

Social auditing in the supply chain: business legitimisation strategy rather than a change agent

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Abstract

Purpose – This paper examines the role of social auditing in legitimising the relationship between the buyer and supplier firms rather than strengthening corporate accountability in the global supply chain.

Design/methodology/approach – Applying case study methodology and drawing on Suchman's theory on societal legitimacy, it is argued that social audits are artefacts of legitimacy, and global firms dominate the buyer-supplier relationship across the supply chain. The analysis is based on data collected from different secondary sources, including Walmart's corporate sustainability reports.

Findings – Using Walmart's relationship with Tazreen Fashions Limited around the Tazreen factory fire incident as a case study, it explains that the practices which attempt to symbolically demonstrate accountability *from* social audits need to shift to a more continuous and sincere demonstration of accountability *through* the social audit process. For this to occur, the cognitive and pragmatic approaches that international buyers have previously employed in auditing their supply firms' social responsibility are no longer sufficient to achieve societal legitimacy. Instead, a moral turn needs to underpin the intentions and actions of these buyers to maintain legitimacy and demonstrate accountability across the supply industry in developing economies.

Originality/value – The findings of the study answer the questions raised in the extant literature about the expectation from social auditing and whether social auditing serves to ensure corporate accountability. The paper contributes to the policymaking discussion of how social auditing can be configured to include a legal provision to ensure that social auditing is not a parroting tool for corporations.

Paper Type – Research Paper

Keywords

Social auditing, legitimacy, ready-made garment industry, Walmart, Tazreen, Bangladesh

1. Introduction

Social auditing is yet to be mainstream in the accountability and social practice of corporations. However, it has long been touted as a mechanism that can check corporate social performance against social commitments through greater stakeholder engagement (Islam, 2015; Pisani et al., 2017). Corporate social commitments, including Corporate Social Responsibility (CSR), are increasingly acknowledged as having the potential to generate value in the long-term (Lloret, 2016). Nonetheless, these commitments can also be viewed with scepticism as they appear to construct and legitimise a particular industry or institutional environment (Gifford et al., 2010). As such, there is a theoretical and empirical tension between the perceived positive *intentions* of social performance and the potentially negative *actions* of companies engaging in irresponsible or deceptive behaviour (Siano et al., 2017). Social auditing is expected to counter this disconnect. But, questions arise over the usefulness of social auditing in a country where there are clashes between ideals from the western country requirements (buyer-side) and the cultural and socio-economic issues which induce duplicitous behaviour and 'mock

compliance' from the supplier firms (seller-side) (Huq et al., 2014). This makes the ready-made garment (RMG) industry of Bangladesh, in which international buyers introduced social auditing after a series of recent tragic accidents, a pertinent interest for research on the effectiveness of social auditing (see, for example, Rahim, 2017). The RMG industry is worth billions of dollars in trade for developing countries such as Bangladesh, and the social, environmental and economic issues related to the manufacturing, consumption and disposal of RMG are vast (Akter et al., 2022). Set against this backdrop, this research explores social auditing in the RMG supply chain by taking the relationship between Walmart and Tazreen as a case example.

Social auditing refers to a process by which a business can determine its impact on society and report its responsibility performance on social issues to the broader community (Owen et al., 2000; Rahim and Idowu, 2015). As the lack of effective oversight of labour rights by the governments and workers' organisations is still prevalent in the supply industries in weak economies (Ben-Shahar and Schneider, 2014, 2011), social auditing can become a means to fill the gaps in ensuring human rights conditions in the supply chains that connect these industries with the markets in developed economies. Other stakeholders in the global supply chain industries also utilise this auditing as a primary way of assessing the implementation of their standards of conduct. In 2017, the worth of this auditing industry was more than US\$50 billion, taking 80% of the global buyers' budgets for 'ethical sourcing' (ETI, 2018; UK Joint Committee on Human Rights, 2017). Consultancy around the code of conduct, mandatory disclosure, and certification of standards are pertinent to global supply chain management due to the increasing demand for social audits (Ben-Shahar and Schneider, 2014, 2011).

While the contemporary research on social auditing tends to be related to the mainstreaming of corporate social responsibility (Kortelainen, 2008), in general, social auditing aims at collecting, analysing and sharing information through stakeholder engagement. The underlying notion is that social auditing helps corporations to minimise human rights risks across the global supply chain. As such, this auditing requires the audited information to be shared with the market, consumers and other stakeholders who can cross-check and reflect on it. But the current practice of social auditing is different, if not the opposite, of this audit objective. In most instances, the global buyers commission this auditing never share their audit reports with the stakeholders, and most importantly, they do not have the intention to meaningfully upgrade the human rights conditions in their global chains through this audit (Ford, 2015; Ford and Nolan, 2020; Landau, 2019; Narine, 2015). Recent disasters in the RMG supply industries exemplify that this auditing is more a process to meet public relations purposes and meagrely contributes to the outcomes (UK Government, 2019). For example, before the fire incident killed 300 workers of Ali Enterprises in Karachi of Pakistan, this RMG factory was certified against the code of conduct of the Social Accountability International and was also audited by the buyer-appointed auditor who was accredited by both the Fair Labour Association and the Worldwide Responsible Accredited Production (Ford and Nolan, 2020; Rahim, 2017). Just two months before the collapse of the Rana Plaza, two of the factories in it passed the social audits conducted by the Business Social Compliance Initiative (Pekdemir et al., 2015; Reinecke and Donaghey, 2015). These raise questions about the functionality of social auditing in the RMG supply chain.

A possible problem with social auditing that can discourage its effective use is the ability of the management of a company to control the entire process (Croom et al., 2018). This can happen when management strategically collects and disseminates only the information it deems appropriate to advance the corporate image rather than being truly transparent and accountable

to society (Owen et al., 2000; Rahim, 2017). Indeed, ‘the audit format itself is inherently superficial’ (Ford and Nolan, 2020). It generally takes a few days to be completed and is designed to take a snapshot of a given time and situation; as such, it does not get into the issues related to the due diligence of human rights in the industrial setting (ILO, 2016; LeBaron and Lister, 2016, 2015; Locke, 2013). Moreover, the format for this auditing varies based on the types of the audit sectors and the nature of the parties commissioning the audits. An ILO study revealed that the differences in the methodology, timing, rigour and expenses not only impact the outcomes of this audit but also create avenues for the suppliers to evade evidence and commit fraud (HRW, 2016; Labowitz and Baumann-Pauly, 2014). Therefore, there is a risk that social audits can be confined to being used as a management tool mainly to claim legitimacy for buyer firms’ sourcing operations, rather than as a mechanism for promoting labour wellbeing and work environment in supply factories in weak economies (O’Dwyer and Owen, 2005). The studies that analyse international buyers’ social legitimacy strategies, however, remain limited, especially those that evaluate the ethno-political aspects of discursive legitimization that include values, beliefs, and power relations among the actors in the global supply chains (Pisani et al., 2017).

The objective of this paper is ultimately to ask the question of ‘how can social auditing help to repair legitimacy?’. In so doing, the paper provides an exploratory analysis of the social audit practice of Walmart, one of the main international buyers, that sources RMG products from Bangladesh, with one of its suppliers, Tazreen. Focusing on the potential and limitations of social auditing to improve legitimacy after an organisational scandal, it interrogates the ethical challenges posed by the forces of globalisation and the capacity of social audits to be harnessed as a tool for the international buyers to legitimise their operations in the economies with typically weak institutional and political structures (Siddiqui and Uddin, 2016) in which corporations often achieve legitimacy with fewer initiatives (Joardar and Sarkis, 2021). Given the scope of social responsibility of global firms across the supply chain is contested (Enderwick, 2018), this paper argues along with Rahim & Idowu (2015) and Rahim (2017) that the relationship is favoured toward the buyer firms. It raises questions about whether social auditing can effectively deal with or report or prevent malpractice in the workplace. This is critical for developing countries which usually have a weak economy, and their firms have little or no power over the buyer firms.

This paper has several contributions. First, it provides an answer to the questions raised by Terwindt and Armstrong (2019) about the expectations from social auditing and whether social auditing serves to ensure corporate accountability. Second, the findings of the paper strengthen the argument that a misconfigured social auditing is essentially a tool to exercise power over the stakeholders (Willis, 2015), and social auditing might not be an effective tool to ensure safety in garment factories (Alamgir and Banerjee, 2019). As mentioned earlier, it is essential that social auditing is configured such that stakeholders are informed and engaged. Often the auditing function becomes the sole element to check on corporate compliance with their social commitments or legal requirements, but the capacity of auditing, in its current format, to glean high-quality information is unwarranted in the face of differing (as well as conflicting) interests of buyers and sellers (Kuruvilla et al., 2020; Locke, 2013). This makes social auditing a ‘cat and mouse’ game in which actual data are probably lost in parroting what is desirable to report (Bartley et al., 2015, p. 163), especially in developing countries where many small and medium firms are under increased pressure from the global brands to comply with the norms of social performance (Lund-Thomsen and Nadvi, 2010). Third, the paper contributes to the understanding that without social auditing being included in the legal framework in which it is possible to sanction corporations for misdeeds (Cotton et al., 2000), the social audit can be

instrumentally used as is the case for Walmart in this paper. There is little evidence that sellers' compliance records are linked to buyers' future decision-making about from whom to source (Kuruvilla et al., 2020), and the adoption of social auditing is symbolic as a shield against reputational damage (see Esbenshade, 2004).

The remainder of the paper is structured as follows. The next section discusses the case and overall context of the study, emphasizing social auditing and its nexus with societal legitimacy. In particular, it focuses on legitimacy theory, different forms of that, and social auditing as a tool for achieving societal legitimacy. Section 3 discusses the research method, and findings, and discussions are presented across sections 4 to 6, followed by a conclusion in Section 7.

2. The Context

2.1. Tazreen factory fire and Walmart connection

Tazreen, a company based in Dhaka and a member of the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), has more than twelve years of experience as a garment supplier to many well-known retail brands spread across the globe. On 24 November 2012, a tragic incident took place at its factory, which claimed the life of 112 employees (Manik and Yardley, 2012). This was not an isolated incident, with approximately 600 employees dying in the last decade from factory fires in Bangladesh (Solaiman, 2013). There are several reasons why they occur, including overcrowded production lines, short-circuiting of sub-standard electrical wiring, the presence and mishandling of combustible chemicals, outdated fire extinguishers, and the obstruction of fire exits by factory supplies (Rahim, 2017). A particularly critical reason for the tragedy was the lack of attention that has been paid to maintaining adequate safety standards. Tazreen's factory owners and managers are under trial for negligence causing death, a rare case in Bangladesh of criminal proceedings being filed against factory owners (Alam, 2014). Walmart's involvement with Tazreen is from the latter's apparent production of RMG for the earlier at the time of the incident. Some evidence shows that Walmart audited the social accountability practices of Tazreen just before the fire. The company where much of Tazreen's production was destined has been especially criticised for its delayed and inadequate response to the accident (Al-Mahmood et al., 2012).

2.2. A Profile of the RMG industry in Bangladesh

Bangladesh is the world's second largest RMG exporter, and exports from this country have grown exponentially in recent years. From 0.06% in 1990, global RMG export from Bangladesh increased to 6.4% in 2016 (WTO, 2017). This increase has improved the RMG sector's share of the total export from Bangladesh from 3.89% in 1984 to 81.16% in 2021 (BGMEA, 2022; EPB, 2021). While progress has been slowed down a little in the last two years, apparently because of the pandemic, the sector's share reached its peak in the financial year of 2018-19, claiming 84.21% of the total exports (BGMEA, 2022).

There are no specific official statistics about the number of garment factories in Bangladesh. It invited estimation, and different sources came up with different numbers, which are usually within the range of five to seven thousand. Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the formal lobbying body for the sector, mentions the number to be more than four thousand without providing any further details (BGMEA, 2022). Irrespective of the differences in numbers, the RMG sector is big in Bangladesh, and it contributes significantly on many fronts such as employment generation. The sector is estimated to employ 4.22 million workers, of whom 59% are female (Ahmed, 2022; Haque and Bari, 2020).

The comparatively low cost of labour in Bangladesh is the main driver of the double-digit rates of growth seen in the RMG sector in recent years (Alamgir and Banerjee, 2019). However, the growth of RMG in Bangladesh has not been without significant controversy because tragic incidents like the Rana Plaza building collapse have reignited concern over working conditions in the developing world (Siddiqui et al., 2020). Questions have been raised about accountability practices in the sector. In particular, it is claimed that the entrenched accountability relationships between various stakeholders, including the State in Bangladesh, continue to enable RMG firms to downplay or ignore human rights issues (Siddiqui and Uddin, 2016).

2.3. Contextualizing Accountability Practice of the Bangladeshi RMG Sector

The context of the Bangladeshi RMG sector is murky when it comes to accountability. The sector indeed is the second largest garment manufacturer in the world, but it is also being blamed for pervasive malpractices leading to a series of tragic incidents in recent times. The severity of these incidents affected local and international actors in the supply chain, and there is a collaborative approach to rebuilding the lost image (Ashraf and Prentice, 2019; Chowdhury, 2017).

The failure of accountability caused malpractices in the RMG sector either to be neglected or remain undetected. This failure stems from the context that different actors relevant to the sector seem not to be performing properly for various reasons. To start with, the government should be an apt example. Though Bangladesh is a democratic country, higher-level income disparities and widespread corruption in the country fail the government to achieve the objectives for those who are less powerful. For example, the government along with other actors resist the empowerment of the RMG sector workers who are one of the most financially powerless (or less powerful) people in Bangladesh (Bair et al., 2020; Haque and Bari, 2020). Further, Bangladesh is continuously ranked at the bottom of the ‘corruption perceptions index’ for more than a decade (Transparency International, 2022), reflecting a cultural co-existence of corruption and accountability failure in the country. Having all these facts together, the sincerity of the Bangladesh government can be questioned as to whether they actually want to ensure accountability in the RMG sector. Various issues such as salary, work conditions, humiliation, and workplace bullying have long been the issues of the Bangladeshi RMG sector, and it is very common for garment workers to protest on the street demanding solutions to different unfair issues affecting their work and lives (Ashraf and Prentice, 2019).

The contribution of the RMG sector to the country’s economy forces the government to take a step back, derailing the strict administration of any accountability mechanisms. The economy of Bangladesh largely depends on remittances, for which RMG export is one of the core sources. In the 2020-21 financial year, the export of the RMG sector was 81.16% of total exports from Bangladesh (BGMEA, 2022; EPB, 2021; Haque and Bari, 2020), and highlights the significant importance of the sector. After agriculture, RMG is the largest employment sector, and it employs the highest number of women compared to any other sector in the country (Haque and Bari, 2020). In this way, it solves a major problem for the government regarding how to include women in the active workforce in a socially and religiously conservative country like Bangladesh. Further, for around 68% of the total workers, the job in the RMG sector is the first job, reflecting the impact of the sector in creating employment (Haque and Bari, 2020). Having this as a background, the Bangladesh government seems to be lenient to malpractices in the RMG sector.

The leniency of the government creates similar opportunities for other actors relevant to the RMG sector, eventually inviting corruption, bureaucracy, and other malpractices. For example,

the authority that approves building permits could not tell how many floors were in the Tazreen factory building at the time of the fire incident. When various newspapers and eyewitnesses claimed the building had at least eight floors, the authority said that only three floors were permitted to be constructed. While this is an official version, the history of these permitting authorities in Bangladesh is full of corruption scandals (Sabet and Tazreen, 2015). If for the sake of argument, it is accepted that the floors beyond the third floor were constructed illegally, it should have been a concern for law-enforcing authorities, but that did not happen. Rather, the building was constructed in such an unhygienic manner that it did not have enough provisions for an emergency. Health and safety standards were not maintained in the building, but the relevant authorities did nothing about that. Indeed, this is gross negligence of these above-mentioned authorities, but it is often claimed that these authorities ignore malpractice by being corrupt in many ways (Asadullah and Chakravorty, 2019; Mahmud, 2007; Rahim and Islam, 2020; Sabet and Tazreen, 2015).

The involvement of politicians and powerful lobbying entities with the RMG sector negatively affects the accountability performance of the sector. The sector is treated as a ‘golden egg’, providing much-needed financial stability to the country. This attracted powerful actors to the sector, and almost all the entities in the RMG sector, including owners and labour unions, are somehow connected to the political establishments in the country (Ashraf and Prentice, 2019). Further, BGMEA, the sectoral representative body of the owners, is very powerful and frequently influences government policies regarding the sector (Ashraf and Prentice, 2019). This entity which accounted for at least 10% of the parliament members, stood by the owner of Tazreen and defended him as not guilty (Muttakin et al., 2018). Therefore, it is rare that Bangladesh government takes any strict initiative to discipline the RMG industry, paving the way for continued malpractices.

2.4. Reporting and Controversy about Social and Environmental Reporting

Irrespective of the accountability status, different entities relevant to the RMG sector, including BGMEA, companies, and international actors in the supply chain, report their social and environmental performance in a vivid manner. But their actions are often not as vivid as they present them in their various reports. For example, after the Tazreen fire accident, a ‘Tazreen Claims Administration Trust’ was formed in November 2015 by an agreement between major brands and global trade unions. The Trust was created to deal with financial and medical issues of injured workers. Even though it is claimed that the Trust is doing enough, the reality is that injured workers protested for over two months in a row on the street demanding financial and medical support (Moazzem, 2020).

The initiatives taken indeed have benefits for the stakeholders to some extent, but they often seem like image build-up for local and international actors in the supply chain. Both these entities are facing backlash in their respective countries from customers and civil society actors because of the severe mishandling of the accidents in the RMG sector (Butler, 2014; De Neve and Prentice, 2017; Sinkovics et al., 2016). While the victims still struggled to come to terms with their new reality, it did not affect the performance of the RMG sector (see Table 1). Even after catastrophic incidents in the sector and the pandemic, performance has rather improved since the incidents occurred. In another example, in Accord, a multi-stakeholder initiative to deal with fire and building safety, labour unions were included, but not the local employers (Alamgir and Banerjee, 2019). Local employers were perceived as an obstruction (Donaghey and Reinecke, 2018), and this should reflect how adamant the international powerful buyers are to manage the ‘damage control’ of their reputation.

Table 1. Export performance of the RMG sector

Year	Export of RMG	Total Export of Bangladesh	% of RMG to Total Export
2010-11	17914.46	22924.38	78.15
2011-12	19089.73	24301.90	78.55
2012-13	21515.73	27027.36	79.61
2013-14	24491.88	30186.62	81.13
2014-15	25491.40	31208.94	81.68
2015-16	28094.16	34257.18	82.01
2016-17	28149.84	34655.90	81.23
2017-18	30614.76	36668.17	83.49
2018-19	34133.27	40535.04	84.21
2019-20	27949.19	33674.09	83.00
2020-21	31456.73	38758.31	81.16

Source: BGMEA webpage (BGMEA, 2022)

As mentioned in the ‘introduction’, social auditing and its reporting are controlled by the corporations in question, and this is problematic. Previous literature supports this conceptualization arguing that corporations often get indulged in the social and environmental activities (and reporting) to build up a respectable image or manage a crisis or simply do greenwashing (see, for example, Delmas and Burbano, 2011; Kaplan and Ruland, 1991; Lauesen, 2016; Lee et al., 2018; Mahoney et al., 2013; Ramus and Montiel, 2005; Torelli et al., 2020). However, the attention on social and environmental accounting increases and the stakeholders around the world exhibit a change in thinking through their concern (or excitement) about the social and environmental performance of corporations (Baker, 2015; McDonnell, 2017; Schmidt et al., 2015). As such, it is timely to examine and document whether corporations implement what they promise in their reports. Social auditing, through stakeholders’ engagement, is poised to do so, if implemented properly. This study explores whether social auditing, in its current form, can do that in relation to the Bangladeshi RMG industry.

2.5. Social Auditing in the Bangladeshi RMG Sector

Tragic incidents in the RMG industry and the general awareness of western customers of social and environmental issues have made social auditing a pertinent tool in the RMG sector in recent times. In the Bangladeshi RMG sector as well, this has been introduced (Kuruvilla et al., 2020) as a part of the initiative in which local liaison offices of the international buyers ensure that the social responsibility practices of supply firms are at an acceptable standard, especially to the final consumers of the RMG products in the developed nations (Kolk and Van Tulder, 2002; Sethi, 2003). The liaison offices are established by international buyers such as H&M, C&A, M&S, Walmart, GAP, and JC Penney to manage the relationships between the buying firms and the Bangladeshi supply firms.

The global buying firms expect supply firms to follow the standards set by specialised agencies for social auditing. Buyer firms usually use their auditors to assess suppliers’ performance on social issues and often verify audit results with their auditors or their preferred audit agencies (Sinkovics et al., 2016). There is no involvement of any impartial agent to check on the social accountability performances of supply firms, which again usurps social audit as an artefact of domination and legitimacy rather than a genuine attempt to discharge accountability. This begs

the question as to whether the social auditing practices carried out are genuine (Björkman and Wong, 2013; Pruett, 2005). If there is no independent third party to verify audit outcomes, the information provided may not be credible (Locke and Romis, 2010). Often independent third-party auditors will only become involved when firms face major threats to their legitimacy. This could include, for example, when they face media accusations or are subject to effective NGO initiatives apropos to issues such as labour exploitation, discrimination at work and high-risk work environments (Islam and Deegan, 2008). To explicate further the intricacies in the application of this audit practice by the buyer firms in the social audit strategies of the global supply firms, this paper critically assesses the social auditing practices of Walmart with Tazreen.

2.6. Justification of the Study

Tragic factory incidents are not new in Bangladesh. Often it is wrongly assumed that the Spectrum Sweater factory collapse, killing 64 people in 2005 (Miller, 2013) was the first such incident. But the factory fire at Saraka Garments, killing 27 people in December 1990 (Ashraf and Prentice, 2019) is older than the Spectrum incident. Unfortunately, the RMG sector did not learn from any of these incidents. Thus, a few years after the last incident, the extent of casualties increased with the Tazreen incident. More tragic is the following Rana Plaza incident, which crossed all the limits by claiming 1134 lives. The latter incidents reflect how gross violations have been piled up for a long time and eventually exploded.

The Tazreen incident was the first major incident to symbolize the acute failure of accountability in the RMG sector of Bangladesh. It should have been considered a serious warning to the RMG sector so that incidents like Rana Plaza could have been avoided. But quite the opposite of that, the incident barely brought any change to the RMG sector. The consequence was the Rana Plaza disaster. However, unlike the Rana Plaza incident, which has been studied from different perspectives (see, for example, Bair et al., 2020; Chowdhury, 2017; Donaghey and Reinecke, 2018; Siddiqui et al., 2020; Siddiqui and Uddin, 2016; Sinkovics et al., 2016), Tazreen fire incident did not get enough attention. This paper documents the Tazreen incident in the literature to fill up the gap in the history of irresponsibility in the Bangladeshi RMG sector.

Even after such major calamities, unaccountability and malpractice are still rampant in the RMG sector. The accused of the Tazreen or Rana Plaza incident has not been served a punishment yet. After his surrender to the court, the owner of Tazreen was released on bail from jail in just six months, and since then eight years have passed without any progress on the case. From jail, he instructed managers of his other factories to withhold the salaries of the workers until they campaigned for his release (Kim, 2014). Once released on bail, he intimidated witnesses by assaulting and threatening them (Kim, 2014), and this was so strong that there is no progress on the case because the prosecutors cannot produce any witnesses (Christie, 2016; Mohiuddin, 2022; Tipu, 2020). Interestingly, on his release from jail, he asked the government for around a four million dollar soft loan to resume production in the factories that he shut down in the face of workers' hunger strikes for salaries and bonuses (Donaldson, 2014). He had the audacity to exploit the unemployment scenario of the country, arguing that a loan to him would be beneficial for the country through job creation. To the surprise of many, he has been made the president of a wing of the ruling party, Awami League, in 2022 (Mohiuddin, 2022). Therefore, what the 'Time Magazine' claimed was historic toward ensuring accountability that a garment factory owner was charged (Allchin, 2014) did not last long.

The victims of the Tazreen factory fire still protest on the streets that their financial and medical needs are not being taken care of. But they are not being successful enough, because the actors in the global supply chain and the local elements, including the owners, politically backed unions, and the government rarely let the general workers unite (Ashraf and Prentice, 2019; Bair et al., 2017; Muhammad, 2015). The owners are politically connected, getting state support directly or indirectly, and control the majority of the media outlets in the country (Chowdhury, 2009; Muttakin et al., 2018). This makes it easy for them to sabotage any unification effort or movement, and the media does not cover workers' oppression issues seriously. Therefore, the voice of general workers is very weak in the RMG sector of Bangladesh, requiring a transnational initiative. While the transnational bodies gave more attention after the consecutive factory collapses, questions have been raised about the effectiveness of the initiatives taken so far (Alamgir and Banerjee, 2019). In this paper, one of the initiatives, social auditing, is in focus.

In summary of the discussion in this section, it is evident that (i) there is negligence in the RMG sector, (ii) the government cannot and probably does not want to ensure accountability of various actors in the sector, (iii) the owners of garment factories are beyond effective judicial treatment because of their power and contextual factors such as corruption, (iv) even after ten years of Tazreen incident, those accused are not punished; rather they are now more powerful and continue workers' exploitation, (v) international actors in the supply chain cannot ensure accountability in the supply chain though they often seem to be working for that, (vi) the main objective of many rehabilitation programs in relation the fire accidents has remained unmet because of the excessive focus on the publicity in an effort to rebuild the image of the RMG sector, and (vii) social auditing is a connect between the disconnect of actions and reporting of the actions with a focus on stakeholders' direct engagement. These prompted this study to document whether social auditing can act as a connect in relation to the Tazreen incident.

3. Research Design

3.1. Social auditing and legitimacy

Social auditing, a comparatively new and emerging research domain, is closely connected to the rise of corporate social responsibility (CSR), which has become mainstream in the past few years (Thornton et al., 2013). Considered within the umbrella term 'sustainable supply chain practices' that reduces financial risk (Lam, 2018), it is a process of evaluating organisational performance on social issues and communicating that to the wider community (Cousins et al., 2019; Owen et al., 2000), and a tool to measure and monitor social responsibility performance with respect to social policies and non-financial goals (Carroll and Beiler, 1975). Thus, social auditing 'is intended for both internal managerial and external accountability purposes and is an outgrowth of changing values that have led society to redefine the notion of a corporation's social responsibility' (Batra, 1996). However, questions are raised about the practice because it seems evident that social auditing, as carried out by global buying firms, is more about pragmatically gaining legitimacy than a commitment to improving performance in social responsibility (Siano et al., 2017, p. 71).

The discourse of social auditing builds on the precepts of legitimacy theory (Gray et al., 1995; Grougiou et al., 2016). The theory holds that 'organisations exist within society under an implied or expressed social agreement' (Rahim, 2013). Business organisations enjoy legitimacy because their roles complement the broader objectives of the organised social system in which they operate (Campbell, 2000, p. 83). Still, they seem to introduce CSR to attain further legitimacy, especially in entering emerging markets (Gifford et al., 2010)

prompting concerns about the validity of certain business operations and strategies (Maurer, 1971). Suchman, however, explores legitimacy from a fresh perspective, ‘in terms of manipulation and engineering of societal support’ (Rahim, 2013). Suchman’s view of legitimacy is that it is a perception that can shift over time as perspectives change (see, for example, Bitektine, 2011). Different stakeholders can have a greater say in how organisations are judged as legitimate and influence other stakeholder’s judgments as well (Kuruppu et al., 2019). This point is especially crucial, as it highlights how legitimacy is contextual and can be influenced by those with relatively more power. In this way, practices such as social auditing can be legitimised by dominant actors for their own purposes. Over time, these practices can become ‘taken-for-granted’ and accepted without question as the way things are and should be (see, for example, Suddaby et al., 2017).

Legitimacy theory also looks closely at the authority exercised by business executives and how they implement that authority (Deegan and Unerman, 2011). From this angle, Suchman argues that businesses employ a number of tactics to confirm that their actions are seen to be legitimate by external parties (Suchman, 1995). This study considers social auditing as one of these strategies; it relates this auditing to the legitimacy of corporate operations as they take place within the boundaries and norms of the context in which they exist.

Describing the relationship between business and society as societal legitimacy, Suchman (1995) considers three types of organisational legitimacy: (a) pragmatic legitimacy, (b) cognitive legitimacy, and (c) moral legitimacy. Pragmatic legitimacy is based on the self-interest of a firm’s most immediate stakeholders (that is, shareholders) (Suchman, 1995, pp. 571–610). For example, a firm that has caused environmental damage may not be inclined to pay for damage mitigation, as the cost of this could decrease shareholders’ returns. Using the pragmatic legitimacy approach, firms create strategies that result in direct benefits (such as management roles for their constituents). Where a firm has obtained pragmatic legitimacy, they have often strategically manipulated the perceptions of its stakeholders (Campbell, 2000, p. 83). Cognitive legitimacy is achieved when a firm convinces its stakeholders, at the subconscious level, that it has a valid role in society. This could include, for example, the belief by stakeholders that a firm’s productions, processes, infrastructures and leadership skills are vital and are based on the expectations of the stakeholders (Oliver, 1991). This approach can encompass pragmatic considerations. An example would be where a firm pollutes the environment and then experiences a crisis of legitimacy as a result. In this case, it may opt to recreate ‘others in [its] own image, either through success and modelling or through coercion or regulation’ (Suchman, 1995). A firm can achieve moral legitimacy when stakeholders make a conscious moral judgement on corporate output, procedures and leadership behaviours (Campbell, 2000). Within this approach, a firm ‘reflects a pro-social logic that differs fundamentally from narrow self-interest’ (Suchman, 1995). For instance, a firm may choose to pay for environmental damage mitigation before a case goes to court for moral and ethical reasons. In this situation, the firm does not try to avoid societal pressures or legal liabilities. Also, it does not try to manipulate the regulatory system and avoids mimicking the tactics of other firms, which may have been able to avoid social responsibility for the damaging behaviour. This contrasts with the internal focus displayed with pragmatic and cognitive legitimacy.

3.2. Materials and Methods

This is qualitative secondary research (Largan and Morris, 2019), together with primary research consisting of news articles and company annual reports (Islam and Deegan, 2010;

Islam and Islam, 2011), to conceptualise the role of social auditing in the relationship between buyer and supplier firms in the global supply chain. Taking the ready-made garments (RMG) industry in Bangladesh as the context, the paper discusses how buyer firms overshadow their accountability through their drive for social legitimacy. In so doing, data about the Tazreen factory fire were incorporated throughout the paper to support the analyses and better contextualise the facts. Thus, following Yin (2014), Tazreen is the single holistic case for this study. This catastrophic event was selected intentionally as a reflection of the extant literature that the many facets of corporate accountability are often more visible in crisis times (see, for example, Arora and Lodhia, 2017; Islam and Islam, 2011; Kuruppu et al., 2019).

Data about the Tazreen factory fire were collected from public domains, of which annual reports of Walmart for the period of 2010 to 2014 are the primary source. Studies or organisational legitimacy drawing from annual reports and triangulating issues with media disclosures are common in the social and environmental accounting literature (see, for example, Aerts and Cormier, 2009; Islam and Deegan, 2010; Kuruppu et al., 2019). These annual reports were collected from the Walmart website, and the timeframe was purposefully selected to reflect Walmart's standing on relevant issues both before and after the factory fire. As a supplement to these data, further data were collected via the *LexisNexis* database of media reports. Hardcopy documents (in Bengali) created by the Bangladesh government and local NGOs during the incident were hand-collected and added to the data pool. As discussed in Section 2, there is an institutional tendency not to disclose negative aspects of the RMG sector in Bangladesh because of its potential negative effect on the 'Made in Bangladesh' image. Thus, it is difficult, if not impossible, to get official statistics about different tragic incidents in the sector. Rana Plaza incident was different because of the magnitude of the event. Institutional actors had to disclose a lot about this event, and many researchers got interested in studying the incident. But the Tazreen incident did not get equal attention, neither from global stakeholders nor from academics. Consequently, to document the Tazreen incident and relevant issues, informal (Grey) literature had to be incorporated.

Using Boolean operators, the *LexisNexis* database was searched with the command: ("factory fire" OR Walmart OR "social auditing" OR "responsible sourcing") AND (Tazreen OR Bangladesh). This search produced 5,557 items having contents in Bengali, English, Dutch, and Spanish. Considering the language capability of the research team, 5,045 items (of which a considerable portion was in Bengali), were considered in this research. Major issues reported in these news items (see Figure 1) were cross-checked with the annual reports to understand the deviations in the discourse if any. As such, data collected from other sources functioned as a validator for the claims Walmart makes in its annual reports regarding the Tazreen factory fire. By covering both the international and national level news articles, a wide range of perspectives on this incident and also its socio-political dimension at the local level is captured.

strategies are supra-legal and involve the buying firms in the implementation of policy in supply firms (see, for example, McPhail et al., 2016; Siddiqui et al., 2020). However, even in such a scenario, tools such as social auditing may be brought in that again reinforces the hegemonic power of global buying firms in defining moral demands across the supply chain. These global buying firms have significant economic capital that they can wield to influence local firms and even the state in less developed economies. Furthermore, social audits may be used as artefacts of cultural capital, that can exercise the power of global buying firms over local supply firms in developing countries, particularly as employees within the latter are likely to be less educated and knowledgeable about the social audit process (see, for example, Sinkovics et al., 2016). This then emphasises technocratic practice where the interests of powerful global buying companies define what and how social auditing is and should be. In many ways, social auditing then acts as a mechanism to legitimise the powerful after a scandal by delegitimising firms in developing countries (see also Rahim, 2013).

Contemporary business models seem to incorporate a convergence of the two strategies. By including elements of both, buying firms can manage threats to their legitimacy (see, for example, Islam and Deegan, 2008) while also obtaining a cost advantage by procuring from developing economies. But this convergence has resulted in a tendency for international buying firms to self-regulate their accountability and audit practices. These firms often use codes of conduct or incorporate multi-stakeholder maneuvers or guidelines provided by other social or commercial organisations within their operations (Gereffi and Lee, 2012) to address socio-political, economic and environmental externalities. Often, the codes are most apparent in sectors where firms rely heavily on their brand image and global trade, such as footwear, RMG, sports accessories, toys and electronics (Utting, 2005). Codes that relate to environmental matters are commonly operational in the oil, chemical, forestry and mining sectors. Although it is claimed that the multi-stakeholder interests, expertise and initiatives underpin the rise of such a code of conduct, it is indeed the larger global firms who lead with the creation and adoption of the codes in their supply chain, reinforcing the domination of powerful, vested interests seeking legitimacy (Rahim, 2017). These firms included social auditing in many of their codes. The embeddedness of these logics within practice continues to reinforce the symbolic power of global buying firms over those firms in developing countries.

5. Walmart and its social auditing practices with Tazreen

Walmart, the largest and the third-largest retailer and the public company in the world, respectively (Gereffi and Lee, 2012), accounts for 30% of the total RMG exports from Bangladesh to the USA. It has crystallised a set of values and standards to guide its operations in a Statement of Ethics. The Statement of Ethics is a 38-page document that details a broad overarching policy framework for complying with a range of different issues. At the core of the framework is the vision statement to “promote ownership of Walmart’s ethical culture to all stakeholders globally”, which encompasses the following values: (i) individual respect, (ii) customer service, (iii) striving for excellence, and (iv) acting with integrity (Walmart, 2020). The vision and values that the Statement of Ethics promotes can be seen as the virtue which provides the aspirational standards upon which Walmart judges itself, which is at odds with realities within developing country contexts where the products are sourced from (Huq et al., 2014). These aspirational standards form a façade attempting at gaining cognitive legitimacy (Suchman, 1995, p. 600) whereby professionalising, formalising and certification seeking behaviours are seen to result in a ‘taken-for-grantedness’ that Walmart is conforming to social norms, customs and standards.

Furthermore, in its Responsible Sourcing program, Walmart maintains a detailed set of principles related to ethical sourcing for its supply firms. It produced a manual called 'Standards for Suppliers', which describes mandatory requirements for supplying firms. Of particular importance in the standards are those which relate to labour welfare, safety in the workplace, and the environmental impacts of production. Walmart requires all its global suppliers to reach an agreement that the suppliers, including their contractors and subcontractors, will abide by Walmart's 'Standard for Suppliers'. This is a coercive directive, and Walmart uses social auditing to verify suppliers' compliance with the standards (Nasrullah and Rahim, 2014; Walmart, 2013). Thus, the virtues espoused in the Walmart Statement of Ethics and Responsible Sourcing program are reflected in, and entrenched within, social auditing practices (Walmart, 2015a, p. 72). While on the face of it, this may seem reasonable and proper, it must also be recognised that this fundamentally entrenches Walmart's moral demands on others in the supply chain – countering the ethically relativistic tendencies discussed above that MNCs initially seek out developing countries because of the lower regulatory costs and cheaper labour.

Social auditing is a central pillar of Walmart's ethical sourcing program. It uses either its own auditors or affiliated audit firms to carry out social audits (Nasrullah and Rahim, 2014). All auditors engaged by Walmart are instructed to complete their audit by executing five components. First, auditors arrange a pre-audit discussion with the supply firm's management; second, auditors must complete a factory inspection; third, auditors meet some randomly selected workers; fourth, auditors check the documentation; and finally, auditors sit with the supply firm's management and sign the onsite report. In all five stages, Walmart claims that auditors rigorously check on social issues related to workers' welfare and workplace safety arrangements at the supply firm's premises (Walmart, 2013). The auditors also report on supply firms' capacity to adhere to Walmart's standards through social auditing.

However, the extent to which Walmart was genuinely committed to comprehensive social auditing in the Bangladesh RMG industry was questioned after the Tazreen tragedy (Berfield, 2013; Strauss, 2013). Labour activists, civil society groups, researchers and media groups have highlighted many loopholes in its apparent commitment to worker welfare and safety (Nasrullah and Rahim, 2014). They have called for a rejection of global firms' use of social auditing as a strategy to communicate the legitimacy of the firm to its constituents in developed world markets. Indeed, Walmart has faced considerable criticism for failing to contribute to the compensation of victims of the Tazreen factory fire (Greenhouse, 2013). This alludes to the duplicitous way that processes of social audit can be used to create a veneer of legitimacy, despite underlying actions (or inaction) (see Kuruppu et al., 2019).

Walmart's slack commitment to maintaining the work environment at an acceptable standard in its supply firms in Bangladesh can be traced back to a meeting between the leading RMG buyers and suppliers in the Bangladeshi RMG supply industry in April 2011 (Nasrullah and Rahim, 2014). Representatives from the supply firms present at that meeting suggested that the buying firms invest funds in the development of security measures and infrastructure in supply factories to reduce accidents. This suggestion met with a mixed response from representatives of the buying firms. However, Walmart's director of ethical sourcing, Sridevi Kalavakolanu, vividly rejected the suggestion. This was then followed by a series of deadly RMG factory fires (Burke, 2013). Thus, Walmart's narratives in their documents on social commitment raise doubts. It is difficult for a global buyer to claim it commits to raising the social accountability of supply firms when it does not want to pay to ensure its supply firms are operating safely.

Perhaps most tellingly, Walmart did not indicate a willingness to participate in any disaster recovery programs following the Tazreen factory fire. Immediately after the disaster at Tazreen, Walmart announced that it did not have any legal tie with Tazreen, and therefore, held no responsibility for the deaths that occurred (Crane et al., 2019). On 26 November 2012, it issued a statement that '[t]he Tazreen factory was no longer authorised to produce merchandise for Walmart. A supplier subcontracted work to this factory without authorisation and in direct violation of our policies. Today, we have terminated the relationship with that supplier. The fact that this occurred is extremely troubling to us, and we will continue to work across the apparel industry to improve fire safety education and training in Bangladesh' (Walmart, 2012a). Practices such as its social audit and 'Standards for Suppliers' were used as a mechanism to create moral distance, legitimising Walmart while delegitimising Tazreen. This aligns with Suchman's (1995, p. 600) view that when repairing pragmatic legitimacy, 'denial' or 'creating monitors' are appropriate legitimating strategies.

Walmart's statement on Tazreen also demonstrates its dual position in the development of legitimacy in a supply country via social auditing practices. In an apparent admission of its existence, in 2013 and 2014 sustainability reports, Walmart discussed undisclosed subcontracting and the actions it takes to monitor that. After the Tazreen disaster, it was revealed that at least three of Walmart's supply agents used the Tazreen factory in the prior year to produce RMG for Walmart and its subsidiary Sam's Club. An internal production report, uploaded by a journalist for the New York Times, shows that five of Tazreen's 14 production lines were engaged in producing RMG for Walmart from mid-September of 2012. There are other strong indications that many Walmart suppliers were using the Tazreen factory as recently as April of 2012. Indeed, production documents retrieved after the fire have revealed that 55 % of Tazreen's manufacturing was dedicated to Walmart contractors (ILRF, 2014). It is also clear that Walmart audited Tazreen's performance in social compliance. The documents collected by *Corporate Action Network* reveal that Tazreen was issued an orange rating (high-risk violations) in May 2011, reaudited in August 2011, to be issued with a yellow rating (medium-risk violations), and the accident occurred in November next year. However, such audits have come under criticism for being inadequate "check the box" exercises, which are highly time and cost pressured (Clifford and Greenhouse, 2013). In the Tazreen factory, for example, NTD Apparel (a Montreal-based contractor for Walmart) commissioned another firm to conduct an audit which inspected the number of fire extinguishers and smoke detectors on each floor but did not check fire escapes. Ultimately, it was the lack of adequate fire escapes which led to the high fatalities in the factory fire (Manik and Yardley, 2012). In reply to the information being made public, Walmart shifted its stand from denial of any relationship with Tazreen, noting that it 'could not confirm that it had ever sourced apparel from the Tazreen factory' (Bajaj, 2012; Nasrullah and Rahim, 2014).

Tazreen was noted as a risky factory, yet despite this, Walmart continued a supply chain relationship with Tazreen until the tragic incident happened (Greenhouse, 2012). This is all collective evidence of an inadequate commitment to supply firms' social accountability performance and illustrates how the social audit process was an artefact of efforts to gain legitimacy (Suchman, 1995; Tilling and Tilt, 2010). Scott Nova, executive director of Worker Rights Consortium, described Walmart's attitude to social auditing and accountability succinctly: '1) We know these factories are unsafe. 2) We know it will cost substantial sums to make them safe. 3) We are not going to pay for this. 4) We are going to keep using the factories anyway'. To improve this situation, some leading labour organisations, in conjunction with some global buying firms, have prepared an accord on fire and building safety. As of May 2013, global brands including Mango, Marks and Spencer, H&M, Next, Tesco, Aldi, and

Carrefour have agreed to join the Accord on Fire and Building Safety in Bangladesh. The Accord is a binding 5-year agreement that has worked to develop health and safety conditions in RMG supply factories in Bangladesh. Unfortunately, Walmart and Gap have declined to join the Accord (Oxfam Australia, 2013). Instead, Walmart has joined the Alliance for Bangladesh Worker Safety which has been labelled a weak alternative and “nothing more than a clever corporate ploy...[which]...seeks not so much to prevent the deaths of Bangladeshi workers, but rather to protect the already generous profit margins of sourcing companies” (Gose, 2014). This reinforces the way that powerful companies can use tools that are designed for accountability into ways to subvert responsibility.

Walmart presented its union in the Alliance for Bangladesh Worker Safety (hereafter referred to as Alliance) as a feature of its sustained investment into increasing awareness and capacity in supplier factories (Walmart, 2015b). Moreover, as part of Walmart’s commitment to improving workplace safety, the company engaged Bureau Veritas to conduct a range of factory assessment audits and multi-million dollar contributions (Walmart, 2015b). Nonetheless, the external audit system has been criticised for its complexity and ambiguity in scoring factories which may ultimately mean that “[d]epending on how Walmart defines the grades, a relatively modest hazard can still kill a lot of people” (Berfield, 2013). Despite this, the Alliance attempts to have full and transparent disclosure of factory assessments based on values of “worker empowerment, collaboration and shared responsibility, and transparency” (AFBWS, 2015, p. 4). However, such disclosure may disguise the responsibility of the individual corporation behind the veil of an umbrella organisation that is set to represent worker rights.

6. Analysis of Walmart’s social audit rhetoric before and after the disaster

Walmart has been producing a Global Sustainability or Global Responsibility Report since 2007. Prior reports, which started as early as 2005, focused specifically on ethical sourcing. The 2005 and 2006 reports, for instance, were over 36 and 42 pages long, respectively. Each report detailed Walmart’s audit practices and disclosed information about the severity of violations against its ethical sourcing standards. However, there was a considerable amount of self-reflection in the reports themselves, with limitations of the audit process articulated throughout the dialogue. For instance, it is stated in the acknowledgement that even “[m]onitoring has not proven effective to address the complex issues that affect workers’ lives and the environment” (Walmart, 2006, p. 8). Thus, the early Walmart reports argued for a considered multi-stakeholder approach which moved beyond monitoring and increased active cooperation with stakeholders (Walmart, 2006, p. 3).

The year 2009 proved to be a transition year for Walmart, with external companies starting to perform audits leaving the internal Ethical Sourcing team at Walmart to “focus their efforts on improving supplier factories” (Walmart, 2010, p. 20). However, the dialogue contained in the report moved away from a detailed analysis and critique of the social auditing process to a 4-page summary of mainly the performance outcomes and activities that Walmart engaged in. This represented a significant shift in perspective that also resonated in the 2011 Global Responsibility Report, which included 11 pages of commentary on supplier relationships. The 2011 report devoted attention to Walmart’s activities in encouraging diversity in its supply chain. Less attention was again placed on the social audit practices at the company and more on what Walmart was doing, especially in collaboration with other partners such as the International Labour Organisation, Sustainable Apparel Coalition and international NGOs such as CARE. This again aligns with a pragmatic approach to managing legitimacy, whereby tastes are monitored by consulting opinion leaders and trust is stockpiled (Suchman, 1995, p. 600).

Perhaps fatefully, the 2011 report also dedicated significant attention to raising concerns over fire safety in Bangladesh:

“Our commitment to providing a better life for our customers and communities around the world extends well beyond our store walls. For this reason, the frequent occurrence of fire safety incidents in factories in Bangladesh has become a top concern of ours” (Walmart, 2012b, p. 32)

The 2012 Walmart Global Responsibility Report covered the fiscal year in the period before the Tazreen factory fire occurred. The scale of reporting on the global supply chain increased to 16 pages with the general theme of “[t]aking ethical sourcing beyond compliance” (Walmart, 2012b, p. 32). Although the report mainly focused on the audit of “direct-import” suppliers (rather than suppliers below in the supply chain), the discussion centred on engagement with multiple stakeholders to improve worker health and safety standards. Despite this, Walmart’s rhetoric still displays an underlying incentive to implement social and environmental programs as a ‘win-win’ toward financial or business process gains. Indeed, the report notes that:

“By promoting improved working conditions and communication with factory management, empowering workers and offering valuable training, suppliers are equipped to run a more efficient and productive business and can produce higher-quality products” (Walmart, 2012b, p. 36).

Walmart’s 2013 Global Responsibility Report was produced in the fiscal year when the Tazreen factory fire took place. The report only briefly acknowledged the incident:

“...terrible tragedy in a garment factory last fall...[where]...we were saddened and disturbed by the senseless loss of life, and we renewed our dedication to being part of the solution” (Walmart, 2013, p. 4).

Walmart continued that it would take even stronger steps to improve conditions in its supply chain but fell short of accepting any direct or indirect relationship to events at Tazreen. Indeed, no mention was made of the audit that it had conducted at the factory despite the section on Ethical Sourcing being elevated to the front sections of the 2013 Global Responsibility Report and presented in extensive detail over 20 pages. The only other mention of Tazreen was a short phrase which stated, “[w]hat we learned from the tragic incident at Tazreen Fashions Ltd in Bangladesh has caused us to re-evaluate our processes and strengthen our policies and procedures” (Walmart, 2013, p. 35). Even in this statement, the company does not discuss any relationship to Tazreen or any ethical responsibility for what happened at the factory, avoiding any direct responsibility and threat to its legitimacy (O’donovan, 2002). Rather, the claim refers to an overarching ‘reflection’ by the company, the outcomes of which remain relatively ambiguous except for implementing a ‘zero-tolerance’ policy on unauthorised subcontracting arrangements, highlighting the ease at which process could be used to renounce, not accept responsibility.

Previously, Ethical Sourcing was a topic presented in the body of the report (Walmart, 2011, 2010). The 2013 report consolidates much of the narrative furnished in earlier years, with the company pledging, yet again, its dedication to externally conducted social audits in detecting and proactively managing issues (Walmart, 2013, p. 22). However, this echoed sentiment in the 2006 Ethical Sourcing Report to audits that “[w]e understand audits alone do not provide lasting solutions to the complex issues that are part of the global supply chain” (Walmart, 2013, p. 22).

Complementing the previous research findings (see, for example, Egels-Zandén and Hyllman, 2006; Roberts, 2003), the balance of evidence suggests that Walmart was more concerned with addressing threats to its legitimacy and protecting brand image via social auditing rather than acting on ethical reasoning. This is reflected in Huq et al. (2014) paper, which argues that barriers to implementation of more responsible practices in global supply chains relate to “friction particularly between suppliers and third-party auditors, mock compliance, and the curious case of buyers overlooking certain violations, suggesting they may be simply interested in market perceptions and not necessarily in genuinely improving supplier conditions”. As such, the standards that Walmart set for auditing its supply firms, and the processes it maintained while conducting audits at the Tazreen factory demonstrate an inadequate commitment to the development of social responsibility in supply firms, which is broadly captured in the figure below. Instead, social auditing is used to ‘shape perceptions of the organisation’ (O’donovan, 2002) and the boundaries of its actual accountability to Tazreen’s workers.

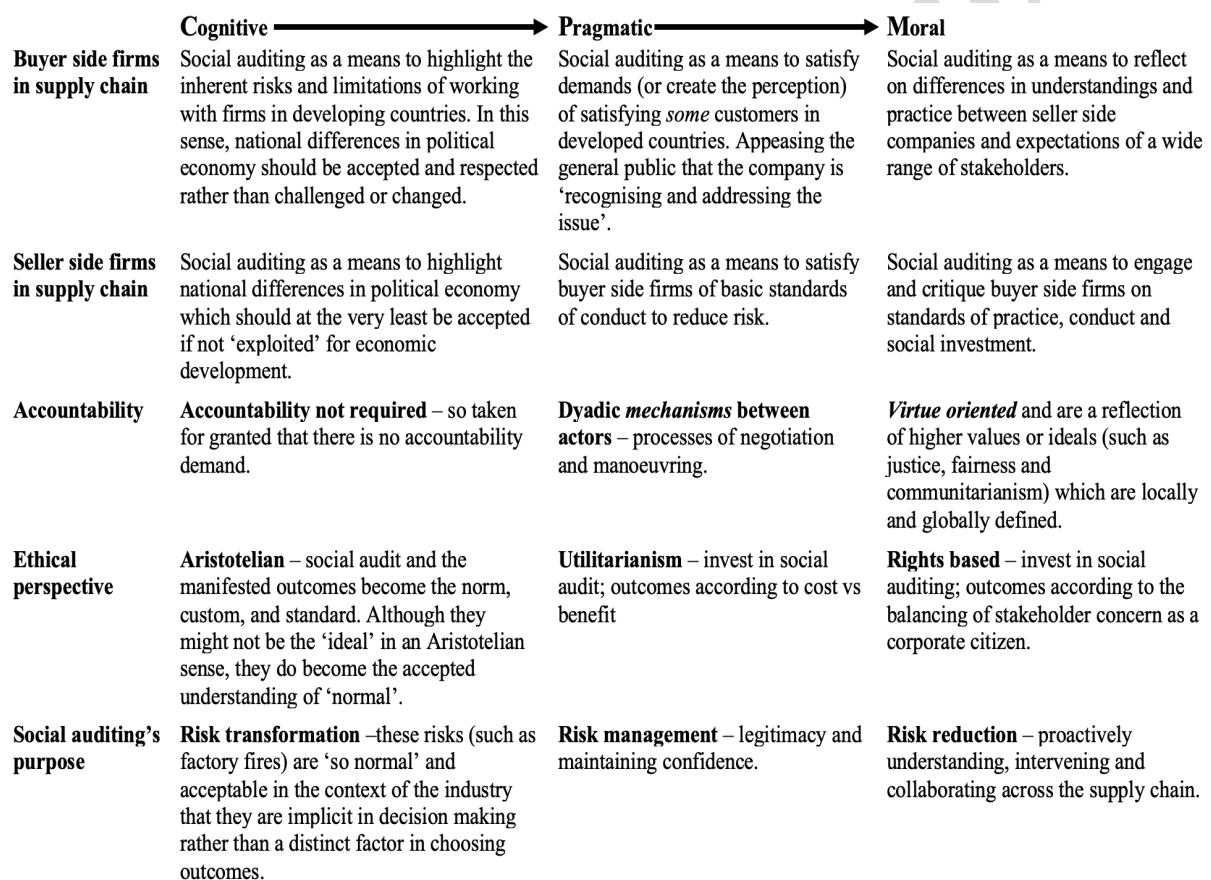


Figure 2. Legitimacy in the Global Supply Chain (adapted from Suchman, 1995)

In essence, a disconnect is evident between Walmart’s rhetoric about social auditing and the underlying intentions of its actions. Walmart’s social auditing practices represented a risk reduction strategy (rather than a means to develop employees’ work environment), and the ‘nature of the work appeared to be influenced by whether the media was involved in highlighting particular issues’ (Nasrullah and Rahim, 2014). This is particularly highlighted in the company’s Report on Ethical Sourcing in 2013, immediately after the Tazreen disaster. It is possible that Walmart still considers social auditing to be used not for the effective development of social responsibility systems in its supply firms’ internal regulation, but rather,

as a tool guiding the actions of suppliers. This may be an effort to (a) decrease transaction costs, (b) increase profitability, (c) defend itself against legitimacy threats from media and civil society organisations, (d) swiftly switch suppliers, and (e) build stronger relationships with customers (Rahim, 2017). Nonetheless, it highlights how social audit has not enabled dialogue about responsibility across the supply chain or moderation of power between various actors across it. Rather, it has served to reinforce the hegemony of large global buying firms/brands over developing countries, and even more importantly, inculcate a tacit acceptance that it is the failure of issues with the developing country/firm itself that is at fault, not the global buying firms/brands themselves.

7. Conclusion

Taking Walmart's connection to Tazreen Fashions Limited in Bangladesh, this paper explored how global supply firms use social auditing to repair their legitimacy in the global RMG supply chain. Drawing on Suchman's (1995) theory of societal legitimacy, it is argued that social audits are artefacts of legitimacy and that global firms dominate the buyer-supplier relationship across the supply chain. Massive differences in power between buyer firms and supplier firms in developing countries show that social audit is not a tool to enable dialogue and responsibility, enhancing previous findings (for example, Rahim, 2017). Instead, social audits are used as tools to distance and draw boundaries around the responsibility of global buying firms in developing countries. Therefore, social auditing legitimizes buying firms while at the same time delegitimizes supply firms - asking poorer communities to agree that it is their failings and lack of compliance which are ultimately the cause of the problem. Social auditing provides a buffer for powerful global purchasing firms to claim they are trying to manage complex supply chains without needing to take substantive action after a scandal. This devolves responsibility from large global firms to weak firms in the supplying countries, perpetuating a cycle of exploitation.

Walmart, to some extent, was successful in repairing legitimacy, and it was indeed at the expense of the legitimacy of Tazreen. Resembling 'continuity' and 'passive support' dimensions of legitimacy (Suchman, 1995), it initially denied any connection to Tazreen outright, but later made an indirect admission that one of its subcontractors was working with Tazreen. Eventually, by creating a perception that it was working for a better working environment through different tools such as social auditing, the firm successfully toned down all the voices raised in Bangladesh and the West. Social auditing worked as the unproblematic social activity that the firm introduced to gain passive support in its repairment of legitimacy. However, the on-the-ground reality in Bangladesh remained more or less the same as before, in that the RMG sector is still controlled by powerful stakeholders who very often evade the radar of accountability. This has been evident, for an instance, in the poor performance of the 'Tazreen Claims Administration Trust' and 'Accord'. The after-effect of the recent fire incident at a chemical container depot in Sitakunda (near Chittagong sea port), claiming 49 lives and injuring hundreds (Oltermann, 2022) would further reflect this situation.

As Suchman mentioned that 'legitimacy is dependent on a collective audience, yet independent of particular observers' (Suchman, 1995, p. 574), Walmart's legitimacy seems repaired because of the collective perception. No supplier from Bangladesh and beyond is known to have declared a position against doing business with Walmart. The customers of Walmart and the broader stakeholders raised voices, but it should be realistically conceived that these voices do not sustain for long for various reasons (Baker, 2015; McDonnell, 2017; Schmidt et al., 2015). Individual differences in opinions are lost in the repair process, and as a consequence, the actual working conditions in Bangladesh are not much improved, and the perpetrators of

the Tazreen fire incident become more potent over time. For effective change, a coherent effort of internal and external stakeholders might be effective, creating a future research direction on shareholder activism and the civil society movement. In Bangladesh, civil society and media have a low level of engagement with firms' internal auditing. To make it worse, the media are controlled by factory owners and their friends (Muttakin et al., 2018). Having all these issues together with the prevalence of corruption, it is evident that there is a need for a moral approach, including a combination of different actors striving to achieve a goal rather than depending on private ordering and market-based arguments. In particular, global buyer firms that are sourcing RMG from this industry need to be morally committed to effective social auditing practices. Only then it will facilitate the goal mentioned in Accord's (2018) agreement that 'the goal of a safe and sustainable [RMG] industry in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable ... measures.'

Essentially, the lack of credible institutions to manage global buyers within a weak economy means that a different framework is necessary to regulate societal issues in its global supply industry. Within this framework, a social audit should not be 'reducible to corporate strategy', but rather it should reflect the 'negotiated settlements and institution-building projects that arise out of conflicts involving states, non-governmental organisations, and other non-market actors, as well as firms' (Bartley, 2007). Where a firm's cognitive approach to societal legitimacy is eroding, and its pragmatic approach for the same is provoking growing resistance, a moral approach to societal legitimacy can help global buying firms genuinely address their need for 'legitimacy' through social auditing practices. As such, global firms in the global supply chain need to be committed to a social audit regulation framework which promotes suitable strategies with moral commitments to improve the social auditing practices in their supply firms. They can facilitate communication strategies so that they are in a better position to effectively monitor their social auditors and their supply firms' responses to the outcomes of the process.

The control of social auditing processes by powerful elites in developing countries and by companies in developed economies limits their usefulness. Further research is needed on how social auditing can be harnessed to change social, economic, and political realities, not just act as a means by which powerful organisations in developed countries can obfuscate responsibility. To this end, future work can better engage with critical dialogic accountability to better understand how all stakeholders' voices (especially those from marginalised or vulnerable groups such as garment workers) can be empowered (see, for example, Bebbington et al., 2007), and how social auditing can be used as a mechanism to inform active debate and the contestation of the practices across global supply chains (see, for example, Dillard and Vinnari, 2019). This can turn social auditing into an effective means of governing socio-political and environmental issues in the global supply industry in weak economies.

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