

Corporate human rights performance and moral power: a study of retail MNCs' supply chains in Bangladesh

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Abstract

This paper investigates how particular stakeholder groups, such as labor rights non-governmental organizations (NGOs), question and even challenge the moral power of multinational companies (MNCs) to maintain human rights in their supply chains in Bangladesh. Around the time of two major factory disasters in Bangladesh (the Tarzeen fire and the Rana Plaza collapse in 2012 and 2013, respectively) we conducted a series of interviews (between 2012 and 2014) and reviewed articles in news media and NGO documents to understand how labor rights NGOs' narratives challenge MNCs and their suppliers' actual human rights performance and associated moral power within clothing supply chains. The findings show that MNCs' and their suppliers' workplace human rights performance in Bangladesh, as perceived by labor rights NGOs, is inconsistent with MNCs' public disclosures on human rights. The NGOs' counter-narratives testify to MNCs' and their suppliers' abuses of human rights and the associated moral deficit. This study draws on the notion of *moral power* in line with Aristotle's view of the moral actor and adds to Mehta & Winship's (2010) three essential aspects of moral power – *moral intention*, *moral capability* and *moral standing* – by providing a new insight that suggests that MNCs and their suppliers in the developing nation context of Bangladesh lack the moral intention, moral capability and moral standing to uphold workplace human rights. We note that gaining these richer insights are possible because we directly solicit the views of NGOs and social movement organizations. The paper fills a research gap by looking at whether the adoption of the language of human rights obligations by MNCs creates any change in their moral power and human rights performance, as perceived by workers' rights NGOs.

Keywords: Human rights, Moral power, Legitimacy, Accountability, MNCs, Garment industry, Bangladesh, neoliberalism

Article Type: Research paper

1. Introduction

Over the last three decades of globalization, neoliberal policies and market incentives, mainly originating from the USA (Reaganism) and the UK (Thatcherism),¹ have encouraged multinational companies (MNCs) to move production from Western nations or states to developing nations or states.² By the end of the first decade of this century clothing manufacturing bases had almost disappeared in Western nations (Islam, 2009). While retailers are shifting production to reduce direct production costs (particularly labor costs), they are publicly committing to a set of ethical or moral guidelines that maintain acceptable human working conditions in the production processes of their suppliers (or claiming to bring such guidelines). However, as cheap labor often comes at the expense of humane working conditions (ABC, 2013a), stakeholder groups such as non-governmental organizations (NGOs) may oppose MNCs' and their suppliers' ongoing exercises of moral power. This article seeks, in particular, to explain what MNCs say about human rights performance within their supply chain operations in Bangladesh and how labor rights NGOs' counter-narratives challenge the claims made by MNCs and their suppliers with respect to the moral power exercised with respect to human rights.

Hand in hand with the adoption of neoliberal policies (movement of production to developing nations), MNCs have concentrated economic power so that they can compete on equal terms with many Western and modern states (Connolly & Kaisershot, 2015).³ Where MNCs' own interests are concerned, they can use their economic power to dominate states (Connolly & Kaisershot, 2015). This wave of neoliberalism has profound effects on the prevailing notion of authority and in particular, on the nature of the action states can take (Shamir, 2008). What is interesting is that while the economic power of MNCs is increasing, many Western nations and nation-groups (including the USA and the EU) voluntarily provide them with the option to freely exercise moral power in relation to human rights responsibilities. Many Western nations are continuously shifting their human rights responsibilities to MNCs (for example, by allowing MNCs to determine appropriate governance standards rather than the state mandating minimum legal requirements), for both their domestic and their overseas operations. These nations are relinquishing some of their privileged authoritative positions to MNCs and changing their roles from 'regulation' to 'facilitation' of human rights (Shamir, 2008, p. 6). In fact, some Western nations (including the USA and the UK) have started facilitating MNCs by prescribing human rights responsibilities that should be embraced throughout supply chains based in developing nations, including some authoritarian states with poor human rights

¹ While neoliberal policies originated in the leading capitalist powers (USA and UK), similar shifts occurred in Australia, Canada, New Zealand and many EU countries, mainly under right-wing governments.

² As a part of globalization (including shift of global production), many developing nations (including Bangladesh) were obliged to adopt neoliberal economic restructuring (such as privatization) imposed by The World Bank and the International Finance Corporation (IFC), backed by leading capitalist states including the USA and the UK. In the 1970s and 1980s, many crisis-ridden nations in Africa, Asia and Latin America adopted neoliberal policies as a condition for financial and trade aid (such as tariff-free access of goods to Western markets). This restructuring arrangement has changed the game of global production and West-based MNCs have played a pivotal role in facilitating the access of goods produced in developing nations to the Western markets.

³ In this paper, the words 'nation' and 'state' are used interchangeably.

records (such as Bangladesh).⁴ Some researchers/commentators consider that in the future MNCs could even be expected to supersede the state as the dominant form of social organization at the global level (Connolly & Kaisershot, 2015). Given the concentration of power, the pervasive influence of MNCs and their effects on human rights globally (Connolly & Kaisershot, 2015) need to be investigated. The moral relevance of requiring MNCs to protect human rights (Shamir, 2008) should be researched. There is a view that the rise of the power of MNCs has compromised the sovereignty of many states and constrained their ability to pursue what could be known as citizens' human rights (Sikka, 2011). Furthermore, the rise of concerns about MNCs' involvement in exploiting human rights has been driven by media, NGOs and social movement organizations (Gallhofer, Haslam & van der Walt, 2011). Human rights violations appear as a consequence of globalization's forces lacking limits and controls and these consequences must be addressed more convincingly.

While MNCs are concentrating their economic power across the globe, significant international concern has been expressed regarding MNCs' supply chain practices in developing nations such as Bangladesh. Human rights abuse within the garment industry is not new. Examples include manufacturers being accused of using child labor; the poor working conditions reported in the mid-1990s persisting ten years later (Islam & Deegan, 2008); and factory fires killing hundreds of workers (Islam, 2009; Alembakis, 2013). However, the collapse of a Bangladeshi factory, Rana Plaza, was a devastating human catastrophe that had broad implications for organizations sourcing products not only from Bangladeshi suppliers, but also from suppliers in similar developing nations. Stakeholders, including the media, consumers, NGOs, and a subset of investors, are critical of MNCs' inhumane supply chain practices (Stewart, 2013; Alembakis, 2013; Biron, 2014). Accounting and disclosure research has shown that human rights disclosure increases when community concern spreads (see Islam & Deegan, 2008).⁵ Despite this, it is far from clear that such disclosures reflect human rights performance or moral standing as perceived by stakeholders (including less powerful ones, such as worker representatives). Accordingly, this paper focuses in particular upon the investigation of corporate human rights performance,⁶ and on the associated issue of 'moral power' as applied in the production processes of retail MNCs sourcing products from a developing nation.

This paper is an extension of the work by Islam & McPhail (2011) which documented human rights disclosures by major retail MNCs sourcing products from developing nations. They found that significantly more performance-related information was disclosed over time in

⁴ A major problematic part of an MNC's supply chain operations in a developing nation is that, apparently owing to larger economic interests, the MNC does not appear to consider political and human rights conditions in that country when sourcing from a developing nation. For example, many MNCs blatantly source garments from countries like China and Bangladesh, where garment factories are owned and controlled by people with interests close to authoritarian governments with poor human rights records (*The Guardian*, 2019).

⁵ In general, corporate social responsibility disclosures have increased over time (see KPMG, 2017; 2005).

⁶ In this paper, human rights performance refers to the extent to which human rights are taken into consideration in the supply chains of MNCs. At the disclosure level, the term *human rights performance indicators* is used in a similar way to the human rights performance indicators defined by GRI. According to GRI's website, human rights performance indicators require organizations to disclose the extent to which human rights are considered in investment decisions and supplier selection. This paper echoes the GRI's indicators on human rights that cover, but are not limited to, employee training on human rights, non-discrimination, freedom of association, child labour, indigenous rights, forced and compulsory labour and other things (last viewed on 8 February 2014 at <https://www.globalreporting.org/reporting/G3andG3-1/guidelines-online/G3Online/StandardDisclosures/HumanRights/Pages/default.aspx>).

relation to the International Labor Organization's (ILO) workplace human rights standards on freedom of association, elimination of child labor and forced labor, factory health and safety, and elimination of all forms of discrimination.⁷ However, along with other social and environmental studies (such as Islam & Deegan, 2008), Islam & McPhail (2011) did not investigate stakeholders' perceptions of MNCs' actual human rights performance and associated disclosure practices. In other words, past research (see for example Gray et al., 2014; Apostol, 2015; Irvine & Moerman, 2017) did not document an alternative account (or 'counter-account') of corporate human rights performance from stakeholders, such as NGOs and labor rights organizations. In this regard, Sikka has called for further research to explore alternative/counter-accounts in order to challenge the hegemony of MNCs regarding their human rights performance (Sikka, 2011). In this paper we address this research gap by looking at whether, and how, retail MNCs' apparent claims of exercise of moral power within the supply chains they operate within a developing nation are challenged by counter-narratives produced by NGOs and labor rights organizations pertaining to MNCs' actual human rights performance.⁸

We interviewed different groups of people within the supply chains of MNCs who were dealing directly with workers in production locations in Bangladesh. Such groups included garment manufacturers and industry officials, MNCs' compliance managers (including internal auditors), and labor rights NGOs. The in-depth interviews with these groups of people, conducted between 2012 and 2014, coincided with two major factory disasters in Bangladesh, the Rana Plaza disaster (which killed more than 1,100 workers) and the Tazreen fire (which killed 112 workers). The period this study covers, therefore, seems particularly important in providing rich data to understand the moral tensions and contradictions around supply chain performance and associated rhetoric in relation to basic human rights. We found, based on interviews and secondary sources, that labor rights NGOs' counter-narratives relating to MNCs' human rights performance challenge the moral power (i.e. moral intention, moral capability, and moral standing) of (apparently concerned) MNCs in relation to their workplace human rights performance, as reflected in both their own discourse and their reporting media. Since these NGOs perceived that MNCs' and their suppliers' changes to factory working conditions, in response to human rights crises in their supply factories, are slower than the MNCs report, such narratives create tensions and contradictions around MNCs and their suppliers' exercise of moral power in relation to human rights performance.

We use *moral power* as a theoretical construct to explain how corporate managers affect human rights performance within the global supply chains. Until recently, moral power and associated terms such as moral will or moral action were a central topic for discussion among sociologists

⁷ According to Pogge (1995), human rights appear as a kind of moral concern that is unrestricted and broadly shareable. Pogge's (2007) broadly shareable idiom ranges from workplace human rights to freedom from severe poverty (access to safe food and water, clothing, shelter and basic medical care in order to live well). However, Islam and McPhail (2011) specifically focused on the narrower idiom of human rights, which picks out workplace-related moral concerns. In this paper, we echo Islam and McPhail's (2011) research.

⁸ We accept that NGOs and labor rights organizations might not provide an unbiased account of corporate performance. Nevertheless, they do provide a basis for assessing the reliability of corporate disclosures. Also, other methods of assessing an organization's social performance – such as through the ratings provided by social ratings agencies – are not without their limitations (see Bessire & Onnee, 2010).

(see, for example, Shamir, 2008; Fourcade & Healy, 2007) and business ethics researchers (see for example, Bragues, 2006; Egorov et al., 2018). However, the topic has received scant scholarly attention in the accounting area and, more specifically, within the critical accounting literature (but see Everett and Tremblay, 2014). In this study we use the notion of moral power (Mehta & Winship, 2010) and the moral actor (Aristotle in book 7 of the *Nicomachean Ethics*)⁹ to understand how human rights performance within the global supply chain is related to the moral power of MNCs and their suppliers operating in a developing nation.

Moral power, a notion in line with Aristotle's view of the moral actor, focuses on the extent to which an actor, or an organization, has the power to persuade others to adopt a particular belief or practice (Mehta & Winship, 2010). A moral actor may commit to the common good (and a moral actor may or may not have moral power), including fundamental human rights, rather than behavior driven by self-interest. Its moral power (if in existence) comprises three essential components: moral intention, moral capability, and moral standing (Mehta & Winship, 2010), and all three are essential for an actor to achieve moral power. MNCs' intentions to maintain human rights in their supply chains can be implemented by unselfish behavior, by their moral capability to find solutions to problems that arise in relation to human rights, and by their ability to actually solve the problem. Within the global supply chain, what human rights performance should count as 'moral' (such as elimination of worker abuse or of child labor, or ensuring adequate workers' health and safety) and what should count as 'not moral' or 'immoral' can be seen as varying from context to context. In summary, while we use the notion of moral power to analyze both NGOs' narratives and the exercise of such power by MNCs and their suppliers in the human rights arena in Bangladesh, we find that particular MNCs' and their suppliers' claims of moral power contain conflicts, and contradict NGOs' narratives. In other words, MNCs and their suppliers lack moral intention, moral capability and the moral standing to uphold the protection of human rights in the supply factories in Bangladesh.

The paper is organized as follows. Section 2 provides the background and theoretical framework underpinning the study. Section 3 describes our research methods and Section 4 provides the findings of this research. Section 5 includes a discussion and concluding remarks.

2. MNCs' supply chains, concern for human rights and the notion of organizational moral power

2.1 Key human rights concern within MNCs' supply chains in Bangladesh

The garment sector in Bangladesh, predominantly represented at the industry level by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), started its journey in the 1980s and has rapidly grown to become what it is today. The sector predominantly supplies goods to major MNCs and contributes around 81 percent of the country's national export earnings (BGMEA, 2015). As an industrial regulatory body, BGMEA frequently negotiates terms relating to factory working conditions and its members' relations with the

⁹ See Aristotle, *Nicomachean Ethics*, Book VII translated by W.D. Ross. This can be viewed at: <http://classics.mit.edu/Aristotle/nicomachaen.7.vii.html> (1999–2009). Also see Aristotle, *Nicomachean Ethics*, translated by M. Ostwald. Upper Saddle River, NJ: Prentice Hall, 1999. At a broader level, there is a call for accounting research (Malsch and Guénin-Paracini, 2013) that embraces Aristotelian moral principle, focusing on accounting practices in line with the good of mankind.

foreign buyers (MNCs) and with global trade bodies such as the World Trade Organization, and United Nations agencies such as ILO and the United Nations Conference on Trade and Development. Bangladesh has experienced all kinds of neoliberal reforms ranging from privatization, to tariff reductions, to opening its markets to the world which has led the clothing sector to become one of the country's most economically significant sectors. The sector is worth more than US\$20 billion to Bangladesh; four million workers sew clothes for the world's top retail MNCs for low wages. It is the world's second-largest supplier of garments after the Chinese garment industry (Australia Network News, 2013).

Over the past three decades, and in the quest of maximizing profits, American, European Union, and Australian MNCs have shifted their production to developing countries such as Bangladesh where labor costs are the lowest (Islam, 2009). In fact, Bangladesh has become one of the leading suppliers to USA- and EU-based multinational clothing and sports retailers (Islam, 2009; BBC, 2018). One relatively recent trend has seen MNCs moving production from China to Bangladesh (ABC, 2013a).¹⁰ Rising wages in China, but continuing cheap labor in Bangladesh, is a key reason for this trend (Carlsson-Sweeny, 2012). While such movement of production is fuelled by globalization and neoliberal reform at a global level, there are significant international concerns around MNCs' supply chain practices in developing countries such as Bangladesh. Such concerns have been prompted by incidents related to human rights abuse within the garment industry; these include manufacturers using child labor and having poor working conditions (Islam & Deegan, 2008), and factory fires killing hundreds of workers (Islam, 2009; Alembakis, 2013). Until recently, MNCs have faced very little, if any, compulsion to disclose information about human rights violations within either their host (e.g. Bangladesh)¹¹ or home nations.¹² In the absence of disclosure and related accountability regulations, NGOs play a pivotal role in putting pressure on MNCs and their suppliers to be accountable for human rights conduct in their factories in Bangladesh (Deegan & Islam, 2014). Here we provide the background for two specific incidents of human rights concerns over MNCs' supply chains operating in Bangladesh.

The first incident was the Tazreen fire. Tazreen Fashions in Dhaka supplied clothes to a variety of international brands, including the US retailers Wal-Mart and ENYCE, and the Dutch retailer C&A (Australia Network News, 2013). On 24 November 2012, a fire broke out at Tazreen which caused at least 112 workers to die and injured more than 300 people (Manik, 2012). More than 1,200 workers were employed by the factory, almost 95 percent of whom were female (Asia Monitor Resource Centre, 2013). The fire broke out on the ground floor, which was used as a warehouse and was full of flammable materials, and subsequently spread

¹⁰ For instance, Australian-based companies (Carlsson-Sweeny, 2012).

¹¹ There is no requirement for MNCs and their suppliers in Bangladesh to disclose human rights violations in the factory. After the Rana Plaza collapse, two global bodies (Accord on Fire and Building Safety in Bangladesh and Alliance for Bangladesh Worker Safety) were formed in collaboration with MNCs to improve the fire and structural safety of garment factories in Bangladesh. Where Bangladesh government regulations are not implemented, these two bodies have put in place a binding process to improve structural and fire safety in garment factories, backed up by inspection (Newhall, 2017).

¹² The most pertinent acts in the West relating to human rights issues in supply chains are the California Transparency in Supply Chain Act 2012 and the UK Modern Slavery Act, 2015 (other countries have also implemented Modern Slavery Acts – for example, a Modern Slavery Act was introduced into Australia in 2019). Neither of these acts make any provision for sanctioning non-disclosing MNCs and human rights violators in the global supply chains.

to the upper floors (Asia Monitor Resource Centre, 2013). Nine of the company's mid-level officials prevented workers from leaving their sewing machines after the fire had broken out (Asia Monitor Resource Centre, 2013). The Bangladesh Occupational Safety, Health, and Environment Foundation carried out an independent investigation, and its report highlighted that the building had no fire or emergency exits or stairways (Faruq, 2013). Documents uncovered at the Tazreen factory, which raised questions about Wal-Mart's role at the factory, indicated that two American apparel makers, supplying goods for Wal-Mart, were using the factory at that time (*New York Times*, 2012a), even though a Wal-Mart spokesman said Tazreen had been removed from its list of authorized suppliers 'months ago' (*Wall Street Journal*, 2012). Focusing on the new documents, Scott Nova, executive director of the Worker Rights Consortium, stated:

If Wal-Mart's claim that they were the victim of one rogue supplier had any shred of credibility, it's gone now...Wal-Mart is limited to one of two options – to say, yes, we know these suppliers were using the factory or, two, we have no control over the supply chain that we've been building in Bangladesh for more than 20 years (*New York Times*, 2012a).

The second catastrophic incident was the collapse of a Bangladeshi factory building called Rana Plaza. Situated in Dhaka, the eight-storey building collapsed at 8:58 am on 24 April 2013 (Odhikar, 2013). The complex had been built on the site of a pond, without either proper precautions or a permit from the regulatory agency (Hossain, 2013). The building contained five garment factories which made clothes for Benetton, Primark, Matalan, Mango, and other major brands, and almost 5,000 workers were employed there (Clean Clothes Campaign, 2013; *Daily Telegraph*, 2013). On the morning of 23 April 2013, two-inch-deep cracks appeared in three pillars of the factory. Desperate workers tried to refuse to start work on 24 April, however, the owner of the building forced them to enter the workplace (Odhikar, 2013). In the collapse, 1,131 people lost their lives while around 2,438 people, although rescued, were severely injured (Hossain, 2013; Burke, 2013; *Daily Star*, 2013; Al-Mahmood, 2013). Dead bodies (mostly female workers' corpses) were seen laid out in rows after recovery from the rubble of Rana Plaza (Figure 1). NGOs, activists and journalists managed to enter the ruins of Rana Plaza and found labels and documentation linking major European retailers to this latest tragedy: Spanish high-street brand Mango and British company Primark (Clean Clothes Campaign, 2013; Burke, 2013). The collapse of Rana Plaza remains one of the worst cases of workplace human suffering in recent corporate history, since the Bhopal incident. The Rana Plaza building was the second-deadliest structural collapse this century, after the destruction of the World Trade Center in New York (Butler, 2013).

These two incidents created huge concerns for NGOs, consumers and the media in developed nations, which in turn put pressure on fashion brands to adopt – or at least appear to adopt – improved ethical or moral sourcing practices (Ramrakha, 2013; ABC, 2013a; 2013b). Exploitative labor practices are now seen as a clear violation of workplace human rights that pose a high risk of brand damage and loss of revenue (Carlsson-Sweeny, 2012).

Figure 1: The deadly Rana Plaza collapse in Bangladesh



<caption> Corpses laid out after recovery from the rubble of Rana Plaza, which collapsed on 24 April 2013. Photo: Rahul Talukder, *The Daily Star* (leading Bangladeshi newspaper), viewed on 27 May 2014 at <http://www.thedailystar.net/rana-plaza>. </caption>

2.2 Notion of organizational moral power

Power is an omnipresent, relational concept (Weber, 1968; Dahl, 1957): ‘[Actor] A has power over [actor] B to the extent that he can get B to do something that B would not otherwise do’ (Dahl, 1957, pp 202–203). Scholars and philosophers define different forms of power in relation to what it is based upon (Dahl, 1957; Lukes, 2005): if based on money or financial resources, one might refer to ‘economic’ power; if political, one might cite ‘political power’; if based on morality or ethics, one could call this ‘moral power’; there are also other types of power.

Each form of power has its own scope for exercise: for example, the scope of a US President’s political power might include ‘Congressional actions such as passing or killing a bill, failing to override a veto, holding hearings, etc.’ (Dahl, 1957, p. 203).

In this paper, we particularly focus on moral power. We argue that understanding the nature of moral power is important to us as there are situations in which the compromising of moral power in favor of other forms, such as economic power, can have critical consequences for vulnerable stakeholders.

2.2.1 Definition of moral power

Moral power can be defined as a form of power enabling an actor or organization to persuade others (including organizational stakeholders) to take actions with moral dimensions.¹³ The field of human rights conveys a particular form of moral power which is broadly or universally shareable (Pogge, 1992; 1995; 2002a)¹⁴ and through which an organization can persuade its stakeholders. While morality and power are often taken to be in opposition (with morality grounded in unselfishness and a commitment to the common good, and power situated in self-interest), moral power, being for the common good, is a widely present and important factor in social and political life (Mehta & Winship, 2010). It can be defined as:

the degree to which an actor, by virtue of his or her perceived moral stature is able to persuade others to adopt a particular belief or take a particular course of action (Mehta & Winship, 2010, p. 426).

In defining moral power, we consider Aristotle's view (in book 7 of the *Nicomachean Ethics*) that a moral actor should avoid vice (Hardie, 1968). In other words, a moral person should possess moral virtue (the opposite of vice). In line with Aristotle's view of what constitutes the moral actor, the normative logic of moral power argues that moral power is more likely driven by the actors' commitment to the common good (moral virtue) rather than by self-interest. The common good covers a wide range of specific conceptions of the good life including the basic human rights, liberties and freedom of expression that are strongly connected with the notion of moral power and the moral virtue that Aristotle referred to. The notion of moral power seems consistent with the normative institutional logic of moral legitimacy (Suchman, 1995) that emphasizes belief in, and activity to achieve, the 'the right thing to do' – the logic is strikingly different from other types of institutional legitimacy such as pragmatic and cognitive legitimacy (Suchman, 1995). At its core, moral power, like moral legitimacy, reflects expectations of the 'universal community' that differ fundamentally from narrow self-interest.

One interesting feature of Aristotle's analysis (in book 7 of the *Nicomachean Ethics*) is that no actor voluntarily does what s/he 'knows' to be wrong. In order to ascribe moral responsibility to an actor, it is important to regard their action as voluntary and selfless. Acting in the exercise of moral power then determines that the actor will be evaluated as blameworthy or praiseworthy in relation to a particular action depending on the case. In line with Aristotle's notion, we say that a moral actor performs a moral act without coercion and avoiding self-interest.

¹³ Remarkably divergent conceptions of what constitutes moral action have been held at different times and places (Lukes, 2010, p. 558). The terms 'moral action' and 'moral power' appear as convenient descriptions for the socially accepted common good (Mehta & Winship, 2010) and this can vary from context to context as well. In this paper we refer to Aristotle's conception of a moral actor in order to examine human rights performance in the context of a global supply chain operation.

¹⁴ Human rights relate to 'moral universalism which centrally involves the idea that the moral assessment of persons and their conduct, of social rules and states of affairs, must be based on fundamental principles that do not, explicitly or covertly, discriminate arbitrarily against particular persons or group' (Pogge, 2002a).

Organizational actors often make claims having moral dimension: that they are nurturing the common good (such as morality) or protecting human rights. For example, MNCs that source products from a developing nation often claim that they are protecting human rights in their supply chains. As Wal-Mart's *Report on Our Commitment to Worker Safety in Bangladesh* states (see <http://corporate.walmart.com/global-responsibility/ethical-sourcing/promoting-responsible-sourcing-in-bangladesh>, viewed at 16 June 2014):

Walmart is committed to safety in our supply chain worldwide.¹⁵ Walmart's Responsible Sourcing program is dedicated to verifying that suppliers are complying with our rigorous standards for suppliers [these include basic human rights standards]; strengthening labor and environmental practices in factories and farms producing products for sale at Walmart; and implementing policies and initiatives that treat workers with dignity and respect.

As UK-based brand Primark states in its *Corporate Responsibility Report* (2013) (see http://www.abf.co.uk/documents/pdfs/2013/2013_corporate_responsibility_report.pdf):¹⁶

Human rights managers must take account of the core International Labour Organisation (ILO) labor conventions and strive to observe the UN Universal Declaration of Human Rights by respecting the dignity and human rights of our employees. We:

- show universal respect for an observance of human rights and fundamental freedoms for all without discrimination as to race, sex, language or religion.
- remunerate fairly with respect to skills, performance, our peers and local conditions.

However, an actor's moral claims are not the same as moral power. The apparent morality of the claims is only part of the picture; the *moral power* of the particular *actor* (an individual, organization, or corporate actors more generally) making the claim is imperative in determining the outcome (Mehta & Winship, 2010).

2.2.2 Components of moral power

Three essential parts of moral power – *moral intention*, *moral capability* and *moral standing* – are needed for an actor to possess moral power (Mehta & Winship, 2010).

An actor's moral intention may be detected by others in reliably acting in accordance with moral principles. Moral intention is often driven by perceived concern for the common good rather than for self-interest. This is also referred to as moral will (see Everett & Tremblay, 2014). The above examples of corporations' moral claims on human rights could reflect moral power if such claims were driven by their moral intention, moral capability and moral standing.

The second component of moral power, *moral capability* is the ability or knowledge gained through experience to effectively implement moral intention. In other words, to be morally capable means to be able to persuasively make moral judgments in specific cases with reference to broader moral principles or institutional norms (e.g. ILO workplace human rights standards). While an actor without moral capability can perhaps grasp that s/he is responsible for something bad, to be fully morally accountable an actor must be capable of holding himself or

¹⁵ According to the *Fortune* Global 500, Wal-Mart is the world's largest company by revenue. It is an American multinational retail corporation employing 2.3 million employees. It operates under 59 different names in 28 countries including the USA, Canada, the UK and Japan, to name a few.

¹⁶ Primark is a major retail group based in the UK employing 48,000 people. It operates stores in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium and Austria.

herself responsible, which may involve the ability to feel guilty about what s/he has done (Bjornsson & Hess, 2016). In other words, a fully-fledged moral actor is capable of caring for others or about the moral quality of their action (Bjornsson & Hess, 2016). Without moral capability, moral intention does not lead to moral power. Mehta & Winship (2010, pp 429–430) provide an example:

if one is well-intentioned but is unable to recognize when one is being swindled or taken advantage of by a malevolent actor, then one is not perceived by others to be an effective moral guide.

Moral intention and moral capability are still insufficient to accomplish moral power; the third essential component of moral power, *moral standing*, deals with a specific inquiry into the common good (human rights) or an issue of social and political life. Moral standing is earned regardless of whether an actor is seen to be a part of a particular ethical interpretative group (workers' community, local community or civil rights group) that is critical to the current inquiry. A skilled moral actor is often able to claim membership in several moral communities: for example, a moral actor could be part of the Ethical Trading Initiative, his/her religious community, and the Workers' Rights Consortium. While moral philosophers are an example of a group that is morally capable and well-intentioned, they might have little moral standing in relation to many questions of the common good, or their social and political life, or their 'relevant moral community' (Mehta & Winship, 2010). While moral standing may come from within an institutional framework if that framework is perceived as legitimate, sometimes it may be more informally negotiated and driven by a relevant community.

Like moral capability, moral standing can complement moral intention. In other words, these three components are needed 'for an actor to be seen as morally "authentic" and thus achieve and maintain moral power' (Mehta & Winship, 2010, p. 431) and failure in any of these components is likely to lead to the loss of moral power. Accordingly, an actor's moral power is fragile under any of the following situations (as highlighted by Mehta & Winship, 2010, p. 431):

If it is discovered an actor's intentions are based in self-interest, the actor's arguments lose their persuasive power. Similarly, if the actor is thought to be morally incapable, no one is likely to give credence to the arguments the actor makes. If she is perceived to be outside the relevant moral community, her opinions are easily ignored.

A corporate manager's intentions to maintain human rights in the supply chain (the two examples above reflect this) can be implemented by their avoiding self-interested behaviour, by their moral capability to solve a human rights problem and by their actual ability (by conforming to the expectations of a relevant community or stakeholders) to solve the human rights problem (moral standing). *Moral intention*, *moral capability* and *moral standing* as components of moral power have relevance in assessment of human rights performance within the neoliberal context of global supply chains.

2.2.3 Moral power, corporate social/human rights performance and neoliberal logic

While the starting point for our analysis of moral power is based on Aristotle's notion of the moral actor or a normative logic of moral power, we need to assess to what extent the three components of moral power apply to the present neoliberal context. 'Context matters in terms of what types of behavior can undermine moral power' (Mehta & Winship, 2010, p. 432) and whether the other forms of power (financial power or political power, say) tend to weaken or

strengthen moral power. Scholarly attention is required to examine a context in which an actor's moral power can be built, or compromised, in gaining or possessing other forms of power, such as financial or political power. More specifically, it is important to understand the limits of moral power in the neoliberal context.

While moral power is necessary in order to ascribe blame or praise, such criteria are variant and context-specific.¹⁷ The normative logic of moral power in opposition to neoliberal logic (or market logic) suggests that corporations not only have legal standing but also moral standing – if a corporation lies in its advertising, its moral standing (action) is immoral, whether or not it is illegal; if it exploits its workers, its standing is immoral (De George, 1981). In line with Aristotle's view, morally weak actors or actors without moral power lack practical wisdom or the virtue of prudence (see Burger, 2008; Hardie, 1968). The neoliberal economic rationality of managers' moral behavior has been discussed in different areas of social science research (see, for example, Shamir, 2008; Burger, 2008; Dunning, 2005), without necessarily using the terms we have chosen: 'moral power' or 'moral standing'. Some commentators have critically discussed the market logics of moral power via corporate social performance/responsibility activity (see Shamir, 2008).¹⁸

Particular forms of social performance can be associated with moral power (Alexander, 2004). Moral power is a consequence of a process that is socially constructed, in which the enactment and perception of moral standing, intentions and capability are associated with effective social performance. There is a view that moral actions are consistent with acceptable social performance (Alexander, 2004; Mehta & Winship, 2010). Whether an actor or an organization possesses moral power relates to the level of their performance in connection to others (the common good associated with organizational stakeholders). Moral power depends on perceptions (stakeholder perceptions of an organization) and hence the perceived intentions, capability and moral standing are the significant components for achieving moral power; each of these components relates to individual (or organizational) performance as perceived by others (stakeholders) (Alexander, 2004). A failure in any of these moral components is likely to lead to a specific aspect of performance being seen as invalid, and therefore to bring about the loss of moral power; as we have seen, moral power is fragile or a matter of concern (Mehta

¹⁷ We argue that moral power is time-, context- and issue-specific. What is moral in the West or the international context may not be seen as moral in developing countries such as Bangladesh. For example, let us consider the dismissal of child workers from Bangladeshi supply factories during the 1990s. In 1992 Senator Harkin introduced to the US Congress a bill known as the Child Labor Deterrence Act (Custers, 1997), which called for a ban on the import of goods produced in companies employing children under 15 years of age (Jenkins et al., 2002). When, in response to the Harkin Bill, export-oriented garment employers in Bangladesh dismissed an estimated 50,000 children from their factories, it had an immediate, devastating impact on families living in urban slum areas whose survival depended on the income earned by their children (Custers, 1997, p. 148). When many of these children started taking even worse jobs, such as working in brick fields or prostitution, the United Nations Children's Fund and the ILO had to push industry actors to come up with sustainable solutions (Islam, 2009). While employment of child labour is not moral in the USA or to the international community, such employment can be acceptable and sensible (even from the moral point of view) in developing countries where unemployment of children threatens their fundamental right to survival (Rahman et al., 1999). Of course, the issue is debatable.

¹⁸ Market logics of moral power suggest that an actor's moral preferences are driven by economic rationality: if an actor predicts that their moral preference leads to financial gain or profitability, then exercising it would be actively engaging in a moral exercise; otherwise it would not.

& Winship, 2010; Alexander, 2004). Managers' behavior that is driven by self-interest, based on the instrumental rationality of capitalist markets, could prompt moral concerns (Shamir, 2008). In the neoliberal context, moral power can be delicate because managers' action 'is congruent with the attributed tendencies of economic-rational actors' (Shamir, 2008, p. 7) and managers' moral standing is tied up with financial incentives. As Shamir (2008, p. 12) states:

...the moral agency of the responsabilized corporation essentially stipulates that corporations have their own commercial incentives to behave morally. Morality is increasingly conceived of in terms of a preferential 'freedom-of-choice' model and this perspective, in turn, facilitates a rejection of morally prescriptive regulation which may be exerted from above (e.g. by regional, national or supra-national regulators). Instead, various commercial entities and non-profit initiatives offer corporations a wide array of 'moral instruments' (codes of conduct, rating devices, auditing techniques, etc.) among which corporations may pick and choose according to the concrete situation in which each company finds itself and in line with principles of 'flexible and dynamic adaptation'.

The problem is, if it is discovered that managers' moral or human rights intentions are based on self-interest and tied up with financial incentives or a broader set of risk management concerns, their arguments lose persuasive power. In other words, if stakeholders' views and alternative accounts lead them to feel sceptical about an organization's human rights actions, the organization's moral power is a matter of concern. An organization's human rights standing is delicate if stakeholders believe it does not have sufficient ethical knowledge and ability to possess moral capability. At a broader level, the market logics of moral power create scope for criticism because 'the demand for moral actors – typically exerted through social struggles in the form of consumer boycotts and public shaming campaigns – may somewhat restrain their drive for financial gains' (Shamir, 2008, p. 3).

2.2.4 NGOs' narratives testifying to corporations' lacking moral power within the neoliberal context

Within the neoliberal context, the role of the social movement NGOs that campaign against corporations' abuses is a critical mechanism to hold corporations morally responsible. While the dominant neoliberalist discourse views other narratives as intolerable, especially if they do not subscribe to the same view of economic rationality (Burger, 2007; Macey 2000, p. 167), in the absence of narratives from any other actors (including states), NGOs' narratives at least offer a level of resistance to corporations' neglect of human rights (where this is found).

If stakeholders, such as social movement NGOs, provide counter-narratives or alternative accounts of an organization's human rights activity, perceptions of its moral power remain delicate. The social and environmental accountability literature often talks about stakeholders' alternative accounts (see for example, Irvine & Moerman, 2017; Apostol, 2015; Gray et al., 2014; Gallhofer et al., 2011; Spence, 2009; Dey & Gibbon, 2014). In particular, NGOs' or civil society organizations' alternative accounts can be used to clarify organizations' positions and social performance (in particular human rights performance) in the society in which they operate. Such accounts are drawn from independent, though not necessarily objective, sources and control over content does not remain with the company (Dey et al., 2010, p. 66).

Counter-accounts appear to contribute in a positive way to the realization of human rights – and thus to go beyond risk management and 'do no harm' thinking to be an important part of shaping the perceptions and dialogue around accountability and human rights performance

(Gray & Gray, 2011). Corporations' human rights performance possesses moral standing if social movement NGOs campaigning for human rights perceive that those corporations' human rights actions are moral. Moral power is ultimately relational, and it is the perception of the surrounding stakeholders that matters (Mehta & Winship, 2010); and being driven by perceptions, the organization's moral power may be informed by those stakeholders' perceptions of its human rights performance.

While corporations often produce human rights accounts, NGOs and workers' rights organizations also have the moral power to produce alternative or counter-accounts (Apostol, 2015; Spence, 2009); they engage in protests and demonstrations against corporations (Spence, 2007; 2009), and/or sanction them and make their moral power fragile (Jasper, 1997). Stakeholders' counter-accounts or moral sanctions may be insufficient to stop human rights violations, but they can at least attack the corporations' moral power and make it fragile thereby potentially undermining the morally-related claims being made by an organization (and thereby potentially leading to general questioning of the logic of allowing the corporations to be in charge of determining what social practices are acceptable). If MNCs are not seen as demonstrating appropriate moral power, then their ability to capture and control various socially related practices may be undermined, and the threat of introducing some form of regulation may escalate.

In general, the notion of moral power depends heavily on communication between the organization and its stakeholders. It suggests that corporations should communicate their 'actual performance' (what actually happens irrespective of whether this is good or bad) to the wider community. In the process of achieving moral power, if corporations seek to meet the expectations of broader stakeholder groups, there will be a correspondence between the disclosure practices adopted by the corporations and what the stakeholders believe about their actual performance. This underlying theoretical philosophy encourages us to investigate the comparison between stakeholders' evaluations of human rights performance (including those less powerful groups) and human rights performance disclosures by MNCs sourcing products from a developing nation. Most importantly, while corporate disclosures on human rights aspire to help the corporations maintain their moral intention (see the two examples of commitment statements on human rights in corporate reports highlighted in 2.2.1 above), stakeholders' evaluations are required to understand to what extent corporations actually meet their expectations. Our view here is that if NGOs and workers' rights organizations in a developing country perceive that the suppliers of MNCs products from that country are not 'doing the right things' to maintain what is accepted as the common good or the standard for human rights, it is arguable that those MNCs and their suppliers lack moral power, or that their organizational moral power is delicate. The more an NGO is able to promote the view that there is a lack of correspondence between an organization's actual conduct and what society expects, then the more tenuous the moral power of the organization becomes (and the greater the likelihood of some sort of regulatory intervention). While human rights performance and the related disclosures are used to explore how the level of moral standing compares with stakeholder expectations, the above discussion helps to explain why managers' moral standing may be high or low. Where market or neoliberal logics of morality become mainstream and the discourse that 'doing good is good' for profit is dominant (Shamir, 2008), such discourse views alternative narratives as intolerable (Burger, 2007). Burger sets out one example of alternative narrative: 'people are objects to be used to enhance profit (objectifying society) — a process

which dehumanizes people' (p. 136). Narratives of this kind parallel the views of some researchers who have analyzed neoliberalism in accounting literature (Cooper, 2015; Cooper et al., 2010; also see the review within Chiapello, 2017). In this paper we point out that the dominant human rights discourse within global supply chains does not remain unchallenged by NGOs and workers' rights organizations.

3. Research method

This study is based on semi-structured interviews with senior representatives from garment companies, from BGMEA (suppliers), from MNCs (buyers) and from workers' rights NGOs (key stakeholder groups). We interviewed seven representatives of BGMEA and individual garment companies, six representatives of MNCs, and seven representatives of NGOs. A member of the BGMEA and an official from Oxfam (Dhaka office) were requested to identify suitable NGOs that are active in the area of workers' rights in the garment industry.

The seven representatives of individual garment companies and BGMEA included officials from four major garment companies supplying goods to major US and European retail companies and three officials from BGMEA (an ex-president, a vice-president of finance and the chief of a social compliance cell of the BGMEA). The six representatives of MNCs included a chief of compliance auditing (for a Sweden-based MNC), a compliance manager (for a British retail company), the chief of an internal compliance division (for a Danish retailer), two compliance managers (from two major US retailers) and a compliance auditor (for a major Spanish retail company). All of the officials selected from compliance divisions within MNCs were chosen because they were responsible for monitoring and evaluating working conditions in relevant supply factories.

The seven representatives from workers' rights NGOs included a project co-coordinator from the ILO, a senior workers' rights campaign facilitator for Oxfam, two senior officials from two relevant Bangladeshi NGOs (Phulki and Nari Uddog Kendra), and leaders of the three Bangladesh garment worker federations. All of the NGO representatives were workers' rights advocates who have campaigned for upholding workplace human rights within the clothing supply chain in Bangladesh. All of them had up-to-date information about any human rights concerns against any MNCs as well as suppliers operating in Bangladesh. Accordingly, opinions documented via interviews with the workers' rights NGOs constitute significant and valuable counter-accounts. Our selection of workers' rights NGOs as producers of counter-accounts is consistent with the approach followed by Gallhofer et al. (2006, pp 681–682), who cited:

..information and reporting systems employed by groups such as campaigners and activists with a view to promoting their causes or countering or challenging the prevailing official and hegemonic position...

The Appendix gives a full list of all interviewees, including their position, location and the organization with which they were affiliated. These participants were selected because they were experienced in addressing workers' rights and conditions within the garment manufacturing industry in Bangladesh. All people approached agreed to participate.

We conducted interviews between November 2012 and January 2014, during which period both the Rana Plaza disaster and the Tazreen fire occurred. Our data collection period, therefore, is particularly important in providing rich data for illustrating the moral tensions and contradictions around supply chain performances in relation to fundamental human rights. All interviews were conducted in person with the consent of the individual concerned. Of the interviewees, 17 agreed to their interviews being recorded, while 3 chose to have their answers recorded only through note-taking. Most interviews were conducted in English, with only three being conducted in the local language (Bengali). These interviews were translated by one of the researchers (who is fluent in Bengali) within 48 hours of the interview taking place. The translations and transcriptions were checked for accuracy against the recordings and amendments were made where necessary. The interviews lasted from 30 minutes to one-and-a-half hours. An interview guide was used, but the questions were open-ended. Prior to the interviews the project was explained to each participant (without identifying expected results). All participants were also given a written explanation in English, as all involved had good English reading skills. During our data collection period, most of our interviewees preferred to focus on the Tazreen and Rana Plaza incidents.

In order to understand to what extent MNCs' and their suppliers' human rights performance explain their moral power, interview data was coded in a manner that captured two key research questions:

- a) Interviewees were asked to make a general comparison between public statements made by MNCs and their suppliers in Bangladesh, and actions taken in the factory in relation to particular human rights issues, including the use of child and forced labor, health and safety, verbal or physical abuse, and freedom of association.¹⁹
- b) Interviewees (in particular the representatives of labor rights NGOs) were asked to evaluate MNCs' and their suppliers' human rights activities in the Bangladeshi supply factories.

All of the interviewees were provided with further information about the interview questions prior to the commencement of interviews, including meanings and interpretations of human rights performance issues (such as the areas listed at a) above) and related accountability. This enabled the participants to provide in-depth and additional explanations where they believed this was necessary. In the results section, we have transcribed several comments made by interviewees that we consider reflective of the opinions of the group. The anonymity of the interviewees was maintained throughout the research; they are referred to here by a coded number (suppliers and BGMEA officials 1–7; MNC representatives A–F; workers' rights NGO representatives, i–vii) which does not correspond to the order in which their details appear in the Appendix.

¹⁹ Based on our literature review we asked our interviewees to discuss and explain a range of human rights issues from child labour to health and safety to freedom of association. Our interviewees were more inclined to discuss factory health and safety issues than other human rights issues. This was because most of our interviewees preferred to focus on the most recent health and safety incidents including the Rana Plaza collapse and the Tazreen fire. While during the 1990s stakeholders were more concerned about child labour (Islam & Deegan, 2008), today's stakeholders are more concerned about health and safety issues. Stakeholders' concerns may change over time depending on the nature of incidents and developments in the industry within a particular context.

In addition to conducting interviews, we reviewed news media articles, NGO documents and other public archives that covered the two tragic cases (Tazreen Fashions and Rana Plaza), in order to assess moral power in relation to human rights issues within retail MNCs' supply chains. Specifically, we relied on 56 global news articles sourced via the Dow Jones Factiva database and 9 publicly available NGO reports to cover the cases. In this respect, data was coded to provide narrative analysis in relation to the cases as well as MNCs' and their suppliers' human rights concerns during our study period. While we acknowledge that the opinions of the representatives of labor rights NGOs may be biased and may not reflect the whole story of what occurs within factories, the news articles associated with the two tragic incidents helped us to confirm our understanding of the counter-narratives and external resistances already documented from interviews. This also helped us to evaluate the real or actual actions of the MNCs in respect of human rights, and whether or not actual improvements have taken place. In other words, while interview data was supplemented with publicly available documents (as mentioned above), the documents helped us cross-verify the same information (i.e. information about Tazreen Fashions and Rana Plaza) received from interviewees.

4. Findings

4.1 Human rights disclosure in the supply chains versus NGOs' counter-narratives of MNCs' moral power

4.1.1 Deficiency of moral intention to support human rights

The interviews began by discerning to what extent the participants were aware of the MNCs' disclosure practices and their public statements regarding adequacy of human rights standards in their supply chain operating in Bangladesh. All the participants responded that they were aware of many MNCs' intentions via commitments and public disclosures on human rights. The various interviewees, including representatives of workers' rights NGOs who were knowledgeable about corporate reports, advised that they reviewed corporate annual reports and sustainability reports if produced by MNCs that source products from their country. The participants were then asked whether or not they saw any deviation between the public statements made by MNCs in their corporate reports and activity in the factories from which these MNCs source their products (in relation to particular human rights issues listed in 3.a) above). In response to this question, the representatives of MNCs in Bangladesh were not aware of any significant discrepancy between MNCs' public disclosures and actual actions in relation to upholding human conditions in the workplaces. They argued that since they strictly follow the MNCs' codes of conduct, international standards and local laws, there is little scope for deviation. They believed that MNCs are disclosing the underlying facts regarding operations within their production facilities in Bangladesh and not manipulating any information. Representative responses included:

I think our head office is disclosing what we are doing. We are concerned about each of the social compliance issues highlighted in our codes of conduct. We do not allow child labor as we mention in our codes, we do not allow any verbal or physical abuse as this is clearly mentioned on our website and social responsibility report. We have rigorous audits and we are confident that our suppliers have adequate health and safety measures as per local and international standards. I do

not see any deviation in our activity from what our headquarters publicly discloses (Interviewee # B, a European MNC).

Similar comments came from a senior official of a big company in Bangladesh that supplies goods to foreign buyers such as Wal-Mart, Marks and Spencer and Target. As the participant stated:

In our journey in the garments business, we are doing the right thing. Please look at the current socio-economic conditions and level of women's empowerment in Bangladesh, which I believe is the contribution of our industry. There might have been some concerns over the use of child labor and sweatshops in the past. However, by now all of these problems have been solved through different industry initiatives. We are now economically stronger than ever, and we do not have to violate human rights or social compliance to do our business with foreign partners. We are continuously engaged with our foreign partners (buyers) as well as the industry partners to improve all areas of human rights. At present, our activities are all guided by our codes and what we disclose in relation to the improvements of social performance are all facts (Interviewee # 2, garment supply company).

The responses from interviewees suggest that there is substantial agreement among MNCs and suppliers that their disclosure practices echo what they actually do in the workplace in relation to human rights issues. They acknowledge external human rights norms and guidelines and express their intention to conform to these. When they acknowledge external human rights norms and guidelines, these are usually voluntary or 'freedom of choice' instruments, as in the 'freedom-of-choice' model and 'flexible and dynamic adaptation' that Shamir (2008) cites (see 2.2.3 above).

We can see from the above interview responses that moral intention (Mehta & Winship, 2010) can be sensed. Managers, including internal auditors, while they play a role in engaging their preferred instruments (codes of conduct, rating devices, auditing techniques, etc.), are influenced by external actors to embrace a moral intention. In other words, the way they express their views on human rights appears to reflect their exercise of moral intention (Everett & Tremblay, 2014, who call it moral will). However, we argue that actors' moral intention differs from their actions (Mehta & Winship, 2010) – Everett and Tremblay (2014) have emphasized that a moral intention can be 'ambiguous, if not conflicted'. Managers' views on their moral intention may differ from other stakeholders' views.

In line with the notion of moral intention (Mehta & Winship, 2010, p. 431) we argue that if managers' moral intentions were found by relevant NGOs or media to be driven by self-interest, then those managers' moral arguments would lose power to persuade those stakeholder groups. One of the participants was the compliance manager for an MNC, which had been accused of poor safety standards in the international news media, and after this, an accident took place in one of its sites, which killed more than a hundred workers. This participant still claimed that the company's public commitment and performance disclosures on human rights, in its sustainability reports, annual reports and on its website, did not deviate from its actual dealings with suppliers and at their supply factories. Such a response suggests denial that the company was hiding information, even though a fatal accident had occurred and had hardly been mentioned in the company's reporting. This kind of deficiency in managers' moral intention has led us to argue that human rights disclosures in corporate reporting media lack persuasive power. Accordingly, this company's moral intention does not appear to correspond to moral power, although we note that such an evaluation would only be possible after gleaning

views from stakeholders. Until we talk to workers' rights NGOs and unless we get alternative human rights accounts from this group (Spence, 2009), we would not be able to get a full insight into the company's claims of moral intentions in relation to human rights.

Social and environmental accounting research that focuses on counter- or alternative reporting (Spence, 2009; Apostol, 2015) generally supports the argument that stakeholders (in our caseworkers' rights NGOs) play an essential role in resisting socially irresponsible behavior by organizations (such as human rights abuses). In our study, interviews with representatives of NGOs that promote workers' rights expressed critical views quite different from those stated by MNCs and suppliers; this suggests that MNCs' moral arguments (as depicted in various disclosure media) are challenged, questioned and even resisted. When asked whether there were any similarities between many MNCs' public commitments and their actual activity, the NGO representatives' responses included:

Many people say MNCs have double standards: one is for the people of its own country, another one is for the people of the countries they operate in (either as a subsidiary or as a supply source company). But I would say they have another type of double standard: disclosures or commitments versus real actions. Through this double standard, they create somewhat of a hidden distance between what they commit and disclose and what they actually do on social responsibility issues, including human rights. Obviously, if you compare the treatment of the employees within the home countries of MNCs with the treatment received by the employees at their supply factories in Bangladesh, you will notice a wide variation; there is no doubt about it (Interviewee # iv, workers' rights NGO).

There is hypocrisy everywhere. Manufacturers get contracts from buyers (MNCs) by showing one factory which is full of compliance while gradually being given subcontracts or hidden contracts to other factories or sweatshops where there are inhumane working conditions. It might be difficult for buyers to verify how the goods are produced, but I would say it is not impossible. But what buyers are not interested in is to verify properly how goods are being produced and under which conditions. Buyers are [simply not] interested in continuous monitoring or verification because such monitoring comes at a cost. There is another hypocrisy where buyers do nothing, e.g. do not pay any money to maintain adequate human rights standards; it is actually the suppliers who pay the compliance costs, whatever they may be. But buyers keep disclosing and making public statements that they are engaged in improving working conditions. They know that maintaining appropriate human rights standards comes at cost, not disclosures or public commitments, which is perhaps less costly, but the benefit is huge as it attracts customers in the West (Interviewee # v, workers' rights NGO).

These accounts suggest that human rights performance and related disclosures are more likely a tool for MNCs to maximize their financial gains. When such a view is put forward by NGOs and labor rights organizations, this also suggests that the moral claim made by MNCs in their corporate reports lacks acceptance by the wider community. This undermines their moral power (and therefore their ability to be instrumental in influencing what behaviours are morally acceptable). Self-interest or profit-driven motives, as espoused by neoliberalism might be subject to no control or balance until societal concerns are aroused (Collison, 2003; Burger, 2007). The responses quoted above also suggest that the neoliberal view of corporate human rights performance, despite dominating the discourse (Shamir, 2008), suffers from moral deficit, at least from an Aristotelian perspective.

MNC representatives and suppliers claim to believe that, via their disclosures, public statements and actions, they are fully complying with expected social standards – the common good that builds an actor’s moral power. While their views reflect their claim of moral intention to uphold human rights (Mehta & Winship, 2010), they do not all clearly express (through their disclosures and public opinions) how they plan to act on this moral intention. Some MNCs’ claim of moral intention is actually ambiguous (Everett & Tremblay, 2014) and has failed to persuade NGOs and labor rights organizations. Based on NGOs’ opinions as well as the cases we have examined (for example the Rana Plaza collapse), when we compare the moral claims by MNCs and suppliers with the actual actions they take, many fail to put into practice their moral intention to support workers’ rights in the supply factories. As NGO representatives said in our interviews, and as can be seen in cases presented later in this paper, on one hand companies show that they can source products from fully compliant factories, but on the other hand some actually use hidden suppliers or source products from sub-contracting factories with non-compliant work environments; this indicates that some MNCs’ exercise of moral power contradicts the ideal nature of moral action as espoused by Aristotle.

4.1.2 Lack of moral capability to uphold human rights

There appears to be a deficit in moral capability and associated actions in relation to how products are produced. The weak monitoring, evaluation, and implementation techniques cited by the external stakeholders suggest that some, perhaps many companies lack care or perhaps capability in training mid- and top-level managers. While this lack of moral capability hinders the development of managers’ moral power (Bjornsson & Hess, 2016), the more significant problem is that managers’ espousing of neoliberal ideology, along with that of any other professional and accountable actors (such as accountants and auditors), may create broader inequality in the society in which they operate (see, for examples, Cooper, 2015; Cooper et al., 2010; Morales et al., 2014). In particular, NGOs and human rights organizations are not happy about the current human rights performance of MNCs and suppliers (particularly in relation to factory health and safety); such counter-accounts (Spence, 2009; Apostol, 2015) mean that MNCs’ and their suppliers’ moral and persuasive power is weak and this is partly because they lack moral capability to uphold human rights. MNCs’ neoliberal discourse of ‘doing good only for profit’ is challenged by NGOs. NGOs are sceptical about the present and future roles of MNCs and suppliers in upholding human rights for two reasons: firstly, the neoliberal ideology they have espoused limits MNCs’ and their suppliers’ ability to effectively and persuasively make judgments that refer to broader moral principles in particular human rights cases; and secondly, their moral capacity to address human rights problems using the instruments they prefer (codes of conduct, rating devices, auditing techniques, etc.) is not credible in the eyes of NGOs and labour rights organizations (sometimes, not even legitimate). Here, MNCs’ claims of moral capability are largely contradicted by NGOs’ counter-accounts of their actual human rights performance and legitimacy.

In an attempt to understand moral capability from past to present actions, when asked whether there have been any improvements to human rights conditions within the clothing supply chains operating in Bangladesh, representatives of MNCs stated that the key areas of improvement are in monitoring, women’s empowerment, elimination of child labor and health and safety. Specific procedures (such as mid-level management training in human rights) and techniques

(such as workplace audits) have the potential to improve moral capability (Mehta & Winship, 2010), which is essential for improving human rights. One group of MNC representatives, for example, raised the issue of auditing (which remains an effective mechanism for monitoring improvements in working conditions):

We are obliged to follow our codes of conduct one by one – which means we will have to have the implementation of codes resulting in improvements to working conditions where we operate. We implement our codes via audits. As a part of audits, sometimes we collaborate with NGOs to implement our codes. Our dedication to improve the human conditions in the workplace reflects our sincerity and eagerness to solve problems on the ground. Our regular audits in factories make us sure that we are doing ethical trading. This has positive impacts on the livelihoods of the workers (Interviewee #C, a European MNC).

While MNCs often claim that management-driven audit (basically, internal audit) improves human conditions or humanizes working practices, past research has found that such audit can be ambiguous in moral matters (Everett & Tremblay, 2014) and may only be used to legitimize operating practices, rather than to create social accountability (Islam et al., 2018). Civil society-driven external accounts (counter-accounts) and audits (Islam et al., 2018; Thomson et al., 2015; Edgley et al., 2010) can create tensions, contradictions and resistance to corporations, which may ultimately change corporate accountability to the broader community.

Another group of MNC respondents highlighted ongoing training in workers' rights. Here is one representative response:

We have regular training for workers and mid-level managers to prevent any potential abuse to workers by mid-level managers. We found mid-level managers are important actors in the committing of violence against workers (particularly women workers). Our continuous training and engagement with our stakeholders, including human rights NGOs, is absolutely helpful to create change on the ground and we are making substantive improvements in this regard (Interviewee #E, a European MNC).

This statement indicates that some MNCs intend to improve moral capability through their human rights training for managers within supply chains. Such claims of moral development deserve to be compared with NGOs' perceived assessment of MNCs' human rights performance if one wishes to decide to what extent MNCs' moral power is weak or strong. Organizations' moral capability may also depend on their stakeholders' moral capability (Jasper, 1997) to influence those organizations. If NGOs' moral capability is to serve the broader community interest, and if the broader community gives credence to the arguments and accounts NGOs offer, their accounts can become powerful enough to resist corporate human rights abuses. Less powerful NGOs (such as some worker- or local community-based NGOs) may need to be empowered to create pressure for accountability²⁰ (Cooper & Owen, 2007; O'Dwyer et al., 2005) and gain the associated moral capability in relation to common goals such as the acceptance of human rights. There is a need for the rule of law and institutional reform offering deliberative democracy and the exercise of NGOs' political power (Palazzo and Scherer, 2006), which in turn would tend to encourage participative corporate decision-making processes within which NGOs may have a voice (O'Dwyer et al., 2005; Adams, 2004). Cooperation and collaborations between NGOs and *moral*

²⁰ Ironically, in the 1980s, the neoliberal reforms (including privatisation) in Bangladesh were injected by The World Bank and the IFC in a way that led to the continuing disempowerment of trade union bodies and workers' rights NGOs.

protesters in respect of their ‘movement tactics’, including large public rallies and marches, occupation of symbolic or strategic sites, and provocative verbal and visual rhetoric, might also help strengthen their moral and political empowerment (Van de Ven & Jeurissen, 2005; Jasper, 1997).

Some MNC respondents indicated that they are improving worker rights via strict rules. One typical response was:

We follow zero tolerance. If a factory is not following our rules or checklist as per our codes of conduct, we directly cancel the order by giving a RED audit report. Frankly speaking, we do not invest money for upholding human rights on the ground. We believe it is to be done by suppliers and if they do not, we are very quick to delist them as suppliers. We believe our stringent requirements have improved the working conditions of our suppliers (Interviewee #A, a US MNC).

This statement suggests that MNCs have introduced some sort of calculus (such as measurable compliance audits and training for mid-level managers) as a part of an exercise to build moral capability, to ensure that their procedures align with certain moral norms. While such capacity-building exercises have been expressed through private and preferential institutional requirements (via codes of conduct, social audits and so on) (Shamir, 2008), injecting such requirements indirectly as a result of neoliberal ideology has prompted concern (Hughes, 2005; Shamir, 2008) that such approaches do not support the protection of workers and their rights in reality. Moreover, as private regulatory notions can be perceived by different stakeholder groups in different ways, in the eyes of a particular stakeholder group such as an NGO this may not create moral capability in the actors responsible for protecting workers’ rights.

We asked representatives of suppliers/manufacturers to tell us whether there have been any improvements in human rights conditions within their industry. They claimed that the elimination of child labor (via industry collaborations with the ILO) (also see ILO, 2004; Afrin, 2014) and the improvement of workers’ welfare activities (such as the establishment of hospitals for workers) are major developments in the industry. Representative responses included:

We have a long history of elimination of child labor from our industry. Our working conditions have improved a lot if you compare them with what we did ten years ago. With a few isolated incidents, our industry has been doing great in terms of social-economic conditions for our workers (Interviewee #7, BGMEA official).

We have built a number of hospitals for our workers, facilitated schooling for the children, and allowed maternity leave for our women workers. Government has already introduced minimum wages for workers and we follow that. What else do you need to see? (Interviewee #5, BGMEA official).

These statements highlight that improvements to fundamental human rights have been introduced, such as reducing or ceasing child labor, violence against workers, and offering safe working conditions or the rights to free speech and/or assembly. Some moral actions (social outcomes such as the establishment of hospitals) are measurable and this implies that to some extent, companies are ‘doing the right things’. Previous studies also found that improvements in some of these areas had been driven by the influence of powerful groups such as MNCs (Islam & Deegan, 2008). However, stakeholders’ views must be considered in order to assess suppliers’ and MNCs’ claims regarding their exercises to build moral capacity. When asked about improvements in human rights conditions, although agreeing that there had been some

improvements, representatives from NGOs were quite concerned about current developments. Here is a representative response:

It is true that there are some natural improvements in working conditions; however, it is not because of special attention given by any buyers or their suppliers. I do not want to comment on buyers in relation to how rich they are, perhaps I do not know about this. What I know is that I can see the garment owners' (suppliers) wealth changing day by day. Ten years ago, many owners did not have a car or even own a house. Day by day one has had one, two, three and four luxury cars: one car for his wife with a full-time driver, one for his elder son, one for his younger daughter, one for himself with a full-time driver. Day by day he has had one, two, three, four and five houses. Day by day the number of factories increased from one to six. He becomes one of the richest people in this society. Now compare this with a hard-working worker who started working ten years back. What change can you observe? Nothing has changed in her livelihood. There is greater financial pressure, she rather faces even more difficult to pay tuition fees for her children, have maternity leave, pay for doctors' fees for her pregnancy period. This is so visible in this nature of society! (Interviewee # vii, workers' rights NGO).

This statement indicates the significant difference between the change in livelihoods of garment workers and owners/suppliers. This suggests that the improvement in owners' lifestyle has been rapid and substantial, while that of workers has been slow and minimal. There is greater inequality now than there was before. The statement above is an illustration of how inequality via the wealth maximization of suppliers reduces their own and MNCs' moral power in the eyes of broader stakeholder groups. The inequity and the gaps between workers and owners are blatant and this also indicates that MNCs and their suppliers are morally incapable of reducing inequality and injustice. If so, no actor of the 'relevant moral community' is likely to give credence to claims and arguments for moral capacity-building exercises by MNCs and their suppliers. More, similar responses follow:

Workers are born as if they are serving for the owners for their lifetime. People talk about an improvement in the life of the workers. I would say the opposite, I would say ten years back there was less inequity or income gap between workers and owners whereas the income gap is now at an unimaginable stage. Who contributes to this gap: government policy or MNCs that buy products? We would say both are equally responsible. If MNCs introduce a pro-worker approach, such a gap is less likely to happen. If government has minimum wages, health and security for the workers, at least workers would not die the way many died in the Rana Plaza, Spectrum or Tazreen incidents (Interviewee #iii, workers' federation leader).

Rather, the situation is worsening. Our leader, Aminul, was killed by unknown person/s as he protested to establish our rights. Human rights NGOs and media were concerned about this issue. The US government is concerned about the issue. But who cares? The issue remains unresolved and everything has come back to normal again (Interviewee #ii, worker's federation leader).

These responses suggest that workers are being dehumanized in Bangladesh for the sake of boosting suppliers' financial wealth. While certain techniques for building moral capability have been deployed (such as workplace audits, employee training in human rights awareness), which might have enhanced MNCs' moral capability to some extent, according to NGOs' evaluations these tools have been ineffective in creating any accountability or righting wrongs. NGOs claim that there is an absence of moral capability to reduce existing inequity between workers and suppliers (owners). Such inequity between workers and owners is highly visible,

given the stakeholders' perceived evaluations of industry performance and of some incidents of human suffering.

In fact, there is a debate over the relationship between inequity and human rights. Inequality or income gaps can be a *threat* to human rights when they jeopardize the adequacy of workers' standard of living, but some scholars argue that they may be a *violation* of human rights. Pogge (2002b) argued that human rights violations and widespread corruption in the developing nations are encouraged by extreme inequality. Bilchitz (2007) argued that human rights may be systematically neglected, regarded as having little to offer a world filled with inequity; in response to this argument, Ferraz (2008) stated that, given that both human rights and economic rights are dependent on scarce resources, reconciling them involves intractable empirical and normative issues which are complex. Alston (2005) acknowledged that poverty is a denial of human rights and that extreme poverty is the most serious form of such denial. While a connection between human rights and inequity has been documented in this paper, there is a possibility that human rights might be being addressed at the same time that inequality is increasing. In other words, some people might be getting relatively richer at the same time as all or most people are getting greater access to food and water. As stated in the Universal Declaration of Human Rights (UDHR):

...everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control (<http://www.un.org/en/documents/udhr/>).

Some scholars argue that there is a closer connection between equality and some basic human rights not mentioned in the UDHR, such as liberty, democracy and freedom of speech, among others (Knight & Johnson, 1997). In support of how such 'basic' human rights depend on economic resources, Knight and Johnson (1997, p. 307) stated that a:

....citizen must possess a certain level of income and resources if they are to develop the basic capacities necessary to be effective participants in democratic deliberation.

Their argument suggests that if supply chain workers are economically empowered, they are likely to enhance their discursive capacities and use freedom of expression, which in turn might influence the moral power of MNCs and their suppliers. However, at the moment, they are not necessarily empowered. With greater inequality, MNCs' or their suppliers' capacity-building exercises are less likely to earn moral acceptance from NGOs and the wider community.

4.1.3 Lack of moral standing to maintain human rights

Since stakeholders' (NGOs') perceptions about corporations' engagement with the relevant moral community help to determine an actor's moral standing (Mehta & Winship 2010), we asked the participants from both MNCs/suppliers and workers' rights NGOs to discuss the actual actions of MNCs and suppliers. We also asked how NGOs representing the relevant moral community were engaged with the human rights-related actions of MNCs and their suppliers. In response to this, as we also discussed in section 4.1.2, while the representatives of MNCs and suppliers believe that there is no variation between their moral claims and their actions, representatives of NGOs believe that, despite some internal control such as social audit

mechanisms (a tool to increase both moral capability and moral standing), both MNCs and suppliers in Bangladesh are an example of how such mechanisms are ineffective in creating real changes in human rights conditions in the workplace.

While MNCs saw no difference between their moral commitments and their actions in upholding human rights in their supply chains, they appeared to try to solve the human rights problems without much engagement with the relevant moral community. In the following statements, representatives of MNCs stated that solving problems or taking corrective action is very much an *internal mechanism*:

I do not see any ambiguity in our information processing. If there is some variation between our plan of codes on social compliance and actions, we simply identify the deviation in order to take corrective action. This is a very internal mechanism and we disclose this for external parties as there are concerns about this. There is no hide and seek game here (Interviewee # C, a European MNC).

There is an internal performance evaluation mechanism and we consider human rights issues very seriously. If we deviate in any way from our codes, we might even end up losing our job or being severely financially penalized. Last year I cancelled three orders of contractors who did not follow our human rights standards and I reported this to headquarters, who then disclosed this information in the CSR report (Interviewee #D, a US MNC).

These statements indicate that MNCs prefer to solve human rights problems through internal mechanisms (such as codes, audit, etc.) rather than external engagement with NGOs and labor rights organizations. This, along with opinions of NGO representatives, suggests that MNCs and their suppliers see themselves as being outside (or even, perhaps, 'above') the relevant moral community. More clearly, these statements suggest that MNCs are taking action to improve human rights conditions and disclose relevant information, which contradicts NGOs' perceptions of them. NGOs and labor rights organizations claim that stakeholders never receive an accurate depiction of human rights conditions in the workplace. Participant responses included:

You have to understand they come here to Bangladesh because of cheap labor. Sometimes cheap labor comes at the expense of human rights. You can offer cheap products if you use child labor or operate under working conditions where you do not need to buy a facility with adequate health and safety. You never get real information on how goods were produced, who produced it or where it was produced. It is good to be secretive if you want to gain a lot. In a secretive manner profit and human rights violations go in the same direction. Certainly, you won't see disclosure that shows the real picture; if buyers disclose the real picture, they can't source from Bangladesh, they can't survive (Interviewee # i, workers' federation leader).

However, according to the representatives of MNCs, NGOs have taken for granted a misconception about MNC performance:

If we do not take corrective actions or do not listen or address the incidents properly, we will be out of business as NGOs and media are so strong to pressure us to make [or take] corrective actions. But sometimes it's a challenge to estimate what might be the corrective action. Despite that we believe only corrective actions are not enough and at certain stages NGOs and media have misconceptions about us and in this case, we reach the global community with disclosure strategies (Interviewee #A, a US MNC).

This statement by a MNC representative indirectly suggests that while NGOs have misconceptions about MNCs, MNCs have not engaged with NGOs to solve human rights problems. In line with the statements quoted in this section, there is a view that what might constitute moral and corrective action depends on external perceptions, which are difficult to measure. While NGOs sometimes misperceive MNCs' activities, such misperceptions have not been created overnight, but rather over time. NGOs' observations of MNCs' activities suggest that MNCs have failed to engage with them before taking actions with moral consequences. Mere disclosure of information or claims of social responsibility or other symbolic tools such as social audit do not seem to have achieved accountability or secured stakeholders' interests (Cooper & Owen, 2007; Islam et al., 2018). As persuasive stakeholders, NGOs can hold corporations accountable for their moral standing as defined from an Aristotelian perspective. It is acknowledged that NGOs' persuasion largely depends on their own moral standing. It is NGOs' moral standing to hold corporations accountable for maintaining the desired level of human rights that they would not otherwise have done. In other words, whether and how a particular NGO creates corporate accountability largely depend on its moral and political power (Baur & Palazzo, 2011; Jasper, 1997).

In addition to the responses quoted above, some MNC representatives indicated that anything commercially sensitive in nature should not be disclosed:

Yes, we are doing business and certainly we do not disclose certain information, which is potentially harmful for our company growth. We certainly do not want to lose our competition with our competitors. If we have bad news and if we are able to manage it internally, why do we need to disclose it? But of course, if there are some incidents and external stakeholders are already concerned and make allegations, there is an enormous sense of accountability involved (Interviewee #A, a US MNC).

This statement illustrates how MNCs' preoccupation with self-interest weakens their moral power. It suggests that the cost-benefit logic of disclosures is ingrained in market morality (or 'responsibilizing' the market – Shamir, 2008). The response also suggests that bad news is a challenge to the moral standing of MNCs or suppliers as, in a bad time, companies are not giving top priority to disclosing actual human rights incidents or other commercially sensitive information. The roles of NGOs are critical here as sometimes they use news media to provide counter-accounts highlighting real human rights abuses by corporations (Deegan & Islam, 2014).

Past research suggests that even during a crisis period, companies tend to disclose positive information in response to stakeholder concerns that their social performance may have been irresponsible (Islam & Deegan, 2010). If companies have bad news and if this can be managed internally, they do not disclose for fear of losing business. Perceptions of potential harm associated with negative information, and a preoccupation with losing market share could explain why MNCs have not actively sought to disclose information. The economic rationale and survivability trump moral standing when it comes to disclosing human rights information that is considered to be bad news. Such moral flexibility ingrained in the neoliberal logic is at least challenged by NGOs through their own narratives. A representative of a workers' rights NGOs stated:

There is a moral collapse at the beginning as the buyers' real intention is to get the cheapest products. The profit is the ultimate motivation to hide human rights violations. As a result, humanity suffers from a crisis like the Rana Plaza or Tazreen fire. Still, even after the crisis, many are not willing to acknowledge and accept their involvement in the crisis as a business partner or buyer (Interviewee # vi, workers' rights NGO).

This statement suggests that we do not need any further evidence of the disintegration of moral power than the Rana Plaza collapse, or the Tazreen fire. When things go well, it can be a challenge to measure whether companies are maintaining particular moral standing, but when things go wrong, and human rights violations are involved, any observer can see that moral power is fragile. The NGOs' counter-narratives clearly suggest that MNCs and their suppliers in Bangladesh have a deficit of moral standing. A sign of NGOs' resistance via counter-narratives can be observed in these cases (Edgley et al., 2010).

From the above discussion, while we observe the NGOs' resistance to MNCs' lack of moral standing to uphold human rights, the impacts of this kind of resistance to corporate social accountability practices are well researched (see for example, Islam & van Staden, 2018; Deegan & Islam, 2014; Van de Ven & Jeurissen, 2005; Spar & La Mure, 2003; Bendell, 2005; Palazzo & Scherer, 2006). For example, Deegan and Islam (2014) have provided evidence that NGOs' strategic use of news media assists in holding MNCs and their suppliers accountable for their socially irresponsible behavior within global supply chains. Some other studies have highlighted that, in the presence of NGOs' activism against human injustices created by corporations, corporate behavior is exposed to public scrutiny and stricter regulations (Spar & La Mure, 2003; Bendell, 2005; Newhall, 2017). Given this, our insights into NGOs' resistance to MNCs' lack of moral standing contributes to a deeper understanding of the changes (if any) in corporate responsibility and accountability. If NGO's resistance does not lead to a change in corporate behavior, such resistance at least has sociological value. There is a possibility that individually powerless NGOs are helped by other potentially powerless groups to promote resistance and form a more active social movement against corporate injustices (Van de Ven & Jeurissen, 2005). Even when NGOs, as moral protesters, have limited political power, 'they extend our moral languages' (Jasper, 1997, p. 13). 'Such cogitation is an essential human activity' (Jasper, 1997, p. 13).

In the following section, we cite real incidents and associated stakeholders' concerns to corroborate NGOs' perceptions of the changes to working conditions. The background to the Tazreen and Rana Plaza incidents mentioned above is given in section 2.1. MNCs and suppliers cannot avoid taking responsibility for these incidents.

4.2 Human rights performance and the fragile nature of MNCs' moral power: the Tazreen and Rana Plaza incidents

Two specific cases are analyzed below in order to assess moral power in relation to human rights issues within the global retail industry. This analysis also supports or strengthens the evidence found in section 4.1 in NGOs' narratives of human rights performance in MNCs' supply chains in Bangladesh. The cases are highlighted to compare disclosures with actions and also to compare workers' rights NGOs' evaluations of human rights performance and actual events.

The first case, as highlighted in section 2.1, is the fire at Tazreen Fashions in late 2012. Immediately after the incident, global news media, including the *New York Times*, found a factory audit document (see Figure 2) posted on the website of Tuba Group, Tazreen's parent company. This indicated that one of the ethical sourcing auditors for Wal-Mart, Canada's NTD Apparel Inc., had flagged 'violations and/or conditions which were deemed to be high risk' at the factory in May 2011, though it did not specify the nature of the infractions (*The New York Times*, 2012b; *Wall Street Journal*, 2012). The audit allocated an 'orange' grade to the factory; any factories given three such assessments in the two years from their last audit would receive no Wal-Mart orders for the following year (*The New York Times*, 2012b). The audit found that health and safety measures were at risk: exits and stairwells at the factory were blocked, workers were unaware of evacuation routes and the factory lacked some firefighting equipment (*Wall Street Journal*, 2012). Some news articles reported that the Tuba Group had promised to resolve these issues by the end of June 2011 (*Wall Street Journal*, 2012). The articles with the specific evidence confirmed that, despite an auditor for Wal-Mart identifying violations of its own health and safety standard, the company had continued to source products from Tazreen. This suggests that there was enough reason to question the moral intentions of Wal-Mart and its suppliers.

An audit is not really a 'moral instrument', but rather a preferential 'freedom-of-choice' model (Shamir, 2008) that can be exploited to give a moral dimension to economic gains. Concern had also been expressed at the moral standing of Wal-Mart as reporters did not think that it had really engaged with the local community and workers' rights NGOs to solve its human rights problems.

The Tazreen factory fire demonstrated a failure of workplace audits to uphold minimum health and (fire) safety standards (Clean Clothes Campaign, 2012). The factory had not held a valid safety certificate after June 2012; the nine-storey building only had a building permit for three storeys (Clean Clothes Campaign, 2012); and the Clean Clothes Campaign (2012) consider that Wal-Mart's purchase managers must have known that it was unsafe. From a moral capability perspective, an independent investigation should have been established to find the causes and circumstances of the fire, make all information available and ensure the prosecution of those found culpable (Clean Clothes Campaign, 2012). But the reality is that, regardless of what information is gathered, no audit can change a situation; it is what is done with the audit results that gives it moral standing (CSRWIRE, 2013). An audit by itself is an instrument or technique to show the exercise of moral capability and (perhaps) to provide measurable outcomes, but moral power depends on what is done with the information from the audit and how it is applied. The apparent misuse of the audit technique, along with failures by government and the industry to support the victims,²¹ suggest that existing techniques and procedures disintegrated, in moral terms, when it came to protecting workers' rights. Past research has showed that, since an audit can be used to maintain organizational legitimacy but not morality, some sort of NGO intervention or resistance is 'preferable to leaving [matters] in the hands of "markets" and simply waiting for another major incident' (Islam et al., 2018, p. 190).

²¹ Even though the BGMEA said they would take responsibility for all injured workers, they identified only 63 injured workers requiring support (Asia Monitor Resource Centre, 2013).

Our second case is the Rana Plaza collapse that killed more than 1,100 workers. After the building collapsed, victims and their families were promised financial assistance and other benefits by the Bangladesh government, the BGMEA and some MNCs (*The Guardian*, 2014). However, six weeks before the first anniversary of the disaster, the victims were still waiting for long-term compensation (*The Guardian*, 2014); their long wait for compensation raised questions about MNCs' moral intention as well as moral standing. Despite months of negotiation, only 7 of the 28 retailers linked to factories in the building publicly paid into a joint fund, The Rana Plaza Donors Trust Fund, backed by the ILO (*The Guardian*, 2014); a number of retailers sourcing products from Bangladesh did not act to assert their moral standing by supporting the victims. Donations from Bonmarché, El Corte Inglés, Inditex, Mango, Mascot, Premier Clothing and Loblaw were thought to total less than a quarter of the promised fund total of £24 million (*The Guardian*, 2014). According to The Rana Plaza Donors Trust Fund, only US\$15 million was raised by 2014 – less than half of what was needed (Australia Network News, 2014; ABC, 2014). Workers' rights NGOs such as the Clean Clothes Campaign led a campaign to name and shame companies from which they wanted to see compensation (ABC, 2014). 'If you look at just the brands that were sourcing from Rana Plaza, their combined annual profits in the year Rana Plaza happened were well in excess of US\$22 billion (Emma Harbour from the Clean Clothes Campaign; see ABC, 2014). One missing donor, Primark, a brand known to have sourced products from Rana Plaza, held off payment over disagreements about how its donation would be spent (*The Guardian*, 2014). While in mid-April 2014 victims received the first payments from the Fund, the ILO described the contribution from Western retailers as 'woefully inadequate' (ABC, 2014). Counter-narratives by workers' rights NGOs such as the Clean Clothes Campaign provided a strong resistance against the market-driven moral standing of MNCs and this needs further research attention. NGOs' protests matter, to create corporate accountability and transparency in relation to human rights (Islam & van Staden, 2018).

Past research has showed that legitimacy-threatening incidents like the Rana Plaza disaster influence companies to take some corrective actions and disclose only positive information about those actions (Islam & Deegan, 2008; Islam et al., 2018). However, this type of legitimation strategy does not confer on the corporation moral power to solve the crisis in a sustainable manner. Positive disclosures in response to a crisis (see Deegan et al., 2002) are a morally weak approach and to resort to positive disclosures in response to crises (where real change is avoided) is an indication of the fragile nature of moral standing. When moral standing is weak, moral power evaporates or even becomes immoral (Mehta & Winship, 2010; De George, 1981); to risk this lacks practical wisdom or the virtue of prudence (see Burger, 2008; Hardie, 1968).

Figure 2: Wal-Mart's Ethical Sourcing audit report for Tazreen Fashions Ltd about one-and-a-half years before the fire

"1st Orange"

*****Please read carefully as some of the following information has been updated*****

Factory Name & ID - TAZREEN FASHIONS LIMITED /36115302

Supplier Name & ID - NTD APPAREL INC./30300913

Dear Supplier,

We would like to thank you for your cooperation during our Ethical Sourcing audit on **05/16/2011** for **TAZREEN FASHIONS LIMITED /36115302 Country: BANGLADESH**

The above stated factory has received an "Orange" assessment. The factory had violations and/or conditions which were deemed to be high risk. This is the **first orange** assessment for this factory in a two year period. As per our audit policy, **factories that receive 3 Orange assessments in a 2-year period from the last audit will be placed in the RED-Disapproved status for a period of 1 year, during which time no Wal-Mart PO's will be placed.** Please refer to the Ethical Standards manual for further details

<<1085359.dot>>

It is critical that you work immediately with your factory to remedy the observed violations to prevent the factory from being "Disapproved"..

According to the ES program, the following conditions apply to this factory:

- Orders can be placed
- Placement of orders in this factory for Wal-Mart production is at the discretion of Wal-Mart Sourcing / Merchants.
- Orders can be shipped
- Follow-up audit will be conducted within **6 Months** from the last audit date
- The completed action plan by the factory management must be presented to the auditor during the follow-up audit.
- Please note that you must submit a Factory Inactivation Request online via Retail Link if you decide not to use this factory in order to avoid a follow-up audit by Wal-Mart and the associated fees.

Note: There are no active items attached.

For further Ethical Sourcing contact and program information, please go to Retail Link > Site Map > Alphabetical > E > Ethical Sourcing Documentation.

Thank you for your cooperation and support for Wal-Mart's Ethical Sourcing Program.

Sincerely,

Vinitha Irshad- Ethical Sourcing - Assessor

USA & Canada Retail Market

<caption> Last viewed on 22/06/2014 at <http://graphics8.nytimes.com/packages/pdf/world/2012/WalmartTazreen.pdf></caption>²²

²² On 27 November 2012, when one of the co-authors of this paper read the news in the *New York Times* (see <http://www.nytimes.com/2012/11/26/world/asia/bangladesh-fire-kills-more-than-100-and-injures-many.html>), he was curious to look at the documents placed on the website of the Tuba Group, Tazreen's parent company, where Tazreen's essential documents including the audit statements highlighted in this paper were located. On 6 January 2014, when the co-author tried to get access to the Tuba Group's website, the homepage was unavailable.

Given the Rana Plaza devastation, it is even more challenging for MNCs and suppliers to gain acceptance from the relevant moral community. As NGOs are not optimistic that working conditions will improve, their resistance and counter-narratives remain sustained until MNCs and their partners have stopped dehumanizing their factory workers. In one NGO representative's pessimistic view about the improvement of working conditions:

You saw the Rana Plaza incident! When one problem is gone, another, perhaps new, form of problem comes around. Previously garments workers were killed by factory fires. Nobody would even realize that there could be a building collapse! In this small country, there are thousands of problems, and I cannot be too optimistic about the improvement of working conditions. In fact, Rana Plaza incidents make us feel helpless! (Interviewee #i, workers' federation leader).

One industry representative (from the BGMEA) expressed fear of potential changes in regulations. S/he noted:

We do not see sudden changes. You may ask why? If there is a stringent regulation that leads to costs of production being higher, MNCs leave for another country where they can find cheaper products. Our suppliers in Bangladesh are getting more offers than ever before as MNCs are leaving China, as its cost of production is getting higher because of Chinese living standards. So, if somehow the cost of production is higher, the reality is that manufacturers will lose contracts soon as there is no long-term commitment by MNCs. So, government needs to set up a regulation that should create a win-win situation. If we see our industry becomes a potential loser from the potential regulation, we shouldn't let that happen for our national interest (Interviewee #6, BGMEA official).

This statement by a representative of a major industry in Bangladesh clearly highlights that protecting the interests of workers might not protect national interests. This interviewee's view is that it is more important to protect national economic interests than individual workers' rights. This opinion reminds us of the power of capitalists and neoliberal ideology to suppress workers' rights (Hughes, 2005), along with the virtue of prudence. An official of the major industry in a developing country uses the discourse of national interest while protecting the industry's economic interests at the expense of workers' rights, which surely undermines whatever moral power the industry may have. The suppliers' actions lack wisdom by failing to consider workers' interests as having comparable standing to their own economic interest. The way such suppliers and the MNCs work in sustaining their interest is weakening their moral power and eroding the common good (by denying human rights). It is clear that there is a long way to go to improve workplace human rights conditions on the ground.

NGOs agree that MNCs may have persuasive moral capability to uphold human rights within their supply chains. But the irony, as far NGOs are concerned, is that the concerned MNCs' moral standing lacks the prudence to help change human rights accountability. This places greater emphasis on the role of NGOs to exercise persuasive moral power to sanction MNCs, and thereby drive MNCs and their suppliers to create change in human rights accountability practices. NGOs' and local actors' discursive empowerment is emphasized here (Islam et al., 2018).

5. Discussion and conclusion

Our objective in this study was to investigate NGOs' evaluation of MNCs' and their suppliers' human rights performance and to analyze corporate moral power within the global clothing supply chains operating in a developing country such as Bangladesh.

By using the notion of moral power, we found that MNCs' and their suppliers' moral intention, moral capability and moral standing in relation to workplace human rights are deficient. Intensive interviews with managers and NGO officials and analysis of two major fatal accidents within the Bangladeshi garment industry indicate that human rights performance by the MNCs and their suppliers in developing nations can be explained as behavior driven by corporate self-interest, rather than by moral power. Moral power is a relational concept and is affected by stakeholders' perceptions (Mehta & Winship, 2010; Alexander, 2004). Accordingly, our findings suggest that workers' rights NGOs are constructing counter-narratives to criticize the human rights performance of MNCs and their suppliers in Bangladesh and that this has increased moral tensions and contradictions for MNCs.

The workers' rights NGOs are concerned that MNCs' economic power is aided by abuses of human rights by their suppliers; this view is shared by Klein (2007), who argues that human rights abuses are the silent partners in the global neoliberal hegemony. While MNCs' internal auditors and managers play a role in 'responsibilizing' (Shamir, 2008) or 'moralizing' (Everett & Tremblay, 2014) the market, their moral capability to uphold human rights is ambiguous and weak. The narratives of workers' rights NGOs suggest that, while the fragility of MNCs' moral power makes them unlikely to prompt any fundamental change in the working conditions or livelihoods of the workers in supply factories in Bangladesh, resistance to the moral disintegration MNCs have presided over will continue.

A number of aspects of the notion of moral power have been shown to be of relevance in understanding how NGOs and workers' rights organizations evaluate the human rights performance of MNCs and their suppliers in Bangladesh. We asked two research questions:

- a) how public statements made by MNCs and their suppliers in Bangladesh compare with actions taken in factories in relation to particular human rights issues, and
- b) how to evaluate MNCs' and their suppliers' human rights activities in Bangladeshi supply factories.

In relation to a), a comparison was made between MNCs' publicly stated moral intention (Mehta & Winship, 2010), and their actual human rights behavior as perceived by NGOs and labor rights organizations. The views of NGOs differed from those of MNCs or suppliers, and such views could differ from moral actions. While MNCs/suppliers viewed their moral actions in relation to human rights as not deviating from what they were disclosing and as fully representing universal moral standards, NGOs were strongly of the view that MNCs/suppliers operate a double standard (what they say/claim is not the same as what they actually do). This means their moral intention and moral standing are fragile (Mehta & Winship, 2010) and lack moral virtue (Burger, 2008). NGO representatives argued that MNCs, on one hand, cite the existence of fully compliant factories to justify sourcing products from Bangladesh, but on the other hand actually use hidden suppliers or sub-contract to factories with poor or inhuman work environments. This view is supported by devastating incidents such as the Rana Plaza collapse

and the Tazreen fire, which led to massive human suffering. MNCs' irresponsible practices and lack of moral intention and moral standing do not remain unchallenged by social movement groups.

In relation to question b), opinions were requested from interviewees so we could understand the reality of human rights performance and moral power within MNCs' supply chains in Bangladesh. While some improvements in moral capability have been made (employees' human rights awareness programs, social welfare plans and policies), these have had limited impact in the actual working environment. Certain techniques and procedures, such as workplace audits, have been put in place to improve moral capability, but have been ineffective in creating accountability and any related moral power. There is a wide socioeconomic gap between workers and owners and this gap has widened exponentially in recent years, possibly through ruthless application of market logics of moral power. There is a distinct possibility, as Alston (2005) argued, that widening inequity is a form of violation of human rights. In practice, techniques and procedures to reduce inequity between workers and suppliers (owners) are lacking or possibly absent, and approaches to uphold moral power (Mehta & Winship, 2010) have failed to do so. Such inequity is measurable and moral concern is visible when we corroborate NGOs' perceptions of human rights performance within the industry with the two real incidents of human suffering explained in this paper. In particular, the findings in this study suggest that incidents such as the Rana Plaza collapse and the Tazreen fire indicate that attempts to attach a moral veneer to the market have concealed dehumanizing practices within it. Following the incidents, the way in which those MNCs involved dealt with the situation was inconsistent with an exercise of moral power; i.e. did not embrace socially accepted means and procedures for doing things correctly (Brinkerhoff, 2005). The evidence in this study suggests that MNCs and their suppliers lack moral power in Bangladesh: their behavior does not contain the moral virtue required by Aristotelian principles. The view taken by suppliers in Bangladesh is that protecting the interests of workers jeopardizes the national interest. Instead, the protection of business and industry leads to national and economic protection. As a result, workers' interests may be ignored in order to protect national interests. This made it clear that suppliers' interests are linked to self-interest rather than their workers' interests. Such self-interest is contrary to the notion of moral intention (Mehta & Winship, 2010).

As the notion of moral power is relational and is driven by stakeholders' perceptions, in this paper we detailed labor rights NGOs' alternative accounts of MNCs' and their suppliers' actions. Based on social and environmental accounting literature, we argue that stakeholders' views, accounts or counter-accounts are important to create accountability (see Apostol, 2015; Thomson et al., 2015) and to question corporate moral standing. In this paper, we found that the NGOs we spoke to are sceptical of instruments used by MNCs such as codes of conduct and audit mechanisms. The workers' rights NGOs perceived that audits, codes of conduct and disclosures by MNCs and their suppliers are ineffective in upholding human rights within supply chains. Before the Tazreen factory fire, Wal-Mart had performed an audit which flagged 'violations and/or conditions which were deemed to be high risk' but, despite this audit result, Wal-Mart continued to source products from Tazreen until the fire occurred. Similarly, the collapse of Rana Plaza, killing more than 1,100 people, demonstrates the inability of MNCs to influence their suppliers to uphold building standards or construction laws in supply premises,

let alone the abusive behavior that saw workers driven back into a building that was visibly falling apart shortly before it collapsed. NGOs believe that such incidents are continuing to fuel human rights violations rather than encouraging the development of tools, techniques and procedures to uphold moral and human rights. In view of such incidents, the human rights actions of MNCs and their suppliers in Bangladesh are clearly seen by workers' rights NGOs as lacking moral capability.

This paper contributes to accounting literature by examining the roles of NGOs in challenging human rights performance and the related moral power of MNCs within their retail supply chains. In this study, the NGOs were found to question MNCs and their suppliers' ability to make persuasive moral judgments in particular human rights cases with reference to broader moral principles. Within the critical accounting research, our contribution is significant in showing that MNCs' discourse of moral capability is largely contradicted by NGOs' counter-accounts of their actual human rights performance and legitimacy. The findings of this paper suggest that, without NGOs' resistance and counter-accounts, MNCs' lack of moral standing to uphold human rights within their factories in Bangladesh might not be understood in the rest of the world. In the absence of any other stakeholder groups (the government seems to have avoided involvement), NGOs' role to hold corporations socially accountable matters. Further, by examining corporate power through the notion of moral power, we advance a significant insight and give 'visibility to the plight of the marginalized people' who deserve to 'live fulfilling lives with dignity and respect' (Sikka, 2011).

Highlighting the difference in opinion between managers and labor rights NGOs, and the implications this has for reliable reporting, in turn provides justification for what some researchers call 'shadow', 'counter', or 'dialogic' accounts (see for example, Apostol, 2015; Spence, 2009; Brown, 2009; Cooper et al., 2011; Makela, 2013; Sikka, 2011). As the results in this paper suggest, if only one party is responsible for reporting (for example the management of MNCs), then the reporting will tend to be biased and support the organization, its managers and its owners. For a balanced account of performance relating to employees and associated rights and obligations to be provided, arguably it is necessary that, for a balanced account to be provided, multiple voices should be heard within the reporting process. Different realities need to be provided to interested readers who will then be better placed to make assessments of corporate performance and moral standing. If there is a great disparity between the 'accounts' being provided by different parties involved in the reporting process, then this would indicate that interested stakeholders might need to undertake further investigation into the activities of the organization reporting.

Some may believe that NGOs' expectations of MNCs are unrealistic. We acknowledge that given the context, MNCs are just one of the key actors that are subject to moral obligations and upholding human rights in the community in which they operate. We also acknowledge that while we examine the moral power (in particular moral standing) of MNCs and their suppliers via NGOs' narratives, there is scope for further research to investigate in greater depth the moral power of NGOs themselves and to what extent they belong to the 'relevant moral community' in an attempt to hold corporate actors accountable to a less privilege stakeholder group.

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Appendix: List of interviewees

Managerial group

Position and time of interviews	Organizational affiliation
<i>MNC representatives</i>	
Chief of Social Compliance Audit (Bangladesh) (3–4.15pm Dhaka time, 29 November 2012)	H&M, a Swedish multinational company
Compliance Manager (10–11am Dhaka time, 28 November 2012; 4–4.45pm Dhaka time, 12 December 2013)	Sainsbury's, a British retailer
Chief of Internal Compliance Division (10–10.50 am Dhaka time, 2 December 2012; 2–3pm Dhaka time, 4 January 2014)	Bestseller, a retail company based in Denmark
Compliance Manager (5–6.15pm Dhaka time, 3 December 2012)	SEARS Holdings, a US retailer
Compliance Manager (3.30–4.15pm, Dec 11, 2012; 9–9.30am, Jan 5, 2014, Dhaka Time)	Wal-Mart Global Sourcing – Bangladesh Division, a US multinational retailer
Compliance Auditor (4–4.45pm Dhaka time, 22 November 2012)	Zara Brand (Inditex Fashion Retail Group), a Spanish retailer
<i>Representatives of suppliers and manufacturers</i>	
General Manager (10–11.30am Dhaka time, 2 January 2014)	Goldtext Garments Ltd EPZ, Dhaka (supplying goods to major US and European MNCs)
Chief of Compliance Officer (11.35am–12.05pm Dhaka time, 2 January 2014)	Goldtext Garments Ltd EPZ, Dhaka (supplying goods to major US and European MNCs)
Executive Director (2–3pm Dhaka time, 26 November 2012; 3.30–4pm Dhaka time, 2 January 2014)	Toyo Composite Knit Garments Ltd, Pure Cotton Knitwears Ltd, Knit & Knitwears Ltd. All are suppliers of garments to major MNCs (Carrefour, Wal-Mart, Reebok and many others)
General Manager (9–10am Dhaka time, 30 November 2012)	Desh Garments – a leading export-oriented, publicly trading garment company that supplies major US retail companies (SEARS Holdings, K-mart, Coles and many others)
Ex-President (10–11am Dhaka time, 5 December 2013)	Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
Vice-President (12–12.40pm Dhaka time, 5 December 2013)	Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
Chief of Compliance Cell (11–11.35am Dhaka time, 6 December 2013)	Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

Stakeholder group: workers and NGO representatives

Position and time of interviews	Organizational affiliation
Project Co-ordinator (9–9.50am Dhaka time, 24 November 2013)	Decent Work Country Program, International Labor Organization, Bangladesh
Director (3–4.15pm Dhaka time, 22 December 2013)	PHULKI—a local NGO, affiliated to FLA (Free Labor Association in the US), an audit body (funded by foreign donors)
Project Leader (12–1pm Dhaka time, 17 December 2012)	NUK (Centre for Women’s Initiatives), a local NGO working for women workers’ rights (funded by foreign donors)
Senior Campaign Facilitator (3–3.50pm Dhaka time, 20 December 2013)	Oxfam Bangladesh, a foreign NGO
Senior Leader 1 (9–10am Dhaka time, 26 December 2013)	Bangladesh Garment and Industrial Workers Federation (BGIWF) (In April 2012 Aminul Islam, a worker organizer with the BGIWF, was tortured and murdered. Major US media and government expressed deep concern about the incident) (see details on this at: http://www.laborrights.org/creating-a-sweatfree-world/sweatshops/partner-spotlight-bangladesh-center-for-worker-solidarity/reso)
Senior Leader 2 (10.30–11am Dhaka time, 26 December 2013)	Bangladesh Garment and Industrial Workers Federation (BGIWF)
General Secretary (3.30–4.50pm Dhaka time, 27 December 2013)	National Garment Workers Federation (NGWF)