

CPD-ILO Dialogue on Catalyzing Social Dialogue in the RMG Sector of Bangladesh

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*“Strengthening Social Dialogue Mechanism under Weak Enabling Environment:
Case of RMG Sector”*

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1. Background

- The stakeholders of the apparels sector value chain across the world will be taking various initiatives to commemorate the 4th Anniversary of the Rana Plaza tragedy
 - The Centre for Policy Dialogue (CPD) has been playing a proactive role towards better compliance in the RMG industry of Bangladesh
- In 2013, CPD, along with 13 other civil society think tanks set up the 'Civil Society Initiative for Monitoring Post-Rana Plaza Developments'
- There is a growing recognition that, despite the progress, further improvements are called for in a number of areas in order to make the apparels value chain more sustainable
- Strengthening of the industrial relations through effective functioning of social dialogues among key stakeholders is perceived to be of crucial importance
- Bangladesh has undertaken commitments for the betterment of industrial relations through social dialogue as part of the 'Sustainability Compact'
- The issues of social dialogue and industrial relations have got more attention after the ILO, in the International Labor Conference in 2016 has issued a special paragraph on Bangladesh
- In association with ILO, CPD has undertaken this study to explore alternate options for strengthening the social dialogue process

1. Background

- The study will focus on following issues:
 - Review various incidences of labour unrest since the Rana Plaza tragedy with a view to explore alternate solutions to those conflicts, (if possible) a form of social dialogue is to be used and instruments to be applied by appreciating their nature;
 - Review the progress of ongoing social dialogue mechanisms; particularly, functioning of workers' participation committees/workers' welfare committees, registration of new trade unions and operation of existing trade unions and formation and operation of safety committees etc.;
 - Explore possible solutions to make the tri-partite consultative committee and other such tri-partite forum effective and thereby provide suggestions with regard to issues such as legal, institutional, and financing requirement;
 - Briefly review various initiatives undertaken targeting the Rana Plaza victims especially injured workers, and RMG factories in terms of remediation, restructuring and related financing issues.

PART A:

Review of Post Rana Plaza Initiatives: 4th Year

2. Review of Post Rana Plaza Initiatives: 4th Year

2.1 Rana Plaza Victims

- Rana Plaza victims are gradually incorporating themselves in day to day economic life along with others.
 - A large number of them have repositioned themselves mainly through various financial and technical supports provided by national and international organizations
 - A number of them were unable to do so, but accepted the hardship
- In this process, a number of issues have been included
 - Unemployment of some of the survived workers
 - Physical condition of injured workers
- Concerns of injured workers are still critically important
 - Spending for medical treatment took away a large part of their earnings from long-term savings
 - Monthly family income (other than savings) is lower than what they earned before the accident
 - A number of them could not work and still remain unemployed

2. Review of Post Rana Plaza Initiatives: 4th Year

2.1 Rana Plaza Victims

- A telephone interview with 15 injured workers has been conducted on 19 April, 2017
 - Workers were randomly selected from the list of Rana Plaza victims
- Among 15 workers, 12 workers were taken treatment in last one year.
 - Average monthly expenditure for treatment was about Tk. 3400 (Tk.41000/year).
 - Of them, only 2 workers received financial support for the treatment in last one year.
 - Spending this amount from the amount of financial support received is difficult
 - Physical condition of 12 workers were improved but 3 workers did not see any improvement.
- Among the 15 victim workers, 6 workers are still jobless.
 - Among the currently employed, 4 are running petty business, 2 workers are involved in grocery shop, 2 are engaged in wage labor, and one worker is engaged in agriculture.
 - Average income in most cases is lower than what they earned previously

2. Review of Post Rana Plaza Initiatives: 4th Year

Table: Physical and financial condition of selected victims and their relatives, as of 19 April 2017													
Name	Worked in which Factory	Amount Earned(Tk. Including OT)	Current Status of Job	Earnings	Total earnings of the family now (Taka approx.)	Physical problems currently faced	Treatment taken last one year?(Y/N)	What kinds of treatment taken?	How much spent for treatment in last one year?	How much support received for treatment in last one year?	Total financial support received from government/trust fund?	Is your physical condition improving? (Y/N)	How long you need the treatment?
Saddam	New web Style Ltd	10,000	Day Labor	6000	14,000	Can't use right hand properly	No	N/A	N/A	N/A	102000	N	1 Year
Ajmol	Ethertex Ltd	8000-8500	Grocery Shop Keeper	1500-2000	1500-2000	Spinal cord damage	Yes	X-ray, MRI, Medicine	40000-45000	N/A	210000	N	D/N
Rehana Akter	Fantom Tex	4000-5000	Farming	1500	1500	right leg injured	No	N/A	N/A	N/A	300000	Y	1 Year
Shikha	New Web Bottom	4500-5000	Jobless	N/A	8000	fractured in hand	Yes	X-ray, MRI, Supporting Rod	30000	N/A	200000	Y	1 Year
Momena	Ethertex Ltd	5000	Jobless	N/A	5000	pain in leg	Yes	Surgery	45000	N/A	1060000	Y	Never Cure
Monica	New web Style Ltd	5000	Jobless	N/A	7000	pain in leg	No	N/A	N/A	N/A	120000	Y	Never Cure
Saima	New web Style Ltd	10000	Jobless	N/A	2500	lower part paralyzed	Yes	Medicine	35000	N/A	200000	No	Never Cure
Imran	New Web Bottom	13000	Working in a Shop	4000-5000	20000	Headache	Yes	MRI	30000	N/A	150000	Y	Not Sure
Abdur Rashid	Ethertex Ltd	10000	Cattle raring	8000	8000	pain in leg	Yes	Medicine	20000	N/A	400000	Y	2 Years
Alamin	Ethertex Ltd	14500	Business	8000-10000	8000-10000	Back Pain	Yes	Medicine	25000	N/A	250000	Y	No Specific time
Nazma	New Web Textiles	11000	Jobless	N/A	8000	No Strength in left hand	Yes	Surgery	-180000	180000	300000	Y	2 Years
Farida	Ethertex Ltd	10000	Jobless	N/A	6000	Pain in hand and leg	Yes	Medicine	15000	N/A	100000	Y	No Specific time
Rana Ahmed	New web Style Ltd	14500	Business	7000	7000	Pain in leg and Spinal Cord	Yes	Surgery and Medicine	45000	N/A	350000	Y	2 Years
Rased	Fantom Tex	10000	Business	12000	12000	Mental Trauma, pain	Yes	Medicine	10000	76000	300000	Y	Never Cure
Mofassel	New web Style Ltd	6500	Grocery Shop Keeper	8000	8000	Pain in hand	Yes	Medicine	12000	N/A	100000	Y	1 Year

Source: Moazzem et al. (2017)

2. Review of Post Rana Plaza Initiatives: 4th Year

2.2 Organizations Providing Support to the Victims

- A number of organizations have provided treatment support to injured workers during 2016
- **CRP:** Different kinds of medical support provided to injured workers in the form of orthodontic medical care, therapeutic care, medication support, O&P devises and mobility aids.
- **BRAC:** BRAC has provided different kinds of medical support, psychological training and prosthetic limb support in different numbers
- **Action Aid:** It has provided psychosocial counseling
- **Gonoshasthya Kendra:** Support in terms of hospital outdoor services, physiotherapy, hospital operation and nutritional supplement was provided.

Treatment Support to Injured Workers in the 4th Year

Organization	Major Activities	Total no. of beneficiaries
BRAC	Medical support	110
	Psychosocial support	450
	Prosthetic limb support	07
Gonoshasthya Kendra	Hospital outdoor services and free medication	607
	Physiotherapy service	41
	Hospital admission and operation	21
	Minerals and nutritional supplement.	708
CRP	Provide general and orthopedic medical care	181
	Immediate therapeutic care	172
	Medication and Investigation support (According to needs)	95
	Providing appropriate O&P Devices and mobility aids	92
	Psychosocial and peer counseling services	08
Action Aid	Psychosocial Counseling	56

2. Review of Post Rana Plaza Initiatives: 4th Year

2.2 Organizations Providing Support to the Victims

- Victims have received different kinds of livelihood development support in the form of training for entrepreneurship development, seed money for initiating businesses.
 - These support have been provided by BRAC, CRP, ActionAid and Gonoshasthya Kendra
 - BGMEA has provided support to 67 orphans of Rana Plaza victims by providing their yearly expenses (Tk.24 lakh).
- Despite those efforts, a number of victims appear to be out of reach of these provisions
 - Assessing the needs of those victims particularly in terms of meeting treatment costs and arranging free treatment facility in nearby government/NGO support facilities is urgently needed
 - A number of them may need livelihood support to be self employed

Table 1: Livelihood Support Provided to Victims and Their Children

Organization	Major Activities	Total no. of beneficiaries
BRAC	Livelihood/ motivational training	450
	Seed capital grant	450
Gonoshasthya Kendra	Rehabilitation program for Rana Plaza Workers.	989
CRP	Critical Family support (Need based)	11
	Loss of income support (Need based)	03
	Collaboration and lobbying with different factories for job placement of the trained persons according to the choice of the victims	17
	Appropriate equipment support and seed money support for entrepreneurship development	05
	Home visit programme to individual survivors	93
Action Aid	Socio-economic Reintegration and Rehabilitation	305
	Business Development Workshop	30
	Small Business Grant support	76
	Career Guidelines Workshop	20
BGMEA	Responsibility of orphan children	67
	10 boys at ORCA, Chittagong	
	37 boys at ORCA, Gaibandha	
	20 girls at Anjuman Orphanage, Savar	

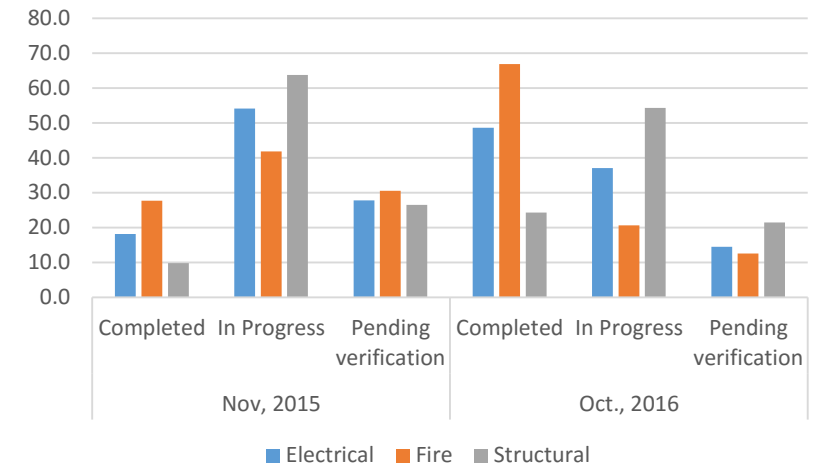
2. Review of Post Rana Plaza Initiatives: 4th Year

2.3 Remediation Works of RMG Factories

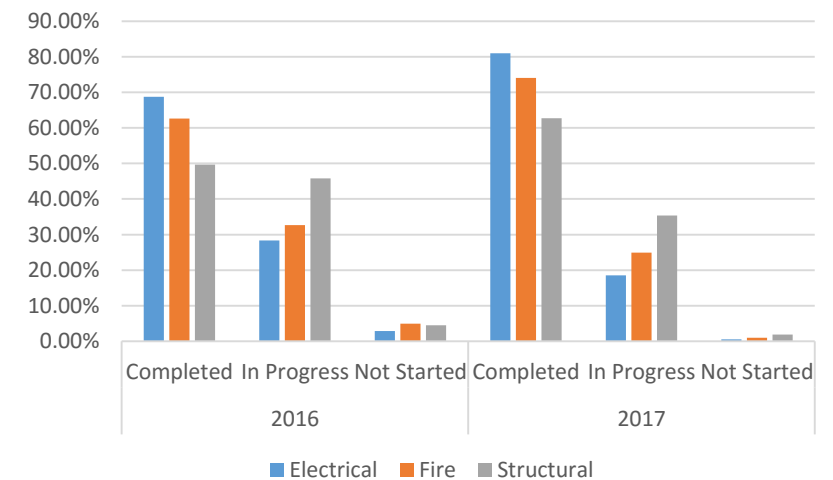
- Factory remediation under Accord and Alliance made significant progress over the last one year
 - Major progress was observed in case of fire and electrical units while progress in structural issues are lagging behind.
 - The pace of remediation in both Accord and Alliance factories is almost same
 - Although structural remediation in Accord led factories is slightly slow given the fact that number of factories under Accord is almost double to that of Alliance.
- The remaining period of the stipulated timeline of Accord and Alliance is crucial in order to complete the remediation works
- Progress of National Initiative led 1549 factories was highly disappointing.
- No follow-up information about remediation work after the inspection carried out by BUET and other organizations with the support of ILO
- Need concrete plan of action for remediation of factories

Dr K G Moazzem et al. (2017)

Accord Inspected Factories)



Progress of Alliance Inspected Factories



2. Review of Post Rana Plaza Initiatives: 4th Year

2.3 Remediation Works of RMG Factories

- A total of 61 Accord inspected and 72 Alliance inspected factories have completed their remediation activities.
- Review panel has 'closed' 39 factories and 'partially closed' 47 factories while another 104 factories have been allowed for production under conditions.
- Accord and Alliance have severed ties with 195 factories because of lack of considerable progress of CAP related works.
 - Authorities should examine whether those factories still continue their operation and the respective buyers (local and foreign) of those enterprises
- Reasons for lack of initiatives undertaken by entrepreneurs is also an important issue to be assessed
 - Constraints of financial resources, lack of incentive due to limited business prospect and plan for relocating factories prevail

Status of Closed Factories (as of 1 August, 2016)

Status of Review Panel Visit	Number of Factories		Number of Worker Affected
Closed	Accord	26	17681
	Alliance	10	
	NI	3	
	Total	39	
Partial Closed	Accord	19	4211
	Alliance	12	
	NI	16	
	Total	47	
Factory in Operation (Under Condition to Implement Recommendations of Review Panel)	Accord	12	13900
	Alliance	43	
	NI	21	
	Total	76	
Sever ties with factories	Accord	50	
	Alliance	145	
	Total	195	

2. Review of Post Rana Plaza Initiatives: 4th Year

2.3 Remediation Works of RMG Factories

- **Safety Committee:** A total of 1,092 committees have been formed, of which 694 committees are in BGMEA member factories and 264 committees are in BKMEA member factories and the remaining 134 in non-member factories (Source: DIFE Annual Report 2015-16)
 - Formation of new safety committees and operationalization of existing committees are two major tasks to be addressed
 - Accord and Alliance have completed training of about 300 and 140 Safety Committees respectively
- **Worker Helpline:** Alliance has introduced it in 802 factories. As of April 20, 2017, workers' hotline has received around 127,000 phone calls.
 - Training for managers and security guards are two other initiatives of Alliance
- **Better Work Bangladesh:** BWB is working with 120 factories involving 241,000 workers
- **Factories outside Accord, Alliance and National Initiative:** About 1000 RMG factories listed in the DIFE are not associated with any initiatives nor do they belong to any association. These factories should be inspected and made compliant
 - Update DIFE database of these factories (a number of these factories may have closed down/relocated)
 - Set a plan of action for monitoring and remediation of those factories as well

2. Review of Post Rana Plaza Initiatives: 4th Year

2.3 Remediation Works of RMG Factories

- Fire Service and Civil defense Authority has undertaken a number of safety related measures during the last year
 - Fire Fighting, Prevention, Search, Rescue, Evacuation, Earthquake Management and First Aid Training Course
 - Fire Safety Inspection
 - Fire Risk Assessment Survey
 - Fire Safety Inspection of High-rise Buildings with multi occupancies
- According to FSCD, safety committees should have regular meeting and should take necessary corrective measures based on the meeting discussions
 - Need to be documented properly
- Monitoring of existing safety committees need to be strengthened
- Coordination mechanism between FSCD and Safety Committees needs to be strengthened.

Major Activities undertaken by the Fire Service and Civil Defense during April, 2016 to March, 2017

Major Activities	Total no. of beneficiaries
Fire Fighting, Prevention, Search, Rescue, Evacuation, Earthquake Management and First Aid Training Course.	90,280 persons
Fire Safety Inspection of the RMG factories by FSCD.	1304 RMG factories
Simulation Exercises on Fire, Earthquake and Other Disasters	285 Exercises
Fire Risk Assessment Survey.	54 factories
Fire Safety Inspection of the RMG factories by Ministerial Committee.	11 RMG factories
Fire Safety Inspection of High-rise Buildings with multi occupancies.	792 RMG factories

2. Review of Post Rana Plaza Initiatives: 4th Year

2.4 Overall Observation

- Victims support for treatment for injury and for their rehabilitation have yet to be institutionalized
 - Long term support is required for those who are outside the nearby locality of Dhaka
 - Government should immediately complete preparatory work for enforcing 'universal insurance scheme' for industrial workers
 - 'Worker welfare fund' where Tk.190 crore has been deposited could provide necessary financial support in this regard
 - Institutional arrangement will be required between DIFE and local level public hospitals/clinics and NGOs to extend necessary treatment to injured workers at free of cost.
- Year 2017 is crucial with regard to set strategies for monitoring and inspection during post-2018 period
 - Establishment of 'Remediation and Coordination Cell (RCC)' as an interim arrangement
 - The length of period of interim arrangement with a view to institutionalize the modern factory inspection process under the public sector led initiative
 - Institutional arrangement of RCC with proper responsibilities and adequate technical and financial capacity to monitor the process of inspection
 - Ensuring same level of compliance standard in export-oriented RMG factories which include remediation and compliance of national initiative factories
 - Arrangement of coordination with Accord and Alliance with regard to sharing the monitoring and inspection related data and information and technical knowhow
 - A public-private partnership to be developed with regard to monitoring, inspection and maintaining compliance

1. Review of Post Rana Plaza Initiatives: 4th Year

2.4 Overall Observation

- DIFE should develop their action plan for ensuring remediation and retrofitting of RMG factories with proper financial plan to be submitted to the government
 - According to an estimate carried out by the DIFE, about US\$635 million will be required for remediation related works, of which US\$262 million for structural safety, US\$171 million for fire and US\$202 million has been allocated for electrical safety related works.

PART B

Thematic Study: “Strengthening Social Dialogue Mechanism under Weak Enabling Environment: Case of RMG Sector”

3. Study on Social Dialogue in the RMG Sector

3.1 Background

- Bangladesh government has signed the 'Sustainability Compact' with the EU and the ILO in 2013. Later USA and Canada have been associated with this initiative.
- The agreement, among others, put emphasis on ensuring better industrial relations and workers rights in the RMG sector through a number of activities
 - **Commitment 1.d:** Further improve exercise of freedom of association, ensure collective bargaining and application of national law at the EPZs
 - **Commitment 1.e:** Education and training programmes on fundamental principles and rights at work and on occupational safety and health
 - **Commitment 1.f:** Establishing the Better Work Programme, Registration of independent trade unions, Ensuring protection of unions and their members from anti-union discrimination and reprisals
- Based on those commitments a number of initiatives have been undertaken by the government over the last four years
 - Amendment of labour laws and thereby facilitating registration of new trade union at factory level
 - ILO initiated training programme on 'promoting fundamental principles and rights at work in Bangladesh (FPRW)

3. Study on Social Dialogue in the RMG Sector

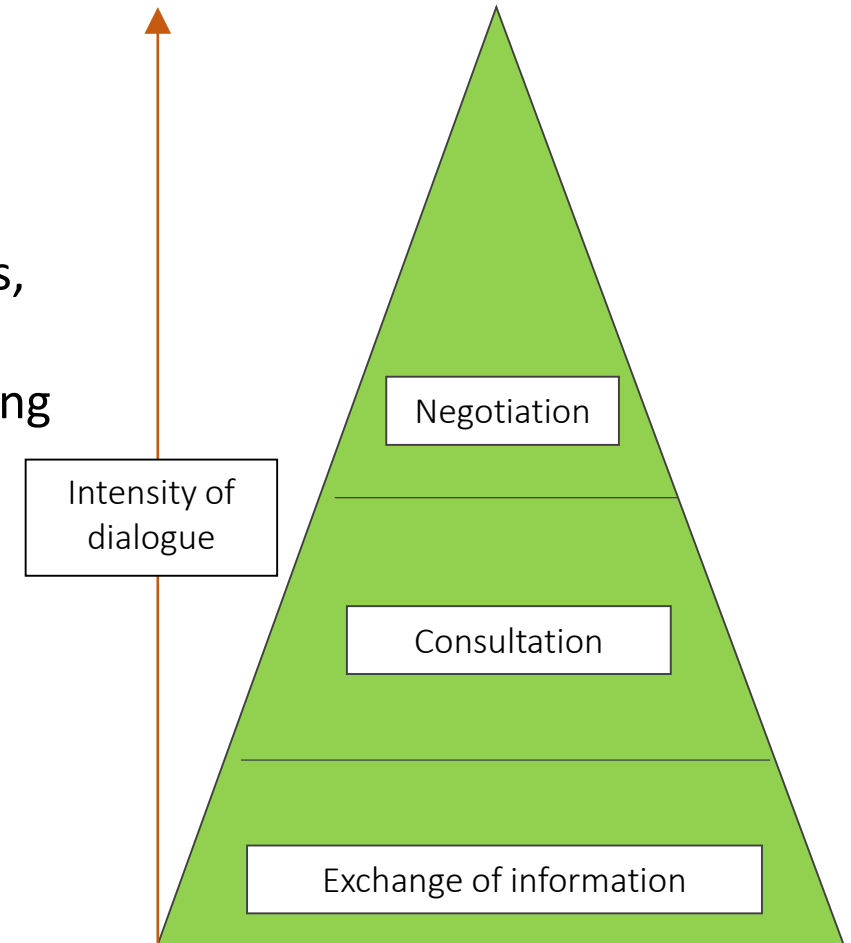
3.2 Literature Review

- Latest review report of the 'Sustainability Compact' published in July, 2016 has found limited progress with regard to worker rights issues, despite progress in other areas .
- The special paragraph issued by ILO in June,2016 raised concern about progress of labour rights and suggested the following improvements
 - undertake amendments to the 2013 Labour Act to address the issues relating to freedom of association and collective bargaining identified by the Committee of Experts, paying particular attention to the priorities identified by the social partners;
 - ensure that the law governing the EPZs allows for full freedom of association, including the ability to form employers' and workers' organizations of their own choosing, and to allow workers' organizations to associate with workers' organizations outside of the EPZs;
 - investigate as a matter of urgency all acts of anti-union discrimination, ensure the reinstatement of those illegally dismissed, and impose fines or criminal sanctions (particularly in cases of violence against trade unionists) according to the law; and
 - ensure that applications for union registration are acted upon efficiently and are not denied unless they fail to meet clear and objective criterias set forth in the law.
- Recent incidences in Ashulia in December, 2016 and follow-up activities raised questions to major stakeholders about the progress of industrial relations in the country.

3. Study on Social Dialogue in the RMG Sector

3.2 Literature Review

- Social dialogue includes all types of exchange of information, consultation or negotiation between government, employers and workers on economic and social policy issues (ILO)
 - Social dialogue is an initial step towards finding a common ground on different issues by ‘separating the digestion of facts, problems and possible solutions’
 - This will in turn, lead towards effective collective bargaining
 - ILO (1999) treats social dialogue as an instrument for building greater consensus
- ILO (2003) identifies exchange of information as the ‘most basic process of social dialogue’
- Consultation, which is the next step does not ensure decision making
 - But is an important step towards the decision making process
- ILO (2003) identifies two dominant types of negotiation: collective bargaining and policy concentration



3. Study on Social Dialogue in the RMG Sector

3.2 Literature Review

- Social dialogue institutions can be ‘bipartite’, ‘tripartite’ or “tripartite plus”
 - Tripartism, an important means of establishing social dialogue, refers to labour relations in which the State, employers and workers are autonomous yet interdependent partners with common interests
 - Bi-partism is a process of determination of a network of rules and regulations concerning terms and conditions of employment, etc., through consultation, negotiation, bargaining or other consensual processes
- When bi-partite dialogue does not lead to dispute avoidance or settlement, tripartite interventions like conciliation/mediation and arbitration/adjudication become necessary
- Channels for social dialogue are of different kinds
 - Government-labour-management dialogue
 - Government-labour dialogue
 - Labour-management dialogue and
 - Government employer dialogue

3. Study on Social Dialogue in the RMG Sector

3.2 Literature Review

- ILO (2003) describes some major enabling conditions for successful social dialogue
 - Respect for and implementation of freedom of association
 - Need for democratic governance at all levels
 - Legitimacy through representative, transparent, accountable and cohesive workers' and employers' organizations
- Countries have diverge experience on enabling condition of social dialogue
 - Tendency in many countries to use social dialogue as means of finding solutions in crisis situations (Hyman, 2010; O'Donovan, 2003)
 - Literature identifies effective legal regulations as one of the key methods of establishing effective social dialogue
 - Developing effective technical and methodological guidelines for the implementation of social dialogue processes is important

3. Study on Social Dialogue in the RMG Sector

3.2 Literature Review

- ILO (2003) identifies many challenges in implementing social dialogue
 - One of them is the 'lack of interest or unwillingness' of governments and stakeholders, which may be due to the prevailing tradition and 'weakness' of social partners etc.
 - Social dialogue is effective when a more problem-solving and 'pragmatic' approach has led to more successful outcomes
 - Lack of democratic accountability and legitimacy, where 'over-institutionalized and rigid' social dialogue may be viewed as 'undemocratic'
- In that consideration Bangladesh's RMG sector possesses a weak enabling condition
 - Social dialogue has been analyzed here under the framework of weak enabling environment

3. Study on Social Dialogue in the RMG Sector

3.3 Review of Social Dialogue in the RMG Sector

- ‘Social dialogue’ is not new in the context of the RMG sector
 - Workers’ Participation Committee (WPC), workers’ welfare committee (WWC) in EPZs
 - National level trade union and federations and factory level trade unions
 - Those are mostly bi-partite and tri-partite in nature
- There are as many as nine tri-partite committees currently working in the RMG sector
 - Recently MoLE has formed 20 member ‘RMG Tri-partite Consultative Council’
- Trade union density in the RMG sector is less than 2 per cent
 - As of February, 2017, a total of 540 new trade unions have been registered in the RMG sector since the Rana Plaza tragedy
 - No information available about the functionality and effectiveness of newly registered trade unions
 - New registration of trade unions has significantly declined in 2016

Formation of RMG sector Unions 2012 – 2016 (by 31 March)

	2012	2013	2014	2015	2016
<i>Newly formed</i>		83	187	71	10
<i>Total</i>	132	215	402	473	483

Source: European Commission Technical Status Report-2016
DP K G Moazzem et al. (2017)

3. Study on Social Dialogue in the RMG Sector

Trade Union density by industry

Sector	No. of Unions	No of Members	Average members	Sector	No. of Unions	No of Members	Average members
Tea	7	81274	11611	Hotel and Restaurant	132	45804	347
Public Work	4	27450	6863	Power and Electric	37	12473	337
Postal	4	22505	5626	Tobacco	68	22601	332
T&T	7	31068	4438	Hotel residential	30	9575	319
Railway Dept	9	35000	3889	Oil and Gas	26	7697	296
Insurance	4	12228	3057	Tannery Industries	10	2283	228
Bank	45	91958	2044	Shop and Establishment	1014	204161	201
Fisheries	46	49214	1070	Cotton	291	55471	191
Hosiery	7	6510	930	Shoes	6	1126	188
Jute Press and Belling	201	175054	871	Gold smith	20	3541	177
Autonomous	323	255481	791	Chemical/ Oxygen	131	23039	176
Internal Water Boat Transport	18	11540	641	Power loom Spinning mill	5	875	175
Miscellaneous	669	390492	584	Garments	453	77543	171
Match	8	4367	546	Dress	145	21171	146
Petrol pump	3	1550	517	Electronic Part Manufacture	8	985	123
Transport	1034	529728	512	Hand Weaver	8	974	122
Book binder	7	3554	508	Brick Field/ Brick manufacture	10	1150	115
Dock and port	13	4741	365	Tailor	79	8749	111
Sarkar Shalpo	1	105	105	Small Metal Industry	15	871	58
Decorator	27	2795	104	Rubber	39	2171	56
Drugs	22	2113	96	Saw Mill	54	2363	44
BG Press	3	283	94	Journalist	23	1000	43
Aluminum	78	7251	93	Sugar	58	2515	43
Printing Press	117	10873	93	Cinema Theater	62	2515	41
Dairy Farm	2	182	91	Building Construction	212	8410	40
Street Hawker	44	3875	88	Coole	832	27545	33
Fishermen	3	250	83	Furniture	11	357	32
Steel and re rolling mill	267	21933	82	Barber Shops and beauty parlor	31	985	32
Packaging Industry	5	355	71	Poultry Firm	9	245	27
Photographer	6	425	71	CNG Filling station	1	25	25
Automobile Workshop	4	255	64	Paper	9	162	18
Rickshaw/Van and Pushing Cart	556	2950	5	Food	113	957	28
Nursery	-	-	-	Rice Mill	27	151	6

Dr K & Moazzem et al. (2017)

Source: Prepared by authors based on information collected from the MWB

3. Study on Social Dialogue in the RMG Sector

Table: Member Status of the Tripartite Forums		
Committee Name	Members	Representation Status
Tripartite Consultative Council (TCC)	60	20 each from government, workers and employers organization
Minimum Wage Board (MWB)	6	1 chairman, 1 independent member, 2 employer representative and 2 workers representative.
Crisis Management Committee	10	1 chairman and 3 each member from government, workers & employers.
Social Compliance Forum for RMG (SCF)	31	Different ministry and department of government-15, workers organizations-4, employer's organizations-4, and International Organizations-4.
Task Force on Labour Welfare in RMG	11	1 chairman, 5 from government, 3 from employer's organization and 2 from workers organizations.
Task Force on Occupational Safety in RMG	14	1 chairman, 7 from government, 4 from employer's organization and 2 from workers organizations.
National Tripartite Committee for the Fire and building Safety in RMG Sector	16	1 chairman, 5 members from govt, workers & employers organization.
Rana Plaza Coordination Cell (RPCC)	12	Neutral Chair ILO, and representative from Ministry of Labor and Employment; BGMEA, BEF; NCCWF; IndustriALL BD Council; BILS; IndustriALL Global Union; and nominated brands (Bonmarche, El Corte Ingles, Loblaw, Primark) and the Clean Clothes Campaign.
National Industrial Safety and Health Council	22	1 chairperson and 7 each members from government, workers and employers organization.

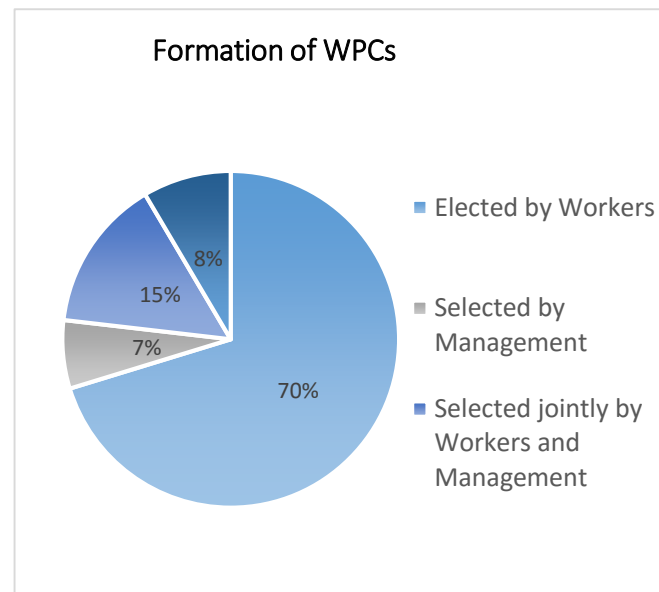
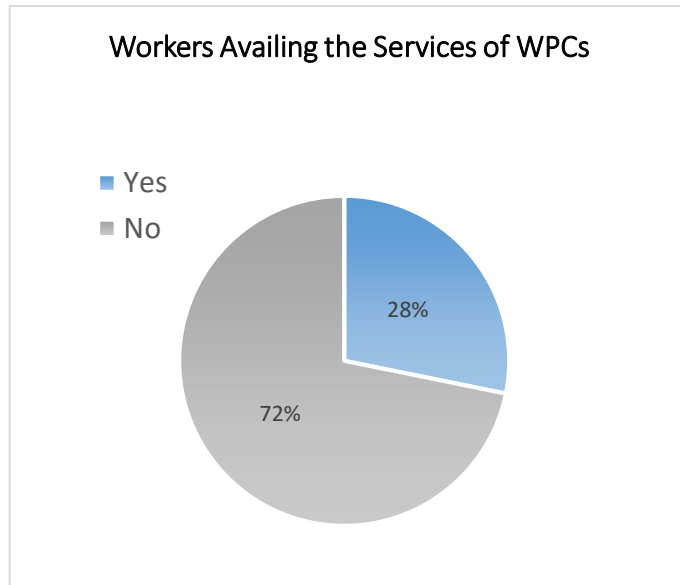
Source: Hossain and Akter, 2016

Dr K G Moazzem et al. (2017)

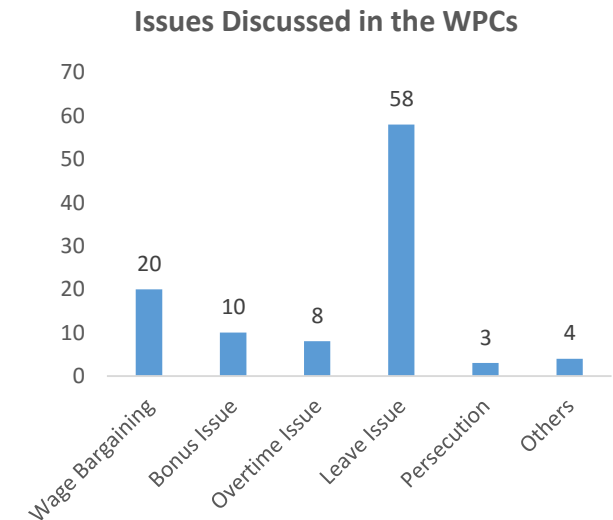
3. Study on Social Dialogue in the RMG Sector

3.3 Review of Social Dialogue in the RMG Sector

- There are complaints about the lack of functionality of the WPCs in RMG factories
- While majority of workers considered the WPC being elected by workers, about one-fourth of workers have reported that they have availed their services
- Financial issues and various non-financial issues are the main issues for discussion in the WPC meetings.



Dr K G Moazzem et al. (2017)

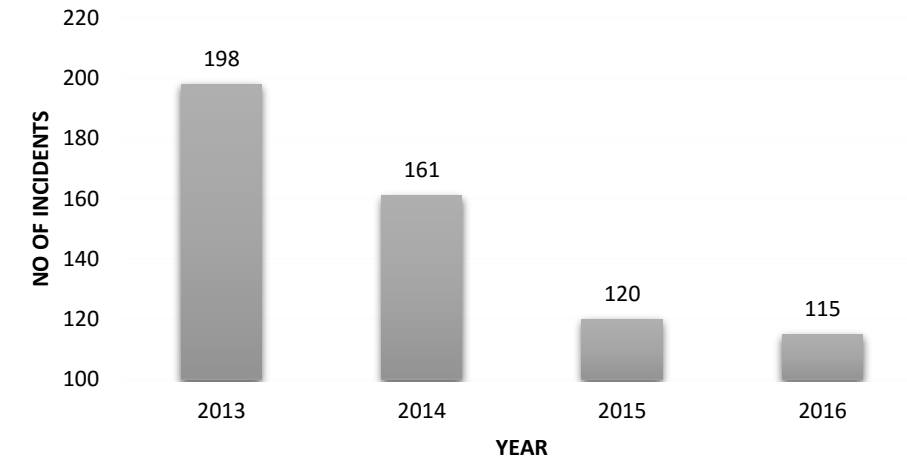


3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- CPD conducted an analysis of large scale labour related unrest reported in the national dailies during 2013-2016
 - In order to appreciate reasons behind those unrest and follow up actions/inactions taken place
- A total of 594 unique incidents were reported during last 4 years.
 - 2013 had the highest number (197) of labour unrest related incidents; most of them linked to post Rana Plaza issues such as compensations and unpaid wages
 - Year 2016 had the lowest incidences (115 incidents)
- Incidences were high in medium sized industries followed by small and large sized ones.
 - Incidences are higher in BGMEA members factories
- 39.4% of total unrest incidents are centred on Dhaka and nearby areas but atypically only 8.79% of the factories are involved.
 - Least number of incidents reported in Chittagong region (1.59% factories involved)

RMG Sector Labour Unrests



Source: Moazzem et al. (2017)

Spatial Distribution of Labour Unrests

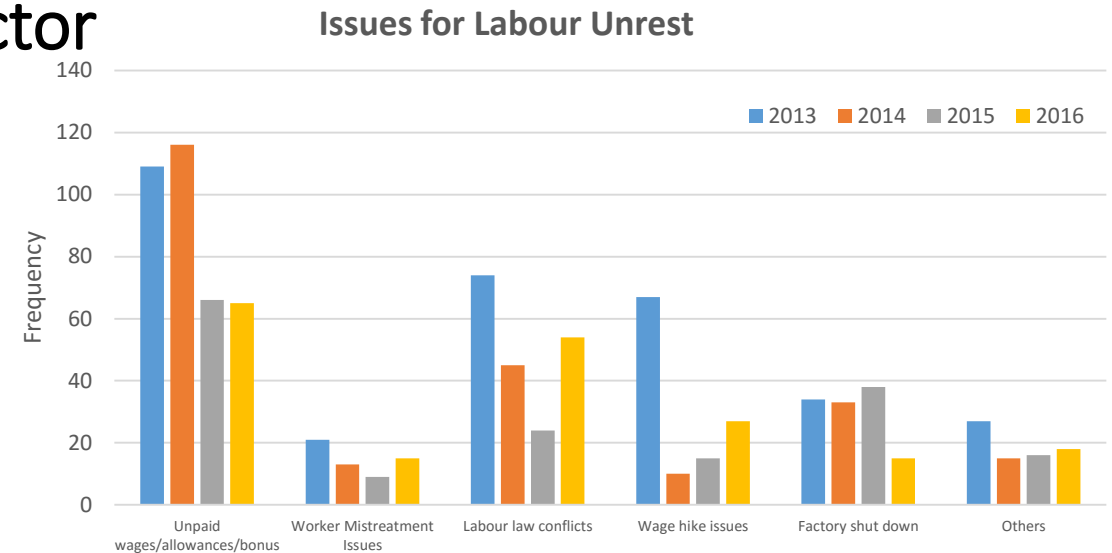
Area	Frequency	Percentage of incidents	Ratio of total incidents
Chittagong	15	2.53	1.59
Dhaka	234	39.39	8.79
Gazipur	168	28.28	10.51
Mymensingh	17	2.86	28.81
Narayanganj	148	24.92	10.47
Others	12	2.02	11.01
Total	594	100	100

Source: Moazzem et al. (2017)

3. Study on Social Dialogue in the RMG Sector

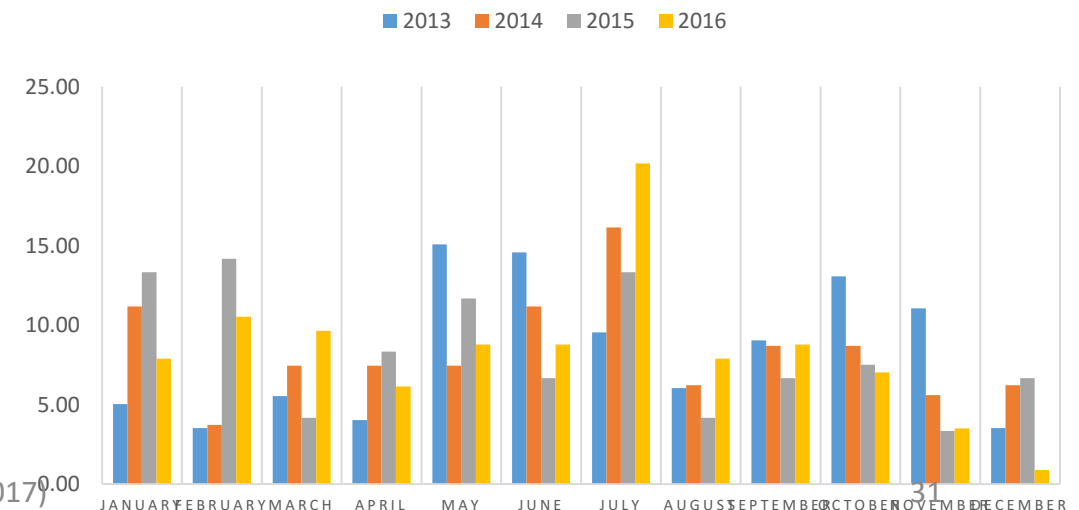
3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- Unpaid wages, allowances and bonus have the highest frequency in all the years
 - These incidents tend to plummet from 2014 onwards
- Other major issues such as worker mistreatment issues and labour law conflicts follow similar trends in that the numbers tend to steadily fall
 - Then rise sharply from 2015 onwards.
- The figure clearly indicates a rise in incidences of unrests during June-July period.
 - Main reason behind workers' demand for festival bonuses and salary arrears



Source: Moazzem et al. (2017)

Month wise distribution of Incidence of Unrest



Source: Moazzem et al. (2017)

3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- **Discussion Participants:** Out of the 594 reported incidents, around 80% did not make it to the dialogue stage.
- Of the cases that did make it to the dialogue stage, the majority of the cases came from Dhaka, but only 22.22% of the incidents that occurred in Dhaka made it to the dialogue stage.
 - It is lower in case of Gazipur region
 - 91.7% of the cases that occurred in other areas made it to the discussion phase.

Level of Discussion after Labour Unrest Region wise Distribution

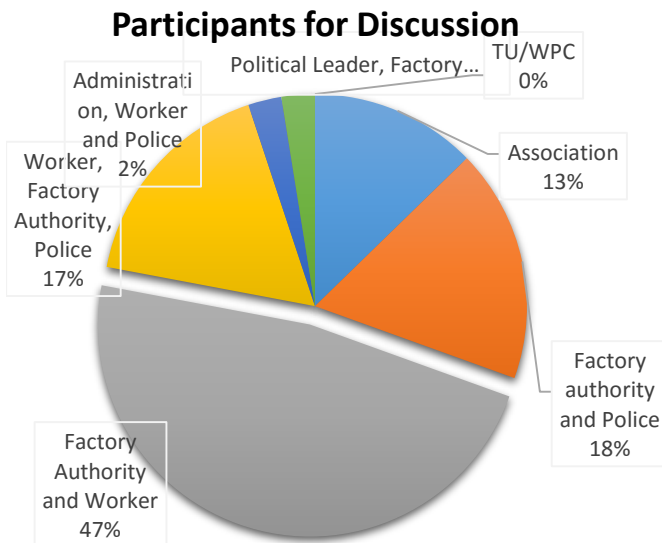
Area	Frequency	Percent	Ratio of incidents
Dhaka	52	44.07	22.22
Gazipur	25	21.19	14.88
Narayanganj	30	25.42	20.27
Others	11	9.32	91.67
Total	118	100.00	19.87

Source: Moazzem et al. (2017)

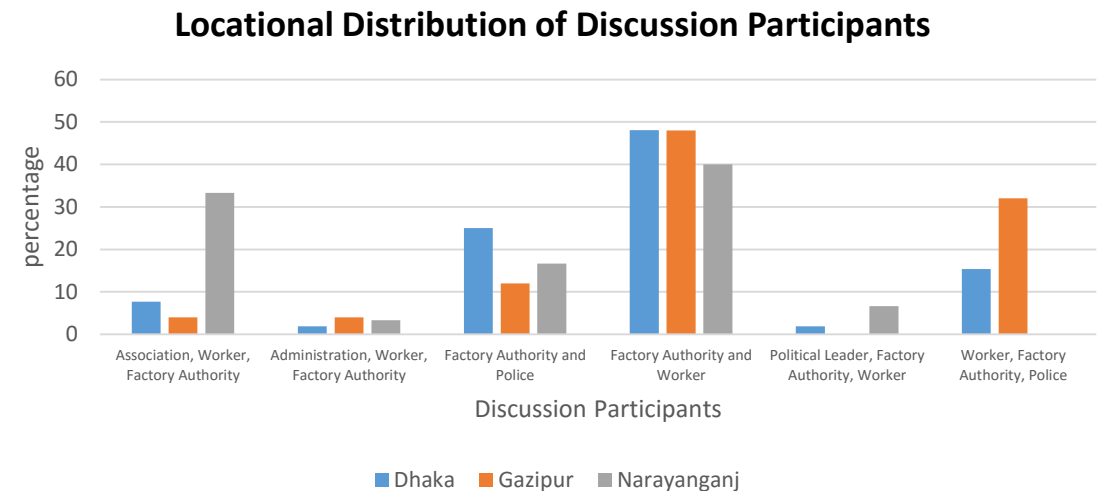
3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- Factory authority and workers took part in majority of discussions (47%)
 - The police, in association with others, participated in 37% of the cases.
 - Almost no role reported about WPC or trade union in any stage of the discussion process.
- The police plays a major role in the dialogue phase in both Dhaka and Gazipur
 - Involved in 40% and 42% of the cases respectively.
 - Alternatively, the police have very little role to play in Narayanganj, attached with only 16.7% of the cases, implying a far different and internal negotiation procedure.
 - RMG related associations in Narayanganj, primarily the BKMEA has a much more direct involvement, conferring in 33% of the cases.



Source: Moazzem et al. (2017)



Source: Moazzem et al. (2017)

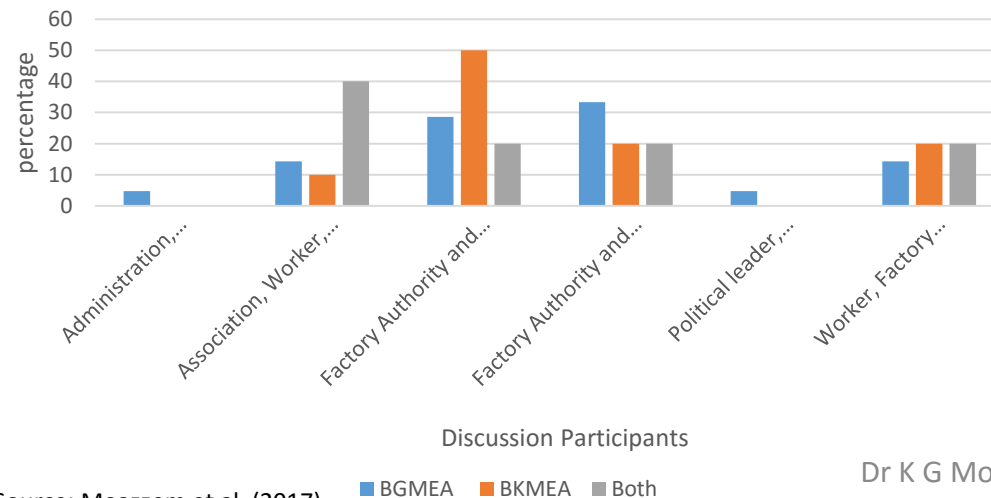
Dr K G Moazzem et al. (2017)

3. Study on Social Dialogue in the RMG Sector

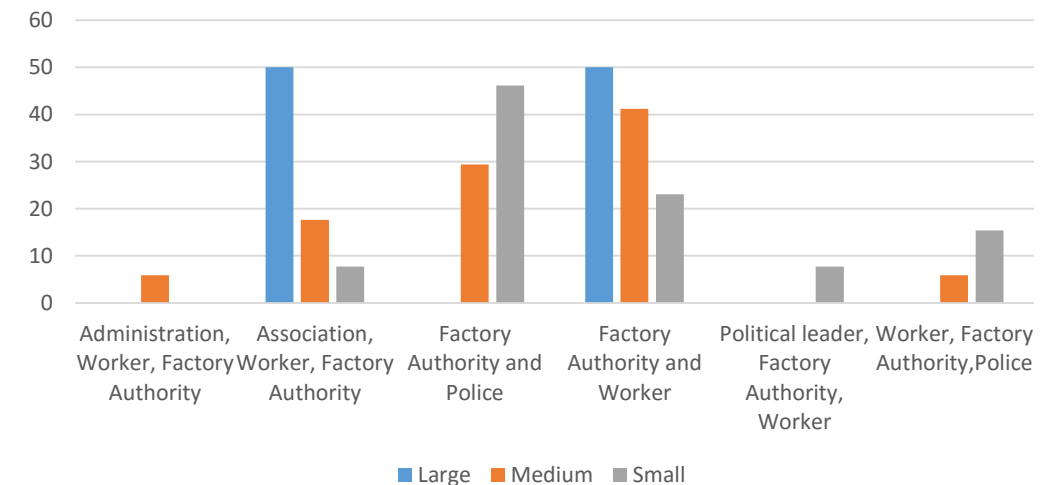
3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- Factory authority and police play the most important role in the discussion process in both BGMEA and BKMEA factories.
- Associations along with owners and workers play the most important roles in case of large factories, comprising of almost 50% of the cases.
- In small factories factory authority and police are involved in maximum discussions
 - A huge 47%, with no place for workers in the dialogue phase
 - A huge difference of 27% exists between large and small factories in terms of discussions between workers and factory authority, again signaling the insignificance of workers in the negotiation phase in small factories.

Participation in Discussion Based on Membership



Discussion Participants Based on Size



3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

Arbitration: The data available from BGMEA shows that individual disputes has been extensively resolved through the process of arbitration

- Despite that number of pending cases are also increasing
- Large scale factory relate disputes have settled except 3 cases which occurred in 2017 (upto April, 2017)

BGMEA Activities on Arbitration since 2012

Year	No. of disputes	Total number of workers concerning those disputes	Number of disputes settled	Number of disputes pending
2012	803	1650	789	96
2013	1154	2606	920	317
2014	837	2992	1054	92
2015	959	2035	887	153
2016	1176	2263	1162	120
2017 (upto April, 2017)	413	436	279	234

Source: BGMEA (2017)

BGMEA Activities on Arbitration of Large Scale Factory related Disputes since 2012

Year	No. of disputes	Total number of workers concerning those disputes	Number of disputes settled	Number of disputes pending
2012				
2013	8	1571	8	-
2014	32	16346	32	-
2015	12	5030	12	-
2016	34	14271	34	-
2017 (upto April, 2017)	30	7761	27	03

Source: BGMEA (2017)

3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

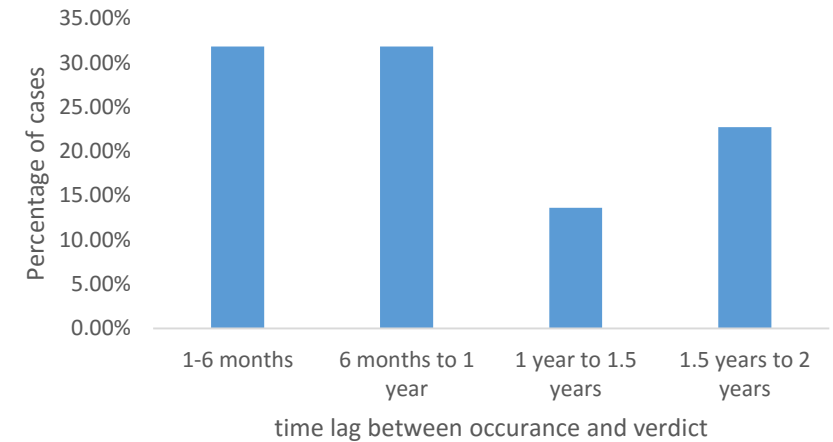
Arbitration

- The arbitration process currently followed is backlogged.
- Most labour unrest related incidents are unable to make it to the discussion phase.
- A very few percentage of those that do attain the discussion phase are able to reach the arbitration procedure.
- The average period of selected incidences to reach from occurrence to arbitration ranges between 6 months to 2 years

Labour court

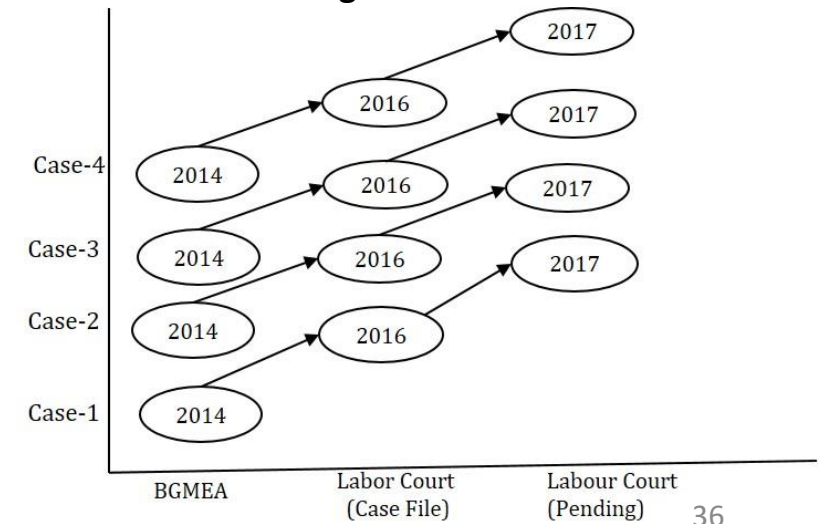
- An insignificantly small amount of cases make it to the labour court.
 - Only 36 cases are in pending 3 labour courts
- This lagged process discourages workers from filing cases and obtaining justice.

Time Lag in Arbitration Process



Source: Moazzem et al. (2017)

Time Lag in Court Process



Source: Moazzem et al. (2017)

3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- A number of observations can be drawn from the above-mentioned analysis of labour unrest
 - A large part of incidences are related to financial issues which are not necessarily related to 'fixing wages'
 - Financial issues could be differentiated: 'wage related' and 'non-wage related'
 - A number of issues are non-financial
- Most of the financial issues indicate that poor financial management and poor human resource management of RMG enterprises caused most of the labour unrest
 - Higher incidences in medium and small sized factories perhaps indicate their weak HR and financial management
 - Strengthening financial management (particularly cash flow management) is important in case of affected factories
 - Improving HR management is also important to handle worker related concerns
- Spatial distribution shows some concentration of occurrence of unrest incidences
 - Incidence are very low in Chittagong but the reasons behind that are not clear
 - Need to investigate the reasons for lower occurrence of incidence

3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- In most cases, no discussion took place after the incidents occurred
 - No mention of WPC in any incident indicate lack of effective operation to resolve disputes
- In cases where some sorts of discussion took place, police forces have intervened in the process of discussion in a significant number of cases
 - Such incidents are higher in case of Dhaka and nearby regions
 - Police presence is rather less where frequency of employer-worker discussion is higher, case in point, factories located in Narayangonj region, mostly knit factories
 - Role of police as a mediating force perhaps hampers the environment of discussion
- Problems of different financial issues are more acute in woven factories compared to those in knit factories
 - An upward adjustment of financial benefits of workers (at par with other factories) would reduce the incidence of labour unrest

3. Study on Social Dialogue in the RMG Sector

3.4 Analysis of Labour Unrest in the RMG Sector since 2013

- No report related to labour unrest mentioned about role of buyers/brands/retailers who had business relation with these factories
 - Lack of proper auditing of these factories by buyers/suppliers is a concern
 - In case of subcontracting factories, local main buyers should regularly check the financial condition of these factories
 - Buyers' auditing should include suppliers' financial capacity (cash flow position)

4. Stakeholders' Perception about Social Dialogue

4.1 Entrepreneurs' perspective

- Generally, entrepreneurs are not too enthusiastic about the issue of social dialogue
 - Taking into account the socio-economic reality and industrial culture of Bangladesh
 - A lot of problems faced such as increased pressure of remediation costs, low profitability, decreasing prices of the products sold
 - Many garments factories of Bangladesh have recently designated personnel of respective human resource departments who interact with workers frequently
 - while there are also complaint boxes for any complaints workers might have
- Entrepreneurs are not against worker organizations such as trade unions per se, but their main proposition is that these worker organizations should be formed by the workers of their factories
 - There should be no outside influence.
- Entrepreneurs particularly focus on the issue of trade unions being politicized and working against the interests of the factory; some of them even blame trade unions for declining levels of efficiency at the factory level

4. Stakeholders' Perception about Social Dialogue

4.1 Entrepreneurs' perspective

- With regards to complaints received by entrepreneurs from workers, entrepreneurs stress on the fact that complaints such as non-payment of wages and other benefits (such as bonuses, earned leave encashments etc.) have decreased drastically after the Rana Plaza tragedy
- The incidents of worker unrest regarding non-payment should be investigated properly to evaluate the legitimacy of the accusations and siphon out the rumours.
- The view of entrepreneurs is that when small problems at the factory level are not dealt with efficiently, it slowly escalates to sectoral and national levels
- Efficient arbitration can prevent these incidents from happening, and employers' organizations such as BGMEA has been effectively conducting their arbitration through their arbitration cell.
- Workers have the right to bargain as well as the right to strike, but this should not come at the cost of the responsibilities of workers towards the factories
- In the global value chains, manufacturers face constant cost pressure due to constant or decreasing prices they receive from buyers and brands, combined with the added pressure of meeting deadlines
 - Collective bargaining that can lead to worker unrests certainly makes running business as usual difficult.

4. Stakeholders' Perception about Social Dialogue

4.2 Perception of Workers' Representatives

- Workers' representatives generally stress on the fact that there are no in-built mechanisms inside factories which could ensure effective and timely social dialogue.
- There is doubt about the efficiency of the 'complaint box systems' and the HR departments handling the day to day complaints from workers on different issues.
- Due to the absence of an effective mechanism, problems which could have been easily solved at the factory level remain unsolved, and slowly turn into frustrations, resulting in worker unrests.
- Worker representatives complain of anti-trade union discrimination. They suggest that owners of garments factories do not allow freedom of association in its true sense, and entrepreneurs also identify trade unions as organizations which only disrupt productivity.
 - So, owners do not let trade unions flourish in their factories, and many trade unions that do function in the factories end up being too owner centred to work for the interests of the workers.
- The participatory committees active in those factories will not be able to serve the true purpose of social dialogue, as their capacity of collective bargaining is limited.

4. Stakeholders' Perception about Social Dialogue

4.2 Perception of Workers' Representatives

- The worker representatives also complain of the improper functioning of the trade unions already established in different factories.
 - The practice of anti-trade union discrimination is rampant, and so trade unions either become defunct or become too owner centered in order to survive. This leads to 'yellow' trade unions.
- Worker representatives argue that in a situation like this, workers who do raise their voice are easily victimized by management due to the lack of an efficient grievance mechanism.
 - The current mechanisms for addressing the grievances of workers at the factory level is not working properly due to lack of efficient management.
 - Workers do have the option of filing cases at the labor court, but that is a very costly option
- Worker representatives, however, agree that the prices provided by buyers and brands do not increase, but rather there have been decreasing trends in the recent past. This virtually translates into owners trying to reduce costs as much as possible, leading to poor working conditions.

4. Stakeholders' Perception about Social Dialogue

4.3 Perception of Senior Government Officials

- The Department of Labor basically provides help in factory level arbitration process if they're formally approached for help or if they hear of any factory level unrest.
- Their representatives remain present in the whole arbitration process, and they guide workers and entrepreneurs accordingly.
 - If any of the parties fail to follow their given guidelines, they have the authority to take legal action.
 - However, if workers are not satisfied with the solution provided by them, workers can go to the labor court.
- The department claims to have an efficient mechanism of sorting all problems and taking action wherever necessary.
- With regards to worker organizations, a lot of trade unions have been set up in different factories, and they are functioning properly
 - In that sense, the government is not receiving too many complaints on trade union issues.
- In fact, they suggest that owners should be sensitized about the importance of workers in their factories and how effective social dialogue can indeed help both owners and workers in increasing productivity and preventing unnecessary worker unrests.

4. Stakeholders' Perception about Social Dialogue

4.3 Perception of Senior Government Officials

- There is also lack of knowledge both on the parts of entrepreneurs (especially mid-level management which is initially and directly involved with the bargaining process) with regards to the most efficient ways of bargaining.
- Another major challenge is proving any undue outside influence on worker unrest, which may have played the role of provoking the unrest in the first place.
 - Without sufficient evidence, these accusations of political involvement in worker unrests at the factory and sectoral levels cannot be taken care of.

4. Stakeholders' Perception about Social Dialogue

4.4 Perception of Buyers/Retailers

- Buyers/retailers' representatives suggested that the situation in worker-employer relationship is slowly improving.
 - Entrepreneurs were not too enthusiastic about social dialogue initially, but now many of the owners are becoming more enthusiastic about it.
 - There are cases where some of the entrepreneurs themselves sought the help of buyers and brands in initiating training on social dialogue in their factories.
- The issues being discussed have also evolved. Initially, small day to day problems were the only issues that were discussed in bipartite meetings.
 - But now issues related to productivity enhancement are getting more importance.
- The participatory committees formed in all the factories are slowly gaining momentum in their activities, but there is a need for more trade unions which can function better in these factories.
 - It doesn't matter whether the trade unions are internal or external, but as long as they help the workers, these trade unions can play a vital role.
- Trade unions are basically supposed to deal with much bigger issues; such as wage bargaining and wrongful dismissal etc.

4. Stakeholders' Perception about Social Dialogue

4.4 Perception of Buyers/Retailers

- Smaller factory level issues should be handled by the HR departments of the factories, and so there is a need for better system development within factories.
- For an effective social dialogue, all the parties involved should realize that effective solutions come at win-win situations.
 - If one party gains all and other parties stand to lose, then those solutions are not sustainable.
- Some big retailers are actively working in Global Frame Work Agreement (GFA) with the global trade unions IndustriALL and others.
 - Under the GFA we have formed National Monitoring Committee (NMC) which is working closely with factories for improving industrial relations
- Major buyers follow certain guideline: first violation of fundamental requirements leads to a “letter of concern” and repeated violations leads to termination of the business relation.
- Factories should have a functional HR and grievance system in place.
 - However when a worker is victim of any unlawful action buyers will do their own investigation accordingly and will require that the supplier comply with the law.

4. Stakeholders' Perception about Social Dialogue

4.4 Perception of Buyers/Retailers

- Social dialogue does not get similar level of importance from buyers of all major markets.
 - Hence buyers of all countries particularly those who are not so serious about it should be brought under the common global standard mechanism.
 - Finally, there are domestic market oriented factories where the social dialogue situation would be subject to local regulations and laws.
- So, there might be varying standards and levels of social dialogue in the same sector in Bangladesh.
- There are cases where entrepreneurs want to work closely with worker representatives, and there are cases where entrepreneurs and workers have no wish to collaborate with each other.
 - So, challenges of establishing social dialogue differ from case to case.

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

5.1 Ensuring Better Management at the Factory Level

- A better managed factories could avoid a large number of workers concern – this is mainly related to HR related management and financial management
 - All kinds of factory should have well-trained managers and professionals to deal with work related issues
 - This would include proper grievance mechanisms that would ensure workers have a place to go to when they face problems
- Management Efficiency lies in day to day management of factories as well as capability of handling complaints from workers efficiently and ability to solve them at the factory level.
- 'Senior and mid-management' needs to be better equipped and trained in handling worker related issues
 - Largely absent in case of relatively small sized RMG factories
- Management of factories should have adequate decision making authority in view of various labour related issues
 - More decentralization of authority at the factory level is important

5.2 Awareness raising among employers and workers about social dialogue

- There is a need for training workers and managers alike on the issue of initiating and conducting proper social dialogue

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

- Entrepreneurs, and especially the managers working for them, need the knowledge and ability to bargain with workers effectively, and deal with problems in a way that workers and entrepreneurs come at a solution where there is a win-win situation.
- The Department of Labor (DoL) and brands are already providing training to the factories they work with and the results are encouraging.
- But the process needs to be enduring and entrepreneurs must be more supportive of the whole social dialogue process.

5.3 Need distinction between 'factory level' and 'sectoral' issues for discussion

- There should be clear distinction between issues to be discussed/resolved at factory level and those to be discussed/resolved at sectoral level
 - Basic minimum wage rates could be negotiated at the national level
 - Needs to think of introducing competitive wage rate (over and above basic minimum wage)
 - Workers' effort should be adequately compensated over and above the minimum required level
 - Factory level discussion should focus on: labour law conflicts, mistreatment of workers, lay off/shut down of factories, large scale worker dismissal etc.

5.4 Buyers/retailers need to take a role in ensuring better factory management

- Buyers should have a strong role to play ensuring proper functioning of financial management and HR management of their contracted factories
 - In case of sub-contracting, local large factories have to play a role there.

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

5.5 Strengthening factory monitoring system

- Factory monitoring conducted by DIFE should be strengthened
 - DIFE should include specific indicator on capacity to meet financial obligations of workers particularly during the period of huge demand for cashes during the period of festivities.
- Monitoring and inspection process followed by DoL should focus on effective functioning of social dialogue
 - Introduce indicators in case of understanding cash flow situation of factories, proper monitoring of labour grievances

5.6 Better Functioning of Arbitration and Labour Courts

- A better functioning of arbitration process and of labour courts would create adequate pressure to function social dialogue more effectively
 - Quick follow-up and resolve of disputes in the arbitration process
 - Quick resolve of cases at the labour courts
 - Set up mini-labour courts where most of the workers work and stay in order to ensure a hassle free appearance in the court
 - Set up new labour courts to facilitate quick disposal of cases

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

5.7 Need changes in the mindset about social dialogue

- All stakeholders should not consider social dialogue only as 'crisis management tool' rather should consider it as a day-to-day management and operation tool to better handle worker related concerns.

5.8 DoL should facilitate registering trade unions in the RMG sector

- DoL should play facilitating role along with its administering role in order to ensure higher number of trade unions to be registered in the garments sector
- DoL should prepare a publicly accessible database as per agreement under USTR plan of action with regard to day to day updating of registration process, any kinds of harassment reported etc.
- Greater awareness building among the workers and employers about effective functioning of trade unions

5.9 Facilitate trade union related activities in EPZ areas

- Government should take necessary measures to amend the EPZ act in order to facilitate trade union related activities

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

5.10 Awareness building among employers and workers

- Given the weak benchmark condition for social dialogue, awareness building initiatives about the social dialogue process need to be taken
 - DoL should extend its training activities across all RMG factories
 - Exchanging information and settling down with common narratives on different issues is the primary step.

5.11 Role of different agents need to be redefined in the discussion and negotiation process

- Different local agents during the time of crisis play different kinds of adverse roles which hampers the discussion/negotiation process
- The role of industrial police in case of discussion needs to be limited and their role should be more confined into handling law and order situation.

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

5.12 Needs to undertake national level initiatives for sensitizing social dialogue

- MoLE should put more emphasis on better functioning of newly formed RMG Tripartite Consultative Council
 - Instead of limiting its role in assisting the ministry, its activities should extend into monitoring the progress of various committed activities
 - There should have a permanent institutional set up for this council
 - The council should be pro-active and should propose activities which need to be carried out in a time-bound manner
 - The council should review and examine issues of interest and concern of RMG workers
 - Need to provide necessary human resources and financial support to maintain a secretariat
- National management conference and national labour conference need to be introduced in order to better understood management related and worker related concerns

5.13 Bipartite discussion need to be encouraged at the sectoral level

- A national level bi-partite discussion platform between management and workers need to be introduced
- Bipartite discussion between government and workers need to be introduced.

5. Towards Better Factory Management and Ensuring Workers' Rights: Role of Social Dialogue

5.14 Buyers/retailers/brands should ensure price that would facilitate maintaining decent work and social dialogue

- Buyers should pay a price for product which should be sufficient enough to maintain decent work and social dialogue at the workplace.

5.14 Role of sourcing countries

- Authorities of sourcing countries should put emphasis on ensuring social dialogue and industrial relations to be maintained by the buyers while they procure products from supplying countries

Thank you.
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