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## **An exploration of NGO and media efforts to influence workplace practices and associated accountability within global supply chains**

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### ***Abstract***

This paper investigates how social and environmental non-government organisations (NGOs) use the news media in an endeavour to create changes in the social performance and associated accountabilities of multinational buying companies' (MBCs') supply chains located in the developing country of Bangladesh. In this research, we explicitly seek the views of senior officers from global and local NGOs operating in Bangladesh, as well as the views of journalists from major global and local news media organisations. Our results show that social and environmental NGOs strategically use the news media in an effort to effect changes in corporate labour practices and related disclosure practices. More particularly, both the NGOs and the news media representatives stated that NGOs would be relatively powerless to create change in corporate without media coverage. This is the first known study to specifically address the joint and complementary role of NGOs and the news media in potentially creating changes in the social and environmental operating and disclosure practices of supply chains emanating from a developing country.

**Keywords:** supply chain, developing country; multinational company; legitimacy; news media; social and environmental disclosure, social and environmental NGOs.

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## 1. Introduction

Research focusing on corporate social and environmental performance and associated accountability issues generally, and within corporate supply chains specifically, appears to have increased across the last decade (see for example, Winstanley, Clark, and Leeson, 2002; King, Lennox and Terlaak, 2005; Hervani et al., 2005; Seuring and Mueller, 2008; Lee and Kim, 2009; Schaltegger *et al.*, 2012). However, there appears to be a relatively limited amount of research that explores how the social performance and associated accountabilities of organisations within corporate supply chains – particularly those in developing countries - are influenced by the efforts of particular stakeholder groups (although, see for example, Islam and McPhail, 2011 and Islam and Deegan, 2010). This study seeks to address some of this void. In particular it seeks to investigate how non-government organisations (NGOs) and the news media act to influence the social performance and related accountability of supply companies located in Bangladesh, and which produce goods for large high profile multinational buying companies (MBCs).

Within the social and environmental accounting literature there have been numerous studies that have investigated the factors that motivate the adoption of particular corporate social and environmental strategies and related disclosures. As Deegan (2014) notes, within the social and environmental accounting research literature, corporate responses have been found to be influenced by a variety of factors including:

- a desire to establish, maintain or regain organisational legitimacy;
- a perceived need to satisfy the expectations of powerful stakeholders;
- as an effort to conform with industry norms of operations and associated reporting; or
- by a management belief that it is important from an ethical perspective to demonstrate transparency in relation to social and environmental performance.

Another factor that has been shown to drive corporate social responsibility activities and related disclosure is media attention – particularly negative media attention – with any reactions often being explained through the lens of legitimacy theory (for example, see Brown and Deegan, 1998; O'Donovan, 1999; Deegan et al., 2002). However, although numerous social and environmental accounting researchers have provided evidence to show a positive relationship between media attention and corporate social disclosure, typically using secondary data, there is a general paucity of information about seemingly important and related issues, such as:

- if the media does influence corporate social activities and related disclosures, perhaps through changing community demands and expectations of organisations, what factors influence the media's own agenda?
- the extent to which individuals within the media consider they indeed have the power to be able to influence corporate social performance and associated accountabilities; or
- how particular groups, such as social and environmental NGOs, might strategically use/cooperate with the media to influence the social performance and associated accountabilities of corporations.

An understanding of some of the above issues is arguably necessary so that researchers – inclusive of social and environmental accounting researchers - more fully understand the context in which the media and NGOs apparently play a part in creating changes to corporate social and environmental operating and related disclosure practices. Whilst a positive relationship between media attention devoted to corporate social and environmental performance issues, and related corporate social and environmental disclosure, is now fairly well accepted within the social and environmental accounting literature, we explore the role of the media in exposing particular social and environmental issues relating to supply companies operating within a developing country. What is particularly new in this research is that we explore how organisations, such as social and/or environmental NGOs, use the media (or perhaps, even 'team-up' with the media) as part of their strategies to create changes in the social performance and social disclosure practices of target organisations and industries, and how the media and NGOs act in a complementary manner to create changes in the workplace practices and associated accountabilities of organisations located within developing countries. This study explicitly seeks the views of senior officers from global and local NGOs operating in Bangladesh, as well as the views of journalists from major global and local news media.

MBCs headquartered within developed countries typically use supply chains located in low-wage developing countries including Bangladesh, Vietnam, Thailand, Indonesia, India, China and Cambodia (World Bank, 2007; WTO, 2004; Rahman, 2004; Wilkins, 2000). Hand in hand with using supply chains located within developing countries, a number of high-profile MBCs often face mounting criticisms from various stakeholder groups about the use of child and forced labour, factory fire accidents, and verbal and physical abuse of workers in their suppliers' factories (Haltsonen, Kourula & Salmi, 2007; Bachman, 2000; Spar, 1998; Wah, 1998; Sullivan, 2003). This is the case even though the multinational organisations' supply chains are typically complying with (minimal) workplace standards set by regulators within

the developing countries - standards that are typically well short of what would be expected in developed countries (Braithwaite, 2006).

A range of different NGOs and trade unions have become involved in organisational networks to exert collective pressure on corporations to implement workplace social responsibility policies (Dicken, 2003; Frenkel & Scott, 2002; Wah, 1998; Hughes, Buttle & Wrigley, 2007; Braun & Gearhart, 2004; Gereffi et al., 2001; Sullivan, 2003). By using tactics including boycotts, banner hangings, leafleting and other direct action, NGOs have the potential to use their power, and the vulnerability of corporate brand names, to the advantage of local factory workers (Gereffi et al., 2001; Ojiambo, 2002). The media appear to be active in shaping consumer behaviour and effecting changes in corporate accountability and related practices. With this in mind, NGOs can, and typically do, use the news media as a key part of their strategies to raise consumer concern and awareness of MBCs' operating practices in developing countries (Spar, 1998; Li, 2001; De Tienne and Lewis, 2005). In response to media criticism and NGO campaigns, MBCs have been found to thereafter exert pressures on their suppliers within developing countries to put in place policies and procedures that are in turn perceived as being socially responsible in the eyes of western consumers (see for example Radin, 2004; Kolk and van Tulder, 2002; van Tulder and Kolk, 2002; Sethi 2002; Emmelhainz and Adams, 1999; Islam and Deegan, 2008). Therefore, because of their apparent influence, the actions of both NGOs and the media arguably warrant the attention of people interested in supply chain management issues.

For the purposes of this paper, and consistent with Gray, Owen and Adams (1996: 38) we consider 'accountability' to represent 'the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible'. If stakeholders are not aware of particular activities being undertaken, or the scale or the nature and implications of those activities, then those stakeholders might not insist on receiving an 'account' pertaining to related aspects of corporate performance. Without specific interest from stakeholders such as consumers, the level of accountability that organisations will demonstrate in relation to activities undertaken within developing countries will be minimal (Gugler and Shi, 2009). That is, whilst from an ethical perspective corporate managers might have a duty to provide particular accounts (perhaps, for example, about workplace practices), if particular concerns have not been aroused then perhaps stakeholders will not insist on receiving such 'accounts'. However if particular stakeholders are alerted to particular issues (for example, to unsafe or unfair work practices within developing countries) then they might insist on receiving information (that is, to receive an 'account') about how particular

organisations are addressing their concerns before such stakeholders will transact further with the organisation. In this way, if particular groups, such as NGOs and the media, are able to highlight issues likely to be of concern to particular stakeholders, inclusive of consumers, as they pertain to corporate activities then ultimately this could be expected to lead to changes in the level of disclosures (and accountability) being demanded of, and ultimately being demonstrated by, an organisation.

Hence, in summary to this point, whilst the social and environmental accounting literature has already documented the apparent positive link between media attention and corporate social and environmental disclosure (which for the purposes of this paper, we will accept as a 'given'), little effort appears to have been made to understand how particular social and environmental issues come to the attention of the media and whether, and how, the media is used by particular stakeholder groups, such as NGOs, to create pressures that might ultimately lead to changes in social performance and accountability practices across corporations' supply chains.

It has been argued (for example, by Braithwaite, 2006) that when the MBCs source products from suppliers in developing countries, the pressure exerted by local stakeholders, and through local regulation, is typically inadequate to motivate the organisations to be accountable to the wider international community. NGOs accept that the pressures emanating from local regulations are not sufficient to protect workers that are manufacturing products for western consumers – particularly if overseas consumers are unaware of issues such as poor, or unsafe, working conditions (Braithwaite, 2006). The failure of local regulations and other local pressures to make MBCs accountable and responsive provides the catalyst for local and global NGOs to work with journalists to create international pressures for MBCs to become accountable to their stakeholders for activities that might otherwise be unknown beyond the confines of the domestic country. Whilst prior research has, somewhat in isolation, independently documented the impact of the media (for example, Islam and Deegan, 2010; O'Donovan, 1999), and of NGOs (for example, Tilt, 1994; Deegan and Blomquist, 2006) on corporate social and environmental disclosures, this paper contends that an analysis of the *joint roles* of the media *and* NGOs might provide a richer insight into understanding what influences corporate social and environmental disclosure – particularly within the context of a developing country.

The balance of this paper is organised as follows. The next section, Section 2, provides a brief overview of research that seeks to explain corporate social and environmental disclosure practices. In particular, reference will be made to legitimacy theory and media agenda setting

theory. Section 3 then provides the research questions of the study and Section 4 describes our research method which is based upon interviewing a sample of representatives from NGOs and the news media. Section 5 provides the results of our interviews, and Section 6 provides concluding comments.

## **2. Prior research and theoretical background embraced within this study**

As indicated earlier, understanding the motivations for social and environmental disclosures has, and continues to be, a major area of investigation within the social and environmental accounting research literature. In contrast to normative research which prescribes what organisations ‘should’ disclose, such research typically embraces a positivistic perspective seeking to explain or predict corporate disclosure decisions, and the research does, by its nature, provide predictions that are deemed relatively generalisable across various situations<sup>1</sup>. Two factors that have been found to influence corporate social disclosure are NGOs actions, and media attention.

In explaining why organisations respond to NGO actions, or to media coverage, researchers have frequently relied upon legitimacy theory. Researchers that have looked at the relationship between corporate social disclosure and NGO actions have argued that NGOs have the ability – because of the ‘community trust’ that is frequently bestowed upon them - to influence community expectations, and therefore the ‘legitimacy’ of an organisation, inclusive of its supply chains. Similarly, other researchers have argued that, particularly for unobtrusive issues (to be further explained shortly), the media is particularly able to shape perceptions of industry and organisational legitimacy, and it is the threats to corporate legitimacy that evokes a disclosure reaction from the organisations. Because legitimacy theory is central to many of these studies of NGO and media impact, we will now consider it in more depth. This will be followed by a discussion of the potential effects that the media and NGOs, respectively, can have on organisational legitimacy, and on corporate operations, inclusive of corporate reporting.

### ***Legitimacy theory***

There is a deal of literature that shows that management reacts to changing community expectations. According to Owen (2008), within the social and environmental accounting research literature, the most commonly used perspective to explain the motivation for

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<sup>1</sup> There will be opponents to such perspectives; perspectives which can be referred to as “linear predictive narratives” (Unerman and O’Dwyer, 2006) Authors such as Beck (2000) argue that in the complex world we live in, any generalisable predictions of future outcomes based on various influences is fraught with much potential prediction error. Life is really not considered to be that predictable. Given the nature of our research, in this paper we are in effect embracing a paradigm wherein predictions about corporate conduct are made based on the previous behaviours of others. We accept that there will be criticisms of this approach.

corporate social and environmental disclosures emanates from legitimacy theory. Much of this research tends to focus on organisational-level legitimacy, rather than on the legitimacy of broader social systems. As we know from the brief discussion above, a number of researchers have suggested that NGOs and the media have the ability to impact community expectations, and management are aware of these abilities, and therefore will often react to the actions of both the media and NGOs. Corporate reaction to the media or NGOs is frequently explained through the insights provided by legitimacy theory (Patten, 1992; Lindblom, 1993; O'Donovan, 1999, 2002; Deegan et al., 2002; Deegan, 2002, 2014). A detailed overview of legitimacy theory is provided by Deegan (2014). However, a brief overview of the theory follows.

Legitimacy Theory asserts that organisations continually seek to ensure that they are perceived as operating within the bounds and norms of their respective societies, that is, they attempt to ensure that their activities are perceived by outside parties as being 'legitimate'. An organisation is considered to be operating with *legitimacy* when its operations and associated accountabilities appear to comply with the 'social contract' in place between the organisation and the society(ies) in which it operates.<sup>2</sup>

Within the legitimacy framework perspective, survival and legitimacy go hand in hand. Specifically, it is considered that an organisation's survival will be threatened if society perceives that the organisation has breached its social contract. As Deegan (2014: 346) states:

Where society is not satisfied that the organisation is operating in an acceptable, or *legitimate* manner, then society will effectively revoke the organisation's 'contract' to continue its operations. This might be evidenced through, for example, consumers reducing or eliminating the demand for the products of the business, factor suppliers eliminating the supply of labour and financial capital to the business, or constituents lobbying government for increased taxes, fines or laws to prohibit those actions which do not conform with the expectations of the community.

Because legitimacy and corporate survival are based on public perceptions, unacceptable actions (or failure to take particular actions) will only be damaging to an organisation if the actions (or inactions) become known by society – perhaps as a result of media exposure. As Suchman (1995: 574) states:

An organisation may diverge dramatically from societal norms yet retain legitimacy because the divergence goes unnoticed. Legitimacy is socially constructed in that it reflects a congruence between the behaviours of the legitimated entity and the shared (or assumed shared) beliefs of some social group.

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<sup>2</sup> The social contract is a theoretical construct considered to represent the multitude of explicit and implicit expectations that society has about how an organisation should conduct its operations (Donaldson, 1982). The *explicit terms* of the social contract would be represented by legislated requirements, whereas a multitude of other non-legislated societal expectations would represent the *implicit terms* of the contract.

Pursuant to legitimacy theory, organisations must take corrective actions when a legitimacy gap arises, and the public disclosure of information is central to such actions<sup>3</sup>. The disclosures can either seek to inform the community of actual changes in organisational activities thereby indicating that the organisation has aligned itself with community expectations, or disclosures can be used to try to change community expectations about what is acceptable conduct from an organisation - without changing the organisation's actual behaviour (Lindblom, 1993). Whatever the disclosure strategy, the long term survival of the organisation requires any legitimacy gap to be attended to in a timely manner<sup>4</sup>.

Legitimacy gaps can arise for many reasons. However, Sethi (1977) argues that the many reasons for legitimacy gaps arising can be summarised as emanating from two main sources. Firstly, societal expectations might change, and this will lead to a gap arising even though the organisation is operating in the same manner as it always had. The second major source of a legitimacy gap, according to Sethi, occurs when previously unknown information becomes known about the organisation – perhaps through disclosure being made within the news media. In relation to this second possibility, Nasi et al. (1997: 301) make an interesting reference to 'organisational shadows'. They state:

The potential body of information about the corporation that is unavailable to the public – the corporate shadow (Bowles, 1991) – stands as a constant potential threat to a corporation's legitimacy. When part of the organisational shadow is revealed, either accidentally or through the activities of an activist group or a journalist, a legitimacy gap may be created.

It is the role of NGOs and journalists (the media) in revealing information that was previously in the 'corporate shadow', and how this in turn impacts corporate social and environmental disclosure practices, that we are particularly interested in investigating within this paper.

As indicated above, the values and expectations of the community are not considered to be fixed, but change over time, thereby requiring corporations to be responsive to the social environment in which they operate. Changes in community values and expectations might be driven by a multitude of factors, including NGO campaigns, or sustained media attention. Organisations operating solely within a local community (for example, within one country)

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<sup>3</sup> The term 'legitimacy gap' describes the situation where there appears to be a lack of correspondence between how society believes an organisation *should* act and how that society *perceives* that the organisation has acted. Of course there can be a lack of alignment between *perceived* corporate actions/behaviours and *actual* actions/behaviours.

<sup>4</sup> Given this is a theoretical perspective, in reality there will be exceptions. For example, Tilling and Tilt (2010) explain how the legitimacy of tobacco companies generally became so eroded across time that there came a point when many companies abandoned legitimisation efforts. Many companies were still able to survive in large part because the addictive nature of their products meant that consumers were effectively 'locked in', albeit that there could be a gradual decline in the total number of smokers and some brand switching. By contrast, consumers of garments have greater freedom in their consumption decisions and therefore garment companies are more vulnerable to changes in community perceptions, and therefore, to changing perceptions of corporate legitimacy.

must respond to the (changing) expectations of people within that community, whereas organisations operating globally must respond to (changing) global expectations if they are to succeed (Zarzeski, 1996; Newson and Deegan, 2002).

Legitimacy theory proposes that corporate behaviour, inclusive of disclosure activities, are a function of community concern. Various authors have argued that community concerns are in turn a function of media attention and NGO scrutiny. We will consider the potential impacts of the media and NGOs on corporate activities below. Again, our view is that both of these factors (NGO and media influence) have the ability to create legitimacy threats for an organisation; threats which would potentially evoke a disclosure reaction. Whether one (for example, NGOs) can effectively create impacts without the other (for example, the media) is something that we will consider.

### *The role of the media*

While legitimacy theory asserts that managers need to respond to changing community expectations if they are to be deemed to be ‘legitimate’ (and to be complying with their ‘social contract’), the theory provides limited insights into the factors that actually create changes in community expectations<sup>5</sup>. With this in mind, Brown and Deegan (1998) utilised a joint consideration of legitimacy theory *and* media agenda setting theory to explain the relationship between the print media coverage given to various industries’ environmental effects, and the levels of annual report environmental disclosures made by a sample of firms within those industries.<sup>6</sup> Brown and Deegan argued that the media can be particularly effective in driving the community’s concern about the social and environmental performance of particular organisations (from media agenda setting theory), and that where such concern is raised, organisations will respond by increasing the extent of disclosure of social and environmental information (from legitimacy theory). Brown and Deegan’s results were consistent with their expectations. For those social and environmental issues attracting greater media attention, there was a correspondingly higher level of related disclosure, with such disclosures believed to be motivated by a desire to retain, or regain, community support. Brown and Deegan did not explore the origins of particular news stories, or whether particular parties – such as NGOs – utilised the media as part of their pursuit of change.

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<sup>5</sup> In this regard the theory can be deemed to be relatively under-developed. Deegan (2014, pp. 365 - 371) identifies a number of limitations that can be attributed to legitimacy theory.

<sup>6</sup> Brown and Deegan (1998) was the first known paper to introduce media agenda setting theory into the social accounting literature. Since that time it has been embraced within a number of other accounting studies. However, it is a theory that has been widely embraced in the journalism-related literature for decades (see, McCombs and Shaw, 1972, Newman 1990; Zucker, 1978, Ader, 1995).

As already noted, media agenda setting theory posits that the media agenda drives community expectations. According to the agenda-setting hypothesis derived from the theory, the media do not mirror public priorities, rather, they tend to shape community priorities and expectations (Ader, 1995: 300). In terms of causality, increased media attention is believed to lead to increased community concern for a particular issue. That is, the media shapes public awareness, with the media agenda preceding public concern for particular issues (McCombs and Shaw, 1972; Golan, 2006; Borchers, 2013). Considering the nature of the issues being addressed by the media, research conducted by Zucker (1978), within the framework of media agenda setting theory, found that the less direct experience people have with an issue, the more likely they would be to rely on the media for information and interpretation of that issue. According to Zucker (p. 239), 'people today live in two worlds; a real world and a media world. The first is bounded by the limits of direct experience of the individual and his (her) acquaintances. The second spans the world bounded only by the decisions of news reporters and editors'. McCombs and Shaw (p. 176) argue that 'in choosing and displaying news, editors, news room staff, and broadcasters play an important role in shaping political reality'.

Zucker (1978) demonstrated that the effect of the media on community expectations is more apparent in relation to stories being run about unobtrusive events. Ader (1995) subsequently confirmed Zucker's findings. As Ader (1995: 301) states:

Agenda setting did not occur for the obtrusive issues because individuals can rely on real-world conditions and interpersonal discussion for information, while for unobtrusive issues, the individuals only have information from the media to rely on.

Neuman (1990) also identifies a distinction between 'obtrusive' and 'unobtrusive' events with examples. He notes that inflation is seen as a 'classic example' of an obtrusive event because the public would become aware of it every time they went to the store and they do not need the media to report the official statistics to realise that this issue affects their lives. Unobtrusive events are things we cannot directly 'see' for ourselves. Ader (1995) identifies unobtrusive events as those events for which individuals have little personal contact and for which they rely on the news media as their only source of information. For example, unobtrusive issues would include events (such as polluting activities undertaken at off-shore locations, or the working conditions of employees located in remote or off-shore supply factories) which cannot be experienced or known by the public without the media functioning as a conduit (Zucker, 1978; Neuman, 1990; Ader, 1995). Because we will be considering the media's role in bringing to the attention of western consumers the working conditions of employees utilised within supply chains and located in a developing country, we will be focusing on 'unobtrusive events'.

Whilst a deal of the seminal literature (some discussed above) that explores the effects of the media on public opinion was written in the 'pre-internet' era, evidence shows that the media still has a strong agenda setting influence. For example, Borchers (2013) explored how the media was able to exert significant influence on US voters' opinions during the 2012 US Presidential Election Campaign and noted (p. 64) that 'although agenda-setting theory was first developed with print and broadcast media in mind, its findings hold true in the internet age as well'.

Consistent with the theoretical perspectives provided above, within the social and environmental accounting literature there is interview-based research that shows that corporate management accepts that the news media drives the public agenda on unobtrusive issues, such as social and environmental responsibility issues, and that organisations need to react through corporate disclosure. For example, O'Donovan (1999) provides the results of interviews with senior executives from three large Australian companies. The executives confirmed that, from their perspective, the media does shape community expectations in relation to social and environmental performance issues, and that corporate disclosure through such avenues as annual reports, is an important way to minimise the impacts the media agenda might have on the ongoing success of the organisation.

From a developing country perspective, similar findings were reported in Islam and Deegan (2008). They interviewed senior officials from Bangladesh Garment Manufacturers and Exporters Association (BGMEA)<sup>7</sup>. The BGMEA officials identified the western news media as being powerful in shaping the expectations of western consumers. The BGMEA officials believed that, in response to the changing expectations of western buyers, and in the interests of maintaining their market share, the MBCs (such as Nike, GAP, Hennes & Mauritz, and Reebok) demanded that local suppliers within their supply chains and located within a developing country context change their operating and disclosure policies to bring them into line with western consumer expectations. As one senior executive of BGMEA stated (reproduced from Islam and Deegan, 2008):

Social compliance issues started after the Uruguay Round, people started talking more in 1998, 1999 where there was media news against Nike, that Nike is buying from 'sweatshops'; that Wal-Mart is buying from 'sweatshops'. And the consumer is so sensitive! That if today a guy from NBC or CNN is coming and visiting a factory in a way that indicates he is a customer, he will come as a buyer with a small hidden camera, he will shoot the label from the factory. A one minute show on NBC or CNN can

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<sup>7</sup> BMGEA is the only government recognised trade body that represents the export oriented garment manufacturers and exporters of Bangladesh. Only its members have the legal right to export clothing from Bangladesh.

kill Wal-Mart as a buyer, it can kill Nike as a buyer. That's how, today, the social compliance issue has become so sensitive!

Linked to the above research, Islam and Deegan (2010) undertook further research into the disclosure practices of MBCs that sourced products from suppliers within developing countries. Specifically they investigated the linkage between negative media attention in the global media about developing country workplace practices, and positive corporate social and environmental disclosures within the annual reports of two major global clothing and retail companies, specifically Nike and Hennes & Mauritz<sup>8</sup>. The perspective taken was that if the MBCs considered that their legitimacy had been threatened by sustained media attention of poor labour practices within their supply chain then they would respond by making various corporate disclosures. The authors reviewed media attention and corporate disclosures over a 19 year period (1988 to 2006) and their results showed that for those social and environmental issues attracting the greatest amount of negative media attention, the corporations reacted by providing higher levels of positive (legitimising) social and environmental disclosures within their respective annual reports. Their results were particularly significant in relation to use of child labour and other labour practices in developing countries – the issues attracting the greatest amount of negative media attention for the companies in question. Whilst the research undertaken by Islam and Deegan (2010) investigated media attention in relation to activities within the supply chains located in developing countries, it nevertheless restricted its analysis to news media located in developed countries. Research does show, however, that the news media can also have an agenda setting effect within developing countries. For example, Islam and Islam (2011) were able to show that local news media coverage of environmental damage caused by a multinational oil and gas company operating within Bangladesh led to numerous large scale protests and heightened community concern about the ongoing operations of the company. There was also evidence of the company responding to the heightened community concern through an apparent change in its corporate disclosures. Similar results were also reported by Biswas (2007) in relation to heightened public concern following local news media commentary of arsenic contamination caused by a number of local manufacturing organisations.

From the overview of research provided above we can see that the insights from media agenda setting theory appear to be applicable in the context of both developed and developing countries. Further, the research also indicates that corporations operating in both developed and developing countries will respond to media attention and therefore points to the potential

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<sup>8</sup> Global media attention was measured by the number of media articles addressing particular social and environmental issues as reported in a broad sample of international newspapers and electronic press media.

generalisability of the impacts the media can have on corporate social practices and related disclosure. However, while the findings would be of relevance to social and environmental accounting researchers, the research did not consider what influenced the agenda of the media in the first place. That is, we are only understanding part of the cycle. Nevertheless, such insights are useful to report readers, and social accounting researchers, when considering the objectivity of social and environmental disclosures. But whilst it is useful to know that media coverage of an issue impacts corporate reporting (albeit, with some time lag), an important issue for social and environmental accounting researchers would seem to relate to how, or why, something become the focus of the media in the first place? In the concluding sections of their paper (which as we indicated above, used secondary data to identify the correspondence between media attention and the corporate social disclosures produced by Nike and Hennes & Mauritz between 1988 and 2006), Islam and Deegan (2010: 144) raise the following directly related point:

Although the media might be effective in ultimately causing changes in a company's operating and reporting policies, as well as those organisations in the supply chain, an issue that we and other social accounting researchers have not investigated is what factors impact the media's own agenda. That is, we have not considered the factors that cause the media to focus on particular issues in preference to others.

Whilst not having any evidence, Islam and Deegan (2010: 144) went on to speculate:

For issues associated with social and environmental performance it is conceivable that various social and environment-based NGOs are active in highlighting to various media outlets particular issues of concern. In this regard it would seem logical that the media would be an important ally for NGOs in their quests to create change. Parties wishing to create change in other organisations, particularly in relation to unobtrusive events, will conceivably need to consider co-opting the media as part of any strategy to create broad changes in other organisations' or industries' operating and accountability practices.

Our research provides evidence to address the speculation raised by Islam and Deegan (2010). If we are to better understand the factors that culminate in corporate social disclosures, including disclosures which relate to corporate supply chains, then this research takes the position that it would be useful to take a step back and understand how the media is used to create changes in both corporate social performance, and corporate disclosure practices. Is the media strategically used by particular interest groups as a tool to ultimately improve corporate social accountabilities associated with the activities of organisations within corporate supply chains?.

We will now consider the role of NGOs in changing community expectations and ultimately influencing corporate supply chain management practices.

### *The role of NGOs*

There are obviously a variety of different types of NGOs. However, Arenas *et al.* (2009) usefully classified NGOs into two broad groups: 'social and environmental purpose NGOs', and 'club NGOs'. According to Arenas *et al.* (2009), social and environmental purpose NGOs include environmental groups, human rights organisations, organisations fighting against poverty and injustice, and organisations providing medical assistance on humanitarian grounds. 'Club NGOs' include member organisations, professional associations and business associations. Their goal is to represent and defend the interest of their members. Our focus is on those NGOs which lie in the first category above. Such NGOs typically have a positive image and credibility in society, and there is a general consensus that they work for the 'public good' rather than for private 'self interest'. Because of this standing they also, on average, tend to garner support from the media, and there is the perspective that they have the ability to shape community expectations to the extent that their opinions become widely dispersed (Arenas *et al.*, 2009).

The view that flows from the above discussion is that social and environmental NGOs have an ability to shape the 'social contract' - a key component often utilised by proponents of legitimacy theory - as discussed previously. Hybels (1995) argues that NGOs can 'affect legislation and regulation directly through lobbying and indirectly through influence on voters' (p.244). As noted previously, the *explicit terms* of the 'social contract' are often construed as being represented by legislated requirements, whereas a multitude of other non-legislated societal expectations would represent the *implicit terms* of the contract. In relation to the *implicit terms* of the social contract, NGOs can potentially have widespread impact on public perception of particular issues - but again, only if their 'voice' is heard by many within the community - perhaps as a result of widespread media attention (Hybels, 1995).

Because of the view that NGOs can impact the social contract negotiated between society and corporations, corporations have been found to respond to the concerns raised by NGOs. In various instances, management have been shown to align themselves with NGOs by involving them with various projects due to the perceptions that failure to comply with NGO concerns will create costs for the organisation in terms of poor community support (Deegan and Blomquist, 2006).

Amongst the various studies, there is a body of research that investigates how NGO activities and concerns appear to influence corporate social disclosure practices (for example, see Tilt, 1994; Deegan and Gordon, 1996; O'Dwyer *et al.*, 2005; Deegan and Blomquist, 2006). The research seems to indicate that NGOs expectations are a factor that influences corporate social and environmental disclosure practices. For example, Deegan and Blomquist showed how

WWF Australia was able to influence the reporting requirements incorporated within the Australian mineral industry's environmental performance code. The study also showed that senior executives of the minerals industry saw WWF's sanctioning of the Code as bringing a form of 'symbolic legitimacy' to their code and potentially countering any likelihood that government would intervene and impose reporting requirements upon the industry.

Tilt (1994) also investigated the potential influence of social and environmental NGOs on corporate social disclosures within the context of Australia. Tilt provided evidence to indicate that social and environmental groups are a source of influence on corporate social disclosure policies and practices. At the time, Tilt argued that whilst the influence of NGOs' on corporate actions and accountabilities was apparent, further investigation was necessary particularly in regards to the alternative strategies NGOs might take to create change in corporate behaviour and associated accountabilities. Whilst Tilt provided a general indication of the influence of NGOs on corporate disclosures, she speculated that that news media might have important complementary roles in influencing corporate activities and associated reporting. Again, this is something that we are pursuing within this paper.

Following from the brief discussion provided above, we can see that the literature does tend to show that both *media attention* and *NGO activities* influence corporate practices (including practices of organisations with a corporation's supply chain), inclusive of corporate disclosure. However, what has not been directly explored is the relationships between both these potential influences. For example, whilst NGO concerns might influence the activities expected of organisations within supply chains and associated corporate social disclosures, are such concerns more likely to be influential if those concerns are broadly exposed within the media? On average, can NGO activities be successful in creating change without the help of the media? Is the media likely to rely upon information provided by NGOs – are NGOs a 'trusted' source of information? These are issues we address.

According to public relations and sociological researchers, NGOs and labour rights organisations are very adept in encouraging the news media to run stories on particular social and environmental issues within corporate supply chains (Li, 2001; Gamson and Modigliani, 1987; Hilgartner and Bosk, 1988). It has also been shown that journalists often rely on NGOs and labour rights organisations to identify newsworthy issues – particularly in relation to social and environmental issues - and to undertake a great deal of the research necessary for compiling a news report. The NGOs and labour rights organisations effectively fund the stories being run by the media (through the NGO's own research activities) and this tends to make journalists responsive to the representations made by such groups particularly

given that many of the issues being addressed by NGOs have the potential to generate high levels of public interest – that is, stories addressing social and environmental issues of concern to NGOs have the potential to create significant public agenda setting effects (Li, 2001; Huckins, 1999; Taylor and Doerfel 2005; Carpenter, 2001). In a study of the impact of NGOs on the media agenda and community concerns, Li (2001) argues that NGOs are increasingly becoming skilled in using the news media to support their causes. As Li (2001:14) concluded:

The rise of non-governmental organizations over the last decade has been phenomenal. Protesting against a host of perceived enemies, today's activists are skilled in global grassroots communications and are masterful manipulators of the media. Appealing to emotion, they are able to quickly mobilise public opinion, and threaten to do major damage to corporate reputations worldwide.

Also referring to NGO's use of, and even dependence on, the media to create pressures for changes in multinational companies (MNCs) behaviour, Muchlinski (2001: 43) states:

In any case the activities of campaigning NGOs depend, in part, for their success on complicity from the mass media, which must be prepared to publicize the unacceptable behaviour of targeted MNCs.

In relation to the reliance of NGOs on the media, Unerman and O'Dwyer (2006) refer to journalists as being 'mission critical stakeholders' of NGOs. That is, the media has the ability to influence the achievement of the NGO's missions or objectives<sup>9</sup>.

Having discussed the theoretical basis for our arguments and how the media and NGOs can potentially impact perceptions of what is 'legitimate' we shall now move to our research questions.

### **3. The research questions**

Before formally stating our research questions we will summarise some of our prior discussion by way of a syllogism. We have argued that corporations will change their supply chain management practices, inclusive of social responsibility practices and associated reporting, in an apparent response to changing community expectations and concerns (from legitimacy theory). That is, we have argued that:

- (a) *Changes in a corporation's social responsibility practices (and those of organisations within its supply chain) and associated reporting are a result of changes in community expectations and concerns about that corporation's (and those within its supply chain) social responsibility activities*

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<sup>9</sup> These missions or objectives might initially be formulated by NGO sponsors, something we will briefly discuss shortly.

We have also argued that the media is able to influence community expectations and concerns (from media agenda setting theory). That is, in relation to corporate social responsibilities of a corporation and its suppliers, we have argued that:

(b) *Community expectations and concerns about a corporation's social responsibility activities (and those of the organisations within its supply chain) are driven by the extent of media directed at related corporate social responsibility-related activities*

Therefore, considering the two above premises (and therefore, jointly considering legitimacy theory and media agenda setting theory) and substituting the second premise into the first we argue that:

(c) *Changes in a corporation's social responsibility practices (and those of organisations within its supply chain) and associated reporting will be driven by the extent of media attention directed at related corporate social responsibility-related activities*

The above premise emphasises the central role of the media in creating changes in corporate activities, particularly as they relate to corporate social responsibilities. Therefore, if the above is indeed a logical syllogism, then we would expect that NGOs, as 'agents of change', will use the media as an important component of their strategies to create changes in the operations, and accountabilities, of targeted corporations or industries, and the associated supply chain management policies. Following the discussion within this paper, the main research questions we seek to address in this study therefore are:

1. Do social and environmental NGOs actively utilise the media as an important instrument to create change in corporate social performance and associated accountabilities?
2. Do social and environmental NGOs consider the media as a vital component of any efforts to create change in corporate social performance and associated accountabilities?
3. Does the media (journalists) respond to representations made by social and environmental NGOs, and if so, why?
4. Does the media itself consider that it is a key element in creating change in corporate social performance and associated accountabilities?

By providing insights into the above questions, this research will provide valuable information for explaining the social and environmental activities and disclosure practices being adopted by organisations within corporate supply chains operating within developing countries. At the present time a number of authors in the social and environmental accounting literature provide evidence that media attention – particularly negative media attention - will, with a slight time

lag, ultimately cause changes in the social disclosures being made by corporations that are implicated by the media coverage. Our research provides information about the process leading to an issue becoming the topic of news coverage in the first place, and whether that process in itself was motivated by a desire to change the operations and accountabilities of supply chains emanating from a developing country. Our results could indicate that it is the actions of NGOs and labour rights organisations in bringing issues to the attention of the media that ultimately explains, at least in part, why organisations with supply chains located in developing countries make particular disclosures. Without an NGO-media partnership there might be little development in, or scrutiny of, the social and environmental disclosure practices of organisations operating in developing countries. Again, we argue that such insights are important for social accounting researchers seeking to understand the stimuli for social and environmental disclosures, and changing patterns there-in, particularly as they pertain to supply chains within developing countries.

#### **4. Research method**

Our research method relies upon the use of semi-structured interviews. As already indicated we developed a number of general research questions to inform our investigation. We selected a developing country – Bangladesh – as the focus of our interviews because of the growing interest of researchers in understanding the social and environmental disclosure practices of corporations operating in, or sourcing products from, developing countries (for example, see Belal and Owen, 2007; de Villiers and van Staden, 2006; Hegde, Bloom and Fuglister, 1997; Islam and Deegan, 2008; Jaggi and Zhao, 1996; Teoh and Thong, 1984; and Tsang, 1998) and because our research usefully ties in with, and provides a valuable addition to, previous research undertaken within the Bangladesh context by Belal and Owen (2007) and Islam and Deegan (2008 and 2010). Bangladesh has also been associated with perceived poor labour conditions and associated accountability in the clothing industry (Wilkins 2000) and hence provides an environment in which we might expect to find NGOs and labour rights organisations attempting to create change. Whether the media is used by NGOs as part of the strategies to create change is something that we will discover.

Ten in-depth interviews with senior representatives of social and environmental NGOs were completed in 2007. A senior BGMEA executive, as well as a senior officer from the ILO Dhaka office, were both asked to identify specific NGOs that were known to be active in advancing workers' rights within the region. Once these NGOs were identified, the NGOs' websites were reviewed to determine the appropriate individuals to interview. All the individuals contacted kindly agreed to be interviewed. Three senior members from Oxfam's

livelihood projects, and two senior officials from two major local NGOs - Phulki (funded by Oxfam) and Nari Uddog Kendra (funded by CIDA) - were interviewed. Further, two high profile leaders from two major garment workers' federations were interviewed. The director and two senior members from ILO's project on improving work environments in the clothing industry were also interviewed. Hence, we have representatives from both local-based and global NGOs and workers' federations. A full listing of all interviewees (including position, location, and organisations with which they are affiliated) is provided in Appendix 1. The participants were selected on the basis that they had experience in addressing corporate social responsibility and accountability issues particularly as they relate to local supply companies that form part of the supply chain of MBCs. Hence the participants were well placed to inform us about if, and possibly how, they use the news media to create change in corporate social performance and associated accountabilities.

Following the interviews with the senior representatives of social and environmental NGOs, we conducted seven in-depth interviews with journalists employed by leading global news media services, as well as journalists from local newspapers in Bangladesh. Three correspondents from three global news services, namely *AP (Associated press)*, *AFP (Associate France Press)* and *Reuters* were interviewed. Four senior staff reporters from three leading local newspapers, namely *Daily Star*, *New Age* and *Prothom Alo*, were also interviewed. The journalists were identified by BGMEA officials as being people who regularly attend their press conferences as well as by a representative of the *Bangladesh Journalist Association* who identified specific journalists as having a particular interest in the working conditions of people working within the clothing and textile industry. All journalists who were contacted agreed to be interviewed. A full listing of all interviewees (including position, location, and organisations with which they are affiliated) is provided in Appendix 2. The journalists selected for the interviews were selected on the basis that they specialised in reporting on the garment and textile industry in Bangladesh and hence were able to provide informed insights which were directly related to our research aims.

All interviews with the NGOs and journalists, except three, were conducted in person and were tape-recorded with the consent of interviewees and were subsequently translated and transcribed. Three of our interviewees did not agree to tape recorded interviews. In this context, interviews were conducted by intensive note-taking with the consent of interviewees. The majority of the interviews were conducted in English, however five interviews were conducted in the local language. Where interviews were conducted in Bengali (local language) they were translated by one of the researchers (who is a native speaker) within 48 hours of the

interview taking place. Translation and transcription were carefully scrutinised against the tape recordings (where available), and amendments made where necessary. Interviews lasted between 30 minutes and two hours. While we utilised an interview guide, interview questions were open-ended. Before each interview we explained our project to each interviewee in broad terms (but without identifying any relationships we expected to find). Everyone was also given a written explanation in English (the participants all had good English reading skills).

While the open-ended interviews were used to understand meanings and interpretations provided by the small number of subjects, interviewees were able to provide in-depth and additional explanation where they believed it was necessary. In our results section we will provide the text of a number of the comments provided by the interviewees. This text will be provided where it is considered to be reflective of the opinions of the group. Whilst the details of these interviewees appear in Appendices 1 and 2, the interviewees will be referred to by a coded number, the order of which does not necessarily reflect the order in which they appear in the appendix. Therefore, anonymity of respondents is maintained to as great a degree as possible whilst still allowing sufficient information to be provided about the respondents<sup>10</sup>.

## 5. Results

This section has two main parts; a description of the insights provided by the members of social and environmental NGOs, and a description of the opinions of journalists who specialise in reporting about the social responsibility-related practices of organisations that constitute part of the supply chain of the global clothing industry. Again, the aim of our research is to more fully understand the factors that influence corporate social responsibility reporting as it pertains to activities being undertaken within supply chains emanating from a developing country – specifically, the influences of the media and NGOs on corporate reporting. As part of this process of gaining a better understanding we seek to investigate, from the perspective of both NGOs and journalists, how important these individuals consider that each party is (that is, NGOs and the media) in terms of creating changes in the labour practices and associated accountabilities of MBCs operating within, or sourcing products from, developing countries. We also seek to understand whether the efforts of the two groups are perceived to create

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<sup>10</sup> Whilst these interviews were undertaken in late 2007 we would maintain that the insights provided would still have relevance today. Major problems still arise within the supply chains of multinational buying companies (for example, the collapse of Rana Plaza in Dhaka in 2013 in which 1130 people were killed (BBC, 2013) and the 2012 fire at the Tazreem Fashions factory in which 112 people were killed (New York Times, 2012). Both these incidents created widespread international concern and point to the continued need for both NGOs and the media to be active in highlighting poor safety and working conditions. Since the publicity of the Rana Plaza collapse a number of international initiatives on safe buildings have been developed. Within the context of Bangladesh, many companies have also since signed on to the *Bangladeshi Fire and Building Safety Accord*.

change more effectively when they work together (in a complementary manner), or when they work independently.

## 5.1 Opinions of the members of NGOs

As an initial step in confirming and understanding the focus of the NGOs we were interviewing we sought information about the broad area of concern that the NGOs were addressing through their work, and the basis on which their operational agendas were set. All respondents stated that they particularly focus on influencing the workplace policies of multinational clothing and retail companies sourcing products from suppliers in developing countries. They also indicated that the direction of campaigns pertaining to workplace reform, and associated workers' rights within the supply chains, were primarily driven by the larger, global social and environmental NGOs, who in themselves tend to act as donors or as supporters of the locally-based NGOs.

The use of the media as an important component in achieving the objectives of the NGOs was identified at an early stage within the interviews. One representative response was <sup>11</sup>:

We have certain agendas that have been delivered to us by our overseas donors. At the field level, our goals, and our donors' goals, are the same in respect of building awareness of conditions and rights in respect of workers who are manufacturing products for end-users in western countries. Our partners and donors have broader strategic agendas to influence the western media and consumer associations by providing the media with stories about the latest cases of ethical, as well as unethical, practices across the clothing industry.

[Interviewee # 10]

What the above response indicate is a desire to influence the global community and consumers so as to bring about pressure for change – a perspective consistent with legitimacy theory. If we consider the first interview response provided above we see that specific mention was made of overseas donors/sponsors. In undertaking our interviews we did not seek to question why the NGOs were trying to help workers – in a sense we simply accepted this as being their 'raison d'être' and that they were working for the 'public good'. This is our maintained assumption. However, from a rational economic perspective, appearing to help the plight of local workers would also conceivably be consistent with the demands of donors (Unerman and O'Dwyer 2006), and this in itself might be a motivating factor for local NGOs seeking to maintain or justify their positions/employment. This is not something we further pursue in this paper because we are seeking to understand how the actions of NGOs ultimately impact the social responsibility-related activities of organisations constituting part of a larger supply chain, but clearly, identifying the motivations and accountabilities of NGOs operating within a

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<sup>11</sup> Again, as we have noted elsewhere, the presented quotes are provided because they represent the views of the group being interviewed.

developing country is a potentially interesting and valuable area of research. What does seem to flow from the literature (see Arenas et al, 2009), and from the responses provided by journalists (see next section), is that there is a general view in society that social and environmental NGOs do act in the public interest, and it is community perceptions that are relevant from a legitimacy theory perspective in explaining how society might react to NGO campaigns.

In relation to the changing nature of the campaign agendas, all interviewees were asked about what their current agendas were and whether these changed across time. Whilst child labour was a key issue in the mid-1990s, other important workplace issues such as workplace health and safety, freedom of associations and maternity leave have emerged as areas of concern for the NGOs. Concurrently, media coverage has also been perceived as moving from an emphasis on child labour in the mid-1990s to include a broader focus on workplace practices employed by organisations supplying product to MBCs.

In relation to the effectiveness of their strategies to create change in workplace practices and associated corporate accountabilities within supply chains, the representatives of the social and environmental NGOs were asked who their most important allies were in creating change. There was a general consensus among all NGOs that the media is the most critical ally of NGOs. The NGOs indicated that the power of the media is tied to the ability the media has to create concerns within the global community, and particularly with western consumers who would not otherwise know the plight of workers in developing countries. Journalists and the media were, again using the terminology of Unerman and O'Dwyer (2006) provided earlier, considered to be 'mission critical stakeholders' of the NGOs. The NGOs believed that changing community perceptions and creating concerns with western consumers – which was only possible if the media embraced the issue - was crucial to achieving their aims. Again, this is consistent with legitimacy theory in that it is necessary to create concern and a potential *legitimacy gap* before organisations will react. The views are also consistent with media agenda setting theory, with the media being perceived as having the power to influence the expectations of western consumers in relation to otherwise 'unobtrusive events'.

There was a shared belief from the NGOs interviewed that MBCs are aware of the ability of NGOs to use the media to highlight issues of concern, and the interviewees believed that corporate managers understand that they must respond in some manner to sustained media attention because of the media's ability to shape community perceptions. The response might involve making real changes to address the issues of concern, or trying to divert attention to other issues – the two legitimising strategies discussed earlier in this paper. There was also a

view provided by the interviewees that the NGOs' propensity to use the media encouraged many corporate managers to involve NGOs in stakeholder consultation meetings, and to work with the corporations to address various workplace issues. That is, there was also a view the NGO-media relationship increased the ability of NGOs to have corporations listen to, and respond to, their concerns. However, it was emphasised that not all corporate responses are of the nature desired by the NGO. Representative response included:

We saw the effect of our campaigns on the western news media. Let me give you a real example, during the aftermath of the last fire accidents in the northern city of Dhaka, when thousands of workers were demonstrating and demanding immediate compensation for workers' deaths, and demanding punishment for the negligence of the suppliers, and by association, their multinational buyers, we were able to make the international media, such as BBC and CNN, understand the real crisis in the clothing industry. From this incident what I realise is that we, the workers in a developing country, were able to encourage the western media to highlight our stories to the western community, and this in turn created needed change within Bangladesh [Interviewee# 8]

The above comment emphasises that the ethical or social responsibility campaigns undertaken by NGOs are perceived by the NGOs to have an agenda-setting effect on the media. Through our interviews with the NGOs we also found that there was a perception that the media was more responsive to their 'bad news' stories about corporations, relative to 'good news' stories. Issues relating to the use of child labour, exploitation of workers, fire-related accidents, and so forth, were perceived as generating a great deal of interest from journalists relative to positive stories about company achievements. The interview responses confirm the findings of prior research on media content analysis and social and environmental disclosure (see Islam and Deegan, 2010; Deegan et al, 2002), which shows that the media do tend to highlight more negative news than positive news in relation to corporation's social conducts. The NGOs did not appear to be greatly concerned by this potential bias as they considered that they themselves relied more upon 'bad news stories' to create necessary change. Representative response included the following:

You know, the media is always a powerful tool to change the public's mentality. Irresponsible corporate behaviour is bad news. If we would like to create change, we must deliver it to media, and as the media likes bad news, they will highlight it on the front page, or maybe in other important pages. We want to spread this information - bad information - to make corporations accountable, to provide a solution, and to make ourselves solution-providers who can encourage child education, training of workers' awareness, and so forth [Interviewee # 10].

The above comment are consistent with media agenda setting theory. The view is that the first necessary precondition for change is creating community concern with community concern being deemed to be a function of media coverage. Whilst a clear view emerged from the

interviews that the news media is an important ally of the NGOs, we further explored whether the NGOs believed they could achieve their goals of increasing corporate accountability and creating changes in operating practices within corporate supply chains without the media (even if it was to take longer). All interviewees indicated that they need the media to create changes in the social responsibility practices and associated accountabilities of both MBCs as well as the supply companies operating in developing countries. Without media attention, the power of NGOs to create change is greatly eroded and the corporate social disclosures provided by companies would be greatly reduced. The typical responses included:

Look neither NGOs nor the media alone are able to create change. The news media are the best instrument to send our message to the global community [Interviewee # 9].

Our voice has a value to the society because we are for the workers, we are for the community, and we should also say, we are for the global community. The media shapes the attitudes of the community. If the media listen to us, then corporations *must* change their attitudes, if the media does not listen to us, then our existence would be in question and our activities might no longer be able to continue [ Interviewee # 1]

Hence, we would expect that NGOs would make every effort to foster strong relationships with the media. In this regard the interviewees indicated that they do indeed make every effort to foster strong NGO-media relationships.

In concluding our section on NGOs we can see that the insights provided by the NGOs are consistent with the views provided by a number of social and environmental accounting researchers. Specifically, if the media runs stories about the negative social aspects inherent in a MBC's supply chain located in a developing country then this has the potential to create changes in community perceptions (consistent with media agenda setting theory), and create legitimacy problems, which ultimately will create pressures for the multi-national companies to address the issues (consistent with legitimacy theory). Hence, we are able to provide researchers some comfort that what their theories indicate (in terms of the media impacting community concerns, which in turn evokes a corporate reaction), and what their secondary data also tends to confirm, conforms with the perceptions of people who actually work in the field and who are trying to create change. That is, NGOs interviewed believed that corporate behaviours – inclusive of reporting – are impacted by media attention, particularly negative media attention. Such 'direct' insights have not previously been provided in the social and environmental accounting literature.

We now turn our attention to the news media representatives. Of interest will be whether they hold comparable views about the media's role in creating changes in corporate social responsibilities and associated accountabilities associated with supply chains located in developing countries..

## 5.2 Opinions of the journalists

All media representatives were asked about the sources of the stories they wrote about poor working conditions in Bangladesh supply factories. The respondents stated that one of the most important sources were social and environmental NGOs. Typical response included:

We get frequent information from trade union leaders and human rights NGOs. When accidents occur our sources becomes diversified, we get information from police, NGOs, labour leaders, and the owners of the organisations. However, opinions of labour rights organisations are particularly important to us and they closely interact with us during the crisis period [Interviewee # i]

A common mode of communication with NGOs was the telephone, although direct invitations to NGOs' press conferences was another important source of information. In relation to why they believed the NGOs developed close relationships with the media the view provided was that the news media provided the best vehicle for the NGOs to notify the broader community of their concerns – a view shared by the NGOs. The interviewees reaffirmed the view, consistent with media agenda setting theory, and with earlier social and environmental accounting research (for example, Islam and Deegan, 2008) that the media agenda can impact the concerns of western communities, particularly in relation to the treatment of workers employed by clothing factories within developing countries. Representative responses included:

NGOs know we can connect them to the people around the world who can then exert pressure for change. [Interviewee # v]

We understand what the motives of the major NGOs are. One of the important motives is that it is their regular task to call media conferences because doing so creates and maintains their international link, such as they call a conference to fulfil their donors' requirements that they must ensure that they demonstrate that they are working for the workers, monitoring the working conditions, and recording information about the present status of working conditions. [Interviewee # i]<sup>12</sup>.

Some of the issues such as child labour, health and safety, and worker exploitations are the basis upon which they hold a conference and they want to show the global community, via us, about what is actually going on in Bangladesh. They want the pressures to come from the community where the goods are consumed - they want to send a message to that community through us. [Interviewee # vii]

When asked whether they have their own specific agendas on the social implications of the garments industry, there was a unanimously positive response among the interviewees. All explained that their own agendas tended to be pro-worker, however the NGOs helped to shape

<sup>12</sup> This response refers to NGOs being motivated to fulfil the expectations of donors – something which we briefly discussed earlier in this paper. However, as explained earlier, we are not considering the motivations for NGO actions, or the accountability they should demonstrate in relation to their actions. However, consistent with calls from Unerman and O'Dwyer (2006), we do consider this to be a worthwhile area of research.

the specific topics upon which the media focussed. Again, elements of a potential bias in the newspaper coverage arose. Representative response included:

The media and NGOs everywhere in the world where goods are produced for foreign people are highlighting working conditions to create broader concerns. Specifically, from time to time NGOs are coming to us with their findings on some key issues such as health and safety, and worker exploitation. Their activities have an impact on us and we highlight it – this in turn puts pressure on multinational companies to create change and to be accountable for what they have done [ Interviewee # vii].

The above statements indicate that the news media is particularly interested in highlighting bad stories pertaining to MBCs, and their suppliers in developing countries as they relate to workplace practices. This is consistent with the perspectives provided by the NGOs. What is also interesting is that the media representatives indicated that the actions of the NGOs do shape the media's agenda (which, as we have argued, in turn influences the public's salience for particular issues). A representative response was:

Their press conferences and open discussions in the conferences help us to set our agendas. Many times when we set an agenda based on their past actions, we further define and refine our agenda then we further seek their opinions on their observations. Many times informally though, they pursue us so that we will report on a particular issue, and if we see it is pro-worker, we report it. [Interviewee # i].

The finding that NGOs influence the media agenda is an important finding for social and environmental accounting researchers seeking to understand the reasons or stimuli for corporate social and environmental disclosures. Another theme that flowed from the responses was that the journalists believed that the community typically attributes a high degree of credibility to, and trust in, what NGOs say. From this perspective, NGOs are considered very useful to the media as they are perceived by the community to be 'legitimate' actors within society, and credible sources of information (Beck, 1999). The journalists indicated that there is a perception in the community that NGOs work for the *public good* rather than their own self interest, or the interests of specific donors or supporters. From the perspective of legitimacy theory, and from the perspective of shaping community values/concerns, it is the perceptions held by the community that are important. Just as community reactions to corporate activities are based upon perceptions of the legitimacy of such activities, so too are community reactions to NGO activities or programs. Obviously, the actual motivations and perceived motivations of NGOs could be very different<sup>13</sup>.

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<sup>13</sup> Therefore, whilst authors such as Unerman and O'Dwyer (2006) raise important questions about the impacts of NGO activities on other NGOs; negative impacts on groups beyond the focus of NGOs; and, the accountability of NGOs - and these issues certainly warrant attention – the focus of our research means we are more interested in perceptions held within the community. Consistent with legitimacy theory, it is perceptions that drive community demands for changes in corporate activities and associated accountabilities.

Next, all the journalists were asked whether they believed that NGOs need the media to highlight their campaigns if such campaigns are to achieve the NGOs' goal of improving working conditions and to improve the level of reporting and accountability being demonstrated by organisations sourcing products from Bangladesh. All indicated that NGOs need the media to highlight their effort to create changes in the workplace policies and accountability practices. Without the actions of the media at the local and global level, the local issues would not be known by western consumers (the events are 'unobtrusive'). The majority of interviewees felt that their support as media representatives is essential for NGOs to spread their concerns about the workplace practices of suppliers, as well as MBCs sourcing products from suppliers in developing countries. Again, this view is consistent with the positions embraced by the NGOs. Representative responses included:

Yes NGOs need us to highlight their efforts to create change. The mainstream news media is always pro-worker and in order to keep readers your report must be pro-worker rather than pro-industrialist. If we are pro-industrialist, our role would be seen as anti-social. NGOs need us to publish their stories about working conditions. Their purpose is served when we report it. If we support NGOs then ultimately factory working conditions will improve and information being generated about the operations will become more transparent through improved corporate reporting. [Interviewee # i].

NGOs know it, and they understand they need us to write about their concerns. They recognise this in many conferences and they are grateful to us. Many times, they start their conferences by stating that without our help they would not achieve their objectives or goals. [Interviewee # vi ].

Again we are made aware of the complementary role of the media and NGOs. All were then asked whether they, as the members of the news media industry, have been instrumental in creating both a change in the workplace practices utilised in the supply chain of MBCs, as well as enhancing the accountability demonstrated by such companies. They indicated that the media has become a powerful force in creating positive changes in the operating practices of supply companies as well as enhancing related accountabilities. In large part they are able to do this by bringing otherwise unknown information to the attention of western consumers. Representative responses included:

When we write about social compliance or write that suppliers are not maintaining their standards, western consumers stop buying and the buyers reacts so quickly and they almost stop buying products from the suppliers. For that reason, there is a change in the suppliers' behaviour with respect to what they do and how they report it [Interviewee # ii].

Once upon a time, we had massive use of child labour in the factories, mid-level managers used to exploit workers quite frequently, and they tortured workers for not being able to reach targets. Due to our writings on these issues, the leading multinational companies organised training for mid-level managers to learn appropriate behaviour with their sub-ordinates, they put massive pressures and threats of breach of contracts if

the contractors employ child labour. Therefore, because of our writings, because of our positive roles, situations are now far improved. [Interviewee # iii]

Our news is important because no social compliance and reporting means no buyers will come to you to source the product [ Interviewee # vii].

Hence, consistent with previous research, journalists also believe that the media is instrumental in creating legitimacy threats (creating ‘legitimacy gaps’) for organisations. All were asked how the global news media collects information about working practices within developing countries such as Bangladesh. They indicated that while the global news media has its own representatives in developing countries, they also rely upon interactions with journalists from local news media (who in turn often receive information from NGOs). Hence, whilst some journalist might be employed by local newspapers, their stories frequently will gain international coverage. The typical responses included:

Stories on working condition are equally run by the local media and the international media. I personally have made many reports on the garment workers. You need to understand that both local and global media are equally important to create social change. We accept that the local media is so important to change the perceptions of local people. As the garment business is global in nature, perhaps more global than any other business in this world, the global media has a keen interest in the economic and social impacts of this business, therefore they create a demand for the information. So what we write creates an impact on the global community and this in turn creates pressures for the industry to change and to disclose. [ Interviewee # v ].

When we report we interact with local journalists too. When NGOs organise conferences we all arrive there; we normally don't depend upon the local media. We sometimes get information earlier than local journalists. NGOs or labour federations often tell us their stories before they go to the local journalists. Big news media such as BBC, CNN usually buy our news. I believe the news media has a huge impact on global business, consumers and policy makers [Interviewee # vi ].

Finally, all were asked whether the media has had positive impacts on the clothing supply industry of Bangladesh. The consensus was that the news media can take responsibility for creating greater awareness of the plight of workers, and this awareness has led to real improvements in the industry both in terms of labour practices, and in the transparency with which information about operations is publicly provided. Nevertheless, more improvements are necessary. Representative response included:

Look we need to understand the global business trends where some specific social issues get priorities for example, elimination of child labour, elimination of exploitation, and eco-friendly production. We have a large group of readers locally and globally who expect us to focus our reporting on these issues. They respond to these issues, and so have manufacturers. It has had a positive side for Bangladeshi manufacturers; they go ahead of their competition. [Interviewee # iii].

In concluding this section pertaining to journalists' opinions, it is clear from our evidence that journalists believe that media attention is crucial to creating changes in the workplace

conditions existing in developing countries, and for encouraging organisations to publicly disclose information about the actions they are taking to address social performance issues associated with supply chains, and which are of concern to western consumers. There was also a view from the journalists that without the media attention being directed at the social performance of local suppliers, large MBCs would tend to disclose very little information about the conditions under which foreign employees work. Organisations would accept very limited accountability for the impacts of their operations in developing countries. A view was also provided that NGOs initiate the stories and that without the NGO input many topics might not otherwise be addressed within the media. The views are also consistent with the views of the NGOs.

A summary of the interviews with NGOs and journalists therefore reveals, from the perspective of both NGOs and journalists, that:

- NGOs do have influence over both the social performance of organisations supplying products to MBCs as well as influencing the disclosures being made by MBCs and their suppliers. They do this by influencing the community's perception of the legitimacy of the respective organisations, and where corporations believe their legitimacy is threatened they will respond, and this response will include a disclosure element. This is consistent with prior research such as Deegan and Blomquist (2006), and Tilt (1994).
- the media does have influence over corporate social performance and related disclosures with global supply chains. This is also consistent with prior research (O'Donovan, 1999; Islam and Deegan, 2010) and with media agenda setting theory (for example, Ader 1995)
- NGOs use the media to influence both the workplace practices utilised by organisation supplying products to MBCs and associated disclosure practices. Understanding the complementary interactions of NGOs and the media to create demand for social performance information is something that has not otherwise been addressed within the social accounting literature. The results indicate that NGO or media action alone cannot create changes in corporate accountability as effectively as they can when they act as a 'team'.

## 6. Concluding comments

As we have indicated in this paper, a number of social and environmental accounting researchers have relied upon secondary data to show a link between increased media attention devoted to a particular issue (often determined by the number of articles in a sample of newspapers that address a particular issue) and specific changes in corporate social

responsibility activities and related disclosures. The basis of explaining the disclosure reaction has been based on a dual consideration of legitimacy theory and media agenda setting theory, wherein media attention, particularly negative media attention, directed to particular aspects of an organisation's social performance will impact community expectations and generate a potential 'legitimacy gap' for the organisation. In response, the organisation will produce social disclosures in an effort to address the potential legitimacy crisis and bring support back in favour of the organisation. There has also been previous speculation by researchers (for example, Islam and Deegan, 2008) that if the media does have the power to create change, as media agenda setting theory suggests, then NGOs as 'agents of change' in developing countries would find it crucial to enlist the help of the news media to generate their preferred outcomes.

The results reported in this paper provide evidence to support this previously untested perspective about NGOs' utilisation of the news media. To direct our research, we developed four research questions. In relation to Research Questions 1 and 2, we have shown explicitly, and by way of primary data, that NGOs do consider the media to be a vital component of their strategies to create change in the social performance of supply companies, and in related reporting. In relation to Research Questions 3 and 4 we have shown that, within the context of a developing country, the news media does appear to be particularly responsive to the concerns of NGOs, and will run stories to support and promote NGO causes. Further, members of the news media consider that the media's actions are a central element in creating change in the corporate social performance of supply companies operating within developing countries, and associated accountabilities.

Representatives from both the media and NGOs agreed that the media agenda, which is often shaped by NGOs, has been responsible for creating real changes in the operations and disclosure policies of organisations sourcing products from Bangladesh (although there is agreement that whilst workers' conditions have greatly improved in the last decade, further improvements are also necessary). What was also emphasised by both the NGOs and the media representatives was that NGOs would be relatively powerless to create change if it was not for the community agenda setting effects created by the news media.

From the account of events provided in this paper it would appear that knowledge of the agendas of NGOs is crucial to an informed understanding of the pressures for, and actual changes in, the social responsibility programs, and related reporting, of MBCs sourcing products from developing countries. That is, within the context of a developing country, we would argue that any understanding about the reasons for the existence (or non-existence) of

particular corporate social responsibility activities and related disclosures would be incomplete unless the respective researchers investigated the concerns and activities of NGOs operating within that environment. Hence, as a result of the evidence provided in this paper, researchers investigating the stimuli for corporate social disclosure policies of companies operating in, or sourcing products from, developing countries would be well advised to incorporate NGO activities and agendas, and changes therein, in any efforts to explain corporate social reporting practices and trends. Whilst it is useful for readers of corporate reports and social accounting researchers to be aware that changes in media attention seems to lead to changes in corporate social disclosure practices [for example, see Islam and Deegan (2010)], more detailed investigation would possibly show that a changed agenda of a particular NGO (whether or not prompted by the actions of particular NGO sponsors), or group of NGOs (or perhaps a change in the freedom of movement or access of NGOs) was actually the initial catalyst for the changed corporate behaviour that ultimately was demonstrated.

Our paper has emphasised the role of both NGOs and the media in creating changes in corporate activities and associated reporting as they pertain to supply chains within developing countries. A possible implication of this is that any efforts within countries to stifle the creation and activities of NGOs, or the media, will arguably hinder social change. Because we accept, as a result of our interviews, that the views of NGOs are relatively likely to be accepted by the media (and according to our interviews, in part this is because journalists believe there is a high degree of community 'trust' in NGOs), and because of the power the media can exert in terms of influencing the purchase decisions of western consumers, NGOs also need to understand the pivotal role they play in creating social change.

Given the continuing globalisation of various industries, and the ongoing outsourcing of various processes to developing countries, many of which do not have effective regulations to support workers' rights, further research to understand the roles of stakeholders such as NGOs and the media in enhancing corporate accountability continues to be important. This apparent need for continued research to enhance corporate accountability is further emphasised by the huge loss of life as a result of the recent (2013) building collapse at Rana Plaza (Dhaka) and by the significant loss of life in the alleged Tazreen Fashions factory fire, also in Dhaka, in 2012 (The Wall Street Journal, 2013). We hope our research will motivate other researchers to further consider the roles of NGOs, the media, and other stakeholder groups as they relate to influencing corporate social responsibility activities, inclusive of reporting, within developing countries. Specifically, further research could consider the roles of institutional actors, such as various national and international regulators, in further protecting workers in global supply

chains and in increasing corporate transparency associated with global supply chains. Further research could also explore the factors that influence NGOs' agendas, as well as how NGOs, as 'agents of change' provide accounts of their own activities.

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**Appendix One: Interview Participants from Social and Environmental NGOs**

<b>Positions</b>	<b>Background of participants' organizations</b>
National Project Coordinator, Project name: A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh,	<b>ILO:</b> has a history of seeking to eliminate child labour from the Bangladesh clothing industry. It signed the 1 <sup>st</sup> Memorandum of Understanding(MOU) in 1995 with BGMEA and UNICEF. Following the first phase of the project, ILO signed a second MOU with BGMEA in Geneva on 16 June 2000 to keep the garment factories child-labour-free( <a href="http://www.ilo.org">www.ilo.org</a> ).
Senior member and National project monitor, A Partnership Approach to Improving Labour Standards in the Garment Industry, ILO Bangladesh	
Senior member of project: A Partnership Approach to Improving Labour Standards in the Garment industry, ILO Bangladesh.	
Acting Project Coordinator, Livelihood Programme, Bangladesh Program, Oxfam.	<b>Oxfam:</b> According to its own website, Oxfam International is a confederation of 13 organizations working together with over 3,000 partners in more than 100 countries to find solutions to poverty and injustice. Oxfam's Livelihood Programme in Bangladesh works on trade issues related to garment workers' rights and market access. The main component of this programme is to ensure better working conditions in the garment industry through local NGO partners such as Karmojibi Nari, and Phulki ( <a href="http://www.oxfam.org">www.oxfam.org</a> , last updated July 2006).
Policy analyst and environmental scientist, Livelihood Programme, Bangladesh Program, Oxfam.	
Senior Campaign Facilitator, Livelihood Programme, Bangladesh Program, Oxfam.	
General Secretary, Bangladesh Garment and Industrial Workers Federation (BGIWF)	Bangladesh Garment and Industrial Workers Federations (BGIWF) and National Garment Workers Federation (NGWF) are the main federations of trade union bodies that appear to protect the interests of garment workers in Bangladesh. These two major federations frequently organise campaigns, rallies, press conferences, and dialogue with other international trade union leaders and international NGOs such as Clean Clothes, Oxfam etc. to address problems such as the lack of implementation of maternity leave, inadequate workers' safety, and worker abuse (financially, physically and mentally)..
General Secretary, National Garment Workers Federation(NGWF)	
Executive Director, Phulki-Donor based local NGO for the welfare of garment workers. Phulki has a partnership project with Oxfam and H&M	<b>Phulki and NUK:</b> Two major donor funded local NGOs. Phulki - Oxfam's local partner, provides training to floor-level managers on workers' rights, literacy education, and women workers' day care services. Besides its partnership with Oxfam, it is an affiliated auditor of US-based International Free Labor Association (FLA) to perform social audits in garment companies ( <a href="http://www.phulki.org">www.phulki.org</a> ) <b>Nari Uddug Kendra (NUK Centre for women initiatives)</b> - a local NGO (predominantly funded by CIDA) has been working since 1991 to protect the rights of garments workers and to provide them with housing, health care and safety standards ( <a href="http://www.nuk-bd.org">www.nuk-bd.org</a> ).
Project Coordinator-Improvement of Women Garment Worker's Conditions Project, Nari Uddug Kendra(NUK-Center for women Development)-A donor based local NGO for the welfare of garment workers, CIDA is currently funding NUK	

**Appendix Two : Interview Participants from News Media**

Positions	Background of participants' organizations	
Senior staff reporter, Business	<i>New Age</i> , a leading English daily (local newspaper in Bangladesh)	The leading local news papers in Bangladesh are Daily star, Prothom Alo and New Age
Senior staff reporter, Garment sector	<i>Prothom Alo</i> , A leading Bangla daily (local newspaper in Bangladesh)	
Senior staff reporter, Garment sector	<i>Daily Star</i> , a leading English daily (local newspaper in Bangladesh)	
Senior staff reporter, General business, Coal, mining, mineral resources, society and the environment	<i>New Age</i> , a leading English daily (local newspaper in Bangladesh)	
Senior correspondent, Business and garment sector	<i>Associated Press (AP)</i> serves as a source of news, photos, graphics, audio and video. AP operates as a not-for-profit cooperative with more than 4,000 employees working in more than 240 worldwide bureaus. AP is owned by its 1,500 U.S. daily newspaper members. AP supplies a stream of news to its domestic members, international subscribers, and commercial customers. Founded in 1846. On any given day, more than half the world's population sees news from AP.	
Senior correspondent, Business and garment sector (Main stream: Major business such as Garments)	<i>Reuters</i> - Thomson Reuters is the world's largest international multimedia news agency, providing investing news, world news, business news, technology news, headline news, small business news, news alerts, personal finance, stock market, and mutual funds information available on Reuters.com, video, mobile, and interactive television platforms. Global information and news services to the world's newspapers, websites, television networks, radio stations, as well as direct to business professionals.	
Senior correspondent, Business reports (Main areas: Foreign trade, and export business such as Garments)	<i>Associate France Press (AFP)</i> is a global news agency. It has journalists in 165 countries, and five regional headquarters. AFP is the world's oldest established news agency, founded in 1835. Its main headquarters are in Paris and it has regional centers in Washington, Hong Kong, Nicosia and Montevideo.	