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Abstract

Previous studies on management control in less developed countries have mainly concentrated on the state and privatised enterprises. Drawing upon Weber's work (1958, 1961, 1968, 1978) on traditional society, and a Weberian framework developed by Colignon and Covaleski (1991), this paper seeks to understand 'private management practices', including accounting, in a stock exchange listed company (public limited company). The case study evidence indicates that organisational controls are biased to serve the dominant owners or family/sponsors of the company instead of general shareholders. The paper argues that family dominance is facilitated by the external and internal layers within which the company is operating. The greater understanding of traditional societies developed in Weber's works (1978) is very useful in explaining why managers work to serve the family. Domination by family via trusted managers using accounting calculations instead of bureaucracy is highly relevant, as the case study shows. These findings are not dissimilar to those of previous studies conducted in privatised and family-owned companies in Bangladesh and elsewhere. The paper calls for more research on management accounting practices employing Weber's works, especially in traditional societies.

Keywords: Accounting, Family, Domination, Rationalities & Traditional Society

INTRODUCTION

This research stems from an interest in management accounting practices in less developed countries, especially Bangladesh. The little research that exists on management accounting in Bangladesh and indeed other less developed countries focuses primarily on state and privatised companies (for example, Uddin and Hopper, 1999, 2001; 2003; Hoque and Hopper, 1994, 1997; Alam, 1997). Thus, the aim of the present study is to give a detailed account of private management practices, including accounting, in a stock exchange listed manufacturing company in Bangladesh (anonymised as PS).

The proponents of privatisation and structural adjustment programmes in LDCs (less developed countries) argue that 'private management practices', induced by private ownership, are efficient and effective, and hence have greater productive and allocative efficiency (Vickers and Yarrow, 1988). These arguments are based on the assumptions of neo-classical economic theories such as property rights, control in principal-agent relationships and theories of allocative efficiency (Hemming and Mansoor, 1988; for details, see Uddin and Hopper, 2003). An efficient and effective management control system in the private sector requires certain capitalistic (ideal typical) structures such as well-developed product, labour and capital markets and well-structured accountability and regulations, which tend to be rooted in advanced capitalistic countries (Hemming and Mansoor, 1988; Uddin and Hopper, 2003). While these issues are significant to the arguments for the vibrant private sector in less developed and emerging economies, they remain under-researched. Prior work acknowledges previous studies on management control in less developed countries but neglects public limited companies (Uddin and Tsamenyi, 2005; Wickramsinghe and Hopper, 2005). Detail empirical investigations and a sound theoretical understanding of management accounting systems in public limited companies are essential to improve government policy and planning for practitioners, policymakers and academics to draw upon, especially in less developed countries (Uddin and Hopper, 2003). The present paper seeks to fill this gap. The paper draws on Weber's (1958, 1968, 1978) work on traditional society and a Weberian framework of accounting, developed by Colignon and

Covaleski (1991), to understand management control practices in a public limited company in Bangladesh. The paper addresses the following research questions:

1) What forms of controls have management adopted in a public limited listed company, and how, if at all, did accounting help to achieve control at the organisational level?
2) Could those management practices, including accounting (in a traditional society), be better understood by employing a Weberian framework of accounting?

Several studies in less developed countries including Bangladesh have showed that the socio-historical context, societal structure, global capitalism and politics have significant influence on organisational practices, including management controls (Uddin and Tsamenyi, 2005; Uddin and Hopper, 2001, 2003; Ouibrahim and Scapens, 1989; Jones and Sefiane, 1992; Wickramasinghe and Hopper, 2005). Uddin and Tsamenyi (2005) revealed that local societal and political structures, alongside other factors, render the rational control and performance model, derived from private management practices and prescribed aid agencies, ineffective. The performance measurement model has become marginal, ritualistic, and de-coupled from operations (see also Jones and Sefiane, 1992; Ouibrahim and Scapens, 1989). Given the importance of structural conditions such as political institutions, culture and economic uncertainty in accounting in less developed countries, especially Bangladesh, a Weberian framework was deemed appropriate (Tinker, 1980; Burchell *et al.*, 1980; Neimark and Tinker, 1986; Hopper *et al.*, 1987; Armstrong, 1987, 1991; Hopwood and Miller, 1994; Colignon and Covaleski, 1991). The works of Weber (1958, 1961, 1968, 1978) on rational capital accounting, bureaucracy and traditional society are especially apt, despite its neglect in accounting research (Caramanis, 2005; Colignon & Covaleski, 1991). Weber's framework implies the empirical variability of domination and resistance among different social groups (families and clans being one of the dominant social groups in traditional settings) with different substantive rationalities. Thus, the tensions between formal and substantive rationality provide a basis for examining accounting

practices as both an input to and an outcome of social processes. Weber's use of accounting indicates that although accounting calculations may be considered neutral in their execution, accounting is not neutral in its consequences, which raises the issue of the social impact of accounting practices on organisations, industries and societies. Thus, accounting practices and procedures are mechanisms of domination and objects of struggle among social groups. This interpretation places the control of organizational accounting mechanisms at the centre stage of organisational analysis by incorporating the issues of substantive value interests, conflicts, coercion and resistance and legitimacy and membership.

Previous accounting research, especially on the accounting profession and auditing, has applied Weber's works (1958, 1961, 1968) to understand the development of accounting knowledge and professions and its influence upon the development of capitalism (see Chua and Poullaos, 1998; Auyeung and Ivory, 2003; Caramanis, 2005; Radcliffe, 1997). Radcliffe (1997) applies Weber's notion of formal and substantive control to understand how substantive rationalities restrict the formal, rational tasks of government auditors. However, accounting research that draws upon Weber's works is focused on accounting history and professional conflicts in the West (Bryer, 2000a, 2000b, Covaleski and Aiken, 1986; Chua and Poullaos, 1998, Caramanis, 2005). Very few studies such as Dyball and Valcarcel (1999), Dyball et al., (2006) and Auyeung and Ivory (2003) are located in traditional settings. These studies employed Weber's notion of the traditional vs. the rational to understand why modern models or rational ways of doing things do not seem to capture local complexities and intricacies. Similarly, this paper, drawing on Dyball and Valcarcel (1999) and Dyball et al., (2006), seeks to use the wealth of Weber's thought in trying to understand management controls, including accounting, especially in a traditional society.

The paper is structured as follows. First, the theoretical constructs underpinning the research are outlined. These draw from Weber's works (1958, 1961, 1968, 1978), especially those centred on rationalities, domination and control. Contextual information about Bangladesh, the firm researched

(PS), and its changing ownership is woven into this section. The research methods are then described, followed by the case study. The case study section reports on management controls in PS. This is followed by the discussion section, which iterates empirical findings with the theoretical arguments. The paper concludes by returning to the original research questions.

WEBERIAN FRAMEWORK: A BROADER PERSPECTIVE OF ORGANISATIONAL CONTROL

Theoretically, Weber's framework, developed by Colignon and Covaleski (1991), provides a critical and political basis for evaluating management control practices, including accounting. Colignon and Covaleski (1991) argue that three layers of analyses are useful to provide a fuller understanding of organisational practices, including accounting. They are: structural conditions (external layers), the historical context (external layers) and the institutional/organisational context. Each of these layers provides distinctive insights into the context in which accounting practices are examined. According to Weber, they are separate but interacting methodologies. These layers are discussed below.

Structural and historical context of accounting (external layers)

To Weber, rational calculations of economic actions and accounting are based on certain structural conditions, including free labour, markets, technology, rational economic law etc. These structural conditions within a society facilitate rational accounting/calculations such as profitability. However, Weber sees these as ideal typical conditions and a starting point for the development of rational capitalism. The idea typical/rational capitalism was not fully or partly realised, as the structural conditions interact with socio-political, cultural and historical contexts. Weber also recognised the different economic conditions (i.e. traditionalism) in less developed countries, as these countries have a very different structural and socio-political context from the West. Weber focused on specific

cultural and historical details to identify specific features of society that facilitate or obstruct the full development of rational capitalism, the modern enterprise and rational capital accounting. Weber also recognised the role of competing ideas, conflicts and institutions and how they influence capitalism, enterprises and accounting practices (Uddin and Chowdhury, 2007).

Historical analysis serves as an extension and complement to structuralists' discussions of the institutional requirements for the development of the modern capitalistic market, rational enterprise and accounting practices, as discussed in the previous section. The departure between actual and ideal types of capitalistic regime, including accounting regimes (rational or irrational), can be explained by Weber's analysis of rationalisation, as outlined earlier. Weber identified two forms of paradoxical economic actions: formal and substantive rationality. The formal type, alternatively called the ideal type, views the organisation and society very technically and considers that it should be possible to control the world through calculations. Here, rationality is a consequence of empirical knowledge, its mathematical form, and its presumed universal application (Colignon & Covaleski, 1991, p.145). This view is also value neutral and only accepts certain types of calculation, such as accounting models in the West. The substantive rationality of economic action is an inherently evaluative concept, denoting the degree to which an economic system (such as a capitalist market, rational enterprise or accounting) provides for the needs, ends or values of a specific social group (Brubaker, 1984, p.11). This is a rationality of "ultimate ends" (Weber, 1968, p.499). This form of rationality addresses the substance of the values, ends and needs of social groups and the institutions that promote them. Thus, economic action is substantively rational if it is consistent with the values or ends of a specific social group or institution, and irrational if it is inconsistent with these values or ends (Colignon & Covaleski, 1991, p.146).

The tension between formal and substantive rationality is both a tension between conflicting values and a tension between social groups with divergent interests. Weber (1968, 1978) recognised these tensions in a more traditional form of society and their implications for organisational bureaucracy

and accounting rationality. In Weberian terms, traditional domination of economic activities tends to strengthen traditional attitudes (Uddin and Choudhury, 2007). Traditional domination restricts the development of markets (labour, product and capital) but develops a consumptive economy, making rational capitalism difficult. Dyball et al., (2006), drawing on Weber's (1978) characterisation of rational and traditional societies, further highlight the differences between rational and traditional societies. They argue, in Weberian terms, that the institutions of the community, market and state are conjoined in traditional societies, but modern/rational societies aspire to keep them separate and autonomous. The conjoined nature of the traditional society 'makes accountability relationships lean towards the personal and the perpetual as opposed to the objective and ephemeral (as found in modern variants of market and state). This would suggest that the power of accounting as an articulation of accountability relationships is muted, if not ignored, in traditional societies' (p. 53). Thus, the paper argues that an understanding of traditional society enables the researcher to explain the nature of controls at PS.

Organisational Analysis

Weber (1958, 1961 & 1968) argues for separate organisational analyses that are nonetheless interactive, with external layers of analysis to understand management practices, including accounting ones. To Weber, researchers need to go beyond the internal forces to gain a broader understanding of organisational practices, including management controls. The external layers provide the basis for situating a specific case or enterprise for further analysis of its accounting practices within a shorter time span.

At the organisational level, Weber (1968) develops two axes of tension that, when taken together, serve to frame his analysis of the interplay of forces, agencies and interests as they relate to accounting practices. The first axis is formal and substantive rationality and the second is dominance

and resistance. These two axes help us to understand certain accounting practices at the organisational level. Weber describes modern organisations as systems based on formal rationality with no inherent connection to specific substantive ends or outcomes. Organizations can serve the interests of social, political or economic elites, the general needs of the community or some combination, but the analysis of formal rationality alone tells us nothing about its directions or outcomes. Colignon and Covaleski (1991) argue that although these two forms of rationality are analytically separate, with each being subject to the forces of the other, interpretation follows from the examinations of particular institutional circumstances. Multiple rationalities are characteristic of the modern enterprise and are the basis of conflicts, which make the distinction between formal and substantive rationality important in their application to issues of accounting practices (p.150).

The domination of persons and groups by organisational mechanisms and the resistance of these social actors to these mechanisms is the second axis of analysis in organisational control. Bureaucracy is a means of domination whose use and direction are distinct and whose consequences for social action are central to organisational analyses. Accounting practices are key elements of the bureaucratic means of domination. Weber (1968) argues that 'strict capital accounting is further associated with the social phenomena of "shop discipline" and appropriation of the means of production, and that means: with the existence of a "system of domination"' (p.108). This quote highlights accounting's normal tendency to favour one social group within the organisation and society. However, much of Weber's construct of domination is as an ideal type non-evaluative tool. Weber is also of the view that the merely external fact of the order being obeyed is not sufficient to signify domination in our sense: we cannot overlook the meaning of the fact that the command is accepted as a valid norm (1968, p.946). Weber suggests that accounting practices are mechanisms of domination, constraint and control, and that this domination is incomplete. This framework of tension between domination and resistance applies to tensions, struggles and conflicts among social groups with different substantive rationalities over the construction and application of different accounting procedures and practices. Accounting practices and procedures are objects of tension between

different social groups representing different interpretations, interests or substantive rationalities within a specific organization.

However, these tensions, struggles and various rationalities may take a new form if the organisation is situated in a traditional society, as articulated in Table One.

[Insert Table One]

Bureaucratic domination in enterprises in a traditional type society is often superseded by direct control from the dominant owners of the companies (who are often part of a family: Uddin and Hopper, 2001, 2003). Weber identifies this as traditional domination. Dyball and Valcarcel (1999), referring to Weber's work, clarify this point: "Traditionalist domination is commonly exercised by members of a ruling family(ies) or clan(s) and, unlike legal authority, is primarily based on personal loyalty. There is a "personal master", not a "superior"; served not by an "administrative staff", but by "personal retainers". Instead of "members of an organisation", there are "traditional comrades". Obedience is to the "master", not to "enacted rules". The "master" is expected to do good turns, governed by an ethical sense of equity or of utilitarian expediency. His exercise of power is bound only by resistance from his "subjects". It is impossible, then, for an "impartial" law or administrative rule to be intentionally created by legislation (Dyball and Valcarcel, 1999, p.307; Uddin and Choudhury, 2007).

Weber's works (1978) consequently expect management controls in a private enterprise in a traditional society like Bangladesh to resist the rational control model or ideal bureaucracy and ideal typical accounting regulations. Familial/direct control from the owners is a more likely outcome in private enterprises and gives rise to a different substantive rationality for compliance. Westernised delegated control in private enterprises may be perceived by policy-makers as a condition of the stable

economic calculation of a "rational" society. Its efficacy is dependent on knowledge of techniques (that is, accounting and auditing standards) and facts (clients' accounts: Dyball and Valcarcel, 1999, p. 307). In a traditional setting, Weber (1978) expects the property and productive capacities of individual economic units to be primarily geared towards satisfying the "master's" needs and preferences: that is, they are governed by a substantive rationality of economic action (Dyball and Valcarcel, 1999, p.307). The study investigates whether this is so in PS and Bangladesh.

RESEARCH METHODS

Data collection methods are dictated by the research questions, such as 'why' and 'how', that were set out earlier (Yin, 2003). The research relied on various sources of data including interviews, observation, analysis of relevant documents and the examination of newspaper reports. This also enabled the researcher to strengthen the validation process. Data collection and validation was a particular challenge: as Dyball and Valcarcel (1999) point out, secrecy is part and parcel of a traditional society. The data was gathered over five months in two stages. Newspaper reports were documented and examined, largely to facilitate historical analysis. This has provided the necessary foundation for an understanding of the managerial activities and responses within the organisation. During the first stage of the research, 40 interviews were conducted with employees at different levels and departments. Questions were asked in an open-ended fashion to encourage interviewees to respond freely. These interviews generally lasted between one and two hours. Notes were taken during each interview. Reports were collected from the PS office and the stock exchange, in addition to library and newspaper searches to validate and supplement the interview and observational data. Observations were made during the interviews and notes were taken at the end of the day's interviews. One particular observation place was the tea and coffee room, which was frequently visited by the top managers[1].

Permission was not granted to talk to production workers or trade union leaders, despite several requests to management. The researcher's visits to the factory were also strictly scrutinised. Normally, no outsider can access the factory without a proper introduction from a high official. During my visit, I had a very brief chat with a shop steward, but our conversation was curtailed abruptly. At the second stage, the researcher conducted a follow-up study. Four interviews were conducted with senior managers in PS. A further attempt was made by the author to conduct some interviews with shop stewards and trade union leaders, but without any success.

A number of questions and issues were discussed during the interviews, including decision-making processes, budgeting and accounting practices, owner-managers' involvement, perceptions of the use of accounting calculations, future expansions and innovations and other minor issues. Respondents were willing to talk about these issues, giving their interpretations of events. This was achieved due to the researcher's frequent emphasis upon anonymity. Interview results were subsequently reported to interviewees and some changes were made as requested. Some of the comments by the respondents had to be deleted, as they were sensitive to family members (owners of the company). The researcher presented and discussed case study evidence with various respondents, the academic community and members of an accountancy body (institute of cost and management accountants of Bangladesh). This, I believe, enhanced internal and external validity (Miles and Huberman, 1994). The theoretical approach adopted here directed the presentation of empirical findings to achieve a flow of arguments in the paper.

External Layers of the Case Study - Historical, Political and Economic Context of Bangladesh

According to a Weberian framework, the research needs to locate the organisation in a wider context for a broader understanding of organisational practices, including management controls. The external layers of the case are discussed below.

Bangladesh (then called East Bengal), a part of India, was ruled by both Muslim and Hindu Emperors for centuries until the British East India Company came to India. The British East India Company took occupation of all parts of India one after another, Bangladesh being the first to be occupied in 1757. Export, import and tax holidays were the initial strategies of the British East India Company. The colonial British regime became formally involved in Indian affairs in 1857. The Colonial British regime, like the East India Company, was not interested in setting up any industry for the economic development of British India. Rather, they were interested in producing raw materials for industries in Britain (Sobhan and Ahmad, 1980) and providing structural conditions such as free markets (labour, product and capital) and other means of production for capitalists, especially non-indigenous people (Prasad and Negandhi, 1968). Sobhan (1980) pointed out that there was not one single large-scale industrial enterprise in East Bengal (now Bangladesh) that was controlled by Bengali Muslims (locals) during the colonial period, whereas most of the workers were from local villages and towns. This form of colonial capitalism was racial and physically coercive, which led to its demise (Burawoy, 1985; Uddin and Hopper, 2001).

In 1945, Bangladesh became part of Pakistan, and was known as East Pakistan. Following the British tradition, the Pakistani Government encouraged the private sector and limited the public sector. Not surprisingly, this strategy did not fully materialise for a number of reasons, including lack of private capital (Uddin and Hopper, 2001). Thus, the public sector was encouraged later, particularly in East Pakistan (Bangladesh). The Pakistani government promoted the private sector by giving incentives and creating a favourable environment within which the private sector could undertake protected investment. This was to create an ideal typical capitalistic mode of production in a bid to increase the state's accumulation. The country was controlled by West Pakistani army personnel, bureaucrats and politicians. Many believed that there was a conscious and deliberate political and bureaucratic hand in promoting West Pakistani ownership (Ahmad, 1976; Sobhan, 1982). The Pakistani government policies of giving direct and indirect facilities to the private sector did help to create a generation of

mostly non-Bengali capitalists, who were highly successful in transferring resources from East Pakistan to West Pakistan to the amount of $US 6000 million (Khan, 1986). This is similar to Weber's arguments for ideal capitalism, where structural conditions are favourable to the emergence of capitalism. However, he also argued that the ideal form of capitalism would be transformed into a substantive form as a result of country-specific cultural, political and historical conditions. Hence, he compared American and European capitalism. He also recognised the traditional forms of capitalism elsewhere, such as Bangladesh. Similarly, the attempts made by the state during the Pakistan period were based on race, politics and nepotism (Sobhan and Ahmed, 1980). At one stage, 22 families (all Pakistani) were controlling the majority share of Pakistan's industrial assets (Sobhan and Ahmad, 1980). Kochanek (1996) pointed out that 18% of all industrial assets belonged to Bengalis, whereas 47% were owned by Pakistani families. Economic exploitation and political suppression by West Pakistani bureaucrats, politicians and the army led first to disenchantment, then to bitterness and finally to resistance, leading to the birth of Bangladesh in 1971 (Sobhan and Ahmad, 1980, Sobhan, 1982).

The demise of the Pakistani rule was seen as a threat to the physical security of the West Pakistani capitalists, forcing them leave East Pakistan. This eventually created a conspicuous shortage of private capital in East Pakistan. The first Bangladeshi Government was motivated by socialistic movements, and due to the shortage of private capital, stressed a greater role of the state in the operations of economic activity through state ownership and control. Consequently, the nationalisation programme of Bangladesh came into force in 1972, enabling the state to hold 92% of the total industrial assets. However, the ideal typical state capitalism never materialised, although it shaped the new form of capitalism (for details, see Uddin and Hopper, 2001). Strong trade unions, political turbulence and severe resource constraints led the state's accumulation into serious financial difficulties (Sobhan and Ahmad, 1980; Uddin, 1987; Murshed, 1989). The Bangladeshi government came under mounting economic and political pressure from international lending agencies and the

West to re-orient its economic policies (Adam et al., 1992; Cook and Kirkpatrick, 1995). Soon after the fall of the first democratic government, the military government gladly accepted the policy prescriptions from the lending agencies with the blessing of the USA and the West. The state policies were redirected towards the private accumulation of capital.

The Bangladeshi government embarked on wholesale privatisation and redundancy programmes. Protection for trade unions and workers was drastically reduced in order to create compliant labour markets for private capital (Sobhan, 1982; Uddin and Hopper, 2001, 2003, 1999). State enterprises were sold to families at low prices, giving rise to family capitalism in Bangladesh (Uddin and Hopper, 2003). This trend of capitalism emerged in the context of family-led politics, a poor regulatory framework, weak enforcement of existing corporate laws and a generally very weak capital market (Uddin and Choudhury, 2007). As Uddin and Hopper (2003) reported, 'coupled to poor financial regulation and legal enforcement and weak capital markets, it was a breeding ground for crony capitalism associated with familial transacting, patronage, and irregular financial practices' (Uddin and Hopper, 2003, p.768). Uddin and Choudhury (2007) argued that the poor form of governance and accountability is also linked with post-independence Bangladesh's family-led political parties (Uddin and Choudhury, 2007). Weber (1978) predicted these outcomes in a traditional form of society. The prediction is that structural conditions for rational capitalism will not be fully developed, and will be shaped and transformed by the strong presence of family and clan culture (Dyball et al., 2006; Dyball and Valcarcel, 1999). Weber (1968, 1978) recognised the effects of familial or clan ownership upon internal organisation and external accountability. The social and political conditions set the context for familial and arbitrary control, one form of substantive control, at the organisational level. This tends to be associated with harsh internal controls that physically transmit the owner's whims rather than the management systems of the large, institutionally owned and professionally managed companies that characterise Western and global capitalism. This paper investigates whether this is so in this case study.

Case Study Findings – Organisational Context

Founded in 1976 and based in Dhaka, Bangladesh, PS manufactures and sells generic pharmaceutical products, active pharmaceutical ingredients and intravenous fluids. PS was one of the divisions (formerly called the Chemical Division) of a big business group (anonymised here as X). The X group of companies has a number of big businesses in Bangladesh. This group was founded by a family and is now controlled by two brothers. Over the years, divisions under this group have been transformed into public limited companies and listed on stock exchanges. The tradition is that the group starts a business (as one of its divisions) and then lists the division on the Stock exchange to sell shares to the public to raise funds, keeping a significant amount of the total shares under their jurisdiction. They remain sponsors and the dominant shareholders of each company. In a similar vein, PS's shares were offloaded to the public in 1985 (nine years after its inception), retaining approximately 40% of the total shares for the X group, making the group (i.e. the two brothers) the main shareholders and ultimate controllers of the company. One of the two brothers is the chairman of PS's Board of Directors and the other is the vice chairman. Other members of the board are their friends and family members. The same people are also the members of the Boards of Directors of many other companies previously under the X group.

Since 1985, PS has been growing rapidly, like many other pharmaceutical companies[2] in Bangladesh. PS is one of Bangladesh's oldest pharmaceutical companies and is currently one of the leading generic pharmaceutical companies, with around an 8 per cent share of the Bangladeshi finished formulations market. PS manufactures 106 products with 172 strengths. The manufacturing range is very wide, covering almost all major therapeutic classes, dosage forms and strengths. The product ranges includes tablets, capsules, syrups, suspensions, solutions, drops, creams, ointments, inhalers and gels. PS is based in Dhaka, Bangladesh, where it operates from a site spanning 20 acres and has over 1800 employees[3] and workers. The official accounting report indicates that PS generated

revenues of approximately GBP23.5 million in 2004 and generated profits after tax of GBP2.8 million. This paper seeks to understand how this profitable public limited company is being managed. This is discussed below.

Organisation Structure –Informal Relationship

Formally, PS has four major departments, including Marketing and Sales, Finance, Production and Medical Research. All the departmental heads report to the CEO. There are some minor departments, which are under the direct control of the CEO. They include MIS, Purchase Planning, Export, Human Resources and Internal Auditing. These formal channels are overshadowed by the informal relationship. The CEO often intervenes in various marketing and production affairs without engaging in formal communications with the respective departmental heads, as one senior manager revealed. The executive director (sales) commented that he reports directly to the CEO, although officially, the marketing director is his line manager. The CEO intervenes and breaks the formal channels if he thinks they are important for the company, as confirmed by many interviewees.

Recruitment and promotions are often made without the proper channels (the human resource department is often not informed). Interviews with managers in the human resource department revealed that they are unable to keep up with all the sudden changes. They are not always involved with or informed of changes or even new recruitments, especially to top and middle level managerial positions. One of the officers, who supplied the basic organisational structure to the researcher, admitted that they were not up to date and asked that the necessary adjustments be made as the researcher interviewed employees within the organisation. It was also found that there are a number of people who are officially employed by PS but who do not perform any official tasks for PS, working instead for other group X companies. For example, three members of the executive committee in PS are inactive. Respondents said: "*they are working for group X*". This is not even a secret issue. It was often difficult for the researcher to identify whether people at the top level were working for PS

exclusively or for other companies under the group's jurisdiction. Interviews and observations often revealed that they were involved with multiple tasks concerning other companies but PS. Employees did not seem to find it unusual to work for companies other than PS. Many individuals informed the researchers that PS also had employees, recruited on request from influential persons, who had no specific tasks (ghost employees) but simply received salaries and other benefits from the company. This interesting payroll list includes one of the top officials. Many managers believed that *"this particular individual has been with the company and the group for a long time. Therefore, this is one way of rewarding the individual for his contribution to the group"*. There is even an individual who has been receiving monthly salaries (albeit not a significant amount) for as long as the accountants can remember (probably since the inception of the division). The accountants have no idea who this person is and why he has been receiving a salary.

To sum up, recruitments, promotions and structures, not surprisingly, are arbitrary and informal. As a consequence, the official organisational structure does not reflect the actual division of tasks and responsibilities. The rational structure is overwhelmed by traditional relationships. As Weber (1968) argues, there is a "personal master", not a "superior"; served not by an "administrative staff" but by "personal retainers." Instead of "members of an organisation", there are "traditional comrades". This will be further illustrated in the discussion section.

Top-down Decision Making Processes – Loyalty to Family

According to annual reports and other documentation, a five-member executive committee is officially responsible for overseeing the day-to-day operations of the business. Observations revealed that just two members of the executive committee (the Finance Director and the CEO) dominate the entire affair. The executive committee is officially accountable to the board of directors, who are also representatives of the X group. In contrast to other small companies, the two brothers do not directly

involve themselves with the daily affairs of the firm, mainly because of their involvement with such a large number of companies. Nevertheless, they have two trusted top managers at PS, namely the Finance Director and the CEO. The Finance Director informed the researcher that the CEO and the Finance Director usually speak with one of the two brothers (the Chairman and the Vice Chairman of the company) on an almost daily basis. There is also a seven-member management committee, made up of the heads of various departments, namely the CEO, the Finance Director, the Marketing Director, the Executive Director (sales), the Production Manager, the head of Medical Research and the Senior Finance Manager. The management committee meets formally once or twice a month, but decisions are often made informally via telephone conversations or meetings between the Finance Director and the CEO. Information is passed to the CEO and the Finance director via email, telephone, over a cup of coffee and through various other informal channels. Interviews with other members of the management committee gave the researcher the impression that they also do not see any necessity to arrange regular meetings. Even if there are meetings, they are a mere formality. Members of the management committee do not tend to disagree with the CEO, as the observations revealed. Departmental heads (minor or major) hardly exercise (or are able to exercise) their official authority and power to take major decisions, with the exception of the finance director. Observations revealed that HoDs tend to wait for the green light from the CEO to finalise even routine decisions. The CEO usually has the final word on all decisions except on financial matters. Managers, with the exception of the CEO and the Finance Director, see themselves as information providers rather than key decision makers. The informal nature of the decision-making process is reflected in all aspects of company affairs. For example, one manager revealed, "*according to the company law and other corporate governance rules, the board of directors need to meet regularly, but this has never happened. Many decisions are taken and consultations held over the telephone. Necessary documents are prepared for external purposes.*" However, it was very difficult for the researcher to corroborate the above malpractices; suffice to say that formality is the last thing these two executive members (the CEO and the Finance Director) seek. One manager said: "*they don't need to maintain formality as long as they keep in touch with the owners over the telephone and consult them if necessary*".

Weber's bureaucracy is replaced by family domination, as expected from an organisation in a traditional society.

Accounting System – Serving the Family's Interests

The finance department is one of the major functional departments in PS. This department is headed by the Finance director, who is one of the key players in the decision-making processes in PS. Apart from keeping accounting records, the main job of this department is to keep the top management up to date about cash levels on a daily basis. The daily cash position seems to be a very important piece of information for top management, including the family members. Observations revealed that most of the Finance Director's day involves meetings with creditors and bankers. His tasks include opening letters of credit for import (raw materials etc) and arranging short-term and long-term loans. Maintaining liquidity is a major task for the finance director. Being successful and having all-cash sales, this company should not be excessively concerned with its cash position. This raises the question of whether the family is using the company as a cash cow for its other ventures, legally or illegally. It is alleged that PS's cash surplus is often used by other companies under Group X, to the extent that PS often it finds difficult to find the cash to buy materials. One of the brothers always maintains a direct link with the finance director and is constantly updated. It was notoriously difficult for the researcher to corroborate the above allegations, but evidence of some accounting malpractices were found, as will be discussed later.

The other major task of the finance department includes dealing with payments and receipts and preparing annual accounts. They consider their most important task to be cash forecasting and budgeting. The controlling aspects of budgeting does not seem to receive any attention from the finance department. One of the finance managers revealed: *"most of my office hours are spent signing payment receipts"*. The finance department often passes information to the Product Planning

Department on request. Information is not normally passed on to any departments unless it is specifically asked for, as one manager revealed. Managers from other departments would not have the slightest idea about the company's financial position (Uddin and Hopper, 2001, 2003). This situation serves the substantive purposes of the owner-managers. The Finance Director, the CEO and certain PS finance officials keep all financial information secret. It is processed according to the Finance Director or the CEO's instructions. These top officials ultimately report back to the family members. An accountant reported: "*Family members receive verbal reports regarding cash and other transactions from the finance director frequently if not daily. The CEO and Finance Director receive daily reports from junior officials in order to have a clear understanding about the financial condition of the company."* As another accountant remarked: "*Middle Level managers can sign off some of the daily transactions within some limits. Consent (most of the time verbal) is needed from the family members if there is a big bill."*

There are strong allegations regarding the reliability of accounting reports presented to general shareholders. Several respondents expressed their doubts about the accuracy of annual reports, since their preparation was not transparent to either managers or general shareholders. The specific allegation is that the company keeps two sets of reports. The official reports, audited and certified by professional auditors, are misleading and do not reflect a true and fair view of the company. It was extremely difficult for the researcher to confirm the allegation that PS keeps a number of sets of accounting reports. However, the keeping of two or more sets of records is not an unusual practice, as previous studies have suggested (Uddin and Hopper, 2001, 2003). X group, like many other public limited companies, has been subject to various investigations and court cases in the past but has been able to thwart the proceedings using financial and political influence (Uddin and Choudhury, 2007; The Daily Star, 2007).

PS's accounting reports, like those of many other companies, are prepared somewhat secretively as far as tax is concerned. Excise duty and income tax matters are dealt with informally by the official

concerned. It has been alleged that sometimes the headings of transactions are changed to avoid tax, e.g. by increasing the number of tax-exempted items. One manager admitted that: "*We don't have to worry about these matters, since extra money to tax officials normally resolves the problem. To be honest, it does not matter whether you submit true accounts or not: tax officials will find a gap to negotiate their extra money.*" Auditing appears relatively light compared to common practice elsewhere. One individual commented: "*Some informal/cash transactions are needed, especially for irregular payments to various government officials and even some trade union leaders. I have no idea how these transactions appear in the annual reports.*" Recently, PS came under serious investigation simultaneously from various authorities. The SEC (Securities Exchange Commission) has requested information from the company, as suspicion has arisen about their accounting reports. Tax and custom authorities are undertaking serious investigations about tax dodging and unpaid custom duties. There are also allegations that the rate of dividends declared and paid is not significant at all, given that PS is a commercially successful company in Bangladesh. Soon after the new government took over in 2007, all of the companies involved in group X came under review[4]. The allegations are that Group X has extracted hundreds of millions of taka from the share market by giving false information about the companies to the public (The Daily Star, 2007). There are also further allegations against the two brothers for being loan defaulters. They have outstanding loans to many nationalised and even private banks, amounting to approximately 4.25 billion taka. They have managed to get these loans using money, family connections and also political influence (The Daily Star, 2007)

PS's links with the X group do not seem to raise any suspicion among most of its employees. They seem to have accepted this as the norm, and even the diversion of funds is not seen as illegal by many employees. In other words, this is not even a secret. The researcher found that many lower level managers are not even aware that the family only officially owns less than 40% of the total shares of PS. Many of these employees have also been appointed since the inception of the company as a division of the group in 1985. Transformation from the division to a separate entity and being listed

on stock exchanges have apparently not had any significant influence on their attitudes and loyalty. In Weberian terms, employees are loyal to the family members or fictive kin as they consider themselves "personal retainers" instead of administrative staff or members of the organisation.

Budgets – Arbitrary and Informal

Budgets, in the normal sense of routine, regular, downwards financial reporting to managers, are absent. Such transparent and rational accounting was not found in PS, which was not unexpected, given that it is a company in a traditional setting (Weber, 1968, 1978). More importantly, the finance department has little to do with actually preparing sales and production budgets, apart from the cash budget.

The sales budget is an important function for the marketing department and PS. The marketing function is divided into two departments. One is dedicated to sales and other is concerned with product planning, promotion and innovations. The sales department has a team of strong field representatives collecting primary sales data. Altogether, there are 608 sales representatives working across the whole country. Each of the sales representatives works for bonuses that are linked to their sales targets. The executive director of sales commented: *"I monitor sales positions continuously and receive updated data on an hourly basis"*. He also revealed that he receives feedback from sales representatives not only on their own sales positions, but also on competitors' positions. This information helps them to prepare and revise their sales budgets. The marketing department has a section dedicated to market research. Information from market research, alongside sales representatives' feedback, provides the basis for the sales budget. Achieving daily sales targets seems to be very important not only to sales managers but to all. Mid and top level managers see it as key to their survival. During the weeks when the researcher was interviewing employees, a consecutive decline in sales spawned panic throughout the sales and accounts departments.

There is no formal budget committee, but formal and informal discussions between the executive director (sales) and the CEO provide the signals for the preparation of the sales budget. The annual budget, expressed in physical terms, is reviewed monthly and even daily. On receiving real-time information from the field, the executive director of sales informs the CEO (not the marketing director, who is his line manager), who then instructs production managers to reshuffle budgets and change product lines if necessary. A senior production manager remarked, *"We revise targets as new information comes through. Continuous connections between production, sales and finance are vital."* Production managers are there to execute the commands of the CEO, who monitors them through the rapid informal feedback of results. Decisions are centred on the CEO. The head of the Production Department commented, "*We discuss with the CEO if we have problems producing according to the sales budget. The CEO normally makes the final decisions*". These direct, centralised controls place heavy demands on employees and production workers to meet their budgets. One production manager commented: "*We have no choice but to produce. We have a very tight schedule for production, since the production budget is even reshuffled daily due to the market situation*". The idea is that if there is a demand, production must meet it, as long as other production factors meet the criteria, with the exception of labour. One chemist (production manager) revealed: "*input from managers is not normally sought let alone the workers in the factory."*

Top management (the CEO and the Finance Director) do not only use physical budget figures to evaluate the performance of production and sales managers, but also utilise other informal feedback. Managers do not make written variance reports. Oral reports to the CEO are delivered over the phone or face to face quite frequently, as managers reported. In addition, the strong presence of the CEO in the daily affairs of the production division does save the production managers from a lot of explanations. As the chief production manager put it: *"The CEO knows everything, so we don't need to provide official explanations"*. Nevertheless, achieving production targets is extremely important to the top management. The target setting disciplines production managers not because of any accepted

logic or reason in the numbers, or through reinforcement by rewards, but because of power relations. The CEO, and to some extent the Finance Director, is the final authority on recruitment, punishment, promotion, dismissal and all other company matters. The family members do not normally interfere with daily affairs, except in big decisions. The absence of family members provides huge power to top management officials, especially the CEO and the Finance Director, as they believe that the family places a great deal of trust in them (having become their fictive kin).

Product Promotion, Innovation and Pricing – Rational Attitudes

Product promotion is one of the most important parts of the marketing division. This department not only promotes existing products but also introduces new products. However, the CEO's blessing is required to go ahead with new products. The company expects to introduce new products or new designs for current products each month, at negligible cost. For example, during the 2004-05 financial year, the company introduced 24 new drugs (including variations of old drugs) into the market. Feedback from the extensive sales force and the market research department provides the necessary information regarding demand for a new product. PS also subscribes to an international company, which publishes reports on the demand for drugs from each country. Product managers of this department spend considerable time in strategising new and old products. There are thirteen product managers who are pharmacists with MBA degrees. Each of the product managers is responsible for designing and marketing a group of products. Before products are launched, this department conducts the necessary calculations, such as cost-benefit analysis, pricing and marketing policy. For many products, government regulations play an important role in pricing. For example, the government has set out an essential product list, and companies producing these products have to follow set price guidelines. Product promotion managers informed the researcher that 20% of PS's products are on this list. For other products (if they are not new to the market), the company normally sets a price that reflects the cost plus 50% as a rule of thumb. One of the managers commented: *"sales prices are reviewed every 6 months - 2 years depending on the situation. This performance depends*

on existing product performance”. All these points seem to resemble Weber’s rational calculations of product promotion and introduction. However, these rational accounting calculations do fit in with the substantive purposes of family members.

Discussion

This paper focuses on issues derived from a Weberian framework introduced by Colingnon and Covaleski and draws on the works of Dyball and Valcarcel (1999) and Dyball et al. (2006) on traditional societies. Weber argues for separate organisational analyses, which are nonetheless interactive with external layers of analysis, to understand management practices, including accounting. As explained in the empirical sections, the intentions of the state (at development stages) to facilitate the development of a rational form/ideal type of capitalism were transformed into a different form (politicised state capitalism) as a result of social, political and cultural clashes (Uddin and Hopper, 2001). The recent attempt at privatisation, as found in many studies, gave rise to family/crony capitalism (Uddin and Hopper, 2003). It was also found that these privatised companies, after being handed over to families, introduced familial, direct and coercive control to replace bureaucratic control (Uddin and Hopper, 2001). A similar pattern was followed in public limited companies, as the case study findings indicate. Applying the axes of control (see Table One) based on Weber’s works, the following subsections provide some explanations of organisational control at PS.

The 1st axis of control, as shown in Table One, indicates that organisations in a “traditional” society like Bangladesh are more likely rely on informal, familial and personal control and give rise to a different substantive rationality for compliance, such as forms of control that serve dominant owners. The case study evidence shows that the organisational practices, including the uses of accounting (in decision-making and external reporting), are dictated by the family’s interests and desires. The general picture of PS’s control system that emerges from this research is similar to what Weber has

called familial or personal control. For example, there is a formal organizational chart, but it does not reflect the actual situation; indeed, one of the author's interviewees asked the researcher to share any information on organisational structure that he might come across in the course of his research. There are employees who are on the payroll but do not work exclusively for the company. Employees are seen as personal retainers who can be assigned to any duties as the family sees fit. Notwithstanding the formal existence of management committees and a board of directors, the day-to-day control of production and sales is in the hands of two individuals, the CEO and the Finance Director. These two individuals report directly, and via a number of informal channels, to the two brothers who are respectively the chairman and vice chairman of the group which controls the company. Probably even more important is that their focus is almost entirely on the company's cash position and the maintenance of secrecy concerning it. Whilst it contradicts the Western or modern rationale for managerial efficiency, such an approach to the management of finance is entirely consonant with a version of capitalism which views the enterprise primarily as a means of familial support, a familiar picture in a traditional setting.

There were suspicions that company cash was being siphoned off to fund outside activities, legal or illegal. 'Proprietorial drawings' of this type mean that the company's stated profit of £2.8m on £23.5m turnover far understates the actual rate at which surplus value is being extracted. More justifiable as profitable investments, the interviews also revealed that illicit payments were being made in order to corrupt government officials, trade union leaders and tax officials. Recent court cases against the two brothers may testify to the above claims (The Financial Express, 2007). Secrecy, as well as the personal control of cash, is obviously integral to such an approach to the strategic management of finance. This sort of unrestricted personal control is exactly what one would expect of a family-controlled enterprise in a traditional society where the enabling conditions of rational bureaucratic administration and accounting controls are absent.

Domination vs. resistance is the second axis of control. Bureaucracy is a means of domination whose use and direction is distinct and whose consequences for social action are central to organisational analyses. However, these may take a new form if the organisation is situated in a traditional society, as indicated in Table One. Dyball and Valcarcel (1999), referring to Weber's work, argue that: "Traditionalist domination is commonly exercised by members of a ruling family(ies) or clan(s) and, unlike legal authority, is primarily based on personal loyalty." This is very consistent with the empirical evidence presented earlier. PS is officially a public limited company. The family (or the group) owns[5] around 40% of the total shares, yet the employees feel that their loyalty is to the family. The two brothers have long-term friends who would eventually give them the overall majority if they needed it. The remaining shareholders are scattered and have never attempted to challenge the current regime[6]. Uddin and Choudhury (2007) reported how public limited companies in Bangladesh were able to dodge corporate rules and regulations and deny their minority shareholders' rights. In addition, the traditional attitudes of the current employees, coupled with pragmatic factors such as fear of losing their jobs, enable the family to maintain exclusive control over the company. Since its inception, many of PS's employees have been appointed by the family. Some of the employees often work for other companies belonging to the group and do not see any problem with this arrangement. The family domination at PS is carried out by two top managers. Probably even more important from the point of view of the brothers and their families is the control exerted by the Finance Director on their behalf. These two powerful individuals have special relationships with the family members and have thereby become, in Weberian terms, fictive kin.

Many employees, having been appointed directly by the family, have no qualms about showing their loyalty to these two top managers. This is another example of a master – servant relationship, as expected by Weber in a traditional society such as Bangladesh. Case study evidence shows that personal relationships and familial-type control seems to be more effective than the bureaucratic domination in their Western counterparts. However, the role of accounting in familial and direct

control is still important, but mainly because it serves the substantive purposes of the family. The role of budgeting, as mentioned earlier, is crucial in accounting and appropriating surplus value, albeit in a different manner than in Western enterprises. Although routine, regular, downwards reporting to managers in the western sense is absentthe budgets play an important role in controls. For example, each of the 608 sales representatives has a bonus-linked budgetary target and the executive (sales) director receives information – some of it hourly – not only on the company's sales but also on those of competitors. Production budgets are continually revised on basis of this information and the achievement of these budgets is personally monitored by the CEO. Adverse variances from these two sets of budgets often cause panic, since all of the managers concerned are clear that their own survival is at stake. This is a typical example of how families or their agents (fictive kin) take advantage of any managerial technologies that are available to them, including budgeting, to serve their own interests. This has also been reflected in other aspects of control such as performance measurement, pricing policy and the introduction of new products at PS. The top management and family members focus on physical figures such as daily sales and cash positions as indicators of the company's performance. Consequently, top managers regularly pass on daily sales and cash information to family members.

Weber's works suggest that accounting practices are key elements of the bureaucratic means of domination in an advanced society. In a traditional society, as expected, accounting in the Western sense plays no role in ensuring accountability or maintaining control but is a vital element of familial domination, especially for communicative purposes. Weber's axis of domination and resistance is useful, although resistance in a traditional society takes different shapes and forms. In this case, resistance by other group members within the organisation is hardly visible. The overwhelming power of fictive kin (mainly the CEO and the Finance Director), implicitly given by the family, coupled with pragmatic reasons such as compliant labour markets and poor state protection, may have contributed to this non-existent resistance[7] (Uddin and Hopper, 2003). This is not unexpected from a company operating in a traditional society. As Weber (1968) mentioned, the "master" is expected to do good turns, governed by an ethical sense of equity or of utilitarian expediency. That the "master" looks

after his “subjects” is clearly evidenced by the fact that many long-serving employees are still receiving benefits even though they are now no longer required by the company. The picture here is of a relatively simple but still flexible, timely and effective system of management controls, which nevertheless manages to coexist with the pre-modern secrecy and personal largesse with which the company's cash is managed.

Concluding Remarks

The paper concludes by considering the research aims in the introduction, namely, what forms of controls have management adopted in a public limited company and how, if at all, did accounting help achieve control at the organisational level? Could those management practices, including accounting (in a traditional society), be better understood by employing a Weberian framework of accounting?

Management practices in PS are devoted to serving dominant owners (family members) rather than the majority of general shareholders. There are suspicions that company cash is being siphoned off to fund outside activities, ‘legal or illegal’. External accountability and reporting are allegedly misleading and have recently been subjected to serious investigations by various authorities. Delegated and modern financial budgets are absent. Financial information is only for the inner sanctums of the family, who exert control downwards through imposed physical targets. Sales budgets are focused on markets but are not participatory. There is no master budget, but the daily and weekly sales budgets are maintained in the light of market data from informal and formal sources. The CEO, being the direct agent of the family, holds enormous power over production and other managers. Thus, production managers exert little influence - they are there merely to execute the family's commands. Control over workers was not detailed in this study but is expected to be coercive, as the researcher was denied access to trade unions and workers. Overall, the family manages to establish personalized and centralized control systems throughout the organisation. Whether this constitutes

better management practices is debatable. These practices bear little resemblance to what policymakers understand to be efficient and effective 'private management practices' (Adam et al., 1992; Cook and Kirkpatrick, 1995).

The nature of control and the appropriation of surplus value by the family is better understood through Weber's contrast between tradition and modernity and the respect in which the system might be described as substantively, as opposed to formally, rational. The theoretical framework adopted in this paper not only focuses on the organisational level but also goes beyond the organisation. The paper explores the historical, economic and political context of the case study. As argued earlier, the nature of family capitalism in Bangladesh is linked with the colonial legacy of Bangladesh's political and economic history. Soon after 1975, at the behest of aid agencies, the Bangladeshi state started to sell its assets to families, or in some cases, to return the assets to Pakistani families. Thus, family capitalism has started to re-emerge in Bangladesh since 1975. The toothless regulatory framework became conducive to this particular type of capitalism. As previous studies revealed, and as Weber predicted, in a traditional society, regulatory frameworks are often not enforceable in the presence of familial relationships and politics (Uddin and Hopper, 2003; Uddin and Choudhury, 2007). Obligations to the state become insignificant in the face of obligations to family and friends (Dyball and Valcarcel, 1999). This ideological and institutional context provides sufficient support to introduce one particular form of substantive rationality (rationality to serve families) at the organisational level. As shown earlier, employees shows loyalty to the family, which owns less than 40 per cent of the total shares, rather than to general shareholders, who own more than 60 per cent of the shares in the company. Serving the family's interest seems to be the natural course of action for employees at all levels. PS is still treated as if it were 100% owned by the family and the group. Domination via familial influence rather than bureaucracy is highly relevant here. Accounting languages and calculations provide support to family members, who seek to control the managers and the company at a distance. As the case study revealed, the family members do not normally interfere in company affairs, but are well informed about the company via certain accounting calculations such

as daily/weekly sales and cash positions. The familial and direct control system reported in this study is similar to Ansari and Bell's (1991) findings in a family-owned business in Pakistan. Similarly, Uddin and Hopper (2001) found that full privatisation of a state enterprise resulted in direct control from a family. Employees outside of the family had little idea of the company's performance, since they were not privy to financial information.

Finally, the paper raises questions about policymakers' beliefs about private management practices, especially in LDCs. However, the paper calls for more research, especially employing social theories such as Weber's works into accounting. This would particularly enable researchers to link internal and external layers to understand management practices, including accounting, in traditional settings.

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Table One

Axis of Control	**Organisations in a Modern society**	**Organisations in a Traditional society**
1st Axis: Rationalities: Rational vs. Substantive	Rely on bureaucratic mechanisms or formal processes	Rely on family type/informal control mechanisms
2nd Axis: Domination vs. Resistance	Domination via rational accounting processes (subject to resistance)	Domination via familial relationships (subject to resistance)

[1] A manager is someone who supervises more than one individual.

[2] There are a number of reasons for the continued success of pharmaceuticals in Bangladesh. First, multinational companies have limited access to the local market, and also, multinational products are very expensive for the local markets. Bangladesh enjoys Least Developed Country ("LDC") status, which allows the Company to operate in a favourable international intellectual property and regulatory environment. In particular, it is permitted under the TRIPS Guidelines (Trade Related aspects of International Property rights) to reverse engineer on-patent pharmaceutical products and sell such products within Bangladesh and to other LDCs.

Secondly, taking advantage of cheap labour, PS is able to supply quality products at lower rates, whereas workers in multinational companies are highly paid and their products are thereby expensive (Hossain, 2005).
[3] Employees include all (managers, clerical staff) but production workers.
[4] Both the chairman and the vice chairman of this company have now been arrested as a result of serious allegations such as tax avoidance, loan default and various other irregularities. These are still under investigation (The Daily Star, February 05, 2007).
[5] The two brothers have long-term friends who would eventually give them the overall majority if necessary. Interestingly, they have never had to call for help from their friends, according to the managers.
[6] A lack of investment opportunities and the possibility of capital gains often attract general shareholders to hold on to their shares. In the case of PS, it is one of the few companies to show consistent profits in their annual reports.
[7] The paper does not deny the fact that there may be covert resistance among shop floor workers. Since the researcher did not have access to shop floor workers, the fieldwork mainly focused on the managers and lower level employees.