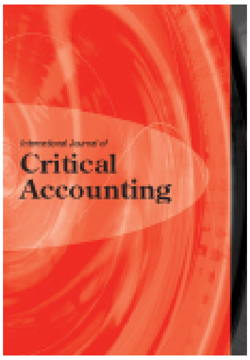

International Journal of Critical Accounting

ISSN online: 1757-9856 - ISSN print: 1757-9848
https://www.inderscience.com/ijca

Understanding compliance management practices of ready-made garment industries in Bangladesh: revisiting the challenges and pathways

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DOI: 10.1504/IJCA.2025.10069579

Article History:

Received:	23 October 2021
Last revised:	03 July 2022
Accepted:	04 July 2022
Published online:	25 February 2025

Understanding compliance management practices of ready-made garment industries in Bangladesh: revisiting the challenges and pathways

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Abstract: This study examines the challenges faced by ready-made garment (RMG) suppliers regarding social compliance and strategies to overcome those challenges. Based on a structured questionnaire, a survey was conducted among 187 compliance/HR managers of RMG suppliers. The study identified 21 challenges under five key challenges such as organisational capability, economic and financial issues, socio-cultural barriers, and labour management issues. Out of 21 challenges, 17 were statistically significant. Besides, this study explored 11 statistically significant strategies to address these challenges. RMG suppliers, buyers, policymakers, and other stakeholder having a stake on the assurance of social compliance should design policies and regulations that facilitate and promote safe and secure workplace environment. Concerted efforts from the buyers, owners, managers, and regulators are needed to eliminate challenges by adopting the strategies.

Keywords: challenges; strategies; social compliance; RMG suppliers; Bangladesh.

Reference to this paper should be made as follows: Uddin, M., Arif, M.I., Hoque, N. and Ahmad, A. (2025) 'Understanding compliance management practices of ready-made garment industries in Bangladesh: revisiting the challenges and pathways', *Int. J. Critical Accounting*, Vol. 14, No. 2, pp.187–202.

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1 Introduction

Ready-made garment (RMG) has emerged as a vital factor for the socio-economic development of Bangladesh that accounts for 84% of total country's export earnings and employment of 4.2 million workforces and has made Bangladesh one of the top global manufacturers after China. In 2018, RMG export grew to USD 34.133 million with an 11% contribution to the national GDP (BGMEA, 2020). The sector has greater potentiality regarding foreign exchange earnings, employment, poverty alleviation, women's empowerment, and contribution to the national economy. Despite this, the industry since its origin has been encountering crucial challenges concerning social compliance (Akbar and Ahsan, 2020a). The issue became substantial following the collapse of Rana Plaza building, a vital industrial accident, on 24 April 2013 leaving 1,136 workers dead and about 2,000 injured (Baptist World Aid, 2016). Moreover, the Tazreen Fashion fire tragedy killed 112 garment workers with over 200 injuries at the factory in Ashulia on 24 November 2012. Besides, due to compliance issues, in 2017, 52 workers were died. These regular occurrences of deadly incidents in the RMG industry are due to lack of compliance initiatives (Soundararajan and Brammer, 2018) that have drawn global attention. This requires implementing various measures to improve the compliance of RMG suppliers (Alliance, 2018; Accord, 2018; ILO, 2016).

The compliance may benefits companies to be cost effective, increased efficiencies, and sales and global reputation (Liu et al., 2018), attract efficient workforce, improve employee retention and productivity, employee-employer relations, enhances product prices, reduce unrest, and attain customer/buyer expectations (Perry and Towers, 2013). However, Bangladeshi RMG suppliers are highly reluctant for the defiance of social compliance (Sodhi and Tang, 2017). Thus, buyers have been putting tremendous pressure on companies to increase compliance in all essential areas such as workplace environment, industrial relations, employment situations, social problems, addressing buyers' requirements (Alam et al., 2018). Sustainability of RMG companies is largely dependent on the social compliance because buyers now are seeking compliance on working hours, compensations, forced labour, discrimination, child labour, health and safety, and freedom of association, and collective bargaining before giving any order to suppliers. In order to ensure the social compliance, after the Rana Plaza collapse in April 2013, international safety platforms – ACCORD, Alliance, and National Action Plan – were launched. Even though hundreds of companies still cannot upgrade their compliance standards as per requirements of safety platforms leading to the closer of hundreds of factories (BGMEA, 2020). This might be due to compliance challenges faced by factory owners that warrant immediate attention. Moreover, exploring challenges and suggesting pathways regarding compliance in the context of RMG companies are yet to study comprehensively. Besides, previous studies focused on problematising, rather than identifying practical strategies.

Previous studies suggested conducting industry specific research in terms of identifying challenges and strategies of social compliance in the RMG industry in Bangladesh (Akbar and Ahsan, 2019), which conducted their research in the apparel industry. It is due to the fact that various local factors influence challenges applicable to RMG firms in developing firms. Another study of Akbar and Ahsan (2020b) identified challenges in implementing social sustainability initiatives in the apparel manufacturing industries. Previous studies on the other hand, highlighted the defensive workplace behaviour of suppliers, evaluating sustainable drivers of social responsibility of RMG supply chain, addressing stringent environmental requirements from buyers' perspective in the Bangladeshi RMG industry, and compliance capabilities to fulfil buyers' expectations of lower price, shorter lead time and higher health and safety standards. Moreover, previous studies mainly focused on problematising than suggesting measures to address those challenges of compliance, although identifying and addressing challenges in this regard has been a key issue for the RMG industry in Bangladesh. Thus, this study fills up the research gap by exploring challenges of social compliance and suggesting measure to address these challenges in a South Asian context.

Thus, this study aims to extend the existing literature on compliance by exploring challenges and suggesting pathways to overcome those challenges of social compliance. Given this, this study addresses the following research questions (RQs):

1 What are fundamental challenges confronted by RMG firms to ensure compliance in the RMG workplace?

2 What the strategies that RMG firms can use to overcome the challenges?

By achieving these, this study may provide a deeper understanding about the challenges confronted and strategies to improve compliance. The finding might be effective also for RMG companies, policymakers, buyer organisations to get insight about challenges and how can these be addressed successfully. Furthermore, the findings may possibly help not only develop programs and policies promoting social compliance of RMG firms and the country's socio-economic growth but also to gain recognition in the global RMG market.

2 Theoretical background and literature

2.1 Theoretical background

This study underpins the neo-institutional theory (NIT), to explore the challenges and pathways. The theory may offer a broader insight about challenges and strategies for social compliance of RMG firms. It is because a literature demonstrates that this is widely applied and cited theory in compliance literature of global supply chain. Previous studies on social sustainability in the RMG industry also applied this theory (Akbar and Ahsan, 2020b). NIT offers a lens by which compliance and sustainable practices can be examined while recognising the significance of resources. NIT focuses on three institutional pillars such as legal pillar that includes laws, rules, and legal structures, the normative that consists of standards, norms, and values followed by organisations, and the cultural cognitive that relies on shared understanding and beliefs (March and Olsen, 2006). NIT highlights how rules, social context and values, and economic factors determine organisational behaviour. NIT can be underpinned to study role and significance of legal and cultural impacts on the sustainability of organisations (Schwartz, 2009). Particularly, the institution pillar of the RMG companies can better represent how legal policies, rules, values, and norms determine social compliance of RMG suppliers in Bangladesh.

2.2 Literature review

Compliance refers to the fulfilment of specific requirements, standard practices, established rules, regulations, laws, other terms and conditions. In the context of RMG industry, compliance is defined as the implementation of state labour laws and regulations, relevant provisions of ILO, buyers' code of conduct (CoC), and company's established rules and regulations relating to social compliance. Social compliance is a fundament and crucial prerequisite for all RMG suppliers to attract international buyers and to export RMG items in the market as well as to confirm labour rights prescribed by buyers' CoC. RMG suppliers need to comply not only for their sustainable competitive advantage but also for the protection of human rights in the workplace. Despite, most of RMG firms are reluctant, less attentive towards compliance, and spend fewer resources for compliance. Factories are mainly characterised by unhealthy workplace, forced labour, poor industrial, frequent labour unrest, substandard wages, and the absence of various supports that impedes RMG firms to attain global reputation (Azim et al., 2020). However, following the Rana Plaza accident, two prominent initiatives such as the Accord on the Building and Fire Safety and the Alliance for Workers' Safety in Bangladesh were in collaboration with BGMEA and BKMEA started their operations to bring global retailers and brands to ensure compliance in the suppliers from where source their RMG items (Lebaron and Lister, 2015). In spite of this, several accidents occur frequently due to poor management of social compliance standards in the factories (Soundararajan and Brammer, 2018).

2.2.1 Challenges

Previous studies reported numerous challenges regarding social compliance in the RMG industry. For example, a Chinese study reported Western regulations as key barrier since they were not well adapted to the Chinese context (Tsoi, 2020). In another study in India, the key challenge is the attitude of Indian garment workers to implement Western policies for Indian factories (De Neve, 2014). Bangladeshi studies partly attributed the lack of alignment between Western standards and Bangladeshi contexts and the absence of good governance as important challenges (Azmat and Haque, 2016; Huq et al., 2014).

Previous studies also highlighted the lack of top management support and commitment (Tate and Bals, 2016; Zhu and Geng, 2013), lack of technical expertise among employees (Sarkis et al., 2010), and selecting unauthorised subcontracting suppliers as important challenges of social compliance. The challenges are further related to pressures from buyers to reduce price for supplies that increase suppliers' costs and decrease profitability (Sundstrom et al., 2016). Buyers continuously search for items with lower prices with more profits entails another vital barrier for compliance (Perry and Towers, 2013). Buyers also cancel orders without any previous notification and further clarification. Recently, according to BGMEA, buyers have cancelled orders of 943.12 million pieces of RMG products worth \$3.0 billion following the outbreak of coronavirus (The Financial Express, 2020). Cancellation of orders has been devastating for the RMG sector as BGMEA reported an estimated loss of over USD 3.15 billion worth of pending work orders (The Business Standard, 2020) that discourage and decrease firms' financial strength leading to make it a key barrier for compliance.

In addition, poor infrastructural support that increases costs of doing business was reported as challenge for doing business (Akamp and Muller, 2013). Companies in developing contexts such as Bangladesh have to organise alternative arrangements due to shortage of power, water, and transportation that impede firms to take safety measures (Islam et al., 2016). There is an explicit ignorance of local health and safety measures by the company management and government rarely enforce to implement them until any accident happens (Sharif et al., 2015). Thus, building collapse due to faulty building design and factory have become common occurrences leaving deaths and injuries of workers. Widespread corruption and lack of support impede the implementation of various safety measures and labour rights (Egels-Zandén, 2007). There is also a lack of regular safety inspections and social compliance audit that might cause accidents (Reinecke and Donaghey, 2015).

Some studies reported a lack of coordination among government agencies and ministries regarding the enforcement of rules and regulations for social compliance. Interestingly, ministries and agencies often formulate overlapped rules and policies causing further conflicts with RMG firms' standards (TIB, 2013). Similarly, policies are problematic and inconsistent with industrial requirements that impede compliance efforts of firms. Inconsistent requirements among buyers regarding compliance may also impede the process of social compliance (Oxfam, 2013). Evidence indicates the lack of buyers' long term relationships with the suppliers and their unwillingness to share compliance costs affect firms' interest to invest for compliance. Hence, a strong collaboration between buyers and supplier firms is critical to ensure a secured working environment in the firms. Studies reported that insufficient training of human resources about social compliance is also an important challenge to ensure workplace safety (ILO, 2017).

2.2.2 Strategies to overcome challenges

As stated above although previous studies focused on problematising but there is limited research on exploring pathways to overcome challenges of social compliance. However, some studies highlighted some approaches to overcome challenges. For example, two important international initiatives such as the Accord on Factory and Building Safety in Bangladesh (Accord, 2018) and the Alliance for Bangladesh Worker Safety (Alliance, 2018) and the Bangladesh government's the National Tripartite Plan of Action highlighted examining structural integrity and fire safety of factory building, increasing awareness about safety and health, developing worker and management training (DIFE, 2016). Further, developing long-term buyer-supplier relationships, the proper management of safety measures in subcontracting firms, strong commitment of firms to allocate resources and factory owners can work strategically to utilise resources to enhance firms' capacity on compliance issues (Akbar and Ahsan, 2020b) were also reported as strategies. Besides, a recent study highlighted the changes in attitudes of factory owners and management regarding the importance and benefits of being a compliant factory (Akbar and Ahsan, 2020a). Evidence reveals that factories in general are reactive in terms of initiating safety measures thus, suggested their proactive actions to be compliant that would prevent factories from various accidents and protect the lives of workers leading to increase overall reputations of the industry among buyers across the globe.

Some studies highlighted improving skills of both management and workforce as it is essential to enhance firms' capacity to ensure compliance. It might be due in part to hiring workers off the streets and overwhelming majority of them is unskilled and have no or minimal understandings about compliance (Akbar and Ahsan, 2020b). The research also suggested factory management not to take access orders with strict deadlines that may enforce workers to work overtime and/or outsource production functions from subcontracting firms that are less aware about compliance issues. The long-term commitment of key stakeholders such as buyers and government to provide more financial and infrastructural support bear the costs are also important. The lack of buyers' long-term commitment demotivates and frustrates factory management to invest for workplace safety and security. In line with this, Huq and Stevenson (2018) suggested buyers to be cooperative, supportive, and rewarding to inspire firms following CoC, enforce strong monitoring, and upkeep disciplinary standards of suppliers. Institutionalisation of the monitoring and inspection process and establishing RMG coordination cell that may help develop institutional and technical structures to ensure sustainability of efforts (Rahman and Moazzem, 2017).

3 Methodology

3.1 Procedure

Following previous studies, this research highlights the challenges faced by the RMG suppliers regarding social compliance and suggests strategies to overcome the challenges. Due to lack of secondary information about challenges and strategies of social compliance in Bangladeshi RMG industry, this study conducted field work among compliance managers or HR officer responsible for compliance. Besides, since there is no proper and accurate sample framework, convenient sampling – a commonly applied technique employed in Bangladesh, was employed in this study. Given this, attempts were taken to contact participants relevant to this study. Since this study explored challenges and strategies to overcome challenges of social compliance, the participants selected needed to be compliance managers or HR managers responsible for compliance of RMG firms.

The study carried out a questionnaire survey among respondents located in Dhaka and Chattogram during September to November 2020. The instrument comprised of items about demographics, challenges faced by firms to ensure social compliance, and strategies to overcome those challenges. However, before conducting survey, 300 participants were invited over phone and/or mail, and/or social media (i.e., WhatsApp) to participate in the survey, of which 207 (69%) responded positively. Then, a survey link along with consent was sent to respondents via mail and/or WhatsApp. The respondents were briefed about the background and the importance of survey and assured them about complete anonymity of their responses. We also assured them that the data would be only used for the research purpose. Finally, 193 complete responses were received from participants. After excluding six incomplete questionnaires, the final sample size consisted of 187 with a response rate of 62%. The final sample size generated the power of 0.80 with an effect size of 0.06 in G*Power.

3.2 Instrumentation

The study designed a measure by adopting items from previous studies about social compliance, challenges the RMG suppliers face and strategies to overcome challenges. The measure in Section A included demographic information (i.e., age, gender, length of service, and position). In Section B, the instrument consisted of items relating to challenges and strategies from literature (e.g., Akbar and Ahsan, 2019, 2020a, 2020b; Alam and Natsuda, 2016; Rahman and Moazzem, 2017; Ashwin et al., 2020). All the items were examined using a five-point Likert scale ranging from 1 (not important at all) to 5 (very important). The study adopted items in the measure that have been frequently and repeatedly cited in the literature in various contexts. Some examples of challenges include lack of top management support, buyers' price pressure, inadequate financial support, lack of long-term commitment of buyers, disregard for local rules and regulations, corruption, poor governance system, inadequate monitoring, labour unrest, and managing subcontracting etc. On the other hand, strategies include developing long-term buyer-supplier relationships, allocating adequate resources, changes in attitudes of owners and management toward compliance, increasing commitment of buyers, and increasing awareness etc.

4 Results

The study analysed data using SPSS software version 22. The analysis started through analysing descriptive statistics such as means and standard deviations. Further, exploratory factor analysis (EFA) was carried out for challenges to determine structural equivalence (Hair et al., 2017). T-test was also applied to examine the statistical significance of the items.

4.1 Descriptive analysis

The final sample consisted of 187, of which 164 (87.7%) were male and 13 (12.3%) were female. This result is somewhat skewed since a report demonstrated that female is accounted for an 11% of employment in the mid- and top-level management in Bangladeshi organisations. The participants were aged between 26 and 53 years with a mean age of 33.74 years, which indicates that the majority (81%) of the employed people in the RMG sector is in the age group of 20–40 years (ILO, 2017). Participants' work experience varied from 4 to 22 years, with a mean score of 4.83 years. Regarding job titles, 44 were managers, 30 (16%) were directors, 48 (26%) were team leaders, 27 (14.43%) were supervisors and 38 (20%) were senior executives. Further, 112 (60%) were employed in the compliance department and the remaining 75 (40%) were employed in the HR department but responsible for compliance. This in consistent with Accord (2018) and Alliance (2018) indicates that majority of the firms have a separate compliance department with designated managers implying that RMG suppliers are seemed to be aware about compliance.

4.2 Exploratory factor analysis

After descriptive analysis, the study conducted exploratory factor analysis (EFA) (Table 1) using the principal axis factoring method (Hair et al., 1998; Wagner, 2013). The findings reveal that all the factors obtained desired results and factor loadings of all items were within acceptable limit. The results reported Cronbach Alpha coefficients (α) of 0.792, 0.814, 0.781, 0.827, and 0.809 for organisational ability, economic and financial issues, socio-cultural barriers, regulatory issues, and labour management issues respectively, which greater than 0.70.

Table 1 Exploratory factor analysis

Factor	*Challenges*	*Factor loadings*
Organisational ability (α = 0.792)	Lack of top-management support	0.827
	Inefficient mid-level management	0.792
	Unskilled manpower	0.774
	Subcontractor management	0.768
Economic and financial issues (α = 0.814)	Buyers' price pressure	0.819
	Inadequate financial support	0.783
	Lack of long-term commitment of buyers	0.752
	Inadequate government infrastructure	0.714
Socio-cultural barriers (α = 0.781)	Disregard for rules and regulations	0.816
	Poor governance system	0.749
	Corruption	0.692
Regulatory issues (α = 0.827)	Regulatory conflicts	0.831
	Inadequate monitoring and implementation	0.758
	Conflicting buyers compliance requirement	0.672

Table 1 Exploratory factor analysis (continued)

Factor	*Challenges*	*Factor loadings*
Labour management issues (α = 0.809)	Child labour	0.807
	Forced labour	0.762
	Long working hours	0.746
	Labour unrest	0.731
	Compensation	0.694
	Freedom of association	0.351
	Discrimination and harassment	0.618

4.3 Confirmatory factor analysis

Further, we ran the confirmatory factor analysis using AMOS 24.0 to examine the reliability and convergent validity. The result demonstrates that the AVE (average variance extracted) for all the major categories of challenges were higher than the threshold value of 0.50 and the composite reliability values are also greater than the acceptable limit of 0.60 (Bollen, 1987). The results are presented in Table 2.

Table 2 confirmatory factor analysis

Dimension	*Item*	*Standardised factor loading*	*Squared multiple correlations*	*CR*	*AVE*
Organisational ability	OA1	0.718	0.515	0.917	0.673
	OA2	0.776	0.602		
	OA3	0.749	0.561		
	OA4	0.813	0.661		
Economic and financial issues	EFI1	0.783	0.613	0.843	0.764
	EFI2	0.681	0.463		
	EFI3	0.704	0.495		
	EFI4	0.692	0.479		
Socio-cultural barriers	SCB1	0.653	0.426	0.816	0.608
	SCB2	0.816	0.667		
	SCB3	0.714	0.509		
Regulatory issues	RI1	0.738	0.544	0.835	0.703
	RI2	0.708	0.501		
	RI3	0.836	0.699		
Labour management issues	LMI1	0.719	0.516	0.806	0.581
	LMI2	0.596	0.355		
	LMI3	0.817	0.667		
	LMI4	0.846	0.715		
	LMI5	0.742	0.550		
	LMI6	0.442	0.195		
	LMI7	0.627	0.393		

4.4 Challenges of compliance

The study reported numerous challenges regarding social compliance in the Bangladeshi RMG firms. The findings overall reported 21 challenges (Table 2), of which 17 were statistically significant as their t-test results were greater than 1.64. However, four challenges such as inadequate government infrastructure, child labour, forced labour, and freedom of association were not statistically significant. Considering mean scores, the five most critical challenges are: lack of factory capability, buyers' price pressure, lack of long-term commitment of buyers, labour unrest, and disregard for rules and regulations. The moderately important challenges are: regulatory conflicts, poor governance system, inadequate financial support, conflicting buyer compliance requirements, and inadequate monitoring and implementation. The least important challenges are: managing subcontracting, corruption, inefficient mid-level management, and the lack of top-management support.

The findings signify that in order to ensure workplace safety and security, RMG firms need to focus on seventeen issues as reported in this study. However, the findings are partially consistent with previous studies although most of the previous studies on compliance are conceptual except the Akbar and Ahsan's (2020b) qualitative research. The previous study highlighted the lack of top-management support, factory capability, price pressure from buyers, limited financial support for compliance, managing subcontracting, inadequate government infrastructure, corruption, and conflicting rules and regulations as key challenges. Another study focused on working hours, wages and benefits, discrimination, harassment and abuse, leave and holidays, workplace conditions, and forced labour are some key compliance factors (Alam et al., 2018). However, these differences might be attributed to the methods and the extent of sample sizes included in the empirical research (Hair et al., 2017).

The significance of factory capacity might be in part due to the bundles of resources required by firms to ensure compliance. This is also due to either organisational commitment for resource allocation or the organisations do not have sufficient resources to utilise for compliance (Hitt et al., 2016). Another important challenge is related to pressures of buyers to reduce prices RMG items, which is due to suppliers face substantial buyer pressures that reduce firms' ability to bear the compliance. Buyers continuously look for low-price and more profitable business practices that in consistent with Perry and Towers (2013) truly represents a key challenge for compliance. The third vital challenge is about the challenge of long-term commitment of buyers, which entails the unwillingness of buyers to commit additional resources for suppliers to bear social-compliance costs. Thus, buyers need to develop a cooperative mindset and maintain a sustainable relationship with suppliers to ensure a safe and secured working environment (Tate and Bals, 2016). Another challenge is related to disrespect for rules and regulations which postulates that RMG firms are reluctant to follow codes of conduct, and health and safety instructions. This might be due to cultural disparity that particularly happens when Western CoCs are applied in this context and a lack of government initiatives to ensure compliance (Akhter et al., 2010; Sharif et al., 2015). This study suggests to initiate contextual compliance policies and regular government audit and safety inspections, improve local governance, and to combat corruptions. There is widespread labour unrest in the RMG sector because of sudden factory closure and not paying wages and other benefits on time. Moreover, many factories do not follow the minimum wage structure of the industry and have sound human resource management policies to implement that cause dissatisfaction among workers. To minimise frequent labour unrest, this study suggests declaring the factory closure well ahead, following the established compensations policies, and sound HRM practices.

Table 3 Challenges and barriers of compliance

	Challenges	*Mean*	*Std. deviation*	*t-values*
1	Lack of top-management support	3.728	0.966	11.23**
2	Inefficient mid-level management	3.671	0.795	1.43
3	*Lack of factory capability*	*4.107*	*0.819*	13.61**
4	*Buyers' price pressure*	*4.053*	0.902	8.16**
5	Inadequate financial support	3.906	0.884	10.39**
6	*Lack of long-term commitment of buyers*	*3.994*	0.938	8.86**
7	Inadequate government infrastructure	3.381	0.973	1.37
8	*Disregard for rules and regulations*	*3.885*	*0.871*	12.91**
9	Poor governance system	3.907	0.729	15.75**
10	Corruption	3.672	0.804	6.09**
11	Regulatory conflicts	3.917	1.003	7.27**
12	Inadequate monitoring and implementation	3.791	0.943	4.38**
13	Conflicting buyers compliance requirement	3.873	0.761	5.861**
14	Managing subcontracting	3.564	0.915	8.729**
15	Child labour	3.586	0.872	0.106
16	Forced labour	3.839	0.963	1.493
17	Long working hours	3.738	0.817	6.218**
18	*Labour unrest*	*3.981*	1.008	5.327**
19	Compensation	3.819	1.087	4.272**
20	Freedom of association	3.421	1.064	1.376
21	Discrimination	3.692	0.782	2.743

Note: **Significant at 0.01.

5 Strategies to overcome challenges

In order to address challenges, the study explored several strategies. The study using five-point Likert scale asked the respondents to rate strategies the extent to which numerous strategies were effective to them to overcome challenges faced by RMG suppliers. The findings reveal that there are ten strategies suggested by respondents that are statistically significant and obtained mean scores above three. Based on the mean scores, it is found that increasing commitment of buyers, changes in attitudes of factory owners and management towards compliance, allocating resources for compliance, investing in workplace safety and security, and following code of conduct are the critical strategies to address challenges. Other key strategies include developing long-term buyer-supplier relationships, increasing awareness, and the proper management of safety measures. The least two important measures are reducing labour unrest and monitoring and enforcing disciplinary standards. Thus, this study provides a set of ten statistically significant strategies for RMG firms to overcome challenges.

Although few studies have highlighted the strategies to address challenges, our findings are partly consistent with the suggestions of previous studies. For example, some studies in line with this study suggested developing long-term buyer-supplier relationships and allocating resources for compliance (Akbar and Ahsan, 2020a, 2020b). However, this study suggests three distinct pathways such as: changes in attitudes of owners and management, investing in workplace safety and security, and following code of conduct. Akbar and Ahsan's (2020a) study highlighted managing subcontractors as one of the top three measures while this study suggested it as the least effective strategy.

6 Discussion

The study was conducted to identify challenges faced by ready-made garment (RMG) suppliers regarding social compliance and strategies to overcome those challenges. The findings altogether demonstrated 21 challenges under five key challenges. The key challenges are: organisational capabilities, economic and financial crisis, socio-cultural challenges, and labour management issues. Out of 21 specific challenges, 17 were statistically significant based on the t-test results. On the other hand, the study reported 11 statistically significant strategies to address those challenges. The findings reported acceptable validity and reliability scores. The statistical significance of challenges confronted by compliance/HRM managers in terms of social compliance in the RMG industry reveals that RMG suppliers need to focus seventeen key issues to facilitate their compliance, according to results of this study. Unlike this study, previous studies identified top-management support, factory capacity, price pressure from buyers, limited financial support to ensure compliance, managing subcontracting and corruption as key challenges (Akbar and Ahsan, 2020b). Our findings are partly consistent with other studies (Alam et al., 2018). However, the differences in findings might be due to differences in methods and the extent of sample included in various empirical research (Hair et al., 2017).

Further our study reported ten statistically significant strategies to address abovementioned challenges. Particularly, the key strategies are: increasing commitment of buyers, changing attitudes of owners and management, allocating resources, investing in workplace safety and security, and following code of conduct as significant strategies to overcome challenges. Although previous studies in this regard reported few strategies but this study reported diverse strategies to overcome challenges of compliance. The following sections explain implications for theory and practice, and limitations and directions for studies.

6.1 Implications for theory

First, the extension of RBV theory lies with identification of organisational ability, socio-cultural issues, regulatory issues, and labour management issues as critical challenges to ensure social compliance. Attaining social compliance requires resources, positive attitudes of management and owners, relevant rules and regulations, and managing workforce effectively. RBV has been extensively used to elucidate the significance of social sustainability of organisations' internal work process and managing resources. For effective social compliance in RMG supplier organisations, improving organisational capability, developing and sustaining cultures that encourage compliance, formulating and implementation of rules and regulations, and managing workforce effectively are essential. In fact, due to additional resources and capabilities, organisations are unwilling to invest for compliance.

Second, another extension of the RBV lies with the fact that implementing social compliance is a costly process without sufficient financial support and sound policies, the implementation of compliance is challenging. It is evidenced that buyers contributes very little to the compliance initiatives of firms although buyers continuously pressure for price cuts. Since, the implementation of compliance initiatives requires long-term investment of substantial resources, international buyers can provides loan and incentives to ensure compliance.

Third, in consistent with Bangladeshi socio-cultural changes such as disregard for rules and regulations, poor governance system, and corruption, NIT offers an clear understanding of socio-cultural factors of compliance (Azim et al., 2020). Given this, this study suggests that institutionalised rules and regulations provide necessary guidelines for organisations to comply through enforcement of rules. Efforts also need to be given to formulate government policies and other agencies to implement rules. It is found that firms are reluctant to ensure social compliance in the absence of such institutional regulations (Liu et al., 2018). In fact, increased costs of non-compliance some extent enforce firms to comply with specific regulations but if other rules, socio-cultural aspects discourage to comply. Thus, strong rules and regulations with their enforcement and socio-cultural standards should promote effective enforcement (Akbar and Ahsan, 2020a).

Fourth, the implication lies with exploring challenges faced by RMG suppliers and strategies to overcome those challenges underpinned by two theories such RBV and NIT. Particularly, this study under five broad categories of challenges, this study identifies 21 specific challenges altogether of which 17 are statistically significant. These challenges were empirically explored through questionnaire survey.

Finally, this study fills up the research gap suggested by recent studies to conduct quantitative research on challenges and strategies of compliance among RMG firms in developing context such as Bangladesh (Akbar and Ahsan, 2020a). Since previous studies mainly were based on the case study method (Akbar and Ahsan, 2020b) and the qualitative method, this quantitative research contributes to the field by exploring and empirically testing the challenges, and suggesting statistically significant pathways to overcome challenges.

6.2 Implications for practice

In addition to theoretical implications, the study provides some practical implications. *First*, our findings may directly provide benefits to management and owners of RMG firms to highlight and address critical challenges of social compliance. A clear insight about key challenges encountered RMG suppliers may inspire global buyers of RMG items to render more instrument supports by providing essential resources and sustainable commitment with firms. Such long-term commitment might help suppliers acquiring financial resources to invest in compliance initiatives. *Second*, policymakers, government, civil society, and regulators need to provide concerted efforts to overcome socio-cultural barriers and labour management issues to enforce firms to ensure compliance that may reduce continuous labour unrest. The various stakeholders might also contribute to the continuous change in socio-cultural issues and to create awareness that may require imparting compliance education and training for all organisational members. *Third*, awareness about challenges and suggesting strategies may improve overall workplace environment in the RMG factories. Management, owners, and buyers need to give concerted effort to the basic compliance and safety issues, workers' wellbeing, and decent environment in the workplace while examining social compliance. Ensuring social compliance requires changing attitudes and mentality of stakeholders such as industry members, owners, employees, workers, and buyers about social compliance issues.

6.3 Limitations and directions for future studies

In spite of robust findings, the study implies for limitations and provides directions for future studies. *First*, this study surveyed HRM managers and/or compliance managers/executives in Bangladesh. Future studies may be extended into exploring RMG industry's compliance issues and strategies of other competing countries of Bangladesh such China, Vietnam, and Hong Kong. *Second*, since this study utilised cross-sectional data that may suffer from common method bias affecting the generalisation of findings. Future studies might be conducted, including both the qualitative and quantitative data employing mixed mode of research. Further research may also use longitudinal data to overcome the limitations of cross-sectional data. *Third*, this study collected data only from RMG sector, future scholars may explore challenges and strategies relating to social compliance from other labour-intensive manufacturing sectors such as ship breaking industry and compare findings.

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