segment worth to mention is mass production with lower-quality and low standard products. Manufacturers for this market segment are found in developing countries. Mainly female workers are employed “semi-skilled and unskilled – and outsourcing to household production is quite common in the low end of the market.” (Nordas, 2003) In this income level market the role of the retailer has become increasingly prominent. In the organization of the supply chain more market power had been left to multinational retailers. “They have market power not only in the consumer market, but perhaps more importantly they have considerable buying power.” (Ibid,2003) Specific position belongs to high-volume discount chains that have developed own brand name and buys garments directly from the suppliers (Nordas, 2003).

4.3.2 Textile and Clothing Industry in Developing Countries

Former raw materials⁶ and agriculture exporters have dramatically changed the kind of goods they export and moved away their traditional reliance to manufactured goods. They started and the trends seem to be overwhelmingly important until recent times to export ‘low tech goods’⁷ consisted of clothing, shoes etc. (Krugman et al, 2012) In WTO Discussion Paper (Nordas, 2004) author called this industry ‘footloose’ as it made so easy to adjust to the market and quickly to changing conditions.

Another aspect that draws attention in terms of its specificity is the fact that is kind of trade has very low entry barriers and does not require enormously high capital base which again is for country struggling with overall budget huge advantage. Textile and clothing factories can be filled up with workers possessing relatively low skills. Another benefit connected with this type of industry is the fact that it is the most protected industry of all manufacturing industries both in developing and developed countries. (Adhikari R, Yamamoto Y., 2008)

4.3.3 Role of Textile & Clothing industry in DC

⁷ Production is intensive in unskilled labor for relatively unsophisticated products

The Textile, Clothing and Footwear sectors (later mentioned as TCFS) are one of the most globalized sectors and important source of formal employment in the developing world. Another TCFS feature is characterized by low levels of trade union representation. As ILO Report (ILO, 2014) further reminds owing to its global nature, the sector faces major issues such as cost competitiveness, product innovation and how to compete in an increasingly global market. That sum of factors makes TCFS highly vulnerable which impacts the social conditions of millions of workers whose livelihoods depend on it (Ibid.).

The existence of Textile and Clothing Industry in developing countries is without any further doubts important. It is usually the “starter” for countries who engaged in export-orientated industrialization (Gereffi 2002) and is very heavy on labor force. Its labor-intensive requirements and job creation opportunities have been particularly strong for women in poor countries, who previously had no income opportunities other than the household or the informal sector (Nordas 2004). As the one of the oldest industries Textile & Clothing’s technological features have made it suitable as the first step on the “industrialization ladder” in poor countries. Due to which some of those countries have experienced high output growth rate such as Bangladesh, Sri Lanka, Mauritius or Vietnam (Kean J., Velde D., 2008). There are several reasons presented to explain this importance. The sector is able to absorb large number of unskilled labor force, typical drawing them from rural agricultural areas. Regarding to its relatively low start-up investment costs, expansion provides a base upon which to earn capital. Therefore a base allows to for more technologically demanding activities in other sector (Brenton P., Hoppe M., 2007).

T& C are closely related both technologically and in terms of trade policy. Textiles provide the major input to the clothing industry, creating vertical linkages between the two. International trade in the two sectors is regulated by the Agreement on Textiles and Clothing (ATC). The fact that this industry is quite not demanding in terms of skills and investment costs, it also means that it is relatively footloose and able to adjust to changing market conditions quickly (Nordas 2004).

4.4 Actors involved in T&C Industry: Stakeholders

Due to media broadcast and public internet access we can many dimensions of interdependence of two different geographical worlds. Between retailers and suppliers

and due to internet connection the awareness grew and many more actors had been involved in the business process. Term “Stakeholder” was firstly used by Stanford Research Institute and later developed by R. Edward Freeman as “those groups without whose support the organization would cease to exist”(Freeman R.E., Reed D.L., 1983). It is basically every party involved in process that without their support the process could not exist. In textile and clothing industry we can talk about individuals, groups and organizations involved in business and organization.

According to nowadays definition stakeholders “can affect or be affected by the organization's actions, objectives and policies. Some examples of key stakeholders are creditors, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resources.” (BusinessDictionary.com, 2014) Those actors involved in business can be any nature. According to World Bank Analysis stakeholders can be “individuals, organizations, or unorganized groups. In most cases, stakeholders fall into one or more of the following categories: international actors (e.g. donors), national or political actors (e.g. legislators, governors), public sector agencies (e.g. MDAs), interest groups (e.g. unions, medical associations), commercial/private for-profit, nonprofit organizations (NGOs, foundations), civil society members, and users/consumers.” (Stakeholder Analysis, n.d.)

Stakeholders can be divided in two main groups according to their involvement. Those groups certainly do not possess the same amount of power and influence due to their positions. Internal stakeholders are groups within a business – mainly consisted of owners, management and workers. They are already committed to the business usually from the legal point of view. On the other hand there is group outside the business who is impacted by the work of the first group called external stakeholders. In terms of specification to textile and clothing industry internal stakeholders are brand owners, fashion groups, managers, retailers and workers. For external part we talk mainly about suppliers, customers, non-profit organizations, multinational organizations, government etc.

We can easily see the road of business ethic and Corporate Social Responsibility from this concept. Internal stakeholder’s relationship with external group should be about trust and taking into consideration their interests. Whole concept makes an emphasis of responsibility of the corporation to their customers, suppliers, global public or in one word to their stakeholders. Also fairness is considered to be one of the most important values particularly regarding to building the relationship between developing

and developed countries (Frémond, 2000). This theory most of all brought aspect of moral obligation and its need for responsible business actions. Communication between those two groups became substantial for the business and organization. As it is obvious that outsiders should have some say in how organization is managed. Phillips (2004) comments this fact in this way: “Managers who are in constant contact with stakeholders are in a better position to assess organizational goals, to take advantage of unforeseen but mutually advantageous opportunities (e.g., cost reductions throughout the supply chain), and possibly to avert conflict before it reaches a critical stage (e.g., communication with dissatisfied employees or activists.”

4.5 Textile Sweatshops

Unequal relationships between corporate headquarters located in developed countries and their supplying factories from developing countries and position resulting from has its own place in business terminology. Term ‘sweatshops’ sums up the situation of inappropriate working conditions in supplying and workers’ exploitation by the management. How Scherer (2010) reminds, „‘Sweatshop’ has become a synonym for inferior workplace conditions where basic human rights of workers are not respected. Typical problems include unsafe or unhealthy shop-floors, under -age labor, discrimination because of gender, religion, or ethnic origin, neglect of minimum wage, forced overtime, oppression of unions, rejection of collective bargaining, or mental or physical abuse.”

It is already one year after the biggest tragedy that sweatshops explicitly caused. April 2013, garment factory building ‘Rana Plaza’ in Bangladeshi capital Dhaka had collapsed. That was the point where media and public from the developed world realized how big the cost of imported clothing is. Over 1 500 workers died that day and many more suffered from injuries. This was not the first incident yet the most talked-about.

Sweatshops are not new thing. They first appeared in Great Britain in the late eighteenth century and existed there until the early twentieth century. In the early nineteenth century there were sweatshops in the United States in Rhode Island and Massachusetts. Powell (2014) points out, that in fact every wealthy country had sweatshops at one point of their past. It is part of an important stage in the process of economic development. Due to its media attention, there had been shaped one-sided

view on the whole issue. Textile factories in developing countries became generally recognized by public as inappropriate workplace that exploits its workers and should be stopped.

Statement of International Labor Rights Forum (see ILRF, 2013) defines the whole new era that people are currently seeing more media, government, and public attention on the garment industry since sweatshop issues hit the front pages. It is the historic opportunity to redefine corporate accountability in a way that will ultimately also impact workers outside of Bangladesh as well as beyond the garment industry.

4.6 Impact of Globalization on DC

Economic globalization had created a great amount of wealth which unfortunately was redistributed just in some regions whereas other were left behind and even worse-off (Mayer F. W., Pickles J., 2010). The chief critic of globalization, Joseph Stiglitz, a Nobel laureate sees globalization's unrealized potential to eradicate poverty and promote economic growth. He states that: “People in the West may regard low-paying Nike jobs at Nike as exploitation, but for many people in the developing world, working in factory is a far better option than staying down on the farm and growing rice.” (Stiglitz, 2003)

Globalization has played a key role in the unprecedented increase in prosperity in the last 50 years, which is now spreading from the United States and Europe to include many formerly poor countries in Asia, including China and India. In the 21st century which is considered to be the age of new humanism – that sees the importance of communication, culture and community to building a better societies (Rockwell, 2010) this is the age of technology advances helping people to connect with each other and share information via Internet. We are well-aware of the actual situation on other continents within few “clicks” on our mouse or touchpad. These developments experiencing in our lives on a daily basis are here thanks to the globalization. There are many disputes about the pros and cons of globalization process and overall impact on our society. This is not a place to mention further disputes, nevertheless the chosen topic require critical approach on the globalization.

Open markets and private firms doing business internationally is the major ingredient for faster economic growth. That provides lower prices to consumers and better working conditions and higher wages. Of course improvements in human rights

are expected and more democratic governments anticipated. On the contrary of this idea are arguments against the expansion saying that global enterprises around the world are driven by greed. They believe that globalization is responsible for the destruction of local environments and emerging economies, human rights abusing, and undermining of the culture and sovereignty of nation-states. Anti-Globalists arguments also try to point out power of international bodies, notably the World Trade Organization, the World Bank, and the International Monetary Fund. According to their view these organizations have brought the developing nations to tremendous saving measures and avoidable debt that have paralyzed their economies and contributed to world financial crises (Batterson, 2001).

The consequences that are developing countries facing have affected their weakest parts – factories. The accelerating pace of globalization is having a profound effect on life in rich and poor countries alike, transforming regions from boom to bust - or vice versa. Many economists believe that globalization may be the explanation for key trends in the world economy such as lower wages for workers and higher profits in Western economies. Also the flood of migrants to cities in poor countries are considered to be part of issue as well as low inflation followed by low interest rates despite strong growth. (Schifferes, 2007)

Open markets worldwide result in faster economic growth and lead to higher wages, more employment, and improved working conditions. American companies overseas typically pay higher wages than their local competitors and offer better working conditions. It is ironic that most of the complaints about the treatment of workers in developing countries do not come from people in those nations, but from the special interests in the industrialized nations who are fearful of the new competition.

4.6.1 Globalization in Developing Countries: Working possibilities

One of the important advantages that occurred with globalization is labor that is being generated. Foreign companies seeking for lower production costs create new working positions in DC. Structure and working conditions are usually different from the headquarters. Very often earnings for the workers are barely covering basic needs. Yet there are exceptions which are only possible with the government's support. For example Vietnam had adopted progressive national labor law in 1990s and substantially

enhanced the working conditions in country. The efficiency of the implemented law was so strong that in some instances of certain abuses and violated Vietnam's labor law were Managers that found guilty deported. Foreign workers employed by U.S. multinationals in their homelands fare better: Workers at Nike's footwear plants in Vietnam earn average monthly take-home pay of \$55, compared to Vietnam's per capita income of \$26 a month. Employers in Vietnam can operate their factories seven days a week, yet Nike orders its factories to close on Sundays. The minimum age in Vietnam for factory workers is 15, but in Nike's footwear factories workers must be 18. Nike employs 45,000 people in Vietnam, but has exported little of its production to the United States due to 35 percent tariffs imposed by the U.S. Under the trade agreement recently signed by the U.S. and Vietnam, those tariffs will drop to 10 percent. The trade deal is expected to boost Vietnam's exports by \$800 million annually, creating hundreds of thousands of new jobs and bettering working conditions (Batterson 2001).

Sustained high growth is taking a large share of population out of very low income levels. Gains in labor income, supporting demographics and redistribution policies are behind this process. Absolute poverty rates have fallen dramatically in Asia and Latin America, while readings in Emerging Europe are modest and Africa remains lagging. Population pressure is very strong in some areas compensating reductions in poverty. The number of poor people rose in India by 45 million between 2000 and 2010. Multidimensional poverty and deprivation levels are worrisome across South Asia, one of the poorest regions in both international and relative terms. (BBVA, 2013)

4.6.2 Undesired side effect: Poverty

Nevertheless foreign capital is strongly important for developing countries to keep up with the global trend. It is vital part which drives the whole economy of the country and creates substantial amount of jobs for the community. Director of the World Bank's Poverty Reduction and Equity Group Jaime Saavedra explained in 2012 ⁸ "Having 22 percent of people in developing countries still living on less than \$1.25 a day and 43 percent with less than \$2 a day is intolerable. We need to increase our efforts. On the policy and program side, we need to continue attacking poverty on

⁸ Director of the World Bank's Poverty Reduction and Equity Group.

See more at: <http://www.worldbank.org/en/news/press-release/2012/02/29/world-bank-sees-progress-against-extreme-poverty-but-flags-vulnerabilities>

many fronts, from creating more and better jobs, to delivering better educational and health services and basic infrastructure, to protecting the vulnerable. And on the measurement side, countries need to expand data collection and strengthen statistical capacity, particularly in low-income countries” Saying that by authorities, more specifically by Saavedra was important step which could possibly lead to great outcomes. Well the reality is turning out to be slightly different.

In 2005 non-governmental organization War on Want has released the alternative company report to compare and contrast the rhetoric of corporate social responsibility of the world’s largest retail company Wal-Mart. This enormous global empire earns \$10 billion profit annually. Yet its relentless pursuit to cut prices to its minimum has caused that company imports most of its products from Asia and Latin America. (Shawk, 2005) In 2006 according to the Fashion Victims report companies Asda (Wal-Mart used name in UK), Tesco and Primark have all signed up to a common code of conduct which states that workers should not be required to work in excess of 48 hours per week on a daily basis. They should be provided with at least one day off for every 7 day. Optional overtimes shall not exceed 12 hours per week and not be demanded on a regular basis and always compensated. Investigation for this report shows that, in reality, working hours in factories supplying all three retailers far exceed this maximum. Across all six factories, most workers told us that they work from 12 to 16 hours per day, and regularly 80 hours a week. The minimum found was 10 hours per day, six days per week. Another testimony adds that workers sewing clothes for Asda and Primark, work up to 16 hours each day. (Khorshed 2005)

While the research for this report was being conducted, Asda was explaining in the pages of The Guardian magazine how robust its mechanisms for ensuring good working conditions are: “There can be no compromise when it comes to sourcing standards. That’s why, last year alone, Wal-Mart and Asda carried out more than 13,000 factory audits worldwide. Two hundred auditors and independent inspectors visit factories, review records and talk to thousands of workers about how they are treated, what they are paid and their working conditions. It’s the bedrock of our brand and means that it is, in fact, possible to buy cheap chic with a clear conscience.” wrote Angela Spindler⁹ to the Guardian magazine (Letters: Asda chic with a clear conscience, 2006).

⁹ Global MD, George at Asda

4.7 Corporate Social Responsibility

Corporate Social Responsibility is a quite new concept containing many dimensions and it is as well a controversial subject. In past it was considered as 'business ethic' and always been explained ambiguously. Therefore it confused and intimidated business leaders mostly due to its non-uniformed values. Formally CSR occurred through David Bowen's book "Social Responsibilities of the Businessman" also considered as the 'father of CSR' as he first established the term. He believed that corporate goals related to social responsibility could be achieved through economic gain (Bowen, 1953). The first CSR encyclopedia made it partially clear by describing its responsibilities "modern businesses have responsibilities to society that extend beyond their obligations ... The obligation to investors, of course, is to generate profits for the owners..." (Visser W., 2010). However there are more approaches to the issue and not a universal definition. Just like ways how to act responsible and ethical in business are broad.

In terms of business ethics we can see roots of those ideas in ancient period where philosophers like Aristotle discussed economic relations, commerce, exchange, property, acquisition, money and wealth. Also moral judgments are being made about greed, or the unnatural use of one's capacities in pursuit of wealth for its own sake. Aristotle also defined justice as "having an equal amount both before and after the transaction." (Crisp, 2000) Later there were mainly economists working on those kinds of topics such as Max Weber. In his work "The Protestant Ethic and the Spirit of Capitalism" (Weber, 1958) he points out the impersonal character of free market and its possible impact on society. He showed and criticized interconnection with profit-oriented values of free market trader's behavior rather than personal-oriented. Weber underlined the way of merchant behavior is profiled towards leaving off personal aspect in terms of dealing with business. Business activities based on profitability were judged by Weber as he was calling for the traditional values such as ethic and morals.

According to its approaches, business leaders and managers see more in the concept than simple philanthropy and empathy with the unfortunate ones. They soon sensed more reason for implementing CSR to their firms. Alongside the wealth gaining

there is rise of responsibility. Successful businesses draw attention and their steps are being watched by media and public. Therefore it became substantial to have a good reputation. Whether this was an objective before or not, CSR activities help to enhance corporate's name like no other PR activities before. Nowadays no large company can longer ignore the power of good business name take it other way than a tool to manage corporate reputation. As soon as the 'promotional aspect' of CSR had been recognized concept draw much more attention from the large firms.

In terms of Textile and Clothing Industry, CSR is relatively new field even though it has been conceptualized several decades earlier. Apparel is the first industry that became truly global and became the vital part for industry of many developing countries. Textile and Clothing industry has been criticized over the year of exploiting and abusing workers. Managers and brand owners realized the power of CSR for their brand building intentions. Therefore alongside the anti-sweatshop campaigns by the NGOs part we notice the actual brands being the new ambassadors for CSR in T&C.

4.8 Trade policy in DC

Nations differ greatly in their per capita incomes. At one end of the spectrum are the developed countries largely settled by Europeans (including United States), and Japan; these countries have per capita incomes that in many cases exceed \$20,000 per year. Most of the world population, however live in nations that are substantially poorer. The income range among these developing countries is itself very wide. Some of these countries, such as Singapore, are in fact on the verge of being "graduated" to advanced country status, both in terms of official statistics and in the way they think about themselves. Others, such as Bangladesh remain desperately poor. Nonetheless, for virtually all developing countries the attempt to close the income gap with more advanced nations has been a central concern of economic policy. (see Krugman et al, 2012, p.256)

Developing countries with its fable legal system and macroeconomic problems are widely opened to outside capital flows which could improve their situation by bringing money means and rise the employment rate. "One further feature of developing countries is crucial to understanding their macroeconomic problems: They rely heavily on capital inflows from abroad to finance domestic investment. Before World War I and in the period up to the Great Depression, developing countries received large capital

inflows from richer countries and built up a substantial debt to the rest of the world¹⁰. That debt was at the center of several international lending crises that preoccupied economic policymakers throughout the world in the last two decades of the twentieth century.” (see Krugman et al, 2012, p.685)

According to the this year World Bank press release - South Asia has improved its position of the \$1.25 a day poverty rate which fell from 61 percent to 39 percent between 1981 and 2005. Between 2005 and 2008 was noted fall of 3 percentage points. On Figure 2. We can see the proportion of the population living in extreme poverty is now the lowest since 1981. (WB, 2012)

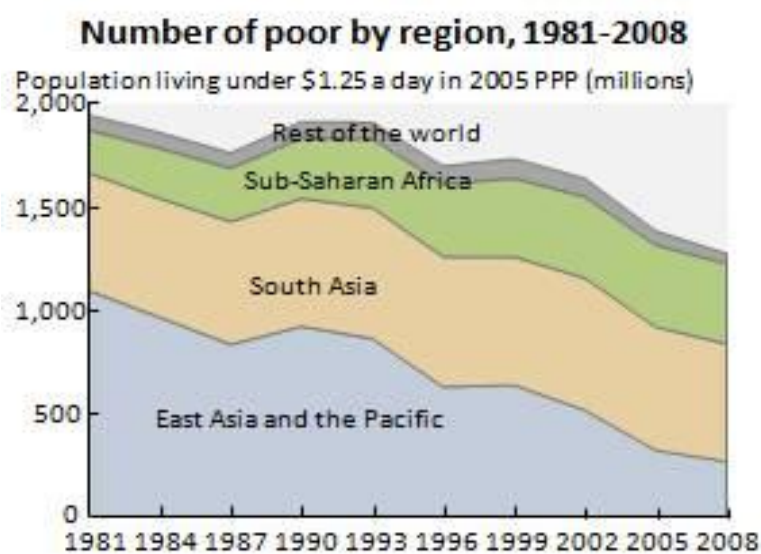


Figure 2 - Poverty Analysis

source: WB, 2012

4.8.1 Economic aspects of the Textile and Clothing industry in DC

In terms of trade, T&C plays a major and important role in the development and industrialization process of countries. Especially in developing countries which allows to enhance their integration into world economy. As a group (low and middle income countries) they accounted for more than half of all world exports of textiles and clothing which puts them on a large net-exporting position¹¹.

Even in countries where export peaks does not necessary mean more employment neither better working conditions. “Employment has become increasingly casual over

¹⁰ around \$2.1 trillion at the end of 1996

¹¹ According to WTO(2006) in 2004

time, with increasing prevalence of short-term contracts and piece-rate work” (Adhikari R, Yamamoto Y., 2008).

4.8.2 Social aspects of the Textile and Clothing Industry in DC

Countries that are able to provide plenty of labor forces are enjoying its comparative advantage in garment assembly as they can compete on lower wages. This traditional statement has been in dispute by many in order to solve the negative social argument stating its unfairness. Such comparatively low wages might be seen unfair because they are lower than wages paid in developed countries in headquarters. For example workers in Bangladeshi factories that supply retailers as Primark earn minimum wage of BDT 1663 (€15.4824)¹² a month, which makes it only 75 cents per day (Khorshed 2008).

General opinion of economists suggests that wages prices rate that firms get to their workers for an hour is equal to the marginal product¹³. Campaign organizers and movement activists may argue that this is not the appropriate basis for a minimum remuneration which instead should be based on a ‘living’ wage. But how can be ‘living’ wage defined? According to Anker (2005) the living wage rate represents the hourly pay rate a full-time worker needs to earn to be able to support a small family of four at the poverty line. This concludes that the basis for determining what a living wage should be the national context. No methodology could be implied for estimating cross-nationally comparable and comparable ‘living’ wages (Anker, 2005). Similarly, members of the UK’s Ethical Trading Initiative struggle both with the concept and the practicalities of implementation (Kean 2008). “Campaigners make comparisons between final retail prices and wages paid in producer countries - this does not take into account additional costs of higher value added production processes such as processing, transportation, and distribution nor the structural factors of the labor market in terms of demand and supply and may therefore be misleading.”(Ibid)

What is really fundamental as the matter of fact, whether wages paid to workers in these sectors are different from those in other sectors, and whether workers would be paid equally at all without the presence of textiles. Often those factories are suffering from the same problems including unsafe or unhealthy shop-floors, underage labor,

¹² 1 BDT = 0.00930992 EUR

¹³ the amount by which output would increase as a result of an increase in one more hour of work

discrimination because of gender, religion or ethnic origin, neglect of minimum wage, forced overtime, oppression of unions, rejection of collective bargaining, or mental or physical abuse. The ILO has passed several conventions for the protection of basic labor rights. However, many countries have not yet included these conventions in their national legislation and the ILO has no mandate to enforce these conventions. Above mentioned workplaces became synonym and are called “Sweatshops”. The identification of sweatshop conditions has become a main task of NGOs and labor rights groups. Today these groups not only lobby against governments with poor human rights records, they often run campaigns and force multinational corporations to take responsibility for the working conditions in their own facilities as well as for the conditions at their suppliers ’ production sites. As a response, many multinational companies have defined → codes of conduct with basic labor and human rights (Sherer, 2010).

5 PRACTICAL PART

5.1 Overview Bangladesh – basic geographical characteristics

Officially The People's Republic Of Bangladesh is located in South Asia. Boundaries shared from the north with India from the north, east and west, with Burma from the south-east and with the Bay of Bengal from the south. Total population is estimated over 150 million which makes Bangladesh one of the world's most densely populated countries. Capital Dhaka will become the second largest mega-city in the world by year 2015, with a projected population of over 22 million and city is expected to grow (UNFPA in Bangladesh, 2014).



Figure 3 - Map of Bangladesh 200 km source:googlemaps

According to latest survey report in 2013 Bangladeshi's total adult literacy rate is 59,82 %. According to National News Agency of Bangladesh literacy rate is improving under present government. Yet such high illiteracy of 40,18 % is still incomparable with the rest of the developed world. Primary and Mass Education Minister Dr. Md. Afsarul Amin is trying to follow his aim to build an illiteracy-free country by implementing new educational projects in the time period 2013-2018 (Www1.bssnews.net, 2013).

5.2 Economic growth in Bangladesh

After the Liberation war in 1971 one fifth of Bangladesh industry was being destroyed. The post-war situation and economic misconceptions by former government had inhibited country's growth trajectory for decades. Factors enhancing the slow economic activity and growth were identified as listed: poor infrastructure; market failures specific to individual industries; low levels of human capital; low levels of international trade; corruption; and cumbersome regulations (Rahman, J., Yusuf, A. 2010).

In early 1990s Bangladesh included reduction of tariffs, removed restrictions of quantitative nature and managed floating of exchange rate. With an adoption of the outward-oriented economic policy, Bangladesh successfully improved trade and export

growth. While garment export boomed, the other industry export lagged. (WorldBank, 2012)

The Gross Domestic Product was worth 116.4 billion dollars according to IMF report in 2012. Bangladesh is on its way recover with 6% of annual GDP growth as written in latest ‘World Economic Outlook’ in April 2014 by IMF (Data.worldbank.org, 2014) “For developing Asia, the economic outlook is largely for continued solid growth with some additional benefit from the ongoing recovery in world trade. However, Bangladesh, domestic demand is expected to recover in 2014 as activity normalizes following a year of political unrest” (World Economic Outlook, 2014). The World Bank rated Bangladesh as 59th country¹⁴ and recognized as the ‘low income’ group of countries (Data.worldbank.org, 2014).

Country	Date of inclusion on the list	Country	Date of inclusion on the list
1 Afghanistan	1971	25 Madagascar	1991
2 Angola	1994	26 Malawi	1971
3 Bangladesh	1975	27 Mali	1971
4 Benin	1971	28 Mauritania	1986
5 Bhutan	1971	29 Mozambique	1988
6 Burkina Faso	1971	30 Myanmar	1987
7 Burundi	1971	31 Nepal	1971
8 Cambodia	1991	32 Niger	1971
9 Central African Republic	1975	33 Rwanda	1971
10 Chad	1971	34 Sao Tome and Principe	1982
11 Comoros	1977	35 Senegal	2000
12 Dem. Rep of the Congo	1991	36 Sierra Leone	1982
13 Djibouti	1982	37 Solomon Islands	1991
14 Equatorial Guinea ¹	1982	38 Somalia	1971
15 Eritrea	1994	39 South Sudan	2012
16 Ethiopia	1971	40 Sudan	1971
17 Gambia	1975	41 Timor-Leste	2003
18 Guinea	1971	42 Togo	1982
19 Guinea-Bissau	1981	43 Tuvalu	1986
20 Haiti	1971	44 Uganda	1971
21 Kiribati	1986	45 United Rep. of Tanzania	1971
22 Lao People's Dem. Republic	1971	46 Vanuatu ¹	1985
23 Lesotho	1971	47 Yemen	1971
24 Liberia	1990	48 Zambia	1991

Source: United Nations, 2013

Table 1 – LDC

¹⁴ Out of 189 rated countries; source: <http://data.worldbank.org/data-catalog/GDP-ranking-table>

As mentioned in theoretical part, Developing Economies is a diverse group. The worst position that countries can be classified in is the Least Developing Country level. In the chart created by United Nations we can see that Bangladesh is one of them.

Country name	GDP
Egypt, Arab Rep.	\$125 895 066 990,77
Bangladesh	\$92 356 328 484,80
Nigeria	\$177 642 699 442,71
Vietnam	\$87 531 301 193,86
Indonesia	\$427 483 045 571,56
Philippines	\$145 163 575 543,97
Thailand	\$223 898 631 344,37

source: World Bank, 2014

Table 2- World Development Indicators for 2012

Country Name	2010	2011	2012
Egypt, Arab Rep.	\$10 416,25	\$10 628,75	\$10 871,85
Bangladesh	\$2 093,39	\$2 251,81	\$2 405,16
Nigeria	\$5 048,40	\$5 239,93	\$5 534,72
Vietnam	\$4 399,85	\$4 716,98	\$4 998,20
Indonesia	\$7 875,57	\$8 441,82	\$9 011,03
Philippines	\$5 505,57	\$5 719,47	\$6 109,76
Thailand	\$12 574,73	\$12 798,03	\$13 823,61

source: World Bank, 2014

Table 3 - GDP per capita, PPP (current international \$)

Shibli et al. (2013) in their article pointed out that “... Bangladesh has expanded its foreign trade sector significantly, and like many other Asian economies has made significant strides in many aspects of the global economy: labor market, telecommunications, foreign direct investment, and digital revolution.” Bangladesh has made steady progress in globalization since 1980 and its trade ratio of 47% compares favorably with India (44%) and Pakistan (35%), but unfavorably with China (68%) and Sri Lanka (68%).” (Shibli, Islam and Mushtaque, 2013)

5.3 Importance of Textile and Clothing Industry in Bangladesh

Total area of land that Bangladesh occupies is around 144 thousands square kilometers. This size can be comparable to size of Iowa¹⁵. The amount of people in Bangladesh can be compared to the half of the population of the whole United States of America. Therefore the density of this country can be easily noticeable. Among many disadvantages we can see bright side of this characteristic aspect. Bangladesh possess strong work force base. It also became the main reason for textile and clothing industry, as a one of the biggest employer to settle in this particular country.

“The garments sector in Bangladesh has about 5000 factories (with about 4400 reportedly active), including about 2000 in the knitwear segment and 3500 in woven, with about 500 involved in both segments. More than 98 percent of these factories were locally-owned in 2006. The sector employs about 3.5 million workers. Indirect (derived) employment is estimated at around 10 million.” (The World Bank, 2012 p. 4)

MERCHANDISE				
TRADE	<i>Value</i>		<i>Annual percentage change</i>	
	2013	2005-2013	2012	2013
Merchandise exports, f.o.b. (million US\$)	29 114	15	3	16
Merchandise imports, c.i.f. (million US\$)	36 377	13	-6	6
	2013 a			2013 a
Share in world total exports	0,15	Share in world total imports		0,19
Breakdown in economy's total exports		Breakdown in economy's total imports		
By main commodity group (ITS)		By main commodity group (ITS)		
Agricultural products	5,2	Agricultural products		28,6
Fuels and mining products	1,1	Fuels and mining products		9,4
Manufactures	93,5	Manufactures		57,3
By main destination		By main origin		
1. European Union (28)	53,3	1. Thailand		22,8
2. United States	21,0	2. India		11,2
3. Canada	4,2	3. China		8,8
4. Turkey	2,7	4. European Union		
5. Japan	2,2	(28)		6,8
		5. Indonesia		6,0

Table 4 - Merchandise Trade

¹⁵ State of The United States of America, located on midwest of the federation

Source: The World Bank September 2014

Manufactures, where we find mainly garments are the most important export commodity with 93,5% in 2013. So that we can say it plays very important role in Bangladesh economy. Textile and Clothing Industry provide the single source of economic growth in the country. Exports of textiles and garments are ultimate source for foreign exchange earnings. Bangladesh is the second biggest exporter of ready-made garment¹⁶ (RMG). Its market share for apparel exports from developing countries is 6% It has been huge issue and still remains for the nation that woman citizen were not able to find any employment. The biggest source of employment for women is working in factories for suppliers to export RMG.

5.4 T&C Export in Bangladesh

„Economic openness explains the fact that an economy may be vulnerable to external economic shocks (as reflected by losses in export revenues and growth slowdowns), but the scale of impact depends largely on the degree of concentration of a country’s export portfolio.“ (UNDP, 2011)

HS code	4-digit heading of Harmonized System 2007	Value (million US\$)			Unit value			SITC code	
		2009	2010	2011	2009	2010	2011		Unit
	All Commodities.....	15558.6	19231.0	24313.7					
6109	T-shirts, singlets and other vests, knitted or crocheted.....	3146.5	3845.5	4832.3	0.0	10.1	21.8	US\$/unit	845
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers.....	2954.3	3523.8	4545.9	5.2	11.4	25.7	US\$/unit	841
6110	Jerseys, pullovers, cardigans, waist-coats and similar articles.....	1836.4	2073.7	2656.3	7.1	13.6	34.9	US\$/unit	845
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts.....	1299.6	1568.5	2076.1	5.6	13.3	27.6	US\$/unit	842
6205	Men's or boys' shirts.....	950.2	1238.9	1705.6	5.5	13.5	31.4	US\$/unit	841
6105	Men's or boys' shirts, knitted or crocheted.....	421.4	566.4	732.2	4.8	11.0	23.1	US\$/unit	843
6302	Bed linen, table linen, toilet linen and kitchen linen.....	270.0	376.6	664.1	5.7	6.1	15.2	US\$/kg	658
0306	Crustaceans, whether in shell or not.....	318.5	438.0	498.2	7.3	8.5	17.9	US\$/kg	036
5307	Yarn of jute or of other textile bast fibres of heading 53.03.....	259.9	491.4	479.4	0.8	1.3	2.1	US\$/kg	651
6103	Men's, boys' suits, jackets, trousers etc knitted or crocheted.....	300.8	300.7	424.2	5.4	10.8	25.2	US\$/unit	843

Source: UN Comtrade and UN ServiceTrade

Table 5 - Top 10 export commodities 2009-2011

According to UN Comtrade and UN ServiceTrade whole 10 the most exported commodities were of garment nature. That means their export is heavily dependent on the Textiles and Clothing which brings another issues.

As mentioned before T&C is a key export for low to middle income countries. Above all countries there is Bangladesh has the highest total dependence on textiles and

¹⁶ after China

clothing as a total share of merchandise exports (83,5%), followed by Pakistan (67,2%) and Sri Lanka (47%) (WTO, 2006). To be precise clothing and textile as a manufacturing exports can be divided for statistic means and closer examination. For Haiti, Bangladesh, Cambodia, Lesotho and Macao (China) have a high dependence on clothing export which exceeds 50%. There is less overall dependence on textile exports for developing countries comparing to clothing (Keane, 2008).

Publication created by Rahman and Yusuf suggest the list of countries which could be compared to Bangladesh according to their similar population size¹⁷; similar stage of economic development¹⁸ and not be a member of the OECD. Authors tried to compare Bangladesh to those countries based on their similarities listed above: Egypt, Indonesia, Nigeria, Pakistan, Philippines, Thailand, and Vietnam (Rahman, J., Yusuf, A. 2010).

5.5 Textile & Clothing Industry Workers

Noticeable gap between genders in T&C Industry is the topic of many researchers, economists etc. The World Bank research team in their working paper summarized it as follows “In Bangladesh, women’s employment in export-oriented industry has narrowed the gender gap in many spheres including participation in labor force, social prestige, control over income and decision making. At the same time there is widespread occupational segregation and gender discrimination in wage rates.”(Paul-Majumder and Begum, 2000)

Next special aspect in terms of T&C industry and working conditions are the medialized issue of underpaying its workers. According to the table 2 below we can notice how the ILO reported minimum wage for entry-level garment worker (per month) is violated over the years. According to ILO the minimal wage for entry-level garment workers should be at least \$39¹⁹ (ILO, 2012). This chart was retrieved from the publication ‘Out of Poverty’ by Powel (2014) with regard of inaccurate data from media and reporters using anti-sweatshop activists as source leading to misconception. Those figures are based on fact that “even activists do not intentionally lie, they might be biased to use the least charitable interpretation of how given piece or hourly rate turns

¹⁷ a population of between around 60 and 260 million people in 2008

¹⁸ interpreted as purchasing power parity adjusted per capita incomes of between US\$1,000 and US\$10,000 as measured by the IMF

¹⁹ BDT 3,000

into overall earnings, or they might choose brand-new workers with no experience at a firm as an example rather than more average employee”(Ibid.) As the effort to offer more objective data, we can see in Table no.2 wage reported more times in one year.

Year	Reported Wage	Per
2010	\$23,52	month
2010	\$30,89	month
2010	\$31,24	month
2009	\$3,50	week
2009	\$0,06	hour
2008	\$0,10	hour
2008	\$23,78	month
2006	\$13,30	month

Table 6 - Bangladesh Sweatshop Wages Reported in the Press

Source: POWELL, B. 2014

According to activist’s report from Clean Clothes Campaign “Bangladesh is the fourth largest exporter of clothing in the world, for a very simple reason: the minimum wage for the lowest paid workers in the garment industry is just \$0,02 an hour, making its workforce one of the cheapest in the world. To investigate whether Adidas, Nike and Puma are living up to the Olympic values of fair play and respect, War on Want interviewed workers in several factories in Bangladesh making those brands’ products. Research of War on Want found that all three brands had factories that did not comply with Bangladeshi minimum wage laws. At one of the factories supplying Adidas, the basic salary of the lowest paid workers was 2.200 BDT a month, just \$0,15 an hour. The average for all workers is 3.900 BDT a month \$0,27 an hour.” (Hilary, 2012)

Examining the situation Bangladeshi people face it is still not the worst case scenario for citizens possible. Compared to dire alternatives such as prostitution, begging, or starvation, exploitation and low earnings might look like salvation. But there are other alternatives we can look on. For example in Agriculture more than half of the population is engaged in. However, agriculture fails to create a proportional share of output that is desirable. Therefore state economy would not be able to maintain the recent level of GDP if it was made solely from the agriculture output (Powel, B. 2014).

Textile and Clothing Industry alone accounts for 75% of the national export earnings (Shahidul Haque, 2002) and provides employment for 4 million people (ILO, 2012).

5.6 Textile and Clothing Industry in Bangladesh: Causes of change

Bangladesh became the most talked-about country in media since the recent incident from 2012 and 2013. In November 2012 factory fire that happened in building Tazreen of Wal-mart²⁰ and Disney supplier caused death of 112 garment workers who were trapped inside. According investigations after the incident there were a quarter of factories lacking fire safety certificates (Powel, 2014). There have been plenty of reports done by activists, reporters and researchers to investigate. Listed just few of many: NGOs War on Want, Clean Clothes Campaign, International Labor Rights Forum (ILRF) all in one major aim – to stop the process.

Nevertheless the situation hadn't yet been considered urgent until April 2013. This day became the day for the apparel revolution. Over 1100 workers died in Dhaka sewing clothes for the Western clothing companies. Illegally built 8-storey 'Rana Plaza' Building supplied major western brands including Primark, Mango and Benetton. (Smithers, 2013) All main media were and still are discussing this issue.

According to Gerben Sjoerd de Jong, Ambassador of the Netherlands in Bangladesh those two incidents Rana Plaza and Tazreen became the symbols T&C sector in country for the outside world. Another authority Sarah Cooke, head of the UK Department for International Development (DFID) in Bangladesh expressed hope for enhancement for the development, once that the world is aware.

²⁰ an American multinational retail corporation

6 Conclusion

Openness of the Bangladesh economy successfully improved country's trade market and export growth. As one of the most densely populated country in the world, Bangladesh has a huge number of labor force. The textile and clothing industry is the biggest employer, especially for women. People are no longer forced to choose between unacceptable alternatives such as prostitution or bargain. Without Textile Industry in Bangladesh, there would be only agriculture production and raw material exports, which would not made such an impact on the process of development as Textile and Clothing Industry has done. For Bangladesh, garment is the most important export commodity and leads to economic growth in the country. Also export is the source of foreign earnings.

From the social aspect, export oriented industry has narrowed the gender gap, since there is more women engaged. Also the gender discrimination has been proven to exist in wage rates. Another issue connected is the underpayment in this field of work. Minimum wage is being violated over the years.

The situation of the Textile and Clothing Industry in Bangladesh has become public concern after tragic accidents happened in capital Dhaka accompanied with death of many garment workers in western brand supplying factories.

There have been incidents resulted in death and injury of many garment workers. Most noticed event happened April 2013. Rana Plaza became the point where no one from the authorities could be indifferent. Even foreign retail brands did not continued without notice and started to take into an account higher safety conditions.

It is undeniable that Textile and Clothing Industry helped to enhance economic development yet it subsequently affected the population. There is the long way to make the second aspect disappear but according to the findings recent several months revealed substantial changes towards bettering the situation. However Bangladesh government should look in the future and create sustainable plan in long term scale.

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