Working conditions in the Bangladeshi garment sector: social dialogue and compliance.

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Master of Science in Engineering and Policy Analysis, Technology Policy and Management.
Working conditions in the Bangladeshi garment sector:
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WORKING CONDITIONS IN THE BANGLADESHI GARMENT SECTOR: SOCIAL DIALOGUE AND COMPLIANCE

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“In spite of global shocks and natural crises, Bangladesh’s economy has maintained a healthy 6% plus plus growth rate in past years and significantly reduced the number of absolute poor”

(World Bank)

“Our lives begin to end the day we become silent about things that matter”

(Martin Luther King, Jr.)
Acknowledgements

First and foremost I would like to thank Prof. Dr. Jeroen van den Hoven, Dr. Otto Kroesen, Dr. Servaas Storm and Juliette Li for the great opportunity to work together, and for the fundamental feedbacks, inspiration, guidance and mentoring provided during the entire thesis experience.

I owe a lot to my closest friends Francesca, Federico, Robin, Cecilia, Lavinia and Francesco for the unforgettable experiences shared together and for becoming my broader family. My parents and closest relatives for always believing and supporting me in my aspirations and challenges that brought me out of my home country and in a new working field. Finally to Fabrizio, inseparable and unique friend and bhay of past and current adventures, once more working together has been an unforgettable experience.
Abstract

The Bangladeshi garment sector is a leading garment manufacturing industry in the world that has been growing constantly during the last decades. Today the garment sector represent the 80% of the national export and counts USD 19 billions revenues; these numbers describe the sector as the most important manufacturing industry in Bangladesh. The numbers are also outstanding when it comes to number of workers employed, about five millions, and number of factories about five thousands of different sizes. The cheap labour cost attracted many international brands that chose the Bangladeshi factories to produce their products for the European and US markets that take up to the 60% and 20% of the total export.

Despite the impressive numbers presented, the level of working conditions cannot be described with the same positive attitude. In fact to an increasing level of profit and continuous expansion, the new wealth has not been equally distributed and workers are employed in factories that too often can be categorised as sweatshops. The working conditions do not allow a decent level of living for garment workers that are exploited and forced to meet exhausting production quota for very little level of wage and very low social security. The situation is even more worsened by the very low power that unions have and their limited activities that cannot ensure a proper protection of workers’ rights.

In this thesis project we used the literature to understand the current status quo of the working conditions in the garment sector and to identify the major factors that influence, impact and contribute in making the labour standards low. We used the interviewing methodology to gather facts and opinions of the current system and to organize the information and draw the status of the system. Afterwards we analysed the findings using cultural and economic indicators and the design of recommendation that could contribute in improving the working conditions’ level. Through the literature review and the interviews we defined the working conditions as: wage, job security, safety, discrimination, harassment and freedom of association; through the analysis we could acknowledge that workers are clearly exploited and the conditions are far to comply with the International Labour Standards defined by the international organizations. In the specific we analysed how two factors, compliance and social dialogue impact on the working conditions; the result shows the very low law enforcement level and little practice of a dialogue among government, business associations and workers, where the latter has almost no power; we can conclude that they significantly contribute to keep the working conditions low. Finally we provided recommendations to improve the working conditions and distribute the benefits among workers, employers and government, guaranteeing the sectorial long-term expansion and the significant benefits for global buyers.
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1. Introduction

According to the WTO, Bangladesh is the fourth greatest exporter of clothing in the world, its share being 4.8% of the total (data from 2011). In the fiscal year 2011-2012, the garment sector accounted for 78.6% of Bangladeshi total exports (BGMEA, 2013), bringing 19 billion dollars into the country and contributing to more than 13.5% of the total gross domestic product. These numbers, a testimony of the importance of this sector for Bangladesh and its citizen - 150 million of people - are certainly impressive, however, what is really astonishing is the rate at which this industry has grown. After the independence war (ended in 1971), the economy of the country was shattered and the industrial sector was practically non-existent. The first investments in the garment sector arrived in the early 80s from Korea and since then the industry have been exponentially growing year after year. To grasp the size of this growth, consider that in 1984–1985 the total number of garment factories in Bangladesh was of 384, while in 2011–2012 this number spiked to 5400 factories, employing a total of 4 million workers. Most of exports are directed towards western countries, mostly towards Europe (60%) and US (24%). Emerging markets such as Russia, China and Brazil still don’t account for much of the total export (10%) but their share it’s rapidly growing (20% increase from the 2011-12 period to the 2012-13 one).

A peculiarity of the Bangladeshi garment sector is that it specializes on ready-made garment (RMG). A type of good that intrinsically leads to low margins of profits and whose production does not require highly trained workers. Because of the latter, Bangladesh, with its cheap labour force, attracted investments in the RMG sector. However, cheap labour often means poor working conditions. It is undeniable that the conditions in which the millions of people employed in the garment sector work are unsatisfactory. This fact is particularly evident when thinking about recent tragedies such as the Tazreen Fashions fire (2012) and the Rana Plaza collapse (2013), in which more than a thousand people lost their life. Nonetheless, aside from these extreme examples, poor working conditions are an everyday problem of RMG workers. The issues that employees face encompasses a wide range of topics, such as workplace safety, working hours, wage, job security, gender equality, child labour and so and so forth. What all these issues have in common is their being a consequence of non-conformances to the existing legislation and to the rules of social accountability, that is, of lack of compliance.

In this study we wish to analyse, the issue of working conditions in the RMG sector, taking into account both economic and cultural aspects with a special focus on social dialogue (collective bargaining, power distribution etc.) and compliance.

The structure of the report is showed in the image below. In the chapter one we will introduce the research problem identifying what are the working conditions, the factors that influence on them and finally present the research questions. The section 1.2 will present the research methodology, we divided the project in three main phases, in the first we based our study on the literature review, in the second (placed in Bangladesh) we used the interview method, which we will show benefits and
drawbacks and finally the third phase where we organized the information and wrote the report. In the first chapter we also present the limitations of our research (physical, resources, information and external factors) and the literature review that presents a condensed review of the issues that the projects aims to reflect on.

In chapter two we will present the outcomes of the interviews conducted to experts and workers, therefore sections from 2.1 to 2.5 present the outcomes of the interviews and show what are the problems identified in the garment sector. Section 2.6 presents the reflections on the situation pictured and recommendations on how to improve the working conditions in the future. The last chapter presents the conclusions of the project to answer to the research questions presented in section 1.1 and provides additional conclusions that are directly part of the project, but are also relevant to the outcomes and future project. Finally we present a list of proposals that can be taken upon in the future.

1.1. RESEARCH PROBLEM

The numbers above introduced, show the relevance of the garment sector for the Bangladeshi economy, although they describe an industry on continuous expansion the literature and international reports show some serious concerns when it comes to working conditions; this report aims to identify and assess the concerning issues and to provide an extensive description of the latters.

In this chapter we introduce the main focus of the thesis project defining the working conditions and what are the impacting factors. Once introduce them we present the research questions, methodology and literature review. The thesis project started with the identification of the living wage issue, addressed in the in literature by many authors and organizations (Anker 2011). The first topic proposed by the Fair Wear Foundation focused on the living wage that is one of the most evident problems that concern the Bangladeshi garment sector: in fact the literature points out how wages in Bangladesh are below the living wage set by international organizations. As such, the living wage served as a starting point to dig more in details and identify the main focus on the thesis. The living wage therefore can be pictured in the smaller section of figure two.
Figure two shows how the living wage is only a smaller part of the problem and is identified by the country specific method introduced Anker (2011) and Asia Floor Wage (Merk, 2009) as composed by three main factors: minimum wage, shelter and social structure. Therefore the living wage issue goes along with the minimum wage, more used by the national government; the latter is applied by the Bangladeshi ministry of labour and employment for the whole garment sector. Although the wage is an important issue, literature review and interviews pointed out that it is only one of the problems that hit the Bangladeshi garment sector; therefore wage can be positioned in a much bigger issue that are the working conditions (in figure two the biggest section). Through the literature review (section 1.3) we identified the issues that define the working conditions: wage, working hours, social security, gender equality, freedom of association, health and safety, legal contract, awareness over rights, and paid over time (Berik & Rodgers, 2010). This initial definition was modified after the experience in Bangladesh where we redefined the working condition focusing on six issues that represent to be the major concerns: wage, job security, harassment, safety, discrimination and freedom of association. Therefore from now on when talking about working conditions we will refer to these six issues.

The scientific literature made more difficult the identification of the working conditions, in fact the authors define and discuss them in different ways and usually they focus on wage and living/minimum wage and on the garment economic development, which are not the only focus on thesis project. Our staying in Bangladesh helped us in consolidating our first results and finding new issues that impact significantly on the garment system. The literature review was a useful mean to identify which factors impact on the working conditions. In our thesis project we focus on how the bargaining power of the involved actors, the role of unions and the
enforcement of the law influence the working conditions for the garment industry workers. The importance of the problem identified was also supported by Juliette Li (Fair Wear Foundation) and Jeroen Merk (Clean Clothes Campaign) that also suggested that the factors selected are key in understanding the nature of the problem and design potential solutions.

In addition to what already said our thesis project aims to use a multi-perspective and stakeholders approach, therefore we analysed the problem gathering information from the stakeholders involved in garment (section 2.1) a make a comprehensive analysis using information from all the perspectives.

In our project we do not only directly study how compliance and social dialogue impact on the working conditions, but we also include how other factors impact on the latters. The factors are: workers awareness on labour rights, unions structure and role, power and interactions among stakeholders, conflict resolution mechanism, major compliance issues, stakeholders’ capacity and role of the international organizations. The reason of our approach is due to the holistic nature of the problem, therefore we are forced to include other factors in order to not lose useful information that directly impact on working conditions, compliance and social dialogue.
In the following section the main research question and relative sub questions are introduced.

1.1.1. INITIAL RESEARCH QUESTION AND SUB-QUESTIONS

On the basis of the arguments above presented we defined, before the departure to Bangladesh, the following research questions that were modified to the last version during our staying in Bangladesh (last version can be found in section 1.1.3).

The main research question:

What is the influence of bargaining power distribution and institutional quality on the working conditions setting and how could they be improved?

As support to the research question the following sub-questions have been identified:

1. What is the current situation of the working conditions in the Bangladeshi garment industry?

The working condition status will make a clearer picture of the Bangladeshi garment industry describing the conditions at which the workers have to work. The working conditions analysed are summarize in figure 1. The data shown will help in understanding the existing situation and make clear the gap between the existing and desired situation.

2. What are the major actors, their role, power, interests, relationships and capacity, which influences the negotiation regarding the working conditions in the Bangladeshi Garment Industry?

It is fundamental to understand what actors are involved in the decision making process from the government to unions and from international brands to international
NGOs. The analysis aims to understand the role of such actors, their power, interests, relationships between them, and the capacity of each actors and attitude towards collaboration. The answer to this question would help understanding the distribution of the bargaining power between the different actors and analyse each actor power in the negotiation process.

3. What is the structure of unions and how do they influence the working conditions?

The bargaining power of workers critically depends on the strength of unions; fragmented unions tend to be both weak and inefficient, thus failing to guarantee proper protection of workers’ rights. Therefore a deep analysis on union’s structure would contribute in learning about how they position themselves in defence of workers in negotiation tables. Unions are a special focus of the research because FWF and CCC stressed their weaknesses and how their lack of power influences negatively labour conditions. The analysis will help to understand the weaknesses and strength of unions and design potential improvement policies.

4. How are working conditions regulated and enforced by national government?

Learning about the regulations, which define the wage setting, would contribute in building a solid framework that would help in understanding the context in which decisions are taken. Moreover it may help in identifying weaknesses of the system that contribute in keeping the labour conditions low and potential improvement in policies that would contribute improving labour conditions.

5. What is the level of awareness among workers regarding labour rights and how does it influence the working conditions?

Literature studies mentioned in section 1.3 introduces how the awareness of workers regarding their rights is a real problem that has serious consequences on claiming better working conditions. Workers with a low level of awareness are less willing to get involved in unions and react against discrimination and abuse of power of their employers. Understanding the worker’s level of awareness will help in weighting its impact on the working conditions.

6. How could the working conditions setting be improved in the Bangladeshi garment industry?

The analysis provided by answering to former sub-questions will contribute in having a better understanding of how the bargaining power distribution and institutional quality will impact on the working conditions setting. After this first analysis the second step is to design improvement policies that would improve the working conditions trying to reduce the gap between the existing situation and the desired situation.

1.1.2. Changes to initial research question and sub-questions

During our staying in Bangladesh it was possible to acknowledge that our research topics highlighted important issues significantly impacting working conditions.
Therefore, there was no need to change our main research question but only to adjust it to a more appropriate terminology, while the sub-questions required only some minor changes, in order to make them clearer and more specific. In particular the two aspects that have been adjusted are:

i. Institutional quality. A very broad aspect per se, has been narrowed down into “compliance”. Compliance to the national regulations, or rather lack of it, affects tremendously working conditions, as does the so called social compliance, through which buyers put pressure on factory owners, regularly checked by audits;

ii. Bargaining power distribution. This issue has been expanded to “social dialogue” that includes how equilibriums are reached through the interaction among the stakeholders.

Therefore, the new research question will be:

*How do compliance and social dialogue influence the current working conditions and how could they be improved?*

Moreover, during the time spent working in Bangladesh, we noticed that two other issues impact on working conditions and compliance: the international pressure and the type of product manufactured. Therefore, it has been deemed important to add one more sub-question:

*How do the international pressure and type of product shape the garment industry and impact on the working conditions?*

Introducing this question makes possible to analyse two important aspects that largely influence working conditions and compliance and helps applying the multi-perspective and broader approach pursue by this research.

In fact, global buyers and international institutions, such as the ILO, continuously pressure the Bangladeshi government (and business associations as well) to raise compliance and improve working conditions in order to adequate them to the requirements of internationally recognized labour rights conventions. Moreover, alongside international institutions, western consumers also play a fundamental role, pushing global buyers to demand better working conditions. While, the part relative to the type of product straightforward focus to see that when discussing the issues in analysis, one cannot not take into account the type of product in which the industry has ultimately specialized. In fact, since manufacturing ready-made garments does not require high skilled labour, workers can be easily substituted, thus working conditions can be kept low. A possible development of the garment sector towards goods positioned higher in the value chain could positively change this situation.

### 1.1.3. Final research questions

Combining the initial question and the adjusted ones hereby the final list is presented:
How do compliance and social dialogue influence the current working conditions and how could they be improved?

1. What is the current situation of the working conditions in the Bangladeshi garment industry?
2. What are the major actors, their role, power, interests, relationship and capacity, which influences the negotiation regarding the working conditions in the Bangladeshi Garment Industry?
3. What is the structure of unions and how do they influence the working conditions?
4. How are working conditions regulated and enforced by national government?
5. What is the level of awareness among workers regarding labour rights and how does it influence the working conditions?
6. How do the international pressure and type of product shape the garment industry and impact on the working conditions?
7. How could the working conditions be improved in the Bangladeshi garment industry?

1.2. RESEARCH METHODOLOGY

The first months of the research were dedicated to the study of the existing scientific literature, defining and narrowing the research questions and get a better understating of the current situation of the garment sector and of the specific of the working conditions. Meanwhile we also kept a dialogue with the Fair Wear Foundation and NGOs such as Clean Clothes Campaign that contributed to identify the core of the research providing useful information and sharing experiences on their own work. Through the literature review and the external support we defined the research question. Afterwards we were able to focus on more practical issues needed to prepare our work, as creating the interview questions.

The second period of the research started and finished with the experience in Dhaka, where we validated our first findings, improved the interview questions, formulated the workers’ questionnaire and had all the necessary interviews. In three months we interviewed fifteen experts coming from local and international NGOs and institutions, representatives of unions, employers and government. Together with it we also interviewed twenty workers that allowed us to gather information regarding the workers’ awareness analysis.

The last period of the research started with the return from Bangladesh and it will finish with the thesis defence, where we organized and analysed all the information gathered in the previous months and wrote them down in the thesis report.

DATABASES AND METHODOLOGY

The scientific framework for this research would be provided by a review of relevant literature using databases like Scopus and Google Scholar. Additional information and reports will be gathered from international organizations such as ILO and FWF and local organizations as BILS. The interviews conducted were investigative and
aimed to first verify the information gathered through the literature review and second gather new information, through facts and opinions of the experts. The interviews we organized in open questions in order to give room to the interviewees to express their own view regarding the question asked. The open question choice is also given due to our research aim to give a qualitative analysis of the current situation, therefore the open questions helped us in gathering information on cases and stories and, present them in the thesis report. This is the reason why interviews played a key role in our research, through them we could increase our level of understanding of the current situation and get new facts and stories that increased our findings, therefore the three months spent in Bangladesh were crucial for the gathering of the information of this report. The table 2 summarises the research methods, the data required and possible drawback for each of the research questions.

In conclusion the literature review was used in different stages of the project to identify the major problems that compose that wage setting issue; afterwards it supported us in exploring more the issues identified and describe the Bangladeshi garment industry; moreover the review provided the scientific framework to the issues raised by the interviewees. The interviews were used: in the first stages to understand the major issues that the stakeholders perceived as the most important; in the second stage, to find out new information and cases that the literature review did not provide; in the final stage to validate the theories found in literature.

**Drawbacks**

Using interviews as research method we could potentially run the risk that the answers could be biased by the interviewees’ perspectives and reflect only part of the reality. Therefore interviews should be made to all the actors involved in the process in order to try to gather data from all perspective and define a comprehensive picture of the situation (one of the reasons of the multi-stakeholders’ approach); moreover the interviewees could not be in possess of updated information, therefore we needed to verify facts comparing the different answers received from different interviewees and check whether there were any official documents or not. Also the literature review presented drawbacks. In fact literature should be checked carefully in order to point out which part of it that could be applied to the specific Bangladeshi context, moreover different documents defined the working conditions in a different ways, therefore we needed to analyse the different theories and, together with the experience done in Bangladesh, defined the working conditions discussed in this research project.
### Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

<table>
<thead>
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<th>Sub-question</th>
<th>Data required</th>
<th>Methodology</th>
<th>Constraints and drawbacks</th>
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<tbody>
<tr>
<td>Sub-question 1: What is the current situation of the working conditions in the Bangladeshi garment industry?</td>
<td>Information regarding the working conditions. Source: articles from scientific journals, reports from international and local organizations and interviews</td>
<td>Literature review and interviews Why: literature review will provide first the factors that compose the working conditions and second the information necessary in order to describe the current situation. The interview will provide additional information and verified the analysis done.</td>
<td>Literature may present different way of defining working conditions; therefore there is the need of a careful analysis on the existing literature. Report may present different conclusions. The interviews may provide only one singular perspective of the issue discussed.</td>
</tr>
<tr>
<td>Sub-question 2: What are the major actors, their role, power, interest for each of them and relationships, which influences the negotiation regarding the working conditions in the Bangladeshi Garment Industry?</td>
<td>List of actors, role, power, interest for each of them and relationships. Stakeholder's management methods in literature. Source: reports from international and local organizations and interviews</td>
<td>Literature review and interviews Why: literature will provide models that can help in the identification and description of the actors’ characteristics. The interviews will give support in understand the relationship between actors.</td>
<td>Learning about actors from reports and interviews has limitations in fact the perspective of the interviewee or the negotiation role and position can bias it.</td>
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## Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

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<tr>
<td>Sub-question 3: How does the structure of unions influence the negotiation?</td>
<td>Bangladeshi unions systems and unions systems in literature, Source: articles from scientific journals, reports from international and local organizations and interviews</td>
<td>Literature review and interviews&lt;br&gt;Why: the existing literature together with international and local reports, point out the importance of the Bangladeshi union systems into the wage setting process. The literature review will give a scientific framework to define the current system and help in designing improvement policies.</td>
<td>There may be not an equivalent of the Bangladeshi union system in literature because it may be led by local legislation or culture. Data gathered during the interview can be strongly biased by the interviewee that may describe the unions system with his/her personal/institutional perspective.</td>
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<tr>
<td>Sub-question 4: How are working conditions regulated and enforced by national government?</td>
<td>Working condition and enforcement regulations, Source: reports and laws from international and local organization and interviews</td>
<td>Literature review and interviews&lt;br&gt;Why: learning the norms that regulate the labour in the Bangladeshi garment system will help in understanding the regulatory system and the policies applied. The literature will provide the set of laws and regulations that regulate the garment labour market and a solid basis. The interview will help in evaluating how working condition standards set are enforced by the national government.</td>
<td>There is a threat that in a developing country as Bangladesh the access to information can be complex and may require long time. Moreover the translation and understanding of norms can require time and it may still be incomplete. Moreover the perspective of the interviewees biases the interviews regarding the regulation enforcement and it may reflect only part of distorted reality.</td>
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## Working conditions in the Bangladeshi garment sector:
### Social dialogue and compliance

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<tr>
<td><strong>Sub-question 5:</strong> What is the level of awareness among workers regarding labour rights and how does it influence the working conditions setting?</td>
<td>Awareness of workers regarding working condition rights</td>
<td>Literature review and interviews</td>
<td>Many authors and institutions worked on the Bangladeshi garment industry case and conclusions can be often diverging; therefore there is the need of validation and double check of the conclusions. Interviews can be strongly biased by the interviewee’s perspective and their reliability describing the reality.</td>
</tr>
<tr>
<td></td>
<td>Source: articles from scientific journals, reports from international and local organizations and interviews</td>
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<tr>
<td><strong>Sub-question 6:</strong> How could the working conditions setting be improved in the Bangladeshi garment industry?</td>
<td>Answer to previous research questions and policy design models</td>
<td>Literature review and interviews</td>
<td>Actors may provide a single-perspective solution that would only improve his current situation.</td>
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<td>Source: articles from scientific journals, reports from international and local organizations and interviews</td>
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**Table 2: Data and Methodology**
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<tr>
<td>Sub-question 1:</td>
<td>Information regarding the working conditions. Source: articles from scientific journals, reports from international and local organizations and interviews</td>
<td>Literature review and interviews Why: literature review will provide first the factors that compose the working conditions and second the information necessary in order to describe the current situation. The interview will provide additional information and verified the analysis done</td>
<td>Literature may present different way of defining working conditions; therefore there is the need of a careful analysis on the existing literature. Report may present different conclusions. The interviews may provide only one singular perspective of the issue discussed.</td>
</tr>
<tr>
<td>Sub-question 2:</td>
<td>List of actors, role, power, interest for each of them and relationships. Stakeholder's management methods in literature. Source: reports from international and local organizations and interviews</td>
<td>Literature review and interviews Why: literature will provide models that can help in the identification and description of the actors’ characteristics. The interviews will give support in understand the relationship between actors.</td>
<td>Learning about actors from reports and interviews has limitations in fact the perspective of the interviewee or the negotiation role and position can bias it.</td>
</tr>
<tr>
<td>Sub-question</td>
<td>Data required</td>
<td>Methodology</td>
<td>Constraints and drawbacks</td>
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<tr>
<td>Sub-question 3: How does the structure of unions influence the negotiation?</td>
<td>Bangladeshi unions systems and unions systems in literature</td>
<td>Literature review and interviews</td>
<td>There may be not an equivalent of the Bangladeshi union system in literature because it may be led by local legislation or culture. Data gathered during the interview can be strongly biased by the interviewee that may describe the unions system with his/her personal/institutional perspective.</td>
</tr>
<tr>
<td></td>
<td>Source: articles from scientific journals, reports from international and local organizations and interviews</td>
<td>Why: the existing literature together with international and local reports, point out the importance of the Bangladeshi union systems into the wage setting process. The literature review will give a scientific framework to define the current system and help in designing improvement policies.</td>
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</tr>
<tr>
<td>Sub-question 4: How are working conditions regulated and enforced by national government?</td>
<td>Working condition and enforcement regulations</td>
<td>Literature review and interviews</td>
<td>There is a threat that in a developing country as Bangladesh the access to information can be complex and may require long time. Moreover the translation and understanding of norms can require time and it may still be incomplete. Moreover the perspective of the interviewees biases the interviews regarding the regulation enforcement and it may reflect only part of distorted reality.</td>
</tr>
<tr>
<td></td>
<td>Source: reports and laws from international and local organization and interviews</td>
<td>Why: learning the norms that regulate the labour in the Bangladeshi garment system will help in understanding the regulatory system and the policies applied. The literature will provide the set of laws and regulations that regulate the garment labour market and a solid basis. The interview will help in evaluating how working condition standards set are enforced by the national government.</td>
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## Table 2: Data and Methodology

<table>
<thead>
<tr>
<th>Sub-question</th>
<th>Data required</th>
<th>Methodology</th>
<th>Constraints and drawbacks</th>
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</thead>
<tbody>
<tr>
<td>Sub-question 5: What is the level of awareness among workers regarding labour rights and how does it influence the working conditions setting?</td>
<td>Awareness of workers regarding working condition rights</td>
<td>Literature review and interviews</td>
<td>Many authors and institutions worked on the Bangladeshi garment industry case and conclusions can be often diverging; therefore there is the need of validation and double check of the conclusions. Interviews can be strongly biased by the interviewee’s perspective and their reliability describing the reality.</td>
</tr>
<tr>
<td></td>
<td>Source: articles from scientific journals, reports from international and local organizations and interviews</td>
<td>Why: the literature review will provide national and international scientific article that describe the level of awareness and criteria of evaluation. The reports will provide important information of the specific country analysis. The interviews done will confirm the information found in literature or bring additional information that was not already considered in former works.</td>
<td></td>
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<tr>
<td>Sub-question 6: How could the working conditions setting be improved in the Bangladeshi garment industry?</td>
<td>Answer to previous research questions and policy design models</td>
<td>Literature review and interviews</td>
<td>Actors may provide a single-perspective solution that would only improve his current situation.</td>
</tr>
<tr>
<td></td>
<td>Source: articles from scientific journals, reports from international and local organizations and interviews</td>
<td>Why: literature review will provide policy design models and existing policies. Interviews will help in policy design using the multi perspective given by different actors.</td>
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</table>
1.3. Limitations to our research

In this section we introduce some of the limitations that influenced and had an impact on our research:

Physical and time limitations

First, in our research we got most of the time only one opportunity to meet our interviewees. The Stakeholders of the garment sector are numerous, thus we were able to arrange from zero to two interviews per day. Second, Dhaka is a crowded city and the traffic was often overwhelming and was present on daily basis, therefore maximum two interviews could be set in order to be sure to have time to meet the interviewees. Third, all the interviews should have been set in the time lapse of our three months staying in Bangladesh, thus the access to information was limited to this time. Forth, Internet was not always an available option or sometime its speed did not allow proper research. Finally we focused on the area of Dhaka for reason of time and the relevance of the garment in this geographic area.

Limitation on information

Many of the issues analysed are reported in internal documents or in no documents at all. Moreover some of the information that we gathered during the interviews is confidential; therefore they cannot be used to support any statements, but only to get the idea of the system. In addition to that Information gathered can be opinion of the expert interviewed, and are subjected to the limitation presented in the research methodology section.

External factors

Bangladesh is a politically instable state and at the beginning of 2014 there will be new elections. During the three months of our fieldwork many strikes (called locally hartals) paralyzed the city's activities. Bangladesh is also famous for the violence of the hartals, therefore was not always safe to move during strike hours. This factors limited our mobility in the city and in more than in one case appointments needed to be rescheduled. Moreover our research was conditioned by the Rana Plaza building collapse that limited our research in a sense that stakeholders were too busy in the rescuing operations, factory owners and brands limited their willingness in sharing information due to the strong national and international political pressure. As result of that we couldn’t interview any factory owner or global buyer.

Learning by doing

Even though before the departure to Dhaka we did an extensive literature review, many findings were discovered during the fieldwork, thus the understanding of the complexity grew during the three months of our staying in
Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

Bangladesh. This matter is evidently reflected in our interviews to experts and workers, since the questions and reports improved overtime.

1.4. LITERATURE REVIEW

In this section we present the outcomes of the literature review focusing on three major issues such as workers’ awareness, union’s bargaining power and international economic equilibrium.

1.4.1. LACK OF WORKERS’ AWARENESS

Wang (2012) examines the effect of asymmetric knowledge about the minimum wage and its interaction with the level of the minimum wage standard in developing countries. The focus of his research is on three main aspects: first the general impact of minimum wage on wages under common knowledge conditions, second how the design with different levels of minimum wage helps explain the impacts of different wage floors on the labour market and third the behavioural study of workers and firms under asymmetric information suggests different welfare results whether information is complete to workers or not. Wang concludes that wages are higher when the minimum wage is set to a higher level; moreover when the introduction of minimum wage is common knowledge then firms increase the wage even beyond the minimum; instead when workers do not know about minimum wage the level is set at the minimum. Consequently firms are less concerned about fairness when workers do not have information about minimum wage policies set by the government. Therefore the asymmetry of information plays an important role in the wage settings and it might have a negative effect on wage. This phenomenon is found mostly in developing countries because workers have less access on information and less knowledge about public policies. Thus the government should invest not only in designing new policies that improve the worker conditions, but also in informing the workers of their rights.

Lack of workers’ awareness about their rights limits the adherence to committees and unions because of the fear of being discriminated by their supervisors; moreover workers are subjected to verbal and physical abuse and to penalties for mistakes or failure to achieve production targets (Berik & Rodgers, 2010).

1.4.2. LOW BARGAINING POWER OF UNIONS

Berik and Rodgers (2010) underline that the freedom of association, right to strike and collective bargaining has seen increasing legal restrictions by the government, Bangladesh has seen through the last decades a degradation of workers protection, passing from “fully protected” in 1980s to “severely restricted” from 2001 on. Moreover the unions in Bangladesh are among the weakest in Asia; also the World Bank recognizes this pattern explained by the limited activity and effectiveness of trade unions. Kucera (2002) explains how declining compliance with labour standards, which are guaranteed by unions,
causes erosion of workers condition. Moreover the unions are weakened by the scarce adherence of workers that reduces even more the bargaining power of the unions and brings to more serious deterioration of labour conditions.

Vaughan-W and Hitehead (2011) describe the social dialogue and the workers’ organization. In Bangladesh workers are mostly organized in committees rather than trade unions, which are growing only lately. The weakness of the collective organization of workers is given not only by the fractioning in small and many committees that lose significantly in power, because of their size, but also there is almost no collective agreement among them. The combination of these two factors makes the position of workers weak in front of negotiation tables.

Stronger unions would have an effect on the macro and micro economic level. At the macro level stronger workers power would improve the workers condition bringing more stability, less conflict and social distress that would attract brands that agreed with responsible sourcing (Stiglitz, 2002). At the microeconomic level, stronger union bargaining power would bring to an increase of workers wage, more job security and would improve working conditions (Rodgers, Meullen & Berik, 2006). Empirical evidence has proven that linking collective bargaining to better information flow and coordination among workers would generate an improvement of workers conditions (Aidt & Tzannatos, 2002).

1.4.3. Economic Equilibrium

The setting of a minimum wage has some important economic considerations, which makes the wage setting a complex matter. In fact the wage settings has not only important consequences on worker lives but also on the economic ecosystem that surround the whole industry. Nevertheless economic consequences can be both positive and negative and might not only influence the worker conditions and rights but also the whole economic development of Bangladesh: the garment industry covers more than 80% of the Bangladeshi export (Fair Wear Foundation, 2006, 2013), possible downfall of this sector can have dramatic consequences on the development of this growing economy.

Several local consequences of wage increase can be identified. First the increase of wage would generate a spill-over effect, in fact to an increase of wage also the whole economic ecosystem (i.e. the cost of food, housing and clothes) would also increase the prices because of the new income of workers (Card & Krueger, 1997). Second, to an increase of the wage the employment would decrease, this would make people employed better off, but it would reduce the chances of employment for who does not have an occupation (Falk & Fehr, 2006). Third, the setting of a minimum wage level would have both positive and negative effect: positive because it would guarantee better wage to workers, in case of no regulated level firms would keep wages lower than the minimum; and negative in fact firms would leverage the wages around the minimum set denying higher wages (Falk & Fehr, 2006). Last, the minimum wage setting would increase the reservation wage (Falk & Fehr, 2006) – the lowest wage rate at which a worker would be
willing to accept a particular type of job – this is strictly related with the awareness of workers about their rights, moreover this potentially would decrease employment because people would refuse to work for lower than reservation wage.

Another important consideration regards the foreign direct investment (FDI). Developing countries are in competition with their region to attract more FDI, which represent a very important source of investment mostly if government is inefficient or do not develop investing policies. The general idea is that cheap labour cost countries attract foreign investors (Rodrik, 1999); in fact the system is more complex. Where worker condition standards are higher and there is less discrimination, those factors may lead to a faster economic growth that would attract more FDI (Klasen, 1999; Kucera, 2002a). Therefore labour standards and worker rights affect the FDI positively and negatively. These two effects can be summarized in the following image.

The image clarifies that the economic growth attracts FDI, for this reason the government should design and implement policies that brings faster economic growth through the improving labour standards, promoting freedom of association, increasing the value of human capital and more political and social stability. At the same time, the combination of high labour cost and low productivity would discourage FDI (Kucera, 2002b). For the case of Bangladesh we would focus on the vertical FDI, which focuses on investing in producing for later export of the product (Brainard, 1993). Especially in this environment, to an increase of labour cost, a negative effect is expected in those countries where the comparative advantage depends on low labour costs. However extremely low labour conditions bring social distress, instable political and social stability (Kucera, 2002b). We could notice that the risk in losing FDI is high, mostly if we consider the relocation effect that firm can use to move the production of goods in other countries in order to maintain low labour costs (Merk, 2009).

1.4.4. Cultural Theories

During our experience in Bangladesh we could notice that the interviews reflected sometimes a factor that was not included in our initial research: the
Working conditions in the Bangladeshi garment sector:
Social dialogue and compliance

culture. Therefore in order to broaden our research and make it come complete in this chapter we will first introduce the theories of Hofstede and Trompenaars (with a specific look at the information that can support our research such as decision-making, power division and working environment characteristics), the section will continue presenting our and interviewees’ observations.

**Hofstede’s Cultural Dimensions**

This section presents the five cultural dimensions: power distance, individualism, masculinity, uncertainty avoidance and long-term orientation; as last part of the section we will also report also some consideration of culture within organizations.

**Power Distance Index (PDI)**

This dimension aims to explain the level of hierarchy present in organizations, institutions or society in general. The dimension investigates on three main aspects: agreement or disagreement with managers, perception of boss’s decision making style and preference for boss’s decision-making style; therefore it is an analysis on less powerful members of society accept and expect that powers is distributed unequally (Hofstede, Hofstede, & Minkov, 2010; Hofstede, 2013).

PDI shows the dependence relationship in a country. In small power-distance cultures, the dependence between bosses and workers is limited and it is expressed under the form of consultation; therefore it exist and interdependence between the two components. While in large power distance cultures there is a high dependence between bosses and workers under the form a autocratic or paternalistic system. In large power distance cultures the emotional distance is large, therefore in contrary of small power distance countries, it very unlikely that subordinates approach and contradict their bosses directly (Hofstede et al., 2010).

In large power-distance situation, the hierarchical system is understood as existential inequality. In this kind of systems the power is most likely centralized and held by few people. Few other characteristics of this kind of systems are: workers expect to be told what to do; there is a wide gap in the salary system between management and employees; management benefits of privileges and the ideal manager is the one that is respected the most and is a “benevolent autocrat” or “good father”. In countries with large PDI managers rely more on their superiors and on rules and less on their own initiative, experience and subordinates. It is easy for foreseen that in case of small PDI the characteristics will be the opposite of the ones introduced in the large PDI. Some of these characteristics can be listed as: managers and subordinates consider each others as equals, salary gap is relatively small and subordinates expect to be consulted in the decision making process (Hofstede et al., 2010).

**Individualism (IDV) vs Collectivism**


The dimension defines the preference of a certain individual to take care of his immediate family, individualism, or of the extended family (e.g. grandparents, uncles, aunts, housemates etc.) and groups, collectivism (Hofstede et al., 2010; Hofstede, 2013). Hofstede defines this dimension as following “individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after him or herself and his or her immediate family. Collectivism as its opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty” (Hofstede et al., 2010, p. 92).

The IDV dimension is strongly related to the work goals like have sufficient personal time, freedom to use personal approach and have challenging achievements, while the collectivism is associated to have training opportunities, have favourable working conditions and to practice own skills and abilities. Connected to this dimension two other types of behaviours can be identified ad labelled as exclusionism and universalism. Exclusionism can be described as the tendency to treat the people on the basis of their group membership and privilege the people that belong to the same group; in contrary universalism can be described as the tendency to treat people as individuals and disregarding their group membership (Hofstede et al., 2010).

There is a correlation between power distance and collectivism, in fact countries that score high on power distance they usually score also low in individualism (therefore they are collectivistic): therefore the two dimensions are negatively correlated. “In cultures in which people are dependent on in-groups, these people are usually also dependent on power figures” (Hofstede et al., 2010, p. 103).

Relationships at work in a collectivistic society are seen in moral terms: therefore they are comparable to family relationships with obligations and sense of loyalty to the superior. In this system bad performance of a subordinates doesn’t lead to dismissal. In contrary in an individualistic society relationship manager-subordinates is understood as a “business transaction”, where the performance of the subordinates define and legitimate the acceptance in the working environment.

Management styles differ in approach; in fact in individualistic society manager give incentives and bonuses to subordinates on the basis of their performance; while in collectivistic societies managers focus on groups and on the integration of people in the group, incentives are based on group performances (Hofstede et al., 2010).

To conclude Hofstede defines “the personal relationship prevails over the task and should be established first, whereas in the individualistic society, the task is supposed to prevail over any personal relationship” (Hofstede et al., 2010, p. 123).
**Masculinity (MAS) vs Femininity**

The masculinity dimension represents the preference for a more competitive or consensus-oriented society. The difference in achievements between the two poles can be identified as: masculine society would aim more for earnings, recognition, advancement and challenge while in a feminine society would aim for cooperation, employment security, harmony at workplace and in the family (Hofstede et al., 2010; Hofstede, 2013). Hofstede gives the following definition (Hofstede et al., 2010, p. 140): “A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life. A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life”.

The rewarding system in masculine society is done on the basis of equity and accordingly to the performance; while in feminine societies people are mostly rewarded on the basis of equality and according to need. In masculine societies boys are introduced toward assertiveness, ambition and competition and career advancement becomes a pressing aspiration in older ages, while girls are polarized in who seeks for a career and who doesn’t. In feminine cultures children are educated toward modesty and solidarity and consequentially both women and men may not want a career. One more important consideration to be added is regarding the management style, in MAS society the management is more decisive and aggressive while in feminine societies the management bases its activities and decision making style on the basis of intuition and consensus (Hofstede et al., 2010).

**Uncertainty Avoidance Index (UAI)**

Hofstede defines the uncertainty avoidance dimension as “the extent to which the members of a culture feel threatened by ambiguous or unknown situation” (Hofstede et al., 2010, p. 191). There is an important consideration to be made regarding the UAI, in fact this dimension shouldn’t be confused with risk avoidance, in fact the UAI doesn’t leads to reduce the risk, but lead to reduce the ambiguity; therefore UAI cultures keep away from ambiguous situations.

This dimension has a necessary consequence on how people act and what people expect in their workplace. In societies with high index of uncertainty avoidance people would need and require law, rules and regulations that reduce uncertainties and consequential anxiety; therefore internal regulations that control process and rights of workers are required. Contrary to that in weak uncertainty-avoiding societies people need less rules and only in case of absolute necessity. The index also has an impact on innovation; if fact weak uncertainty avoidance may be better at basic innovation and strong uncertainty avoidance countries may be better in implementation. Implementation requires a better-developed sense of detail and punctuality that are present in societies with structure, rules and regulations (Hofstede et al., 2010).
**LONG TERM – SHORT TERM ORIENTATION (LTO)**

The idea for creating a cultural dimension referring to long-term orientation (LTO) comes from the observation of the effects of Confucianism on Chinese culture. Naturally, LTO doesn’t take into account all aspects of Confucianism, but only a part of its values. In particular, Hofstede uses the definition of LTO given by Geert, that is “the fostering of virtues oriented toward future rewards – in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present – in particular, respect for tradition, preservation of “face” and fulfilling social obligations” (Hofstede et al., 2010, p. 239).

From the business point of view, this means that high LTO companies will work towards building a strong long-term position, even at the expense of immediate profits. Moreover these kinds of businesses value perseverance in the workplace ordering relationships and savings. In particular, perseverance and ordering relationships are tightly related: together they make sure that both workers and management diligently pursue the best interest (in the long term) of the business, thus ensuring its successfulness. It is not a case in fact, that high LTO countries, such as China, Hong Kong and Taiwan experienced the rapid development they did in the last thirty years, confirming Herman Kahn’s neo Confucian theory, stating that the values captured by LTO (and derived, as already mentioned, by Confucianism) are highly correlated with economic growth (Hofstede et al., 2010).

**IMPLICIT MODELS IN ORGANIZATIONS**

Hofstede explains in his book how organizing requires answering two main questions: “who has the power to decide that? And what rules or procedures will be followed to attain the desired ends?” (Hofstede et al., 2010, p. 302). In order to answer to these two different questions different cultural dimensions should be used: the power distance dimension helps in giving an answer to the first, while the uncertainty avoidance index helps in answering to the second. The combination of these two dimensions creates four different combinations (Hofstede et al., 2010):

i. Large PDI and strong UAI. “Pyramid of people” model, where authority and structure of the activities are concentrate;

ii. Small PDI and strong UAI. “Well-oiled machine” model, where the activities are structure without concentrating the authority;

iii. Small PDI and weak UAI. “Village market” model, where neither authority is concentrated or activities structured;

iv. Large PDI and weak UAI. “Family” model, where the owner-manager is the “father” of the organization and the conflicts are solved by permanent referral to the manager who is the centre of the authority without any need of structuring of the activities.
Another important consideration to be done in cases of large PDI and weak UAI is regarding motivation, in fact it differs from other motivational styles in identifying the motivator as the master who is an individual that bases his/her power on tradition and charisma (Hofstede et al., 2010).

**TROMPENAARS’ CULTURAL DIMENSIONS**

**Universalism versus Particularism**

The dimension defines the way people judge someone else’s behaviour. The Universalist gives great importance to the respect of the rules and behaviour tends to be abstract, rules are the basis of the society, are universally recognized and agreed, and are applied regardless particular circumstances. At the opposite of that the Particularistic focuses on specific circumstances and specific individuals; in this societies individuals have obligations towards people that they know and act differently with the in- and out-group individuals; furthermore rules are applied depending on the circumstances and on the people (Trompenaars & Hampden-Turner, 2000).

**Individualism versus Collectivism**

Individualism is described as a prime orientation to the self, at the opposite communitarianism is defined as a prime orientation towards common goals and objectives. The difference explains the conflict between what each of us wants and the interest of the group we belong to.

Looking at the differences in decision-making styles, decisions in individualistic societies are taken much quicker and consensus is compromised in favour of saving time, many decision are reached through voting system where majority wins; the drawback to quick decisions is the potential lack of consensus that may twist the result of the decision in the future. In collectivistic societies, decisions are reached through consensus where people agree to collective goals, thanks to the consensus reached the implementation can proceed smoothly, however the drawback to this system is the length of the decision making that might cause delays to projects.

Organizational structure is another point that is subjected to cultural differences. In individualistic cultures the organizations are perceived as instruments that are used to serve owners’, employers’ and customers’ interests. Organizations are abstract, regulated and structured, where people are rewarded on the basis of their performances. In collectivistic societies, organizations are not seen as instruments but as a purpose themselves. Organizations are often led by families and aim to develop its members; in this scenario growth and prosperity are not seen as benefits for managers but as valuable ends and people are rewarded on the basis of their contribution to the group (Trompenaars & Hampden-Turner, 2000).

**Neutral versus Emotional**
The third dimension underlines the importance of feelings and relationships. In neutral cultures people are hesitant in showing explicitly their feelings and they keep them carefully controlled and subdued, this attitude should not be confused with being cold or unemotional, in fact, in this cultures the emotions are expressed often as result of cultural conventions. In antithesis in high emotional cultures feelings are clearly expressed, amplified and have an immediate outlets (Trompenaars & Hampden-Turner, 2000).

**Specific versus Diffuse**

In specific-oriented cultures the different areas of an individual’s life are distinct, people are more open in public space, but very close in the private one. Related to criticism, people make distinction between judging an individual as such and his (or her) actions. In diffuse-oriented societies public and private life very often overlap; in this sense people are more reserved in open space and open in the private one. Usually to an initial resistance, when individuals are welcomed in the inner circles they have access to all aspects of life (Trompenaars & Hampden-Turner, 2000).

**Achievement versus Ascription**

This dimension defines the way individuals gain status. In achievement-oriented societies status is achieved thanks to the competence, knowledge and performance of individuals; respect is also gained on the basis of these three characteristics. Decision-making process follows the same pattern and is based on technical and functional grounds. In ascription-oriented societies status is achieved on the basis of seniority and position in the hierarchy, the decision-making is based on the same characteristics and only higher or same authorities can challenge the taken decisions (Trompenaars & Hampden-Turner, 2000).

**Sequential versus Synchronic**

This dimension defines the way individuals perceive and manage time. In sequential-societies time is perceived as a sequence of events, these societies are used to plan and delays are perceived as a lack of respect. In synchronic-societies past, present and future are interrelated. Individuals use to have various activities in parallel and usually step from one to another. The perception of the passage of time is also different, people plan less and are more open to unexpected events; in addition, people care less about punctuality (Trompenaars & Hampden-Turner, 2000).

**Internal versus External Control**

This dimension defines how individuals relate to nature. Internal-controlled societies believe that they can and should control nature, the individuals belonging to these societies tend to identify with organizations that follow rules set by their operators. External-controlled societies believe that individuals are part of the nature and should follow its rules. These societies see organizations as a product of the nature (Trompenaars & Hampden-Turner, 2000).
2. **Bangladeshi Garment Industry Analysis**

In the last three decades the garment sector has raised to be the most important industry, in terms of exports, of Bangladesh. A relatively young industry, the speed at which it has grown is astonishing: from 384 factories employing 120 thousand people and accounting for a meagre 12% of the country’s total export to 5400 factories employing around 4 million people and representing almost 80% of Bangladeshi total export (Bangladesh Garment Manufacturers and Exporters Association, 2013). This makes Bangladesh one of the leading manufacturers of garments worldwide, in particular, looking at the value of its export (in billions of dollars) it places itself at the second place after China (World Trade Organization, 2011). Even if the difference between the exports of these two countries is still substantial, Bangladesh, thanks to its cheap labour, is without any doubt the biggest threat to China’s clothing sector (McKinsey, 2011). The table below underlines the importance of the garment for the Bangladeshi economy.

<table>
<thead>
<tr>
<th>Number of workers (mln)</th>
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<tr>
<td>Number of factories</td>
<td>5400</td>
</tr>
<tr>
<td>Export Total (bil $)</td>
<td>24</td>
</tr>
<tr>
<td>RMG (bil $)</td>
<td>19</td>
</tr>
<tr>
<td>Share of RMG on Total Export</td>
<td>79%</td>
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*Table 3 Summary statistics of the Bangladeshi garment sector (BGMEA (2013), WTO (2011), McKinsey (2011))*

In the first chapter we introduced the literature findings and defined the research questions, the second chapter instead presents our analysis on the major topics. The stakeholders’ analysis provides a description of the actors involved in the garment sector providing information on their organization, weaknesses and capacity building. The second section is dedicated to social dialogue that describes the major interactions among stakeholders and how the resolution mechanism works. In the third section we will find the compliance analysis where we will introduce the major compliance issues, a short case study regarding the Rana Plaza tragedy, and the inspection/auditing system. The forth section is dedicated to the workers’ awareness analysis that introduces the analysis dedicated to workers and how their level of awareness influences over the working conditions. Section five introduces how the international pressure and type of product influence the industry underlining the importance of the actions taken by international organizations and global buyers; and how the product contributes in shaping the current conditions of the industry. Last section presents our reflections on the findings providing some recommendations on how to improve the current working conditions.
2.1. Stakeholders' Analysis

In this chapter we will describe and analyse the major characteristics, activities and weaknesses of the stakeholders. The main actors identified and analysed are workers and unions, employers and business associations, government, international and local institutions and organizations and global buyers. Together with the analysis we will also introduce the tripartite system concept used by the International Labour Organization to design their programs and as topics we will introduce the capacity building programs that are currently in act for the three pillars of the tripartite system.

2.1.1. Workers

Workers are indeed a very important component when mapping the stakeholders. Workers are the first actor that lives the current situation of the working conditions and the first to feel the consequences of any kind of change.

The career of a worker follows a certain path that is defined by 7 grades, for each grade it corresponds a different level of wage: the different grades and basis wages are introduced in the following table, the third column shows the current basis salary level (I9); Most of the workers are at the grade 3 earning a salary of about 4500 Taka (I14). The following table shows the grades system with the evolution of the real wages. For full details on nominal wages and the conversion to real wage see appendix E.

Looking at table 4, we notice that in real values, there is a decrease of the wages from 1994 to 2010 (long term), where the only grade that gained purchasing power is grade seven, which is also the one that attracts most of the attention from media because it represent the bottom line. We also notice differences

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<tbody>
<tr>
<td>1</td>
<td>Chief Master</td>
<td>12180</td>
<td>6959</td>
<td>9300</td>
<td>-43%</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>Master Operator</td>
<td>8811</td>
<td>5253</td>
<td>7200</td>
<td>-40%</td>
<td>27%</td>
</tr>
<tr>
<td>3</td>
<td>Senior Operator</td>
<td>5442</td>
<td>3316</td>
<td>4218</td>
<td>-39%</td>
<td>21%</td>
</tr>
<tr>
<td>4</td>
<td>Operator</td>
<td>4431</td>
<td>3046</td>
<td>3861</td>
<td>-31%</td>
<td>21%</td>
</tr>
<tr>
<td>5</td>
<td>Junior operator</td>
<td>3758</td>
<td>2770</td>
<td>3553</td>
<td>-26%</td>
<td>22%</td>
</tr>
<tr>
<td>6</td>
<td>Ordinary operator</td>
<td>3421</td>
<td>2506</td>
<td>3322</td>
<td>-27%</td>
<td>25%</td>
</tr>
<tr>
<td>7</td>
<td>Helper</td>
<td>2410</td>
<td>2251</td>
<td>3000</td>
<td>-7%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Table 4 Workers’ Grades and Wages (values based on Ahmed, 2012, p. 15 and World Bank 2013)
between before and after the establishment of the “wage board”, in fact the first increase from 1994 to 2006 all the grades lost in purchasing power and the increase did not follow the increase of the cost of life (column 6), while from 2006 to 2010 all the grades had a sensible increase of the purchasing power (column 7).

2.1.2. Unions

When we refer to workers we usually refer to trade unions; in fact the designation of the trade unions is to speak on behalf of workers and protect workers’ rights. Even though the representation of workers is the first and main activity of unions less then 5% of the workers are members of unions (I5, I6, I7, 15); this issue represents one of the weaknesses of the trade unions’ system; the weaknesses of the unions will be discussed later in this section. The trade unions’ system has the following characteristics:

History

During the Pakistan regime the trade unions’ leaders were directly or indirectly associated with the Muslim League that at the time was ruling the land that now is known as Bangladesh. At the beginning the power was held mainly by one federation called “East Pakistan Trade Union Federation” established in 1947, but slowly the power was left to leftist labour unions. In this historical period workers and labour leaders were also engaged in political activities; therefore political and union activities were sometime overlapping and the labour union activities were seriously hampered due political reasons: in fact two powers were in contrast to each other: in one side unions with more leftist ideology that was also supporting the idea of a free nation and in the other side the liberal leaders that had good relationship with the ruling Muslim League; as consequence of this division the leftist organization were suppressed and repressed and the workers unity was demolished (Ahmmed, Hossain, & Khan, 2011).

After the independence in 1971 Bangladesh chose to move its policies towards socialism; therefore the government first of all decided to nationalize almost all the industrial enterprises. In this scenario the government promised a progressive labour policy, which would include also the institution of a Workers’ Management Council in all the nationalized industries; however the implementation was not done completely due to a strong right wing of the ruling party. Therefore three were the main consequences: first, a very limited scope of trade unions because there were all incorporated in one single organization; second, nationalization of the industries increase the security of workers and decrease the need of movements; third, the new nationalization put the unions in the condition to involve government in all the activities (Ahmmed et al., 2011).

Starting from 1975 there was a radical change in Bangladesh; in fact the country was run directly or indirectly by military dictators till 1990s that embraced the capitalist economic policies and open up the country to foreign direct investment
and increasing the privatization of national industries. In this period the labour movement could be observed as: first unions were against the military regime because the power of unions was severely limited and because unions were involved in political movements in favour of democracy, second unions were against the globalization and privatization that limited their power and were responsible for closure of factories and job-loss; third the rise of private sector allowed the establishment of new unions in new sectors such as ready-made garment. The strategies of unions in the ready-made garment sector in period did not succeed in the intent to protect workers’ rights in fact three aspect characterized union movement: first the trade unions failed in organize proportionately to the growth of the sector, unions did not have access to the growing informal sector, and third unions failed in representing different profiles or workers (Ahmmed et al., 2011).

An additional hit to the union’s system can be identified in 2008 when the caretaker government, in preparation to the elections, suspended any unions’ activities at any level. After the caretaker government, the new government (at the moment still in charge) lifted the ban and allowed again to practice the freedom of association right, but in practice the full application is still difficult and limited. During this long period of absence of unions workers could express their anger and frustration only through violent and disorganized protests; therefore the government established in 2010 the industrial police that check over the protests and intervenes and limits even more any demonstrations of unrest (I6).

**STRUCTURE**

The way trade unions are structured in Bangladesh is based on the British system, reflecting the colonial past of the country. This means that trade unions are organized on a three levels system: factory-level unions, trade union federations that work at the industry level and national trade union federations that operate at national level (I5, Ahmmed et al., 2011). Only in the garment sector there are 52 registered trade union federations (I2, I5, I6, I7, I15), and 30 factory-level unions (I6). There are about 30 unions at factory level and all of them belong to 5 TUF; 22 new factory-level unions were approved in the last 6 months (I6). By law at the factory level any activist or ex-worker can come out of the factory and take part to the union’s activities (I6).

Fundamental difference between factory and sectorial trade unions is on power. In fact at factory level decisions can be taken only with the agreement of all the parties; therefore factory owners are bound to unions’ decisions in any dispute; while at industry level the trade union federation are involved in the debates and are consulted by the government that can take its decision with or without TUFs’ approval (I6). Therefore legally speaking unions are stronger at factory level than at sectorial level; however the most relevant decisions for workers are taken at the industry level instead (I6).
There are differences between federations and the way they operate: first of all the counting of the trade union federation is complex, because there are registered and unregistered federations (I7): moreover 12 TUFs belong to the international network of IndustriAll and have to respect its standards (I7), 8 TUFs are recognized by BGMEA and can take part to the arbitration tables set in order to solve disputes between factory owners and workers (I5, I6, I15).

**Unions’ registration**

A very controversial part of the system is given by the unions’ registration, in the specific we will refer to the registration of factory level unions that represents at the moment one of the major issues observed in the union’s system, by law it is legal to have up to three factory level unions, each of them representing about 30% of workers and the application must be submitted to the directorate of labour at the section that takes care of the unions’ registration (I11).

If workers want to open a union at factory level, they must respect a list of criteria that are listed in the labour law (*Bangladesh Labour Act, 2006*), some of them are: list of the member of the executive committee, total membership list and constitution. If some of the requirements are not respected the directorate of labour notifies the workers of the required changes and give maximum fifteen days to make the necessary change and/or supply the missing information. The whole registration process takes around sixty days (I11).

The controversy of the system can be identified by the regulation that obliges the workers to report the factory owners of the application to the directorate of labour. What can happen in these cases is that the factory owners can push workers to register two other unions (friendlier towards the management), if these two unions represent the 40% of the workers each, it would be impossible to open a third union: and therefore the union that would be created by a spontaneous association of workers is under threat to be not accepted by the directorate of labour (I11). Very often workers that take the initiative to open factory-level unions and do not succeed in so are laid off by factory owner (I5, I6, I7, I15): therefore workers are very little motivate in taking the initiative and do not apply for factory-level unions (I6). Lately, also thanks to the growing pressure from international organizations more unions have been accepted, twenty-two were approved in the last six months (I6).

**Weaknesses**

Trade unions show many weaknesses that compromise their efficiency in defending and improving workers’ rights. The major weaknesses are listed as:

**Restricting labour law**

Trade unions are dysfunctional and their activities are very limited also due to a very restricting labour law (I5, Bangladesh Institute of Labour Studies, 2010). In fact relevant factor can be identified in the factory-level regulation where no external activist or ex-worker are allowed in the union: therefore the lack of
experience makes the union in the negotiation tables with employers (I5). Moreover few are the situation when government, business associations and trade unions federations meet together to discuss about the sectorial development: therefore few are the situations when workers' voice is listened and take in consideration (I5, Ahmmed et al., 2011).

**Lack of Structure**

Often federations are leaders based, and when the leaders miss for one reason or another the whole unions faces difficulties in keeping its activities and network. This problem is a consequence of a lack of structure of the federations that work around their leaders and do not have an adequate knowledge transfer, division of the responsibilities and internal training programs (I6, I15).

**Lack of Penetration**

Workers are distant from unions' activities at any level: this is reflected in terms of lack of registration of factory-level unions and active participation in unions' demonstrations (I2, I15). Moreover workers very often see TUF as cheap legal assistance, processes are very expensive for workers therefore paying a cheap fee they benefit of the legal protection of TUFs; this mechanism creates a system of high costs for TUFs that do receive very little registrations (I6). Often TUFs are localized far from factories, these workers find many difficulties to visit TUFs' offices and report problems or receive trainings (I2).

**Lack of Resources**

Unions do not benefit of many resources, in fact the lack of participation also reflect a lack of registration; therefore few are the fees that TUFs can use for organizing any kind of activity. Many times unions do not benefit also of an office (I2, I6, I15). Often the lack of resources ends in some form of favouritism that would guarantee a longer existence of the union (I3).

**Communication**

Unions are not supported by modern communication media and often also lack of knowledge in communication skills in order to communicate efficiently with the workers (I5). A direct consequence of bad communication is that workers do not understand which are the unions' activities or also they are not aware of unions at all (I2, I5).

**Fragmentation**

One of the major characteristics of the trade union federations’ system is the significant number of TUFs and the lack of agreement and lack of a common program across federations (I5, I6, I15, Ahmmed, Hossain, & Khan, 2011). Federations work and seat very rarely together and lack of a strong cooperation that would guarantee more bargaining power; therefore the fragmentation contributes in making federations weaker and be less relevant in negotiation tables (I2, I5, I6, I7, I15). The lack of a strong federation system and cooperation
have severe consequences over workers unrest: in fact workers protests often result in violent and spontaneous outbursts of violence (I2, I5, I6). Reason of fragmentation is also due to the affiliation to political parties: therefore these federations have first defend the party’s interest and go in conflict with opponent federation and party (I2, I3, I5, I6, I15).

2.1.3. EMPLOYERS AND BUSINESS ASSOCIATIONS

For employers we refer to garment factory owners. In the garment industry there are from 5400 (“BGMEA About Section,”) Garment factories spread mostly in the cities and surroundings of Dhaka and Chittagong that are the biggest cities of Bangladesh. The growth of number of garment factories is summarized in the following image provided by BGMEA (Bangladeshi Garment Manufacturers and Export Association).

The sizes of the factories can vary from few dozens of workers up to few hundreds; in this sense the industry is very variegated. The main objectives of the factories are mostly business related and focusing mostly in increasing profit and profit margin, and increase the business introducing other products in the production line.

Many factories take part into Business Associations (BAs) that play the role as umbrella organizations that take care of employers interest, to represent factories in industry development in roundtables, to provide legal protection, to explore and consolidate business with global buyers, to pressure the government to make more business oriented laws, provide training to factories’ management for enhance productivity and to check that labour standards are respected as free child labour industry (“BGMEA About Section,”). The major BAs that represent
factories are BGMEA and BKMEA that actively work on exercise the responsibilities above introduced.

We can identify for factory’s management and BA two different kinds of capacity levels: factory’s management sometimes lack of management education: top management can also come not from academic education and middle management is mostly production workers that have been assigned for a management role. Therefore there is room for improvement in this particular aspect that would increase the capacity of factories regarding productivity, social compliance and compliance.

Among the business associations the procedure to become a member is (I14):

- Have the Ministry of Labour approve the space, machinery and layout of his factory;
- Obtain the approval of the board of inspectors;
- Obtain the export licence;
- Obtain the import licence;
- Obtain the fire safety licence;
- Obtain the environmental licence;
- Obtain the bond licence;

Only after have obtained the licenses listed above the factory can ask for the BGMEA affiliation.

Employers and BGMEA are an important component of the system and present some important limitations that impact on their activities and on the development of the industry:

i. Many Bangladeshi factory owners belong to a first generation of entrepreneurs are often lack the necessary know-how to do business; this very often led to short sighted business decisions that damaged the industry instead of improving it (I3, I6). During the last years the situation is changing thanks to a generational turnover and hiring more qualified managers.

ii. Inexperienced management (middle and top) mistaken in motivating workers using an authoritarian approach (I6);

iii. Even BGMEA is hold by inside political power struggles that limits its power in changing the working conditions situation (I6).

2.1.4. GOVERNMENT

The ministry responsible for the garment sector is officially the ministry of commerce that is due to the export-oriented nature of the garment industry. However responsibility over the compliance of the working conditions is under the responsibility of the ministry of labour that also leads the inspecting system (I4, I7, I11).
Therefore the responsibilities of the two ministries are divided, the ministry of commerce takes care of the export and business development together with BGMEA and the responsibilities of the ministry of labour are (I11):

i. Conciliation and mediation of disputes (related to trade unions);
ii. Promote good workers-management relationship (industrial peace);
iii. Provide health care services and training through the labour welfare centres;
iv. There are 30 labour welfare centres in Bangladesh. They provide medical care to anybody. They also provide training for “life skills”, awareness and workplace safety. Workers are sent to these centres by the factories themselves;
v. Handle registration of TUs.

One important consideration to make is regarding the division of the ministry of labour; in fact it is divided in the following (I11):

**DIRECTORATE OF LABOUR**

Established during the British rule, the directorate of labour first used to be called the “Department of Indian Immigrant Labour” and its scope focused on the welfare of Indian immigrant workers. With the development of the local workforce, also developed the focus of this department that in 1931 became the “General Department of Labour”, a body responsible for ensuring the welfare of Bangladeshi and Indian workers alike. Since then, the directorate of labour has been working continuously to facilitate labour-management relations, collective bargaining and industrial disputes settlement.

**CHIEF INSPECTOR OF FACTORY AND ESTABLISHMENT**

Created in 1970, following the ILO Labour Inspection convention No. 81, the “Department of Inspection for Factories and Establishments” makes sure that all laws related to labour and workers welfare are enforced. The scope of the work of the agency is not limited to inspecting activities, but also it is expected to provide information and advice to employers and workers and keep the government up to date.

**MINIMUM WAGE BOARDS**

The minimum wage board recommends minimum wages for the workers belonging to the different private sectors under the direction of the Government. It is stated in its vision that the objective of its activities is to ensure that there is no unrest in the workforce and that the labour-management relationship is good.

**LABOUR APPEAL TRIBUNAL**

The duty of the labour appeal tribunal is to act as the administrative head and responsible of the overall administration of the court. The two main responsibilities of the court, in practice, are resolving industrial disputes and
enquire and settle issues related to the implementation or violation of previously established settlements.

Being a relevant actor in the garment system it is important to identify which are the weaknesses of the government:

i. Members of Parliament are mostly businessmen and/or factory owners: in the specific there are 23 members of the parliament and 2 ministries that are directly involved in the garment sector (I7); therefore there is an important conflict of interest;

ii. Because the responsibilities are divided for the two ministries, shared responsibility is no one’s responsibility (I7); therefore this systems brings to blaming someone else of the lack of compliance with international law.

iii. Generally speaking, the Bangladeshi public sector suffers both from a lack of physical capacity (i.e. lack of human resources, funds, infrastructure etc.) and of knowledge and soft-skills related capacity. (I7)

2.1.5. INTERNATIONAL AND LOCAL NGOs AND INSTITUTIONS

In Bangladesh there are many Local NGOs (LNGOs), International NGOs (INGOs) and institutions that provide different kind of support in several aspects of the society. Local NGOs focus mostly on providing support for social assistance to workers, like medical support or working on raising awareness among workers about ILS.

INGOs work on workers’ government’ and employers’ side and for each of them provide a different kind of support and consultancy:

i. Workers’ side INGOs work on capacity building of the unions providing training on capacity building focusing on soft skills like leadership and negotiation techniques, technical training on safety and security and on increasing awareness on ILS;

ii. Government’s side INGOs work on providing technical training for new inspectors in order to increase the compliance;

iii. Employers’ sides INGOs provide training business development and management to the BAs that in turn would train the factories’ top and middle management.

How we can notice the support the NGOs and INGOs is mostly focus on building capacity though providing education and technical trainings.

Beside the NGOs and INGOs also institutes play an important role. We can identify one specific institute BILS that works on increase the social dialogue for ensuring rights for working people (“Bangladesh Institute of Labour Studies- BILS.”). BILS institute contributed on writing the labour law of 2006 that reformed the labour system and nowadays is working on improving law in the section safety and security. BILS therefore works as social mean that push in making the different stakeholders to increase their dialogue (I5).
The capacity of the NGOs and INGOs is limited to the program that they are working on. The INGOs can put pressure on government and BAs and report possible violation of law but they have no power for example in closing a factory (I7). In this sense NGOs and INGOs can be seen mostly as capacity builders, they give support to any level of the industry starting from the workers till providing reliable certifications to the global buyers. Also BILS institute capacity is limited to the research and law design support provided: moreover BILS can be seen as a capacity builder in the system supporting the unions in improving their collective bargaining (I5).

ILO

The ILO (International Labour Organization) is a specialized agency of the United Nations. Its main focus is to promote decent working conditions through the application of international labour standards. Moreover, the ILO promotes social dialogue among workers, employers and the government (the so called tripartite system) (I1, I3).

ILO is a capacity builder, it delivers trainings (on compliance, International labour standards, organizational skills, communication etc.) to practically all the major stakeholders involved: to workers, through the NCCWE (National Coordination Committee for Worker’s Education), to employers through employers’ federations and directly to ministerial bodies (I1, I2, I3).

2.1.6. GLOBAL BUYERS

Global buyers can be identified as the international brands: they mostly come from western countries (Europe, USA and Canada, but there is a growing export market towards other geographic areas like China, Russia and Brazil. Global buyers are attracted by the Bangladeshi garment sector because of the low cost of production; therefore the interest of the global buyers is in this sense bound to: increase the profit margin per product; therefore buy to the lowest price. Moreover global buyers also look for factories with skilled labour force in order to move the production of higher value chain products and pay cheaper price that in other parts of the world: Bangladeshi garment workers are paid with one of the lowest salary in the world. Moved by private funds and having big profit consolidated the capacity of the global buyers allow a strong position pushing the development of the garment industry pushing the factories in keeping the prices low and to respect the code of conduct presented.

2.1.7. CUSTOMERS

Customers are important stakeholders that indirectly affect the system: eighty per cent of the export goes to Europe an USA and their citizens influence the global buyers through their preferences. The demand of the customers is characterized by cheap products (Bangladeshi garment industry produces ready-made garment that is categorized as cheap product) and condemns production in sweatshops (one example above all is the eradication of child-labour that was due
Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

mostly to pressure from customers towards buyers). As said earlier, at the moment the major customers are European and American citizens, but the market is opening towards new opportunities in Japan, Russia, South Africa and China; therefore in the future new customers and new demand will impact on the garment industry.

### 2.1.8. Tripartite System

Government, employers and workers compose the tripartite system, this is the structure that ILO identified to build a solid the social dialogue, develop the industry and improve working conditions side by side (International Labour Organization, 2012). In the tripartite system employers are represented by BAs like BGMEA and BKMEA, unions at factory, industry and national level represent workers and ministry of labour and commerce represents government. From the social dialogue figure we position the three main actors as centre of our focus and the Global buyers, INGOs, LNOGs, BGMEA and BKMEA as external player that influence the inner system.

![Tripartite System](image)

**Figure 6 Tripartite System**

Workers, employers and government are the three pillars that compose the system and the ones that should guarantee a correct functioning of the dialogue. In the social dialogue we will analyse how these three actors interact to each others and how it impacts on the working conditions.

### 2.1.9. Stakeholders’ Capacity Building

Capacity building takes most of the attention from the international organization because it represents one of the solutions current in action to the poor working
conditions. The United Nations Development Programme (UNDP) call the capacity building issue as “capacity development”, the two terms are synonyms and we will keep referring to it as capacity building because is the terminology used by most of the interviewed stakeholders.

The United Nations defines the capacity building as following: “Specifically, capacity-building encompasses the country’s human, scientific, technological, organizational, institutional and resource capabilities. A fundamental goal of capacity-building is to enhance the ability to evaluate and address the crucial questions related to policy choices and modes of implementation among development options, based on an understanding of environment potentials and limits and of needs perceived by the people of the country concerned” (United Nations, 2006, p. 7).

For the United Nations capacity-building programs should operate at the distinct levels: individual where to develop knowledge management programs that empower individual through education, institutional where to improve and reorganize the existing institutions instead of creating new ones with foreign blueprint, finally at societal level where to improve the public administration that becomes more responsive and performing to the standards that the society requires (United Nations, 2006).

The definition introduced above introduces the United Nations policy regarding the capacity building issues, in the rest of this section we will analyse that programs are currently in action.

GOVERNMENT

In the section dedicated to the government we identified few weaknesses as lack of knowledge of inspectors and lack of physical capacity; therefore some actions are taken in order to increase government’s capacity. The government is working closely with international organizations such as GIZ and ILO in order to improve its capacity. The programs planned and under implementations are (I4, I8):

a. Training inspectors with a joint program GIZ and ILO;

b. GIZ and ILO train teachers at the Industrial Relationship Institute (IRI) and Bangladesh Institute of Management (BIM) who will train the mid and top management of factories and inspectors, this solution is planned in order to make the system sustainable in the long term and create a self sustaining mechanism;

c. Government created thirty labour welfare centres that provide basic medical support and training on raising awareness on labour law and workplace safety; factories should ask these trainings. The training system is the first reason of income of the welfare centres therefore even though factories should ask for trainings; government also works on promoting this support.
One of the major problems identified in the system is the lack of compliance; with regard to this topic there will be later in this document a full section dedicated on how to improve the capacity of government (ministry of labour and employment) and employers on the compliance issues.

**Workers and Unions**

Earlier we could notice that the pillar workers/unions shows many weaknesses and therefore is also subjected to a lot of attention from international organization that identify those weaknesses as one of the reasons of the poor working conditions. In both cases, workers and unions one problem is repeated and is the lack of leadership, communication and negotiation skills that consequentially weaken the workers' position in the negotiation tables. International organizations as ILO together with other international organizations identified the lack of education as major issues to be solved and tackled by providing trainings that would increase workers and unions' leaders skills and rebalance the bargaining power in the discussion tables with government and employers. Few of the programs actually running are (I8, I2, I6):

a. The German development organization GIZ provides formative trainings in leadership and social dialogue for workers, in order to empower them of negotiation and management skills that will help them in confrontations with factory owners;

b. The international organization ILO provides trainings through National Coordination Committee for Workers’ Education (NCCWE) in order to empower factory level unions;

c. The Solidarity Centre educates factory-level unions’ leaders in communication and leadership skills and leading them in gaining experience and confidence in tackling smaller issues with employers before jump into conflicts regarding wage increase.

These three programs aim to increase the negotiation capacity of workers’ representatives in the long term. In fact educational programs take years for the implementation and require a sustainable mechanism of knowledge transfer that unions have to implement within and across organizations.

**Employers**

Employers in garment sector are relatively a new actor in the Bangladeshi industry, which is relatively young with about 30 years of activity. The employers have shown during this period some weaknesses that have consequentially conditioned the working conditions; some of these weaknesses were identified as (I5, I6):

i. Lack of management skills required to lead enterprises to a comprehensive development; therefore business- and working conditions-wise;
ii. A very hierarchical structure that do not allow the correct communication of the issues related to the working conditions from workers to the management;

iii. Middle management is composed mostly by ex-workers that have been promoted and put in the conditions to manage production lines without any sort of training.

These three points show also the difficulties of the management in facing the difficulties in an emerging industry such as the garment. Employers attracted the attention of international organizations on improving capacity as much as government and workers; in fact they are the first together with workers in setting the conditions within the factory. The training programs are (I4, I8, I15):

a. GIZ and ILO provide training to mid- and top-management on how to dialogue with workers and on leadership and management skills, through IRI and BIM;
b. BGMEA support employers in providing training to their mid-management on management skills.

Also for employers the efforts on capacity building are mostly focus on training on soft skills and interpersonal relationship. One of the aims is to improve social dialogue that will be discussed in the following chapters.

CONCLUSIONS

All the three components of the tripartite system showed weaknesses within their organizations and all of the benefit from external support. Three are the main considerations that can be outlined:

i. All the three pillars lack in capacity;
ii. All the capacity building support programs are focused on improve education;
iii. ILO is actively involved in train trainer that would deliver training to any of the stakeholders.

2.2. SOCIAL DIALOGUE

In this section we analyse how the actors interact and how they solve conflicts. Social dialogue term comes from the interviewees interview, also supported by ILO; they all refer to it when speaking about the interactions among the three pillars.

In sequence the topics of this section are: the stakeholders’ power and interest where we show the unbalances of the power distribution that make the workers’ pillar the weakest. Second subsection is dedicated to stakeholders’ willingness, where we show how the willingness towards cooperation is lacking and subjected to external pressure. Third subsection show the stakeholders’ interactions, regarding this topic there is no documentation that describes the tick network of
interactions among stakeholders, therefore thanks to the information collected we pictured the major interactions. In the following subsection we discuss how the conflict resolution mechanism works and we underline its unsustainability, the next section is dedicated to the EPZ that needs a specific description because, although it plays a major role in the export, it is not subjected to the national law. Finally we present our conclusions and introduce few advices on how to improve the social dialogue.

2.2.1. Stakeholders' Power and Interest

When talking about social dialogue it is important to analyse what is the level of interest and power that stakeholders have towards the issues considered. The importance of these two factors is given by the fact that equilibriums in bargaining power is also due to the combinations of them and establish at what level the communication will be held. The focus of the analysis are the three direct components of the tripartite system, de facto they are the ones that directly are involved in the social dialogue and are in charge to set the working conditions.

As it will be also discussed in this chapter bargaining power is not equally distributed among the members of the tripartite system and there is a consistence unbalance in favour of government and business associations, therefore of the three pillars the weakest is the workers' representation (I5, I6, I7). In this scenario, as also suggested by the interviewees, the actor that will receive most of the attention are therefore the unions, many are in fact the weaknesses that have been identified that impact on the working conditions.

Government

When talking about garment, government changed its involvement in the garment over time. In fact government at the end of the ‘80s and ‘90s retreated from the garment sector in order to leave space to private initiative and attract even more interest from foreign investors (Ahmmed et al., 2011), consequentially this strategy brought to the explosion of the garment sector and at the same time at the lack of control from the government. Due to the recent tragedies of Tazreen and Savar the government under increasing international pressure had to increase its proactive participation in controlling and increasing working conditions (I5, I6). Moreover to be not neglected that members of the parliaments are directly involved in the garment sector (I7).

Together with the high interest government also has high power in garment, in fact government with the ministry of commerce and labour is the only institution that can give the licenses to factories and also the only institution with the power to close factories in case they are not compliant with the existing rules (I14). The ministry of labour is also able to accept or reject unions’ applications for a new registration; this increases even more its power not only over the factory owners, but also on workers and their freedom of association (I5, I6, I15). The power of
the government is also extended to be the actor that creates opportunity for the social dialogue among business associations, unions and government (I5, I6).

**BUSINESS ASSOCIATION**

The business associations are the second component of the tripartite system with most of the power and have a significant impact on the garment sector. The interest of the business association is consistent, in fact associations like BGMEA has 2092 factories associated, works on the development of the industry and takes care of dialogue with buyers; therefore BGMEA works as fulcrum of business development (I14).

Business associations as BGMEA also has high power due to its political relevance, in fact BGMEA represent factories that export products and garment export correspond to 80% of all export of Bangladesh. The power of BGMEA is also given by the arbitration system; in fact BGMEA also works as arbitrator of disputes between unions and factory owners when local negotiation couldn’t be concluded into an agreement. However even if BGMEA has a significant influence over the affiliated factories it is also dependent on its internal political balance that somehow limits the resources and the effort in improving the working conditions (I6).

**WORKERS AND UNIONS**

As mentioned earlier the workers and unions pillar is the weakest of the tripartite system, the lack of power of this pillar is due to several reasons that can be identifies as following:

**COLLECTIVE BARGAINING ORGANIZATION**

In the social dialogue system the opportunities for the parties to meet are very rare and unions are involved in the decision making sporadically. Moreover decisions at the industry and national level can be taken even without the agreement of the trade union federations (I5, I6).

**POLITICIZATION OF UNIONS**

Unions are very often politicized therefore they have to first serve the interest of the party. Moreover the power of these unions changes whether the affiliated party is at the majority or opposition (I2).

**REPRESENTATIVENESS PROBLEM**

Often the leaders of the unions come from the public sector and they still practice unionism without considering the different mechanisms of the private sector (I6). Moreover trade unions federations are sometime very far from the factory reality, therefore the leaders cannot represent as need the workers’ needs (I5). There is sometimes also a problem of capacity; in fact unions leaders are not educated in negotiation and collective bargaining (I6).
STRUCTURE INEFFECTIVENESS

Trade union federations are organization leader-based with lack of internal structure, in fact unions’ member tend to follow their leaders and in absence of them, very often unions get to an end because of a lack of leadership (I5, I6).

The lack of structure push workers to seek for improving working conditions on their own, this leads very often to spontaneous violent riots that finish with no serious follow up and push the government to be even stricter with workers (I7).

LACK OF PENETRATION

Trade union federations lack in entering into the factories and establish factory-based unions (less than 1% of factories has a trade union); therefore the lack of penetration creates problem of representations, TUF don’t know workers’ problems, and problems of political weight: in fact trade unions represents only a small percentage of workers (I2, I6, I15, Bangladesh Institute of Labour Studies, 2010). Lack of penetration has also consequences over resources: workers do not deposit their fees that are used for unions’ activities (I6).

WEAKNESSES IN COMMUNICATION

Trade unions lack in internal and external communication: internal because the flow between factory-based unions and TUF is weak and communication do not always reach the top. External communication instead is focused on the relation with workers; in fact TUF lack in communication skills, use of modern communication media: the direct consequences of it is that workers are not aware of unions and/or of their programs (I2, I5, I6, I15).

RIVALRY AMONG UNIONS

Trade unions federation do not join their efforts towards a common cause, this factor makes them very fragmented and therefore weaker and easier to be controlled (I5, I7, I15, Bangladesh Institute of Labour Studies, 2010).

LACK OF RESOURCES

Unions do lack of necessary resources in order to bring ahead their activities and have a significant impact on the working conditions campaigns. The resources that lack the most are: funds, offices and human capital (I2, I6).

LACK OF WORKERS’ AWARENESS

Another and not-neglecting factor is also the workers’ awareness regarding working conditions: in fact workers are the first part of the chain that endure the abuses and the first that should report them to unions. Sometimes workers do not report abuses because are not aware of their rights (I6).
**POWER OF WORKERS**

Workers do also have their own power that is not given by their representation of capacities, but is given by market balances: because of the shortage of workers, they acquire bargaining power setting the entry salary to a higher level (I14).

**POWER/INTEREST MATRIX**

After the analysis presented above where the power and interest was presented actor by actor, the following matrix summarizes and position the three actors showing the unbalance of power that exist in the system. In fact even thought all the actors have high interest in the garment sector, two of them (government and business associations) hold all the power and decide the direction of the sector and together with it also the development of the working conditions.

![Power and Interest Matrix](image)

We can conclude that the interest on the sector development of three pillars is high, different and changed over time; while the power is unequally distributed and benefits government and business association and do restrict the work of unions that are not in the position to defend workers' rights.

**2.2.2. STAKEHOLDERS’ WILLINGNESS**

In the complex system identified in the figure of the social dialogue one key factor is the willingness towards cooperation that can be crucial in improving the whole system towards better working conditions. Willingness towards the cooperation and dialogue is one of the major issues, taking in consideration also the high level of power distance that characterizes the national culture.

To analyse the stakeholders’ willingness a similar approach to above will be followed; therefore we will analyse the willingness of the components of the tripartite system:

**GOVERNMENT**

The interest of the government towards the garment has been always high, mostly for the size of the industry and for the direct involvement of some
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parliamentarians. The first approach of the government was to leave the industry untouched and let the employers to develop the industry undisturbed. The strategy adopted let the industry grow fast, uncontrolled and in big size to the cost of working conditions (I5). The strong and continuous pressure from international organizations such as ILO and IFC and of the global buyers, which threat to move the production elsewhere if higher ILS are not guaranteed, forced the government to move towards the direction of the social dialogue also with trade unions in order to reform the garment sector and to change of the labour law in 2006. As consequence of Tazreen fire and Savar building collapse fire and construction safety were and are being reformd, moreover under the pressure of ILO government should increase the number of inspectors and reform the law in allowing more freedom of association. Therefore the pressure exercised by the global buyers and international organizations fosters the political willingness, they are the first and strongest source towards the change.

**Factory Owners and Business Associations**

In the scenario presented the BAs are the actors with the highest level of power in the system; the government left to the BAs the control of the industry (I3, I5). The willingness to dialogue of the BAs can be divided in dialogue towards workers and trade unions and towards government and global buyers. The willingness towards a dialogue with workers and trade unions is very limited: first employers and BAs hardly recognize trade unions, and allow unions in factories unless of severe consequences as been laid off (I5), moreover the dialogue is mostly based on dispute solving through court of mutual agreements. The position of the BAs is of acceptance towards discussion but don't allow bargaining (5).

BAs have instead a different approach towards global buyers and government. Government set the rules of the industry therefore in case of new laws or amendments to the existing; BAs cooperate closely with government and third parties as International Organization. BAs also work closely with the Global Buyers that set their code of conducts that factories have to respect and push towards higher compliance to ILS of the garment industry (I3, I5). Therefore also in the case of BAs the willingness towards cooperation and dialogue are driven by the requests of the Global Buyers.

**Workers and Trade Unions**

Workers and unions in the system try to have more social dialogue and report the bad status and work in improving the working conditions. Because of the resistance opposed by the BAs and government towards the trade unions, the dialogue is sometimes based on strikes that little contribute on the improvement of the working conditions (Interview 6). One major aspect of the trade union’s willingness towards dialogue and cooperation is related to the relationship of the unions with other unions, in fact there is no real cooperation or willingness to cooperate that make the bargaining power of the unions very weak (I3, I5, I15).
Only few times the unions found an agreement as in 2010, 2012 when they obtained the raise of the minimum wage and the establishment of the wage board from the government, and 2013 after the Tazreen and Savar tragedy they are working together in a comprehensive document that would set the fire and building construction safety rules (I5).

Another important aspect of the political willingness of the unions is led by being political party affiliated or not. Unions that are party-affiliated play a role as a front-organization of the party itself therefore the willingness to cooperation and dialogue is fostered by either its party is the majority or at the opposition or it reflects party’s interests (I1, I5).

2.2.3. Stakeholders’ Interactions

In figure 2 the links between stakeholders are shown. In such figure we can identify two major elements: the nodes that represent the actors and the arrows that represent the interaction. Together with the map, in the following table the relations are shown: the table summarizes stakeholders after stakeholders which kind interactions that could be possible to identify thanks to the interviews. The table is organized in a way that of the left column the interacted stakeholder is presented and on the right what kind of interaction is present.

<table>
<thead>
<tr>
<th>Workers</th>
<th>Trade Unions Federation and to International and Local NGOs</th>
<th>Report problems at factory and industry level.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unions</td>
<td>Provide support to unions with membership, the support is given through money and increasing the affiliations number for unions.</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>Put pressure on government and factories though strikes causing economic consequences.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Local NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>Work on awareness building on ILS.</td>
</tr>
<tr>
<td>Workers</td>
<td>Provide technical training on national labour law.</td>
</tr>
<tr>
<td>Trade Unions Federations</td>
<td>Work on capacity building on soft skills, negotiation, ILS and national labour law.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International NGOs</th>
<th>Government (Ministry of Labour)</th>
<th>Push the government to improve national law in complying with the ILS and increase efforts in law enforcement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (Ministry of Labour)</td>
<td>Train the inspectors.</td>
<td></td>
</tr>
<tr>
<td>Government (Ministry of Labour)</td>
<td>Provide technical training for existing inspectors to provide updates for new regulations.</td>
<td></td>
</tr>
</tbody>
</table>
Working conditions in the Bangladeshi garment sector: 
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<table>
<thead>
<tr>
<th>Business Association (BGMEA)</th>
<th>Dialogue with BAs to increase the level of compliance of affiliated factories.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (Ministry of Labour) and Business Association (BGMEA)</td>
<td>Train the trainers for middle management capacity building programs.</td>
</tr>
</tbody>
</table>

**Government**

<table>
<thead>
<tr>
<th>Business Association (BGMEA)</th>
<th>Push BAs for industry development exploring new markets and products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>International NGOs</td>
<td>Dialogue with INGO asking for inner capacity building and identification of the weaknesses to INGOs.</td>
</tr>
<tr>
<td>Trade Union Federations and Business Associations</td>
<td>Establish arbitration tables</td>
</tr>
<tr>
<td>International organizations</td>
<td>Dialogue with international institutions in order to improve labour law</td>
</tr>
</tbody>
</table>

**International Institutions (ILO and IFC)**

<table>
<thead>
<tr>
<th>Government</th>
<th>Push the government for a change in the law that improve the freedom of association, increase the number of FTUs and increase the compliance to the ILS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (Ministry of Labour) and Business Association (BGMEA)</td>
<td>Push government and business association to increase compliance.</td>
</tr>
</tbody>
</table>

**Business Association (BGMEA)**

<table>
<thead>
<tr>
<th>Factory Owners</th>
<th>Give support to factory owners in capacity building for top and middle management.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Push the government for less strict labour law.</td>
</tr>
<tr>
<td>Global buyers</td>
<td>Establish new agreements with global buyer, exploring new markets and products.</td>
</tr>
</tbody>
</table>

**Factory Owners**

<table>
<thead>
<tr>
<th>Business Association (BGMEA)</th>
<th>Request training from BAs on capacity building for top and middle management and business development.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers (Collective Bargaining Agent)</td>
<td>Dialogue for improving working conditions within the factory.</td>
</tr>
</tbody>
</table>

**Global Buyers**

<table>
<thead>
<tr>
<th>Government (Ministry of Labour)</th>
<th>Push the government and BAs for better compliance to the law.</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Institutions</td>
<td>Ask for certifications from international organizations to see their business legitimized and improve public image.</td>
</tr>
</tbody>
</table>
On the basis of the relationship described in the table above and of the interviews held, below the map of interaction is introduced. We can identify differences among stakeholders and interactions: in figure 8 the stakeholders in the boxes are the ones directly involved in the social dialogue, while the ones without are stakeholders that interact with the three pillars and push for better dialogue. There are three kind of relationships showed: the dashed lines represent the interactions between stakeholders that belong to the tripartite system and the ones that do not belong to it, the normal lines represent the interactions between the three pillars that do not are directly involved in the social dialogue process and the ticker lines represent the interactions of the pillars that are directly involved in the social dialogue.

With a look at the table and map of the interaction among stakeholders the conclusions that can be listed are: (1) there are many and different connections among stakeholders and many of them overlap, (2) there are many stakeholders external to the tripartite system that excise pressure and provide different kind of support to the pillars, (3) many stakeholders work on capacity building to government, factory owners, trade unions' members and workers, (4) though the establishment of the arbitration tables, government is the centre of the social dialogue unless the issue is solved at the factory level.
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FIGURE 8: SOCIAL DIALOGUE
2.2.4. CONFLICT RESOLUTION

While speaking about social dialogue is inevitable to talk about the conflict resolution mechanism that allows the three components of the tripartite system to talk to each others and set new standards and levels of working conditions. Before explaining in details the different level of conflict resolution mechanism it is necessary to state that the government, business associations and unions do not meet on a regular basis but only when there are pressing issues that require a more comprehensive discussion, also under the pressure of some international organizations like ILO (I15, I6). Therefore it is possible to already identify one of the bottlenecks that makes the communication between parties difficult and only focus on specific issues or circumstances.

We can identify two levels of conflict resolution: one at the factory level where the disputes are solved within the factory and between factory unions or participation committees and factory owners; and one industry level where the disputes are solved between business associations and trade unions federations.

CONFLICT RESOLUTION AT FACTORY LEVEL

At factory level issues are solved between workers and factory owners, the resolution mechanism is per se simple, in fact workers elect the collective bargaining agents (CBA) who has the role of defending workers’ rights within the factory (I5). The CBA is elected at factory level, all workers are invited to take part in the elections whether they are registered in a union or not: CBA’s elections take place only if more than one unions is present in the factory, otherwise the CBA is automatically selected within the members of the union present in the factory (I5).

CONFLICT RESOLUTION AT INDUSTRY LEVEL

In case the dispute at the factory level doesn’t end into a fair resolution, local unions contact the respective federation that at first approach contacts the management of the factory. Trade unions federation try solve issues directly with management in order two minimize the retaliation of the factory of the management on the worker and to reduce the time and costs of the dispute. If the issue cannot be solved through direct dialogue than an arbitrator enters in the picture, if even after the arbitration process still was not possible to find an agreement then the case moves to court (I2, I11).

The court solution is kept as the last resort because it holds many drawbacks: first of all, the resolution would require longer time (it might get till 5 years) and in all this time the workers would not get any benefit from the dispute (I2), second the court is very costly therefore either the trade unions federation and the factory owners would avoid the risk to lose money in a conflict resolution (I6).
In case the conflict cannot be solved at the factory level then the trade union federation can report the unsolved conflict to the directorate of labour. At this point after the fail of direct negotiation the parties move to the arbitration, the arbitrator should be anyone accepted by both parties. If also this negotiation fails then the next step before the court is to involve the direct of labour or call for a strike (to be legal needs to be voted by two thirds of the member of the union) (I11). Also BGMEA has an arbitration committee to which only eight recognized trade union federations could participate (I14, I15).

**CONCLUSION**

Impressions regarding the conflict resolution system are still negative from most of the studies, in fact the impression regarding the willingness towards cooperation of employers is very negative, employers are described as completely antagonistic against the trade unions and trade unions’ requests (I7). Improvements are seen when international organizations as ILO pressures the government to meet the requirements established by the ILS on freedom of association and labour standards (I7). To stay on the negative impressions sometime the dispute resolution at industry level is sees as eyewash and the most important achievement and resolutions are and should be obtained at the factory level (I9).
Future improvements on social dialogue is focused on establishing a national arbitration centre, also under the pressure of ILO, that should take care of the important cases and defend workers’ rights. The centre is still under discussion, and one of the major knots is to decide under which body of the ministry of labour it should go (I11).

2.2.5. EXPORT PROCESSING ZONES (EPZ)

“An export processing zone (EPZ) is defined as a territorial or economic enclave in which goods may be imported and manufactured and reshipped with a reduction in duties / and/or minimal intervention by custom officials” (from BEPZA website, sec. About EPZ).

Currently there are 8 EPZs in Bangladesh, spread all over the country, two of them above all are Dhaka and Chittagong that are also the two most important cities in commercial and political activities. Garment covers most of the enterprises present in these zones with 69% of the total and these enterprises comprise 83% of the total EPZ employment: therefore we can understand from these numbers that garment plays an important role in EPZ. EPZ factories are mostly owned by foreigners also because in garment industry foreign ownership is only allowed in EPZ, also more specifically foreign investment is not allowed outside of EPZ; however only 1% of the EPZ employment is composed by foreigners and 99% of employment is given to locals (Ahmed, 2012).

Bangladeshi Export Processing Zone Authority (BEPZA) is the institution that governs the EPZs and it takes care of compliance to existing rules and of their development (Ahmed, 2012).

The working conditions in the EPZ are sometime better than the outside factories, even though the regulations are less in favour. The reasons why workers have better conditions and benefits are due to (I1):

- EPZ factories were built later on time and outside of Dhaka and therefore they benefit of better standards, also because easier to control;
- In EPZ factories there higher presence of foreigner owners that are more controlled and under the pressure of brands to respect ethical codes and to guarantee better working standard;
- In EPZ factories there is factory specific workers’ organization that sometimes guarantee a better system of the FOA (I9).

The wage system is organized on a difference basis than the outside EPZ, in fact the wage is first of all paid in dollars and it has a 10% of increase yearly (the yearly increase information was provided by I1, however this value was not confirmed yet by any other official authorities).

The wage system in EPZ is organized in three different ranges of workers: un-skilled, semi-skilled and skilled workers that receive the following level of wage (Bangladesh
Export Processing Zones Authority, 2010; exchange rate retrieved at Central Bank of Bangladesh, 2013:

- Apprentice US$ 39 (Taka 3032.25);
- Helper US$ 48 (Taka 3717.6);
- Junior Operator US$ 55 (Taka 4276.25);
- Senior Operator US$ 67 (Taka 5209.25);
- High Skilled US$ 109 (Taka 8474.75).

The system exercised is different to the outside EPZ factories in grades of workers and wages (I1).

The export processing zone apply different rules to the industrial production and therefore also in to the garment sector. One main difference above all is that the BLA cannot be applied in EPZ therefore all the mechanism of conflict resolution follow an internal regulation (I1). In this system the freedom of association is very limited; in fact in EPZ cannot exist any union, at the factory or industry level; therefore the social dialogue is organized within the factory where workers can join to specific elected workers associations that take care of the communication within the factories between workers and employers (I1, I9, Ahmed, 2012).

In order to guarantee the respect of the rules and working conditions up to the international labour standards, BEPZA together with the World Bank in 2005 created a Counsellor system composed by 60 members that work on the following duties: implement the “EPZ workers Association & Industrial Relation Act, 2004 (Act No. 23 of 2004)”, implement BEPZA Instruction 1 & 2, Develop good industrial relations, improve workers morale, achieve optimum productivity, reduce workers grievances, ensure proper working environment in the factory premises, create more jobs, ensure human rights and legal rights of a workers concerned, and to motivate worker in learning English and computer literacy (Ahmed, 2012, p. 8). Therefore as we could understand from counsellors’ duties, they are the responsible of ensure the compliance to the rules set. In order to guarantee high level of compliance counsellors organize daily or weekly inspections and submit a monthly report to BEPZA, in case the factory is not compliant for three consecutive months, it looses the import-export license.

2.2.6. Conclusions

How it could be possible in the issues mentioned above, many are the issues social dialogue related that make it complex, slow and difficult to tackle. Regarding the social dialogue these conclusions can be listed:

**Power and interest unbalances**

Even though there is high interest from all the parties towards the garment sector the same cannot be said for the bargaining power. Workers are in a position to have very little or no bargaining power and this unbalance enlarge even more the gap between existing working conditions and ILS.
Willingness towards cooperation

There is very little willingness from government and factory owners/business associations’ side to open up towards workers and trade unions federations. Social dialogue regarding improving working conditions occur only sporadically and issue-specific; two recent cases above all are Tazeen and Savar tragedies where fire and building safety were finally addressed. Only under external pressure of global buyers and international organization a more significant openness could be seen.

Stakeholders’ interactions

The map of interaction is complex and it reflects how slow and difficult is the social dialogue and communication among parties.

Conflict resolution

The conflict resolution happens mostly at the factory and industry level. At the first level the negotiation is between factory owners and workers committees/factory-level unions. At industry level there are two kinds of resolutions:

i. Arbitrations, where parties as ministry of labour, business associations, factory owners and trade union federations meet and discuss about issues and resolutions;

ii. Negotiations regarding improvement of working conditions and labour law.

A relevant case is that the discussion regarding negotiations are bound to trade unions agreement at factory level; while at industry level decisions can be taken by the government without be bound to unions agreement.

EPZ different regulations

EPZs benefit of different internal regulations with different dispute resolutions systems, whose affect differently the working conditions.

2.2.7. Improve social dialogue

In the former sections the weaknesses of the social dialogue have been identified; therefore the next step focuses on identifying what to do in order to improve the social dialogue:

Rebalance the inequality

As it was possible to acknowledge there is high inequality of the bargaining power distribution, therefore one way to improve the social dialogue is to rebalance the bargaining power in favour of the workers and of the trade unions in order to have balanced negotiations.

Increase the negotiation tables

Few are the opportunities where the three pillars meet each other and discuss about how to improve the working conditions; most of them are only issues-specific. A more
planned agenda of meetings should be set in order to have guaranteed a regular consultation of all the parties.

**INCREASE UNIONS’ PENETRATION**

The increase of the unions’ penetration at factory level would:

i. Increase the workers’ affiliation and participation into unions, which consequentially would increase the political weight of federation and resources thanks to the fees;

ii. Increase the awareness of workers towards working conditions; together with it also the reporting of the problems;

iii. Increase the awareness of federation of the workers’ problems within the factories;

iv. Increase the factory-level unions and therefore increase the power of unions where the union’s agreement is legally binding.

**2.3. COMPLIANCE**

With the term compliance, one refers to conformance to official requirements that, for the purpose of this work, means fulfilling regulations regarding the RMG sector. In particular, it is important to distinguish between social compliance and what we will refer to just using the word compliance, where the latter refers to the application of the Bangladesh Labour Law and of other relevant pieces of legislation, while the first refers to the conformance to the rules of social accountability (often integrated in codes of conducts). (I8)

Broadly speaking, the level of compliance across the Bangladeshi garment sector is diverse, ranging from exemplar factories to sweatshops (I12), however a lot of international and national pressure is aimed towards its improvement. Still, compliance have not always been considered an important aspect, in fact, during the first years of development of the sector, the focus mostly was on import quotas, since in the late 80s/early 90s what was considered to be important was economic growth, while the social aspect was mostly disregarded. In this sense, compliance was seen almost as an obstacle and, thus, a complacent government let the industry grow almost free of any control and regulation. International concern, however, finally started shifting towards social issues in the mid-2000s, culminating in 2006 with the revision of the minimum wage. A long awaited revision, that came 13 years after the last one, at the end of a period of social unrests, demonstrations and hard work done by representatives of the civil society that helped rising national and international awareness regarding the difficulties that workers had to face in their daily working life (I13, I5). One should not forget, in fact, that in developing countries minimum wage is particularly important: most of the times it coincides with the effective wage, thus, it is fundamental to keep it up to date with the current economic conditions in order not to let the living standards of workers lag behind (I13). Thus, in this occasion the whole process behind minimum wage setting has been revised: it has been decided that minimum wage needed to be updated every three years (for this purpose the
minimum wage board has been established under the ministry of labour) and a new methodology for its computation has been put in practice. Thus, it has been revised once again in 2010 and it will be revised again soon (a minimum wage board has been established to begin working in November 2013) (I1). However, many observers, such as the Centre for Policy Dialogue, still don’t find the methodology used to revise the minimum wage to be satisfactory: it takes into account inflation and growth prospects, but fails to include fundamental factors such as: productivity, family (size, total income etc.) and living costs. These aspects come from the notion of living wage, an idea that, year after year, is growing more and more popular. Even though the concept of living wage is still, in practice, almost impossible to apply due to the lack of micro-data on households and industries, it is still useful to apply it as an ideal situation to aspire to, more like a purpose than a number, that proves its usefulness also in managing to bring all stakeholders together to discuss about workers welfare and salary (I13).

Moreover, another positive aspect of living wage is that it doesn’t limit its scope to the salary, but, directly and indirectly, it raises other social issues, often overshadowed by the importance of workers remuneration, such as working hours, job security, social security net and welfare (I5). In this regard it is important to remember that always in 2006 the new Bangladeshi Labour Law has been approved after 10 years of negotiation among the members of the tripartite system. This piece of legislation has been considered to be quite satisfactory by international observers (Denecke & Chowdury, 2007) and, if duly applied, it would truly change the current scenario in the RMG sector. And here comes the importance of compliance: any law, when it is not enforced, it’s just a piece of paper (I3).

Finally, it is important to notice that international attention is shifting again, this time from social compliance to physical compliance, in particular to workplace safety (I13): an issue that has dramatically shown its importance after the Tazreen and Rana Plaza tragedies.

2.3.1. RANA PLAZA

Rana Plaza, an eight stories building in Savar, a suburb a few kilometres away from Dhaka, hosted five garment factories (and other smaller ones), a shopping mall and a branch of BRAC bank. On 24th April, at around 9.00 AM, while, according to BGMEA 3122, workers were in it, it tragically collapsed. Approximately 2500 people have been rescued from the debris and the official death toll is of 1129 casualties, making it one of the greatest industrial disasters in history. However, some sources claim that this figure underestimates the actual number of victims: the lack of paper trail relative to the workers employed in the factories (especially younger ones, such as helpers) makes it very difficult to estimate the exact number of people that were in the building at the time of the disaster. What is certain, however, is that, at least, the shops and the bank on the first floors were closed that day, since inspectors the day before the collapse urged the evacuation of the building after spotting some cracks. However, garment factory managers forced their employees to go to work anyway, claiming that the building was safe. Regarding this issue, some witnesses reported
cases of physical violence and threats. In particular, it has been documented that Ether Tex, one of the garment factories located in Rana Plaza, threatened its employees to withhold a month salary if they refused to go to work.

Eye witnesses reported that in the immediate aftermath of the collapse, rescue operations relied mostly on the work of volunteers that, risking their own life, tried to pull out of the rubble as many people as possible, digging with the few tools that were available at that moment or with their bare hands. In the next few hours fire fighters and the army took control of the rescue operations, however, according to volunteers, the equipment used to carry out such operations wasn’t still adequate. The United Nations offered to send specialists and equipment to aid the rescue operations, an assistance that would have helped saving many more lives, however the government refused such help, thus attracting widespread criticism.

Nevertheless, the humanitarian response of the local population to this huge tragedy has been commendable: hundreds of people from all social strata flocked to the site to help in any possible way: bringing supplies (water, food, oxygen tanks, masks and so on and so forth), working tirelessly in the derelict building, fundraising to help the victims and their relatives.

The immediate cause of the collapse has been attributed to vibrations caused by heavy machineries and the huge generators (placed in the basement of the building) necessary to keep the manufacturing activities of the factories going in spite of the continuous power cuts that plague Bangladesh. The building, in the long run, couldn’t withstand this stress on its foundation, already supporting a structure that they were not supposed to hold. In fact, as the head of Bangladesh Fire Service & Civil Defence, Ali Ahmed Khan, stated, the building was authorized to be only 4 stories tall and, as Rana Plaza’s architect, Massood Reza, stressed it was not designed to host factories, but only shops and offices.

It is obvious to see here that the ultimate cause of this tragedy relies in non-compliance: authorities turned a blind eye to this blatant breach of legality, allegedly thanks to the political ties of Sohel Rana, owner of the building and leading member of the local Jubo League, the youth wing of the Awami League, the party in power at the time of the tragedy. Nevertheless, given its terrifying size, the biggest documented disaster in the history of the manufacturing industry, this crime couldn’t go unpunished: on April 28th, Mr Rana has been arrested at Benapole, a town close to the Bangladeshi-Indian border while he was attempting to flee the country.

Immediately after the collapse workers expressed their anger and frustration with an outburst of spontaneous protests, many of which turned violent, which culminated with the demonstrations of the first of May (labour day). However, this tragedy sparked the outrage of western consumers as well, many stores, selling products of brands connected to the Rana Plaza tragedy, were picketed and, in general, people asked global buyers stricter workplace safety measures.

Following this pressure, many western companies (mostly European) signed a five-year legally binding “Accord on Factory and Building Safety in Bangladesh” (Ministry
of Labour and Employment, 2013), generally referred to just as to the “Accord”. This agreement, that brings together international unions (IndustriALL and UNI), NGOs (Clean Clothes Campaign and Workers Rights Consortium) and global buyers, was signed in May 2013 in a meeting sponsored by the German government. The aim of the Accord is to maintain minimum safety standards in the Bangladesh textile industry and, given the number of brands that signed it, it should affect around 1000 factories (around one fifth of the total, considering only those that are properly registered). The total cost of the agreement should be of $1 billion to be divided among the buyers and it should improve compliance with regard to workplace safety (in particular structural integrity and fire safety). Retailers, moreover, agreed to continue to produce in Bangladesh despite possible higher costs.

Firms such as Wal-Mart and GAP, that didn’t sign the Accord, attracted on themselves widespread criticism and, consequently, created a new, similar, agreement. However, many observers have little faith in this last one since it has been designed not to be legally binding.

Obviously international organizations reacted as well after the Rana Plaza tragedy: ILO run a high level mission in Bangladesh, that in agreement with the members of the tripartite system produced a road-map for the improvement of working conditions and compliance in the garment sector (this document and its implications will be analysed in greater detail in the next section).

Finally, representatives of many governments and prominent figures around the world auspicated for higher safety standards in the Bangladeshi RMG sector, contributing to bring attention on this issue.

2.3.2. Compliance

In this section we will analyse how compliance is enforced, what is the current level of compliance in the industry and how it can be improved. It is important to remember that in this context we are referring to compliance in the strict sense that is the fulfilment of the obligations set by the law.

The level of working conditions and compliance, of course are very diverse among different factories in the industry. There are excellent plants and sweatshops and such deep differences depends on a number of factors, among which we find size and/or location: smaller factories tend to be worse in terms of working conditions and so do factories located outside of EPZs and especially in urban areas. Moreover, smaller factories are also more exposed to the risk of failing to meet production quotas and, thus, of losing clients. In the fashion industry, due to its dynamism, there is a lot of pressure from the top to the bottom of the production chain, a pressure that increase the lower one goes in what has been dubbed as a “desperation” chain (I12).

Most of the time, when working conditions are poor and the law is not properly enforced, workers don’t have any choice but to bow their heads: the alternative, in fact, is to risk to lose their jobs without getting any compensation. This is often due to the lack of proper documentation proving the status of a worker: usually, the only
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proof that a worker has of the fact that he or she is employed by a factory is their ID card (the same one they use to punch in and out at the beginning/end of a shift), since they usually don’t keep a copy of their contract (if they sign one at all). Thus, since in case of layoffs, employers often retain the ID card of the worker, for the latter is impossible to go to court and have his rights enforced (I12, I4).

Surely, there are numerous reasons why compliance is lacking in certain factories. For one we should take into account how the industry developed. The garment sector moved its first steps in Bangladesh in the 80s. Since then it grew exponentially, becoming the engine of growth of the country. This had two major impacts:

**INEXPERIENCED ENTREPRENEURS**

The businessmen that started the industry in most of the cases were first generation entrepreneurs, usually lacking formal training and the knowledge to understand the importance of compliance. The focus was on the short-term profits, not on the establishment of a long-term dominant position in the industry, an approach that often led to poor decisions (I3).

**LAISSÉ-FAIRE**

Given the importance of the sector, actually driving the growth and development of the nation, the enforcement of law has often been lax, with the belief that compliance would have crippled the strength of the industry. However, this kind of behaviour had extremely negative consequences, indirectly encouraging and consolidating bad practices (I3).

Moreover, one has also to take into account the fact that, besides from lack of capacity and actual limitations, there is a problem of conflict of interest in the government as well. Many of the members of the Parliament, across both the two main coalitions, are connected to the garment industry (23 of them and two ministers directly owns a production plant), so there is a lack of political willingness when it comes to actually implement compliance (I3, I5).

Finally, the problem of subcontracting also affects the level of compliance. Because of the size of the order, often beyond the capacity of their plants, factory owners often resort to subcontracting. In most of the cases, these last establishments are non-registered and, thus, are outside of the legal sphere, escaping any kind of control. It’s in these situations that one finds the most obvious breaches of the law, however it’s very hard (almost impossible) to actually inspect these factories: they are unknown to the government, since they are not properly documented and authorized, and often they are hidden in the city, in residential areas. However, one should not think that the brands and inspectors don’t know about this phenomenon: it’s an open secret, the only problem is that there is a lack of willingness to address it.

**2.3.3. ENFORCING COMPLIANCE: INSPECTORS**

Whose responsibility should then be to make sure that law is enforced so that workers can have their rights respected? As mentioned before, the ministry of labour is divided
into four departments, one of which is the chief inspector of factory and establishment. Established in 1970, its aim, according to ILO convention 81, is to

i. Secure the enforcement of the legal provisions relating to conditions of work and the protection of orders while engaged in their work, such as provisions relating to hours, wages, safety, health and welfare, the employment of children and young persons, and other connected matters, insofar as such provisions are enforceable by Labour inspectors:

ii. Supply technical information and advice to employers and workers concerning the most effective means of complying with the legal provisions:

iii. Bring to the notice of the competent authority defects or abuses not specifically covered by existing legal provisions.

The inspectors working for this office have the duty of checking the conformance of new factories to the law, renewing licences and generally making sure that factories are compliant. The number of inspectors however is strikingly low: there are only 52 for all Bangladeshi factories, belonging to any sector. Apart from this, one could find three other bottlenecks connected to inspectors:

**LOW SALARIES**

This issue, due to the lack of funding from the central government, not only makes sure that inspector are less motivated to do their job properly, but also opens the doors to the risk of moral hazard, in particular corruption (I1, I4).

**HIGH MOBILITY OF LABOUR**

This problem connected to the first issue: in the private sector, always expanding in the country, there is a high demand of individuals knowledgeable of the Bangladeshi legal system. Since inspectors are not paid adequately they tend to switch to more remunerative jobs as soon as they acquire enough experience (I1, I4, I8).

**NO MEANS OF TRANSPORTATION**

As trivial as it might seem, this is one of the biggest problems that inspectors have to face in their daily routine. Factories are scattered all over the territory and they often rely on public or private transportation to conduct their activities, meaning that work tends to lag behind and that not all inspectors are operative all the time (and they wouldn't be enough anyway). (I4, I1)

Moreover, it has also been noted that inspectors are often not trained well enough for the task they are asked to do: this should not be a surprise if one keeps in mind that they have to inspect factories of any kind, from textile, to chemical, to pharmaceutical. It is plain to see that the rules and safety measures that apply to one sector are not necessarily the same that apply to another sector, thus, inspectors often fail to see hazards or risks in certain factories (I1).
2.3.4. ILO ROAD MAP

Addressing the issue of lack of compliance is one of the main focuses of ILO, especially after the Rana Plaza collapse. In particular, following said disaster, a high level delegation of the ILO, presided by Mr Gilbert Houngbo (deputy director general for field operations and partnerships) was sent to Bangladesh to bring together the tripartite partners and try to develop a plan aimed at addressing said problems. In the statement (International Labour Organization, 2013a) that followed this mission it has been stressed the importance of the fact that those responsible of the disasters happened in Rana Plaza and Tazreen, were to be held accountable for it and that all the tripartite partners were to increase their efforts to ensure an higher level of safety. Moreover, ILO also reminded the importance to ensure workers’ representation and freedom of association, an aspect that many observers found to be problematic with the current labour law. Finally, the tripartite partners and the ILO stated the relevance of the role of international buyers and brands for improving working conditions and safety and health: with capacity building activities, donations and general support towards the achievement of this common goal.

Thus, these objectives have been condensed in an action plan, dubbed the “ILO road map”. It also includes a follow-up mechanism to measure in 6 months the progress made in the implementation of the following short and medium term steps:

1. Submission to Parliament, during its next session, which is expected to be called in June 2013, of a labour law reform package, that considers inputs of the tripartite partners and that would improve protection, in law and practice, for the fundamental rights to freedom of association and the right to collective bargaining, as well as occupational safety and health.

As mentioned before the issue of freedom of association is considered to be of crucial importance by the ILO. The amendments made to the labour law, and approved at the end of June 2013, made it easier to create a new union, hopefully changing the tendency of the Bangladeshi industry to have a low level of unionization. Moreover, measures aimed at the improvement of working conditions and safety, such as the implementation of a “safety committee” for each factory, have been approved.

2. Assess by the end of 2013 the structural building safety and fire safety of all active export-oriented ready-made garment factories in Bangladesh, and initiate remedial actions, including relocation of unsafe factories. The tripartite partners call on the ILO to assist in the mobilisation of the technical and financial resources required to undertake the assessment.

This will be a long process to carry out, especially the relocation of certain factories. It is, however, a particularly necessary one since many garment factories have been built in residential areas and in building that were not designed to host factories.

3. The tripartite partners call on the ILO to launch a skills and training programme for workers who sustained injuries in the recent tragic events at Tazreen Fashions Ltd., Smart Export Garments and Rana Plaza that resulted...
in disability. In addition, BGMEA and BKMEA are to redeploy the RMG workers that were rendered unemployed as well as rehabilitated workers as was emphasized by the Honourable Prime Minister of Bangladesh.

The rehabilitation of disabled workers is of fundamental importance: after these tragedies, many individuals became, from being breadwinners, burdens for their families. Reinserting them in the workforce will surely alleviate the long-term negative consequences of said events. ILO and the Bangladeshi government, for this initiative, will rely on the work done by GIZ, that have already in place a training programme for disabled workers and from which they have already obtained very positive results and feedback from both employers and workers (I4).

4. Recruit, within 6 months, 200 additional inspectors by the Government and ensure that, the Department of the Chief Inspector of Factories and Establishments will have been upgraded to a Directorate with an annual regular budget allocation adequate to enable: i) the recruitment of a minimum of 800 inspectors and ii) the development of the infrastructure required for their proper functioning.

This initiative is aimed at solving some of the problems related to the inspectors we highlighted in the previous sections, that is lack of human and physical resources.

5. Implement, in full, the National Tripartite Plan of Action on Fire Safety in the RMG Industry in Bangladesh, and extend its scope to include structural integrity of buildings to improve health, occupational and structural safety and other vulnerable sectors, to be identified in consultation with the relevant stakeholders.

The importance of the National Tripartite Plan of Action on Fire Safety in the RMG Industry in Bangladesh, an agreement signed in March 2013 by the tripartite partners with the support of the ILO as a response to the Tazreen Fashions fire, became even more evident after the Rana Plaza collapse. Clearly, it will have to be extended to cover the issue of structural safety as well.

6. The tripartite partners call upon the Better Work joint management (ILO/IFC) to meet immediately after the adoption of the labour law, assuming the law reform package adopted would constitute improved protection, in law and practice, for the fundamental rights to freedom of association and the right to collective bargaining, as well as occupational safety and health and progress on trade union registration would continue.

The implementation of the Better Work programme might actually benefit the overall level of compliance of the Bangladeshi garment sector. In the next section we will analyse in detail said initiative.
Better work is an international project resulting from the partnership of the ILO and IFC (International Finance Corporation, a branch of the World Bank). The two main targets of this project are:

i. Ensuring the growth and development of the countries in which it is implemented;

ii. Improve working conditions and compliance to international labour standards.

The project, bringing together the expertise of both ILO and IFC is already in place in different countries around the globe such as Cambodia (where it started), Vietnam, Jordan, Lesotho et cetera (I3).

Characteristic of the programme is the use of market incentives (the willingness of firms to maintain a positive image) to improve working conditions and compliance in the garment-sector. The programme is split into a “global” side, which develops new tools and evaluates the work done, and a “country” programmes side, that provide local services and promote social dialogue (I3).

Country programmes bring together factory audits and advisory/training services, where these last services are the core activities of the project. Moreover, information relative to the progress of the project is shared with the buyers, in order to strengthen the relationship and to foster dialogue. Summing up, the Better work program aims addresses three issues:

i. Adequate national law to international standards

ii. Provide trainings aimed to build capacity, meaning:
   a. Soft skills
   b. Technical support (consulting. Example: where to buy equipment etc.)

iii. Improving communication between workers, top management and middle management.

Once the project is in place in a country, it is enforced either via mandatory measures (i.e. by law: the government makes it obligatory to comply with better work standards for either all factories or for a part of them – such as export-oriented factories) or voluntarily (i.e. it is enforced in factories thanks to external pressure, from the market, from business associations or from the government) (I3).

An advantage introduced by the adoption of the better work program is the simplification of the auditing process. In fact, in its absence factories are often required to comply with different codes of conducts (an issue that will be examined in detail in the next section), while in presence of the Better Work programme these different regulations are replaced by a single one. This also makes it possible to compare labour standards not only across factories in the same country, but also across different countries (I3).

This programme is not yet in place. Usually, first the Better Work programme (in practice a representative from the ILO) performs an independent assessment of the
country in order to determine whether it is possible to implement the project or not. Depending on the results obtained in this preliminary phase, then the project is put in practice (or not). However, due to the size and extremely complicated and fragmented nature of the Bangladeshi garment sector, after the assessment phase, it has been decided to put in place a so-called design phase (that normally is not required) to further assess the feasibility of the project and point out which conditions were missing to make Bangladesh an eligible candidate for the Better Work programme. The design phase has been concluded in November 2012 and concluded that the Better Work programme will only be put in place if the labour law will be amended in order to guarantee further freedom of association (I3).

Now, it seems very plausible that such programme will start operating in Bangladesh in the near future: after the Rana Plaza tragedy a lot of international actors are pushing for its implementation, and, following the ILO road map, the labour law has been amended accordingly to the recommendations included in the design phase of the Better Work programme.

In case the better work programme will actually be implemented in Bangladesh, it is very likely that the factories taking part will be selected in two ways:

1. Via business association (BGMEA and BKMEA);
2. Via market pressure (mostly from global buyers) (I3).

Both the government and the Better Work Programme will carry out the auditing activities and in fact, the latter is already hiring auditors (whose training will take approximately 6 months), while the government will increase the number of inspectors as indicated in the ILO road. Once the auditors have been trained and the programme will start, there will be a yearly assessment to check whether the initiative is bringing results or not (I3).

2.3.5 Social Compliance

We now move from the concept of compliance in the strict sense to the concept of social compliance that we previously introduced. As it has been already mentioned, with social compliance, we refer to a general adherence to social responsibilities, thus encompassing not only the respect of the labour law, but all the social obligations connected to the business in which the enterprise works (I8).

In practice this usually refers to the fulfilment of requirements included by code of conducts often imposed by global buyers on local producers in order to do business. Some critics have argued that the norms introduced by codes of conducts would not be necessary if the law was applied in full, moreover it has also been noted that codes of conduct tend to address issues that mostly concern the sensibility of western buyers, but are not the main problems faced by workers (I5). However there is no doubt in recognizing the positive effect that these regulations have had on working conditions. In particular, they tend to be particularly efficient, an efficiency that comes from the fact that they are imposed by global buyers and are often necessary in order to make business with certain brands: a factory owner that would want to expand his activity,
would then have no other choice than to comply to the requirements included in such codes.

It is also true, however, that in most of the cases each brand imposes its own code of conduct, meaning that an entrepreneur willing to produce for multiple firms would have to comply with multiple regulations. Now, it is true that the norms contained in most codes tend to cluster around some international recognised standards (such as the SA8000, SAI, ETI, FLA, FWF, BSCI, WRAP and JO-1N), but, nevertheless, this multiplicity rises opportunity costs for producers anyway, costs that for many factories would disappear if the Better Work programme was implemented (I3).

2.3.6. Auditing

The codes of conduct that we introduced before are enforced by an auditing system. As we mentioned before, global buyers force producers to adhere to certain regulations, compliance to which is checked by factory audits. Firms can perform their own audits or they can rely on external organizations, however, regardless of the way that is followed global buyers rarely share the results of these inspections with other firms or the public, thus making it very difficult to have a precise idea of the current situation in the sector (I8).

The auditing process is generally divided in three steps:

1. A first audit in which the main problems of a factory are found;
2. A second one in which the progress made so far is checked and further recommendations are given;
3. A third audit in which a final judgement is given on the firm (I8).

Auditors, of course, have no legal power, meaning that if they find non-compliances they have no authority to fine or shut down a factory, nevertheless the power they bear, connected to the brands they represent, can exert a great influence on producers. Conscious of this power and aware of the fact that the jobs of hundreds (or more) individuals depend on their work, sometimes auditors let certain violations slip if, overall, there has been a general improvement of working conditions in the factory under scrutiny.

Receiving audits and complying with their recommendations can be difficult for factories especially because, as we mentioned before, their management is not always appropriately trained. Producers that are registered to BGMEA and BKMEA, however, can get some help in this sense. Both these associations have business advisory systems. These systems consist in a team of advisors (trained by GIZ on the topics concerning social compliance) that help factory owners that require their intervention to develop a plan and a strategy to improve their compliance to a certain standards while still expand. This is a voluntary service, however factory owners have a great interest in it, since they are pressured by global buyers to comply with certain codes of conduct (I4).
Moreover, BGMEA, after the Tazreen Fashions fire, put in place fire safety training programme and after the Rana Plaza collapse hired ten engineers to start controlling the structural integrity of the factories. One might argue that these measures came too late, however, as BGMEA claims, it is also true that it should be the government responsibility to enforce the law regarding workplace safety and in fact, in this sense, BGMEA has no legal authority (I15).

2.3.7. Capacity Building

As it might have become clear from the previous sections, there is room for improving the current system on multiple levels, but most of the changes have to happen inside the government and factory owners.

Government

On the government side, we mostly focus on inspectors. As we said before, if the ILO road map is implemented, a large number of new inspectors will be hired and will need to be trained. In this sense a lot of work is connected to the activity of GIZ, together with ILO, to provide training to institutions. In the past, GIZ has been working to improve freedom of association (a project that also involved bringing representatives of the Bangladeshi government to Germany, where they had the chance to meet with local authorities and union leaders to understand how things were organized in Europe and to grasp the potentialities that rely in working together with trade unions (I4). Apart from this project GIZ also tried to address the issue of lack of capacity in the compliance area finding long-term solutions. This has been done giving formal training to the teachers of the Industrial Relationship Institute (IRI) and the Bangladesh Institute of Management (BIM), two institutions that provide formation to management from both the public and the private sector (I4). Up until the implementation of this programme there was no training programme whatsoever in Bangladesh to provide formation in social compliance. BIM was the first one to introduce one in 2004 and it has proven to be very successful, so that now it goes on virtually independently. The work done with the IRI, also bear its fruits, even if it must be noted that this last one tends to be more popular within the public sector (I8).

Nevertheless there is a widespread agreement that more profound changes are necessary in the inspecting system to achieve a higher level of compliance in the long run (I3, I4, I15). GIZ is proposing to create a private body in charge of carrying out such task. In this scenario inspections would be paid directly by the factory, thus ensuring the self-sustainability of the project and consequently tackling the issues related to lack of resources that we have identified in the previous sections, such as low salaries and lack of means of transportation. It has been hypothesised that the body in charge of carrying out inspections might be BRAC, a neutral body whose value and integrity is recognized by all stakeholders. This proposal, backed by BGMEA as well (I15), is in scrutiny by the different social parts (I3, I4).
Naturally, all these changes, even if auspicated from different sides, are not going to take place if the political willingness to undertake them is not to be found. As mentioned earlier, the reasons why it is missing are numerous (from lack of understanding of the problem to political ties, from economic interests to downright corruption), however, thanks to international pressure coming from brands, international organizations and foreign governments, most of the stakeholders are very positive about the fact that the situation will change in the near future.

**FACTORY OWNERS**

It is straightforward to understand how factory owners need to be trained and formed in order to improve the current level of compliance. One of the most fundamental challenges is to make employers understand the opportunities that rely in compliance, in terms of long-term profitability and improved productivity (I4). However, there is one issue that needs to be raised, an issue that lies in competitiveness and the relationship between factory owners. It is true, in fact, that employers that violate the law often gain an unfair competitive advantage in terms of reduced production costs. This fact risks to create a vicious circle, a kind of race to the bottom, whose consequence is that in order to stay profitable an enterprise needs to systematically non-comply with the current regulations. This is an open secret, since each other’s practices are known among employers, but is often voluntarily overlooked, since noncomplying businessmen have no interest rising this problem, while honest owners as well, often prefer not to do that, afraid to be ostracized by their counterparts. It is straightforward to understand that this mechanism needs to be broken in order to finally rise the level of compliance (I6).

Some international brands as well (such as H&M) are providing social compliance training programmes for local producers as well (I9). Moreover, some other brands put pressure on BGMEA to make its members improve compliance and working conditions. However, even the power of BGMEA is limited in this sense: when it comes to decision making, all its member have the same power, thus, internal political balances tend to set a conservative approach towards regulations and working conditions improvement (I6). Nevertheless, all these operations follow in line with a general tendency that recognizes that the first step to improve compliance, an objective on whose accomplishment depend the future of the industry, is to make sure that the next generation of entrepreneurs will be aware of these issues and will be adequately trained.

### 2.4. WORKERS’ AWARENESS

One main aspect of the research is to understand the workers’ point of view over labour rights and their perception regarding the current working conditions. In order to understand workers’ stand we interviewed workers, coming from the Dhaka area and tried to answer to our research question. This chapter is dedicated to workers’ awareness and it will provide an overview on the current International Labour Standards set by ILO, present the questionnaire asked to workers and an analysis of the questionnaire on six main topics: freedom of association, safety, job security,
wage, harassment and discrimination. In the last part of this section we provide our understanding on how the level of workers’ awareness affects the working conditions.

**Research Question**

In chapter 1 we introduced the research topic and the research questions, the sub-question five is dedicated to the workers’ awareness on their labour rights “What is the level of awareness among workers regarding labour rights and how does it influence the working conditions?” We can decompose the question in two main arguments:

A. Analyse the level of workers’ awareness;
B. Analyse the consequences of working conditions due to the current level of awareness.

In the following section results we will provide the analysis A, using the answers provided by the worker to the questionnaire presented in the Appendix C, while in the section conclusions we will provide the analysis to B, defining the consequences of the current level of awareness.

**Support from Local and International Organizations.**

In order to get the required number of workers (see “sample characteristics” section) we asked the support of two organizations: the local NGO, Awaj Foundation and the international organization, Fair Wear Foundation. The representatives of these two organizations played a crucial role in providing the workers, taking care of matching the requirements and provide an adequate translation and overcome the significant barrier of the language; in fact all the interviewed workers could only speak Bangla.

### 2.4.1. International Labour Standards (ILS)

Internationally recognized workers’ rights are formalized in ILO conventions. The content of these conventions can be very different: ranging from very broad concepts (such as “freedom of association and protection of the right to organise”, convention no. 87), to specific topics (like the “dock work convention”, no. 137). In particular, eight of them have been identified by ILO as fundamental (International Labour Organization, 2002a) and are:

1. Freedom of association and protection of the right to organise convention, 1948 (no. 87);
2. Freedom of association and the effective recognition of the right to collective bargaining, 1949 (no. 98);
3. Forced labour convention, 1930 (no. 29);
4. Abolition of forced labour convention, 1957 (no. 105);
5. Minimum age convention, 1973 (no. 138);
6. Worst forms of child labour convention, 1999 (no. 182);
7. Equal remuneration convention, 1951 (no. 100);
The questionnaire has been focused to understand the level of awareness of workers on six main topics; each of them is addressed in one (or more) ILO convention as well, as follows:

1. Freedom of Association
   a. ILO Convention 87
   b. ILO Convention 98
2. Safety
   a. ILO Convention 155
   b. 2002 Protocol to Convention 155
3. Job security
   a. ILO Convention 158
4. Wage
   a. ILO Convention 95
   b. ILO Convention 131
5. Harassment
   a. ILO Convention 29
   b. ILO Convention 105
6. Discrimination
   a. ILO Convention 100
   b. ILO Convention 111

Notice that not all of these conventions have been ratified by Bangladesh (International Labour Organization, 2013b, 2013c). In particular, these conventions are the numbers 95, 138, 155 (and, thus, the 2002 protocol) and 158, meaning that the only ones that have been ratified are the fundamental ones. In the next sections we will take a closer look at the content of these agreements, even of those that have not been ratified yet, in order to know how the international community regards these issues.

**Freedom of Association**

_ILO Convention No. 87: Freedom of Association and Protection of the Right to Organise, 1948_

Among the fundamental ones, convention 87 states the right of both workers and employers to freedom of association. In particular, article 2, says that “workers and employers, without distinction whatsoever, shall have the right to establish and (...) join organisations of their own choosing without previous authorisation” (International Labour Organization, 1948). This article is of fundamental importance: it states that workers should feel completely free to join any union or organisation without fear of retaliation from anybody (neither the State nor employers). Moreover, article 3, paragraph 2, states that “public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof” (International Labour Organization, 1948), a provision of particular interest for Bangladesh, where union activities were suspended during the caretaker government
and whose labour law is still considered to be lacking in terms of protection of the right to organise.


Ratified a year after convention 87, convention number 98 builds on the first one, giving more precise dispositions, especially on the protection of freedom of association. Article 1 states that workers need to be protected from acts of anti-union discrimination in respect of their employment. In particular, paragraph 2 of said article says that workers should not be liable of losing their job or be discriminated in any way because of their participation in a trade union and its activities. Moreover, this convention also addresses the issue of the independence of trade unions. Article 2 states that unions shall be free from any interference, where “acts which are designed to promote the establishment of workers' organisations under the domination of employers or employers' organisations, or to support workers' organisations by financial or other means, with the object of placing such organisations under the control of employers or employers' organisations, shall be deemed to constitute acts of interference” (International Labour Organization, 1949a). The convention also established that the ratifying States should make sure to create the appropriate framework to protect the right to organise (Article 3) and “encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers' organisations and workers' organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements” (Article 4).

ILO Convention No. 155: Occupational Safety and Health, 1981

This convention addresses the issue of workplace safety. It states in article 4 that each ratifying State shall, consulting both workers and employers, “implement and periodically review a coherent national policy on occupational safety, occupational health and the working environment. The aim of the policy shall be to prevent accidents and injury to health arising of, linked with or occurring in the course of work” (International Labour Organization, 1981). Also, workplace safety training are established to be necessary and so do the protection of workers and their representative from disciplinary actions resulting from activities taken in conformity with the policy that has been described before (Article 5). Moreover, the convention obliges signatory States to ensure compliance of the law and regulations concerning occupational safety through an adequate system of inspection (Article 9), while, at the same time, providing guidance for employers and workers in order to enact such conformance (Article 10). Another article that is worth mentioning, especially when thinking about the Rana Plaza accident, is article 13 that states: “a worker who has removed himself from a work situation which he has reasonable justification to believe presents an imminent and serious danger to his life or health shall be protected from undue consequences in accordance with national conditions and practice”. Finally, article 16-20 refers to the obligations that employers have with
respect to the implementation of the legal provisions regarding workplace safety. In particular, article 16 states that employers should make sure that workplaces should pose no hazard to the health of workers and that, when necessary they should provide the necessary protections. Moreover, article 18 says that employers should provide “measures to deal with emergencies and accidents, including adequate first-aid arrangements” and article 20 says that workers should not bear any cost connected to occupational safety and health measures.

**ILO Protocol to the Occupational Safety and Health Convention (No. 155), 2002**

This protocol, following article 11 of convention number 155, aims “to strengthen recording and notification procedures for occupational accidents and diseases and to promote the harmonization of recording and notification systems with the aim of identifying their causes and establishing preventive measures” (International Labour Organization, 2002b). This is done by the creation of a national database that should be published annually (Article 6) according to the classification schemes auspicated by the ILO or other competent international organizations (Article 7).

**Job Security**

**ILO Convention 158: Termination of Employment, 1982**

Convention 158 addresses the issues connected to the termination of employment, from motivation, to appealing, to compensation. It is stated in article 5 that do not constitute valid reasons for termination:

i. Union membership or participation in union activities outside working hours or, with the consent of the employer, within working hours;

ii. Seeking office as, or acting or having acted in the capacity of, a workers' representative;

iii. The filing of a complaint or the participation in proceedings against an employer involving alleged violation of laws or regulations or recourse to competent administrative authorities;

iv. Race, colour, sex, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin;

v. Absence from work during maternity leave. (International Labour Organization, 1982).

Temporary absence because of illness or injury (provided medical certification and given possible limitations) should not constitute a valid reason for termination as well (Article 6).

Moreover, article 7 states that “The employment of a worker shall not be terminated for reasons related to the worker's conduct or performance before he is provided an opportunity to defend himself against the allegations made”.

Then, in case a worker considers “that his employment has been unjustifiably terminated shall be entitled to appeal against that termination to an impartial body, such as a court, labour tribunal, arbitration committee or arbitrator” (Article 8). The
burden of proving that the termination was justified or not bears either only on the employer or on both the employer and the worker (Article 9).

Finally, in any case a “worker whose employment has been terminated shall be entitled, in accordance with national law and practice, to a severance allowance or other separation benefits (...) or benefits from unemployment insurance or other forms of social security (...) or a combination of such allowance and benefits” (Article 12).

WAGE

ILO CONVENTION 95: PROTECTION OF WAGES, 1949

This convention addresses many issues related to the remuneration of workers, such as the form in which wages should be paid, their regularity and protection. For the purpose of this analysis, it is important to stress that this convention states that wages shall be paid regularly (Article 12) and that, especially when thinking of workers’ awareness, “effective measures shall be taken to ensure that workers are informed, in an appropriate and easily understandable manner

   a) before they enter employment and when any changes take place, of the conditions in respect of wages under which they are employed; and
   b) at the time of each payment of wages, of the particulars of their wages for the pay period concerned, in so far as such particulars may be subject to change.” (International Labour Organization, 1949b). (International Labour Organization, 1949b)

Finally, ratifying States should make sure that wages are protected and should report which measures have been undertaken to ensure such protection to the ILO (Article 16).

ILO CONVENTION 131: MINIMUM WAGE FIXING, 1970

This convention obliges ratifying states to implement a system of legally binding (Article 2) minimum wages. Moreover, article 3 points out the elements to be taken into account when setting such minimum wages that are:

   a) The needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;
   b) Economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment. (International Labour Organization, 1970)

Interestingly, it is straightforward to see that such requirements are in line with the concept of living wage.
**Harassment**

Coming to harassment, that, following a definition given by the UN, is “*any improper and unwelcome conduct that might reasonably be expected or be perceived to cause offence or humiliation to another person*” (United Nations, 2008), it has not been possible to find ILO conventions that addressed directly this issue. This is in spite of the fact that ILO is aware of the problem and recognizes its importance and reach, as written in its Violence at Work report (Chappel & Di Martino, 2006).

Nevertheless, it is important to point out the fact that ILO Convention 29, in general, defines forced or compulsory labour as “*all work or service which is exacted from any person under the menace of any penalty*” (International Labour Organization, 1930) and that Convention 105 prohibits such form of labour (International Labour Organization, 1957).

**Discrimination**

**ILO Convention 100: Equal Remuneration, 1951**

Convention 100 focuses on the issue of equal remuneration. Article 2 states that ratifying States shall ensure that, for work of equal value, men and women should be equally remunerated. Moreover, the same article says that this principle may be applied either by “*national laws or regulations; legally established or recognised machinery for wage determination; collective agreements between employers and workers; or a combination of these various means*” (International Labour Organization, 1951). Naturally, as article 3 states, if the source of difference of remuneration comes from promoting “*objective appraisal of jobs on the basis of the work to be performed*”, there is no discrimination. Finally, article 4 says that, in order to implement this convention, it is necessary a close cooperation among the tripartite partners.

**ILO Convention 111: Discrimination in Respect of Employment and Occupation, 1960**

States that ratified this convention take on themselves the responsibility of promoting equality of opportunity and treatment. Article 1 defines discrimination as “*any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation*” (International Labour Organization, 1958). Ratifying States are given ample liberty when it comes to implement a policy “*designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminate any discrimination in respect thereof*” (Article 2). Finally, article 3 says that ratifying States should also seek the cooperation of employers’ and workers’ organisations and promote educational programmes to secure the acceptance and observance of the policy. The same article also states that the pursue of the enforcement of the policy should be under direct control of a national authority.
2.4.2. INTRODUCTION TO THE QUESTIONNAIRE

In order to answer to the research question the solution that was identified as the ideal in learning about the workers’ point of view was the creation of a dedicated questionnaire. In this section therefore we will introduce the characteristics of this questionnaire and the Appendix C presents the questionnaire in its totality.

GOALS

Aligned with the research goals the major objectives set are:

1. Understand the level of awareness regarding labour rights;
2. Learn about the major issues that workers face and understand, and what are the violation to ILS;
3. Learn about what are the programs on capacity building, organized by international and local NGOs that workers attend and what are the impacts on working conditions.

The questionnaire had the intent to provide a qualitative analysis and bring up some cases provided by the workers. The choice fell into qualitative because it was evaluated as the preferred in this situation due to: limit of time, limit of resources, the number of workers in garment (about 3 million) that would require a significant number of interviews in order to be relevant and the lack of penetration that obstructs in getting interviewees.

SAMPLE CHARACTERISTICS

The set up of a questionnaire requires also setting a list of characteristics of the sample. These characteristics will help in selecting the workers that we are interested into:

i. Number of interviews: at least 20;
ii. Number of factories to be included in the research: because workers that were going to be interviews are chosen randomly there is not fixed number of factories, of course accordingly with the scope of the research we tried to take workers from as many different factories;
iii. Gender of interviewees: female and male;
iv. Samples were taken from two different organizations in order to have two different methodologies and group of workers;
v. Age: because the workers are chosen randomly therefore is hard to control the age of them;
vi. Occupation: the control over this characteristic is limited as well: therefore any occupation will be included in the research.

The above-mentioned characteristics shows the little control over the selection of the workers, this aspect is mostly influenced by the external support that was asked to get the required number of workers in the predefined time-lapse. Nevertheless the only constraint presented is regarding the factory; in fact a more varied sample on this characteristic was preferred.
STRUCTURE

The structure of the questionnaire follows the scheme: facts, stories and opinions; therefore it aims to first ask general questions about the workers in order to gather some basic data, to make the interviewee more comfortable, and to build trust and empathy between him or her and the interviewers. This aspect plays a crucial role: obtaining frank and honest answers regarding the issues the workers face in their daily working life is of the outmost importance to give significance to the results produced by the study. We attempted to achieve this objective in parts 1 and 2. In part 3 the core of the problem is discussed: in this section the questions on Rights’ awareness and workers’ problems are asked. In particular, the topics touched are: wage and working hours, safety, harassment and gender discrimination, unions and collective bargaining, job security and capacity building; all of them are discussed under the lenses of Rights’ awareness. In part 4 only a few questions are asked in order to conclude the interview. The questionnaire is therefore divided in:

Part 1. General information;
Part 2. Personal information: age, place of residence, school and marital status;
Part 3. Work at the garment factory: general, wage and working hours, safety, harassment and discrimination, unions and collective bargaining and capacity building;

Workers only speak Bangla; therefore we needed the assistance of a translator to ease our communication. To know the specific question asked, the questionnaire is presented in Appendix C.

INTRODUCTION TO QUESTIONS

The structure section presented the structure of the questionnaire; the following table present a short explanation to each group of questions:

<table>
<thead>
<tr>
<th>Questions from 1 to 5</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>These questions are asked to get some basis information about workers. The interviewee ID is composed by the date and the number of the interviewee on that specific day. There is no factory name this is due to the aim of our research that do not require it, because it is not factory specific; moreover we would incur in the risk that workers would raise her (or his) fear that we would tell to the management the content of the complaint and therefore she (or he) would be less willing to share some important facts.</td>
<td></td>
</tr>
</tbody>
</table>

| Questions from 6 to 10 | These questions work as icebreaker; in fact they are all questions where workers have to easily answer about their personal life. |
Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

<table>
<thead>
<tr>
<th>Questions</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions from 11 to 14</td>
<td>As in the case of questions 6 to 10 they are also used to make the interviewee feeling more comfortable, but in this case the questions are also used to provide some useful information as occupation, career development and reasons that pushed the worker to change factory.</td>
</tr>
<tr>
<td>Questions from 15 to 21</td>
<td>These questions go straight in gathering information regarding workers’ life. Important issues are asked such as working days and hours, leaves, salary, day of payment and contract. Together with the question regarding the specific situations of the workers, point of interest is to acknowledge whether workers are aware or not if there is a lack of compliance with the national law.</td>
</tr>
<tr>
<td>Questions from 22 to 26</td>
<td>Through the stories contained in the answer to these questions we aim to get where the factories are compliant or not to the standards, and acknowledge whether workers are aware of what they are entitled to regarding safety.</td>
</tr>
<tr>
<td>Questions from 27 to 29</td>
<td>They focus on harassment and discrimination and aim to get stories and understand from workers what do they understand as harassment and discrimination.</td>
</tr>
<tr>
<td>Questions from 30 to 38</td>
<td>They focus on two different aspects: first they aim to learn about if workers are aware of unions and their activities; and second to learn about what workers would change in their factories and how.</td>
</tr>
<tr>
<td>Questions from 39 to 42</td>
<td>They focus on capacity building programs and getting which labour rights workers are aware of and in their opinion what is the most important.</td>
</tr>
<tr>
<td>Questions from 43 to 45</td>
<td>They are asked to conclude the interviews and get some personal data about the interviewee such as house rent, occupation and salary of the husband (or wife).</td>
</tr>
</tbody>
</table>

**Table 6 Questions’ Objectives**

**Limitations**

Even though the interviews played a fundamental role in the research they have some important complications that should be taken into consideration and take a proactive action in order to limit them.

**Support of an external organization**

Because of we couldn’t access directly to workers we needed the help of external organizations therefore our work was strongly limited to the availability of the latter. Together with the dependence to their availability we lost also the control over what kind of worker to interview. In order to prevent this issue we worked intensively in keeping a constant communication with the two organizations and update to each
other on the day of the interviews; moreover we provide an extensive description about the characteristics that workers should have in order to have a sample that would respect our criteria.

**LANGUAGE BARRIER**

The preferred and only language that interviewee could speak was Bangla; therefore the interviews were done with the help of a translator provided by the supporting organizations. Although the level of the English of the two translators was proper for a correct translation, there is always a loss in translation or a lack of understanding of the choice of terminology that workers did. In order to prevent the misinterpretation of the answers there were a necessary discussions and clarifications over specific words or answers.

**LACK OF WILLINGNESS IN SHARING**

Although the excellent job of the translators in motivating the workers in sharing their stories and opinions there was always the risk that workers would not be willing to share their happenings and therefore there would be a loss of useful information that could be used for the research. In order to prevent this important issue the questionnaire was structured in a way that workers would feel as comfortable as possible and therefore they would not feel threatened by the situation.

**SURROUNDING ENVIRONMENT**

The context where the interviews were done played its role in making the workers feeling confortable in sharing information. In order to take interviews in a friendly environment, they were done at the Awaj Foundation facilities and in the slums of Dhaka; in the second option interviews were taken in workers’ homes and therefore there was a sensible difference in topics shared.

**GENDER ISSUE**

The interviewees were mostly women and they could not be willing to share some sensitive stories that experienced or witnessed with someone of the opposite gender. In Bangladesh the gender roles are distinct and female workers could be willing in sharing some particular stories only with someone of the same gender. In order to reduce the impact of this issue one of the two translators was a woman and could notice the difference e.g. talking about harassment and discrimination.

**SUBJECTIVITY OF THE ANSWERS**

Although the intent of the research is to get workers perspectives at the same time it aims to get the current situation of the working conditions. One characteristic of the interview methodology is its subjectivity; in fact workers provide their stories, description of reality and opinions that are biased from their understanding. In order to check if workers provide a complete description of reality we designed some checking questions in order to get the “full story”.

**LEARNING BY DOING**
Many of the issues that were discussed in the interviews were taken by international literature and reports; however many other issues were discovered during the interviews and therefore they have been added later on time in order to complete the questionnaire. Although only few have been the changes done on the questionnaire, they have been fundamental in improving the analysis.

**ADDITIONAL CHARACTERISTICS**

In the former sections, we presented the main characteristics of the questionnaire; hereby few more others are listed in order to complete the description:

i. Starting from the interview 13 we could be more specific on what kind of operator the workers is: we increase the level of specificity thanks the acknowledgment of the seven grades of workers;

ii. The question on the number of workers in the factory was added later on time in order to understand the size of the factory;

iii. All the factories that workers come from do not belong to the EPZ;

iv. Two different organizations supported our research in this specific issue:
   a. Awaj Foundation. The interviews were done at the Awaj facilities starting from 5pm till about 7.30pm on Mondays, this is due to workers coming to the offices and benefit of the medical consultation;
   b. Fair Wear Foundation. The interviews took place in the slums starting from 9pm when workers were coming from or going to the factories.

v. In one case two interviews were done together therefore many of the answers are alike: they come from the same factory, but from a different division.

**2.4.3. RESULTS**

This section is dedicated to present the results of the questionnaire following the six main issues above indicated and aims to answer to the first part of the research question “Analyse the level of workers’ awareness”. Before that we present a short summary statistics that introduces the sample of our research.

**SUMMARY STATISTICS**

The questionnaire has been delivered to a total of 20 workers, 16 of whom are female. The age of the interviewee ranged between 18 and 48 years, with an average sample mean of 25 years. On average, workers attended 5 years of school, with female workers attending a year more than their male counterparts. Turning to wage female workers earn an average salary of around 6000 taka per month, significantly less than males that earn around 8000 taka. However, when interpreting this result, one has to take into account the small size of our sample (especially when it comes to male workers) and, mostly, the fact that the majority of the male workers, having worked for more time in the garment sector, are employed in positions higher up the hierarchy of the factory. Table 7 summarizes such results. It is also worth noting that all of the interviewees were born and raised outside of Dhaka, where they moved for economic reasons.
ILO set one of its priorities right in improving the freedom of association and to redistribute the bargaining power among the three pillars in favour of the unions. The questions from 30 till 38 are dedicated in learning about what workers know about unions, if they have one in their factories and how workers achieve changes if any.

First relevant point about FOA is that fifteen out of twenty workers do not know about unions or participation committees and do not have one in the factory where they work. Nevertheless of the five workers aware of the unions or PC only three of them answered that they know what they are and do, while the other two didn’t know anything about them, beside the existence. The three answers were homogeneous and mentioned that unions or PC activities focus on discussing and implementing workers’ rights. Unions are present in four out of five factories and the fifth worker is involved in establishing a union in her factory.

From the sample we can also notice a lack of participation of workers in unions’ or PCs’ activities: in fact only two people are proactively involved: one of them is working on founding one union in her factory and the other is member of the workers’ committee. Beside these two cases the rest of the sample is not involved in any activity and is extraneous on communication with management works if any:
therefore only two interviewees were aware of the collective bargaining agent and his/her importance, responsibilities and activities.

Having a deep look at the answers provided one important observation can be done: there are two workers that provided a negative answer when asked whether they were aware of unions or PCs; but later in the interview they also added, in one case that in her factory there was a committee that was closed by the management and in the other case presented a situation where the management keeps the dialogue with only few important and respected workers. Therefore these cases show that even when workers know about committees or existing dialogue their first answer may not reflect their real knowledge about unions. This is one case where additional information asked thanks to open questions’ methodology provides some useful insights on a case of suppressed unionization and a different kind of system of communication between workers and management.

**Safet**y

The importance of health and safety with regard to workplace quality is pretty obvious. Recent tragic events such as the Tazreen Fashions fire and the Rana Plaza collapse brought this issues to international attention, however, besides these macroscopic events, workers face daily hazards and risks that tend to go more unnoticed. The questionnaire was aimed at getting a rough idea of the current level of safety in the workplace and to understand how much workers were aware of these issues and of the hazards present in the factory.

Most of the workers we have interviewed experienced one or more accidents: six of them witnessed fires (in two cases more than once), while ten told that they have experienced or witnessed other kinds of work related injuries (ranging from minor needle wounds to accidents in the cutting section of the factory involving the whole severance of a phalanx). Only three workers said that they haven’t seen any accident whatsoever. Moreover, three workers stated that they have seen people fainting during their shifts, an issue particularly risky and of great importance, consequence of the exhausting long hours that workers are forced to go through. One of the interviewee reported the case of a colleague that, having lost her senses, has been left abandoned for hours, since there was not a single doctor in the factory. Moreover, in that specific case, the management refused to bring the worker to a hospital or back home.

Most of the workers said that management haven’t taken any action after the accidents, however, in two cases, after the fires, more fire extinguishers have been installed in the factory. The evidence we have with respect to the readiness and the type of response of the management to physical injuries is mixed. Eight workers said that they have doctors in the factory; four others said that first aid could be administered in the factory, either by a nurse or by a co-worker in charge of such things. If external treatment is needed, among all interviewees, eight workers said that it was paid by the factory, three said that the injured had to bear all expenses and only one stated that the cost was divided by the worker and the factory.
Coming to the use of protective equipment, such as mask, gloves, aprons and so on and so forth, it turns out that only eight workers (less than half of the sample) regularly use them (among which, all use protective masks, 5 of them use aprons and scarves as well and only one said that uses earplugs and gloves too). The rest of the interviewees was equally divided among some that didn’t use protective equipment at all, others that used it only during inspections by auditors or buyers and, finally, those that didn’t use any protective equipment because they don’t want to (saying it is too hot to wear it).

On the training side, most of the workers that have been interviewed (15) have received at least one training on fire safety. Among them, one said it was repeated annually, two monthly and two said that trainings were given only to a small group of workers designated to take control of the situation, at least in the first stages, in case of emergency. In general, it turned out that the number of trainings has drastically increased since the Tazreen Fashion fire: one worker in particular stated that, since then, he received five fire safety trainings (before the above mentioned tragedy he had received none). Moreover, it is interesting to notice that all the workers besides two, received such trainings from their factories, while one was prepared by the government and one from an NGO. Finally, one worker said that the only training he received from his factory was about how to give the right answers to auditors (e.g. regarding her salary: she was instructed to say that her base salary is of 4500 taka per month, while in reality is of 4100 taka).

We also wanted to investigate whether factory owners insured their employees against work related injuries and if workers were aware of it. It turned out that in half the cases (10) there is no insurance, while only in three more cases there certainly is. The remaining workers are not sure about it whether there is or there isn’t a group insurance.

Related to workers’ health is also the topic of sick leave. From the questionnaire it turned out that getting sick leave approved could be quite complicated. In most of the cases it is necessary a medical certificate from the factory doctor, meaning that a worker, if he or she feels sick, needs anyway to go to the factory to get such certificate. Moreover, some workers (6) said that they are not entitled at all to any sick leave. However, even those that know that they have a right to it, don’t usually know how many days of sick leave they should have by law (14 days): only 2 workers knew the exact number of days, six don’t know, three have a rough, but wrong, idea. However, even if they are entitled to sick leave, the factory management, sometimes, makes it so difficult for workers to get it that it is like they weren’t entitled to it at all: two workers said that it is necessary, or at least very helpful, to be in a good relationship with supervisors/management to get sick leave approved, while one said that the whole procedure is so complicated that, in case she’s sick, she just prefers to skip work, renouncing to the pay for the day, instead of going through all the procedure to get sick leave.
In parallel to the above-mentioned issues also job security plays an important role in guaranteeing a decent level of labour rights. In the questionnaire we asked whether workers signed a contract or not and stories about the reasons why workers were pushed to change factory; this was done to learn from workers the reason why is easy to lose jobs and understand the high turn over of the industry.

The contract represent the legal bound between workers and factories. In our questionnaire we asked to workers whether they signed a contract or not and thirteen out of twenty answered positively. However to the question if they kept a copy of it, only seven workers answered positively; therefore the contract after being signed stays with the employers and workers cannot access information about their rights in that factory anymore. In addition to that workers answered they were not aware that they should have kept a copy of it and they are not aware of the content of it.

In parallel to the contract, the government introduced the worker ID that represents the document that states the expertise of workers. During the interviews some of the workers presented the problem of the ID mentioning that employers do keep the ID with them and consequentially blackmail and threat workers to be laid off without receiving the ID if they do not follow the impositions of the management. The keeping of the ID represent a serious problem for workers because it is the document that proves that workers have experience in garment and have acquired skills for certain kind of jobs. The ID counts even more given the context where often workers look for new factories with better working conditions; many of our interviewees have changed factory looking for better wage or medical care.

In addition to the two issues just mentioned, in two cases we experienced that workers were fired because they were not present at work for longer time that management allowed. These two cases represent a mix of issues; in fact we experience a lack of allowed leave possibilities, the numbers of days off are few or not existent; and in the other case we acknowledge how easy is for employers to fire workers (both of them were not allowed to enter the factory after they were back from their villages due to family issues).

When asked, “what is the most important right of a worker”, out of the 20 workers that have been interviewed, 14 answered “the salary”. And it is a very understandable feeling, especially when looking at low-income households such as garment workers. In order to increase their income, many individuals decide to work long exhausting hours and/or give up their weekly free day. However, in some other cases, labourers are forced to work more than they should under the threat of salary cuts or of being fired. In our sample, 5 interviewees said that they regularly (“always” or “very often”) work seven days per week; while fourteen said that this happened “rarely” or “sometimes”. Of this last group, 6 specified that they were asked to work on their off day when the management was on heavy pressure by global buyers for delivering a shipment of goods. Of all the workers that have been interviewed, only seven stated
that they work these extra days voluntarily (one in particular said that it is a decision that workers and management take collectively), on the other hand, nine workers admitted that they were forced by their management to work on their off-day. Of these, six specified that they were threatened of having their salary cut, while two said that they were going to lose their job if they didn’t do. However, it has to be noted that, for these days of “extra” work, all of the interviewees were paid as they were doing overtime.

Continuing on the topic of overtime, all of the interviewees do overtime work (twenty out of twenty). The upper limit to overtime (according to the law) is of two hours, however, eleven of the workers interviewed said that they go over this limit (three of them “sometimes”, eight “most of the times”). Also notice that the two-hours limit in some cases was substantially surpassed, with workers also working 6/8 hours of overtime. Notice that in the case they have to stay in the factory until late at night, workers are allowed an extra break (in addition to the one hour lunch break they all regularly have).

The majority (thirteen) of the interviewees knew their overtime-hourly salary, however, not knowing their baseline hourly salary, they didn’t realize that they are all being paid less than they should (according to the rules on overtime established by the Bangladeshi Labour Law 2006). This is a signal of a very poor knowledge of the contracts under which the workers operate. In the sample, five workers admitted that they didn’t sign any contract (one of which because she started working underage), while fourteen stated that they did. However, only half of them kept it (one did only for a week, after which the factory took it back). Of the ones that didn’t keep their copy of the contract, one specified that it was because she didn’t know that she was supposed to, while two said that the factory management didn’t let them take it away. Moreover, regardless of having signed a contract or not, only 3 workers said that they knew that it is every workers’ right (established by the law) to have one.

Such poor knowledge of their rights also emerges when it comes to paid leave. Regarding this issue, ten workers have stated that they have taken one or more days of paid leave at least once, while seven admitted that they never did. Of this last group one said that he doesn’t know what paid leave is, while three stated that the management made it too difficult to obtain paid leave and, thus, they never obtained it. Among the ones that, on the other hand, have taken paid leave, two said that, even if they did, obtaining it was very complicated. Moreover, only four workers could say how many days of paid leave they had per year.

Finally, it is worth noticing that most of the workers in our sample said that they received their payment without delays (nineteen out of twenty).
HARASSMENT

The issue of harassment is for sure one of those that get most of the media attention. In our case we did not focus on sexual harassment that was not asked directly or indirectly, but we focused on any other bad behaviour that workers experiences or witnessed. The topic of harassment is pretty delicate: in fact there was a significant probability that workers were not willing to share their experiences due to several reasons: one above all is the fear to be caught and consequentially dismissed by their factories.

During the interviews we did not use the term harassment because it could be sometimes hard to be understood by someone who is not familiar with it; therefore instead of the word harassment we referred to bad behaviour. Because of the cultural differences and a potential difference in understanding the terminology bad behaviour, in those cases where workers answered that they did not even witnessed bad behaviour or did not mention any bad cases, we asked directly whether she (or he) experienced of witnessed slang, pushing, slapping or bad words in order to give practical examples that workers can easily recognize.

Referring to the result of the questionnaire, seven workers out of twenty did not experience or witness harassment. The remaining workers did at least witness bad behaviour from their supervisors; most of the workers referred to slang or bad words, fewer referred also to physical violence. The predominant reason that brings to harassment is due to workers not matching production quota. Mentioning one of those cases where workers did not witness any bad behaviour, workers explained that workers are more empowered than supervisors therefore the latter could not practice any kind of harassment without getting into troubles.

The following questions regarding harassment focused whether workers notify the management of the bad practices of supervisors and consequentially on what happened to those supervisors. Out of these questions we got mixed answers: workers did not react to bad behaviour in any way, workers reacted directly to supervisors and finally workers reported the bad practices to the top management. The reaction of the top management was also different: the queries were not taken in consideration and no actions were taken to stop supervisors; management listened to the query and pressured the supervisors to stop; and finally as consequence of reporting, supervisors worsened their behaviour and or management put workers in front of the decision whether they accepted it or they could change factory.

DISCRIMINATION

Most of the garment workers have to face hardships, but not all equally. The issue of discrimination can greatly affect the quality of the daily work-life of these people. The most obvious and widespread case of discrimination is related to gender (even if there are also situations of intra-gender discrimination), however, when asked, “is there discrimination between the two genders in your factory?” only three workers answered affirmatively. As far as it concerns the other interviewees, three said that discrimination doesn’t depend on gender, but from having (or not) a good relationship
with the supervisors/management. Two workers said that they are treated better than their colleagues because of experience and position, one worker said that intra-gender discrimination was more common than the inter-gender one, with attractive female workers being treated better than their less good-looking colleagues. Moreover, two workers said that males are under more stress and pressure than their female counterparts. Nevertheless, all of the workers interviewed agreed that men usually are paid more than women, with many (ten) of the interviewee considering this difference due to the fact that men are more productive or skilled. Discrimination between genders is pretty obvious when one looks at the number of female supervisors. Twelve interviewees stated that in their factory the entirety of the supervisors are male. On average, in our sample, 9% of the supervisors are female; the maximum percentage reported being 33%. Looking at the gender composition of the workforce, this numbers are practically reversed. On average, in our sample, 81% of the workforce of the factories where the workers that have been interviewed are employed, is composed by women, no worker reporting a percentage less than 70%. When asked why, in their opinion, so many women were employed in the garment sector, of the six workers that provided an answer, three stated that this is due to the more submissive nature of women, two said that it happens because women are better at sewing and the last one thought this is due to the fact that men can find better jobs.

2.4.4. CONCLUSIONS

In this section we will introduce the conclusions to the analysis on workers’ awareness and answer to the part of the research question focused on “Analyse the consequences of working conditions due to the current level of awareness”.

FREEDOM OF ASSOCIATION

The analysis provided in the section results – freedom of association allows us to identify some major issues such as: lack of awareness of unions and PC and their activities, lack of participation (or not existing participation) of workers in unions’ activities, there is a very little presence of unionization in factories and last very little number of workers are involved in negotiation tables with employers. The first three points have as the direct consequence that workers cannot protect their rights because of not being aware of an existing system where to express their problems and because there is no system that backs up workers, and have the skills/power to improve workers’ conditions. The last point shows that there is, even if is minimal, a small fraction of workers that are aware and proactively work in improving working conditions. These two interviews show that when management allow unionization and workers are aware and work proactively in implementing labour rights, employees get the power to have better working conditions and get those skills for a proper communication and negotiation with employers. This point is also supported by the interviewee six that describes the bargaining power at factory level as very small or not existent.
From the results obtained from the questionnaires we have mixed results. On one side it is obvious that the issue of safety concerns buyers very much and, thus, there is a lot of attention on it. This is especially true after the Tazreen and Savar tragedies that respectively brought attention on the specific issues of fire and building safety. For example, from our interviews, it emerged clearly how the number of fire trainings spiked dramatically after the Tazreen Fashions disaster. However, if increased safety is only connected to catastrophic events, after media and international attention moves on to other topics, it could be possible that factories revert back to old bad practices. If workers were more aware of the hazards and of their rights in terms of workplace safety, though, one could rely more on longer-term improvements.

Global buyers seem to be very concerned about big issues such as fire and structural safety; nevertheless, they also pressure local producers to provide adequate protective equipment to workers. However, many workers reported that they wore such protections only during audits and factory visits, showing how pressure from global buyers alone is not enough to improve safety. About this issue, it is also very important to point out how many workers stated that they refused to wear protective equipment even if they were provided it by their employers (and, in theory, they were required to wear it). Such workers said that the factory was too hot to wear these protections and, while this fact it might be true, it shows how workers don't actually realise the importance of such equipment. Raising their awareness regarding these matters is, thus, fundamental to avoid short-term accidents and, perhaps more importantly, long term health complications (due, for example, to the inhalation of chemicals or dusts).

Workers seem not to be very much aware of their rights concerning sick leave and insurance. In both cases, employers have no interest in disclosing certain information to their employees: most of the workers didn’t know whether they were insured or not and, moreover, they didn’t know how many days of sick leave they were entitled to. In the latter case, however, there were even worse cases in which workers were not aware of the existence of sick leave at all, showing a complete obliviousness to such a fundamental right (recognised in the Bangladeshi Labour law). In these cases, workers, when sick, either stayed home without compensation (and with the risk of losing their jobs in the case of long illnesses) or went to work in spite of their physical condition. This latter behaviour not only is a dangerous for the worker himself, risking to get worse because of the exhausting long hours that he/she has to work, but, due to the risk of contagion, also poses a serious threat to the health of his colleagues.

The former section presented regarding job security, shows a situation where although most of workers of the sample signed a contract, most of them did not keep a copy of it and they are not aware of the content. The lack of awareness limits the activities of the workers about raising the standards: one reason is due to the lack of
knowledge of which rights workers are entitled and second because factory owners keeping the contract can also practice pressure and threaten workers of being laid off in case they do not follow their instructions (or orders). This issue put in a context of very low monitoring and double accounting employers are rarely caught and get a significant power over workers.

The issue related to the worker’ ID may look of minor importance but instead it has serious consequences on the workers’ life. In fact workers’ without ID are weaker in front of the management because they have no documents that proves their experience and expertise and would allow them to move easier to another factory. This case shows how factory owners keep workers in their factories guaranteeing them low job security and reducing the workers’ willingness towards establishing a dialogue for improving the existing working conditions.

One consequence of the low job security observed in the industry is the high level of turn over. Two causes that impact on it can be identified in: workers that look for factories with better working conditions and workers that lost jobs and seek for a new one. The interviewees in the Appendix B presents job security as a minor, but it has a significant impact on working conditions because workers hesitant to raise their voices because scared of loosing jobs.

Wage

From the results that have been obtained, it is pretty obvious that wage is the primary concern of workers, being considered more important than many other issues related to working conditions. In order to earn more money, many individuals are willing to spend almost the entirety of their day in the factory (even their day-off), working until they are exhausted. If some workers go through all of this voluntarily, some others are forced to. The ones that have been interviewed, and reported this fact, felt powerless towards this kind of abusive behaviour. The reason behind this is that in most of the cases workers are poorly represented and don’t know who to ask for help in protecting their rights. In other cases it was because some didn’t actually know that employers couldn’t force them to work. This latter fact shows how little workers are aware of their rights. Moreover it also shows that, most of the times, they ignore the content of the contracts they signed (or were supposed to sign) with their employers. One could ascribe this fact to their low level of literacy, but it is also because workers don’t realize the importance of contracts.

Unawareness of the content of their contract also emerges when looking at the issue of paid leave. Most of the workers don’t use it because they don’t know its part of their rights and don’t know how it works. Also, it is important to stress that unused paid leave, according to most contracts, should be reimbursed to the worker. Predictably, this usually doesn’t happen and workers are paid less without even noticing it.

Another case in which it emerged that workers are paid less than they should be is related to overtime. Almost all of the workers that have been interviewed don’t know their hourly baseline salary, even if all of them knew their baseline monthly salary. This happens because of the low level of literacy of the workers and also because they
fail to see the importance of this information, not knowing that the hourly overtime wage is calculated from this number. Computing their baseline hourly salary, it has been possible to find out that all of the workers we interviewed were paid an overtime rate lower than the one they should receive. Workers, however, were unaware of this violation of their rights and of their contracts. It is clear to see that, if they were paid correctly they would not have to work as much as they do in order to receive the same wage.

Nevertheless, all workers were under the impression that they were underpaid. We might argue that, if it is true that it is easy to campaign for higher wages, while it is more complicated (or less immediate) to raise other issues, such as working conditions. This means that this topic gets a lot of attention, a self-reinforcing process involving media, workers themselves, international organizations and so and so forth. Now, even if it is indubitable that garment workers are low-income households, considering that they are amongst the better paid categories of unskilled (or low-skilled) workers of Bangladesh, we cannot say in this research whether their wage is adequate given their job and the cost of life. What is sure, however, is that while workers are very aware of the matter of wages, they are less concerned about other issues that could, not only improve their daily work-life, but could also positively contribute to their earnings.

**Harassment**

From the answers to the questionnaire we could learn that harassment is almost a constant in garment factories and slang and bad words are the predominant practice. From the interviews we could get the insight that wherever there is a strong workers’ union, the bad practices of supervisors are reduced; this factor shows one more time the importance of the freedom of association right that empowers workers in improving their working conditions.

An observation should be also done on the awareness of workers defining bad behaviour. During the interviews often we needed to clarify what we mentioned with bad behaviour mentioning *slang* and *bad words*. Many workers also defined *slang* as normal and sometime they did not referred to that because it is a common practice. Although the lack of understanding of bad behaviour as a problem may look as a minor issue, it influences the perception of workers about what they should accept or not, and about what they should fight for. A worker that is little aware of what bad behaviour is, will be less willing to report bad practices because of her (or his) different understanding of them. In this context local and international NGOs play a crucial role in raising workers’ awareness of their rights and encourage them in reporting harassment of their supervisors to top management, unions or external organizations. In addition to that, the reaction of workers to harassment should also be discussed. In the section *results – harassment* we introduced the cases where workers do and not nor react to supervisors’ bad behaviour. The reasons that workers do not react to supervisors’ pressure can be explain in many ways, some of them can be: workers are not aware on how to react to those situations, many workers start in garment factories while they are very young (from the age of 14) and therefore they do
not know how to react to older colleagues; workers are afraid to lose their job in case of a reaction; top management do not support workers’ initiative in reporting, but react against them. All these situation presented push the workers in a powerless position where most of the time either they accept bad behaviour or they need to change factory. This case can be also connected with the form job security; in fact often bad behaviour is practice where worker cannot react (and improve the situation) to harassment because of the fear of loosing their jobs.

**Discrimination**

From the interviews that have been conducted emerged that many workers sometimes fail to see cases of discrimination. Especially when it comes to genders, both males and females seem to consider natural that women are treated differently than men. This fact is rooted not only in lack of awareness and low literacy rates, but also in socio-cultural aspects. Bangladeshi society is mostly patriarchal and traditionally girls are raised in such a way that they tend to become submissive, obedient adults. This is especially true for workers coming from rural areas that are most of the workers employed in the garment sector, since in these regions traditional values are followed more assiduously and people are still sheltered from external influences and stimuli. On the other hand, male workers, given the role that men tend to have in the Bangladeshi society and family, raise their voice more and are more proactive in seeking better working positions, thus advancing in their career more than their female counterparts do. Moreover, another form of discrimination emerged from the interviews, that is discrimination linked having (or not) some relation with the management/supervisors. This aspect is linked to Bangladesh’s socio-cultural characteristics as well, in particular, to the importance that networks have in this society.

Also, some workers pointed out that more experienced workers tend to be treated substantially better than others. This is connected to the fact that garment workers tend to move from factory to factory very easily in search of better salaries. This creates a chronic shortage of skilled labour, thus, making experienced workers particularly valuable and, therefore, more privileged. Interestingly, one worker reported that when women in her factory felt discriminated in some way with respect to their male colleagues, a group of “expert” female workers would take the lead and go talk to the manager, usually bringing the discrimination in question to an end.

Moreover, all interviewees reported that male workers receive higher wages of their female counterparts. The reason behind this aspect has not emerged clearly from the sample. The workers that tried to give an explanation usually ascribed this to the fact that male workers are typically more skilled or more productive. While it is not clear whether the latter is true or if it is just that females workers perceive men to be more productive (maybe because of the above mentioned socio-cultural reasons), it is true that usually male workers are capable of using more and more sophisticated machineries of their female colleagues. No worker, however, could provide an explanation of the reason why men manage to gain this advantage. We can hypothesize that male workers get more training either because they are more
proactive in seeking career advancement or because they are preferred to women when workers are selected for training.

Overall, it is clear that the issue of discrimination is a hard one to tackle. Especially, many women fail (or refuse to) see episodes of discrimination. We might argue that this is mostly due to peculiar aspects of the Bangladeshi society and culture. However cultural aspects tend to change very slowly. There is, thus, the need to raise awareness among both male and female workers regarding these issues. It is also true, however, that, entering the workforce, women are slowly getting more emancipated and empowered. Being more self-aware of their true value and potential, they manage to recognize more easily episodes of discrimination and are more likely to not tolerate them, react and raise their voice.

2.5. IMPACT OF THE INTERNATIONAL PRESSURE AND TYPE OF PRODUCT

In our report we mentioned the role of the involved stakeholders and the characteristics of the industry. In this section we report what our interviewees said regarding the international pressure of buyers and international organizations on matters such as code of conduct, labour law and finally regarding how the type of product contributes in shaping the industry and in which direction is developing.

Global buyers seek for cheaper places where to produce and increase their profit margin; the Bangladeshi garment sector is a labour intensity industry that presents cheap labour. This aspect gives an important benefit because it attracts buyers and at the same time it presented the drawback that if the labour becomes more expensive, buyers could consider migrating to another country that offers cheaper labour costs. This issue is made also more relevant due to the type of product that the sector exports; in fact we refer to a product that requires low skilled labour and migration to other countries is therefore easier. At the moment Bangladesh has still an attracting garment industry to the cost of having low paid labour. Our interviewees also underlined how fragile is the current garment industry due to the cheap product; in fact the profit margin is very low (I3), therefore any change in labour cost have to consider that the aftermaths could damage the entire industry.

The product represents one of the major points of development of the garment; in fact after about thirty years of production, the Bangladeshi has arrived to a cross over moment where the industry should move up in the value chain and produce higher value products (I1, I3, I4, I7). In order to do so, global buyers are pushing employers to implement trainings that would create a new category of more skilled labour that would be ready to face the new production and market challenges (I1, I3, I4). Higher value product would increase the profit margin and the total export profit. The issue that should still be addressed remains on the distribution of the latter that should be equal and redistributed in favour of workers.
Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

The pressure is manifested internationally in several ways and from different organizations. Above we mentioned how global buyers pressure employers in order to get more skilled labour and to keep the cost of labour low. In addition to that buyers also impose their Code of Conducts (CoCs) to employers and through the auditing system they check whether factories properly implemented the CoCs or not (I5, I8). The factories therefore, having several buyers, also have to implement several CoCs; the CoCs system can be therefore sometimes not sustainable to be properly implemented and maintained (I8). Furthermore we can identify another CoCs-related issue that is the mismatch between workers’ needs and consumers concerns: one example above all is related to maternity leave, that is a serious concern of consumers and consequentially for global buyers that want to improve their brands’ image, while for workers there are more important issues to be addressed first, such as: safety, wage, working hours, social safety net, job security and freedom of association. The latter issue shows how there is a need from the buyers’ side to first acknowledge the workers’ needs and second to implements programs that would improve working conditions (I5).

Relatively to the image of the global buyers: it plays a key role in the relationship between buyers and end-customer. About 80% of the garment export has as destination the European and American market, where the customer are more sensitive towards working conditions related issues, therefore a loss of image related to bad reputation would consequentially have impact firm’s image and sells. Buyers therefore exercise pressure on government and BAs in respecting ILS otherwise they would consequentially migrate to a different country. One example of loss of image is related to the disasters like Tazreen and Savar, where consequentially international firms have to recognize their lack of control over ILS. One example of migrating buyer is Walt Disney that in March 2013 decided to move the production out of Bangladesh as a consequence of the Tazreen, listing the country in the “black list” of country where Disney does not allow the production of their products.

Another actor that plays a significant pressure is ILO, which focuses the pressure to government in making and accepting amendments that would increase the freedom of association (I3, I7). As presented in the report ILO focuses its efforts in increasing the capacity of pillars through trainings and improving the labour, which should guarantee the empowerment of workers.

2.6. Reflections and recommendations

In order to provide recommendations we need to identify the criteria that allow analysing the existing problem. This analysis requires the identification of indicators or criteria that would guarantee sustainable recommendations, in this sense we identified two major areas: economics and culture, and the indicators used are the Key Indicators of Labour Market and the Cultural Dimensions.

This section presents first the description of the economic and cultural indicators, second it will present the reflections on the current system on the basis of the indicators and finally we provide recommendations.
DEFINITION OF OUR SYSTEM OF ANALYSIS

In order to organize the information we describe the system defining the main factors, indicators and externalities. The figure 10 displays the factors: working conditions, compliance and social dialogue, workers’ awareness and stakeholders’ characteristics. In addition the externalities that affect our system: consumers’ preferences and international economic trends. Finally we recognize the indicators: Key Indicators of Labour Market and the Cultural dimensions.

FIGURE 10 SYSTEM OF ANALYSIS

2.6.1. ECONOMIC INDICATORS

From an economical point of view the indicator chosen are the “Key Indicators of the Labour Market”, known also as KILM that ILO identified and adopted to address key questions related to employment.

KILM are indicators firstly introduced to meet two primary objectives: (1) to introduce a core set of labour indicators and (2) to improve the availability of the indicators that control employment. Nowadays the role of indicators is to identify, quantify and monitor inefficiencies and best practices of labour markets. The indicators are also used: (1) to promote ILO’s Decent Work Agenda that aims to improve labour conditions, (2) monitor the progress of the United Nations’ Millennium Development Goals providing information for policy and strategy design, and (3) monitor and improve equity disaggregating data by sex and allowing the comparison between the two genders. The contributors to the identification of the indicators are ILO Employment Sector and the Department of Statistics, the OECD and several national Ministries of Labour (International Labour Organization, 2011).

ILO identified eighteen indicators that cover employment, unemployment, productivity, wage and education summarized in the following table.
Out of the eighteen indicators, we chose and used the ones that are strictly related to our research. Therefore the six following indicator were selected: KILM 7 Hours of work, KILM 8 Employment in the informal economy, KILM 14 Educational attainment and illiteracy, KILM 15 Average monthly wages, and KILM 17 Labour productivity. The indicators selected are used for a qualitative analysis of the information gathered, thus we could describe the current situation in the garment.

**KILM 7 Hours of Work**

This indicator measures the number of hours that an employee works per week or the average annual hours worked per person. The number of hours worked resulted to have an impact on the health, productivity and labour costs of workers.

**KILM 8 Employment in the informal economy**

The informal sector represents an important part of the economy that impact on the labour market: this sector absorbs most of the new labour force in countries with high rates of urbanization. The globalization contributes to the “informalization” of the workforce pushing for lower wages and subcontracting; the latter contributes even more the growth of the informal sector pushing the decentralization of the sector. Therefore the informal economy is a real challenge of policy-makers that need to quantify it in order to improve the working conditions.

**KILM 14 Educational attainment and illiteracy**

Human resources are considered as the most valuable and productive resource usually referring to the labour force we denote/signify those workers’ skills that allow improving the production and to introduce more sophisticated machinery which
enhance/expand the economic growth. As a result the degree of literacy plays a fundamental role.

Examining the educational level has important implications also in the policy making process; in fact the education level provides information about the capacity of countries in achieving socio-economical goals, the structure and development of labour force, the impact of skill levels on economical growth and untapped potential and on the inequality within the population. This indicator therefore provides useful information on the potential of skill-based technological change, sectorial structure of the economy and impact of skills on labour market.

**KILM 15 Average monthly wages, KILM 16 Hourly compensation costs**

These two indicators focus on wages using two different perspectives KILM 15 look at wages from the workers’ point of view, while KILM 16 from the employers’ point of view. Therefore the first measures the workers’ purchasing power and definition of the standards of living, while the second measures employers’ labour costs. The wage level is a valuable economic indicator used by policy-makers.

**KILM 17 Labour productivity**

Effectiveness of work contributes to the economic growth; therefore labour productivity is presented as a key measure of economic performance. Technology improvement, more advance machinery and equipment and improved skills of workers, contribute to increase labour productivity. This indicator is used by policy-makers to develop labour market policies and monitor their effects. Its importance is also given by its contribution to improve the living standards; in fact on the long run labour productivity is the factors that determines the rise in per capita income.

### 2.6.2. Cultural indicators

“ [...] It is meaningless to talk of the relation between culture and the economy, since the economy is part of a people’s culture ... indeed the ambiguities in this phrase pose the great ideological issue confronted by the Commission is “culture” an aspect or a means of development, the latter understood as material progress, or is “culture” the end and aim of development, the latter understood as the flourishing of human existence in its several form and as a whole?” (Prince, Hassan, Talal, Walcott, & Lucia, 1996, p. 13)

The citation introduces the discussion regarding the culture and development. Cultural factors are fundamental when talking about sustainable development, also the United Nations state “culture is an essential component of human development, [...] is an important factor in the fight against poverty, providing for economic growth and ownership of development processes”, moreover cultures are described as “source of enrichment and an important contributor to the sustainable development of local communities, peoples and nations, empowering them to play an active and unique role in development initiatives” (United Nations, 2011). Therefore “culture” is a factor that plays an important role in the development of the society and it has to be taken in consideration (sustainable development is one of the aims of the Millennium Development Goals (United Nations, 2012)).
The UNESCO in the *Convention on the protection and promotion of the diversity of cultural expression* (United Nations Educational Educational Scientific and Cultural Organization, 2005) clearly states, “Parties shall endeavour to integrate culture in their development policies at all levels for the creation of conditions conducive to sustainable development and, within this framework, foster aspects relating to the protection and promotion of the diversity of cultural expressions” and in the UNESCO *Universal Declaration on Cultural Diversity* (United Nations Educational Educational Scientific and Cultural Organization, 2001), “Deepening the international debate on questions relating to cultural diversity, particularly in respect of its links with development and its impact on policy-making, at both national and international level; taking forward notably consideration of the advisability of an international legal instrument on cultural diversity”.

It can be concluded that the importance of the cultural aspects and their impact are recognized by the international bodies and should be taken in consideration when designing policies.

Once consolidated the importance of culture the question that should be raised is: to what extent culture impact on the development of a country and its institutions? The literature confirms is the presence of a strong connection between the two factors (Daniel, Cieslewicz, & Pourjalali, 2011; Klasing, 2013). Thus, the next step is to find criteria or indicators that would help us in the cultural analysis, in the literature there are many authors that introduce cultural dimensions, among them the Hofstede’s model is often used in cultural analysis, also when it comes to organizational culture (Daniel et al., 2011; Kirkman, Lowe, & Gibson, 2006; Klasing, 2013; Lewis, 2003; Rahman, 2005). Therefore our analysis uses the theory of Hofstede for studying important cultural aspects and sees what are their impacts on society; to complement Hofstede’s dimensions we also use Trompenaars theory. The dimensions are present in table 9 and the complete description can be found in the literature review section.

<table>
<thead>
<tr>
<th>Hofstede</th>
<th>Trompenaars</th>
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<tr>
<td>Power Distance (PDI)</td>
<td>Universalism vs Particularism</td>
</tr>
<tr>
<td>Uncertainty Avoidance (UAI)</td>
<td>Neutral vs Emotional</td>
</tr>
<tr>
<td>Individualism (IDV)</td>
<td>Specific vs Diffuse</td>
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<tr>
<td>Masculinity (MAS)</td>
<td>Individualism vs Collectivism</td>
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<tr>
<td>Long-term orientation (LTO)</td>
<td>Achievement vs Ascription</td>
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<td></td>
<td>Sequential vs Synchronic</td>
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<td>Internal vs External control</td>
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*Table 9 Cultural Dimensions (Hofstede et al., 2010; Trompenaars & Hampden-Turner, 2000)*
2.6.3. REFLECTIONS USING ECONOMIC INDICATORS

KLM 7. HOURS OF WORK

The workers’ interviews presented a situation where employees should work by law eight regular hours, plus two overtime hours per day. During our research we could acknowledge that workers often stay longer than ten hours per day at work, keeping working days very long to match employers’ demands. In addition to that many workers are forced to work also on Friday that is the free day (in most of the cases).

KLM 8. EMPLOYMENT IN THE INFORMAL ECONOMY

The interviews revealed a critical issue regarding employment contract and workers’ ID; in fact often workers do not sign any contract with the employers and/or employers hold the workers’ ID and contribute in increase the “job insecurity” that is already largely present in the sector. These two factors contribute to expose workers to harassment and reduce their opportunity in moving to better factories. An additional issue is related to lack of documentation and of registration of factories. Business associations and government do not have the full list of factories present in the country; this problem is also connected to the decentralization of factories that spontaneously grow in Dhaka city, which makes control even more difficult. The lack of control and registration contributes in widening the gap between the real and the official numbers of the garment. Although the export economy is well controlled by business associations, the domestic lack of control and compliance to labour standards. The informal economy contributes to wide the gap between export-oriented factories and domestic-oriented factories; workers employed in the latter receive worse working conditions. Finally, subcontracting takes an active role in matching the production quota of big factories that cannot follow the buyers’ demand; subcontracting usually is from big to small factories, where the small factories are less subjected to control and therefore offer worse working conditions.

KLM 14. EDUCATIONAL ATTAINMENT AND ILLITERACY

The workers’ interviews revealed that most of workers went to school till class five (about 10 years old) and then needed to quit due to economical problems of the parents, some other workers didn’t go to school at all and are completely illiterate. This scenario prospects a wide gap between workers and employers when come to dialogue, and the lack of education of workers surely have an impact on the relation employer/employee where the latter is disadvantaged. We can also report a gender discrimination regarding training within the factories; in fact men are preferred over women in most skilled-labour designation, this phenomenon enhances men’s opportunities to better career advancement and higher salary. Higher education and higher the labour skills play a fundamental role in the garment, mostly in the view of long-term development of the industry. Most of the interviewees referred to higher value product as the solution to expand the sector, in order to get there, the first step is to increase the quantity of skilled-labour which at the moment is low due to low literacy level.
**KILM 15. AVERAGE MONTHLY WAGES & KILM 16. HOURLY COMPENSATION COSTS**

Wage is a serious issue that covers the first pages of newspapers since long time, in that sense it attracts a lot of the international attention and it was one of the main causes of the violent riots of 2005/2006 that pushed the government to raise the wages and establish the wage board. Our workers’ interviews confirmed that workers identify fair wages as one of the most important rights and raise of wage is one of the first demands for improvement. In appendix F we present that there are several levels of wage depending on the belonging grade, those values represent the starting wage, while the interviews proved that through overtime workers reach higher level of wages per month.

In table 10 we show how in the period 2006-2010 the purchasing power of workers increased, while in the long-term workers lost in purchasing power (period 1994 – 2010); wage in term of real value decreased. In this period the wage is under evaluation again, however the general feeling is that the wage is under the level that would guarantee adequate living standards. Table 13 and 14 show how the labour cost increased over time even though the impact of labour cost is only the 3,6% of the total cost per product (Fair Wear Foundation, 2012) the increased wage eroded some of the profit margin per product.

**KILM 17 LABOUR PRODUCTIVITY**

The garment sector is a labour-intensity industry that employs millions of Bangladeshi workers. Due to the described characteristics the productivity of workers is low. Increasing it has becoming one of the major focuses of employers and buyers that developed programs that train people in the villages and bring them to work in the cities. Increase the labour productivity is one of the current challenges and opportunity of the sector.

**CONCLUDING**

The table below summarises the outcomes of the analysis on KILMs.

<table>
<thead>
<tr>
<th>KILMs</th>
<th>Analysis</th>
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<tbody>
<tr>
<td>KILM 7 Hours of work</td>
<td>Excessive hours of work</td>
</tr>
<tr>
<td>KILM 14 Educational attainment and illiteracy</td>
<td>Low level literacy, low skilled labour and discrimination between genders</td>
</tr>
<tr>
<td>KILM 15 Average monthly wages</td>
<td>Workers’ purchasing power decreased in the long-term</td>
</tr>
<tr>
<td>KILM 16 Hourly compensation costs</td>
<td>Increased labour cost</td>
</tr>
<tr>
<td>KILM 17 Labour productivity</td>
<td>Low labour productivity</td>
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</table>

*TABLE 10 KILM RESULTS*
2.6.4. Reflections Using Cultural Theories

Though the cultural dimensions introduced we can identify and describe what are some major characteristics that define the Bangladeshi society. In this section we will refer to some of this observation with the support of the theories presented, we do not show our observations as with the KILM (one by one) because cultural indicators should not be used as close boxes, instead help in identifying characteristics of society; therefore we will report facts and behaviours that the indicators helped us to be identified.

**Patron-Client Relations**

The first observation is within the factory, relationship employer and employees is based on a very hierarchical structure (Hofstede) that limits the contacts. Workers rarely have opportunity to open a dialogue or to unionize in order to defend their rights.

Second, managers are seen as autocratic and present themselves as “good fathers” (Hofstede, Trompenaars). Subordinates are very unlikely to approach or contradict their bosses: instead they are very submissive and follow superiors’ orders. As a direct consequence of this characteristics decision-making is understood as a top-down system where managers decide and subordinates implement management’ decisions; therefore society is based on inequality and where status is given by hierarchy.

The ascription-dimension (Trompenaars) helps us in referring to another issue that occurs within the factory walls. Interviewees and workers reported a change in behaviour in colleagues when promoted to a status of supervisor. In fact the new supervisors, especially at the beginning, are more severe with their subordinates, this kind of behaviour is practiced in order to create a clear distinction between the two roles and gain power over the subordinates.

**Favouritism**

Many workers and interviewees reported that supervisors are chosen on the basis of their relationship with middle- or top-management; therefore workers advance in their career not on the basis of their performances but for their connections or management’ preferences, this behaviour shows the particularistic and ascriptive (Trompenaars) characteristic of the society.

**Lack of Rule of Law**

In our research we pointed out the problem of compliance, in fact there is a general propensity to no stick to the rules; one example above all is described by the Rana Plaza tragedy where the building owner obtained the permissions even though the building was clearly not compliant to the building safety regulation. This case shows the particularistic (Trompernaars) behaviour present in the Bangladeshi culture, where rules are applied differently to the specific individuals and circumstances. Another connected issue is the renewal of the certifications. Every year each factory needs to renew its certification, but as described before, the ministry of labour does
not get enough resources to check properly all the factories and which get the certifications indirectly.

**CENTRALIZATION OF LEADERSHIP**

The Bangladeshi society is leader-based; strong leadership is required in politics (where the same leaders rule the country since decades) as much as in companies (most of the time family based), furthermore many of the organizations encountered, based their structure and decision-making on their leaders (Hofstede). A clear importance of the dependency of a strong leadership is given by the often-systematic termination of organization when their leader falls of dies (one examples above all is given by the termination of unions).

**LACK OF TRUST AMONG INDIVIDUALS AND GROUPS**

A sensible factor strongly present is the lack of trust among individuals and groups. Interpersonal trust is very low, even more among groups that make them rivals. Two examples above all are unions and political groups, in fact although unions work for the same cause find rarely agreements and they engage their efforts in activities that undermines even more the existing weak relationships. Similarly political groups do not cooperate and boycott the opponents’ activities. Overall the Bangladeshi society shows a lack of trust for people that do not belong the own group (Hofstede, Trompenaars).

**LACK OF COMPROMISE**

The relations between parties are characterized by conflicts based on the demonization of the adversary and the imposition of the own solutions. This aspect can be noticed at various levels: at political level parties hardly compromise with the opposition or majority preferring direct conflict. At the sectorial level, such as garment, there is lack of cooperation and dialogue among the three pillars and the two strongest pillars rarely establish consultation tables with workers’ representatives. Also within the garment enterprises relation employer/employees is characterized by lack of compromise and imposition of superiors’ rules. Therefore overall we can notice a “winner takes-it-all” system.

From the issues above-presented we can identify some strong traits of the Bangladeshi society. First of all, due to its centralization and high power distribution the society can be defined as patriarchal, where the “fathers” of the organizations, corporates and institutions are the primary authority that control and decide for their own groups. Second, the society shows a lack of respect of the rules that defines it as particularistic. Rules are adopted depending on the people and situation, the corruption level and the Rana Plaza tragedy are two examples above all. Third, society manifested collectivistic characteristics: individuals are committed to their in-group rules and are often reluctant to open dialogue and cooperation towards outside-group individuals and organizations. Finally society revealed ascriptive characteristics, status and career advancement are often based on the network and preferences instead on individuals’ performance.
**INTERVIEWEES’ CONSIDERATIONS**

Also our interviewees added some of their experiences and opinions during the interviews regarding the society and its development.

As already stated the society is patriarchal but there have been improvement, therefore the man is the head of the family (or society) and has authority over his subordinates. However, compared to other societies the Bangladeshi is more liberal and the gap is much smaller (I10). This societal structure has been undermined and the transformation is still in act by the fact that women started working and therefore have a salary that could guarantee more financial freedom, in this sense they became breadwinners. The transition hasn’t been smooth, in fact women “took jobs from men” and, mostly at the beginning this led to public harassment and in some cases brought to physical and sexual abuses to workers on their way to garment factories. However, after thirty years, female workers are more accepted and there is a general improvement on the way women are perceived in society (I10, I12).

Second, the opportunity that the garment sector gave to women. With the liberalization of the garment sector, women started working in this new industry left out by men’s occupation. As mentioned earlier, women started earning money and became bread winners, moreover women got empowered by this new occupation and this was also reflected in the family where women started participating on the management on family's finance. Furthermore, regardless all the problems till now mentioned in this report, the garment sector is a better kind of job if compared to other jobs in the tea or shrimp industries, the garment provides higher payment and overall better working condition (I10, I12). Feminization of the garment sector also contributed to the removal of the child labour from the industry (also and mostly thanks to the pressure of the global buyers). In addition to that government and buyers designed programs to support children that lost jobs, the results of this programs are mixed, but they contributed to remove child-labour from the industry. Feminization has also an impact on children’s education, in fact on the long term, women proved to be more attentive to provide education to their children and provide to them more job opportunities (I12).

Third, the importance of the relationships that are established within the factory walls, workers spend most of their active day in the factory and with their co-workers and supervisors; consequently the bound the workers create among them is strong. However the patriarchal and hierarchical structure is not relaxed and harassment is therefore not less common. Supervisors are often seen as cruel, mostly because of their leadership styles, but most of supervisors never received any leadership or management training and are ex-workers that have been promoted. Most of the times supervisors are selected on the basis of favouritism, following the mechanism of the weak ties that promotes people of the basis of the social-network (I10, I12).

Finally the so-called, dehumanization of the supply chain that leads to poor working conditions. The garment sector is worth 22 billion dollars per year, but only very little percentage of it goes in workers’ hands, this is because the profit is not equally
distributed in the supply-chain. The way markets are structured make global buyers being very far from the workers and in this sense they are “de-responsibilized” from taking care of their working conditions. In addition to that, the fashion industry is very dynamic and there is an extreme pressure coming from the top, down to the bottom of the production chain. The pressure increases going down the chain and therefore the ones that suffer the most of the pressure are the workers; this chain could be called “desperation chain” (I10, I12).

2.6.5. RECOMMENDATIONS

The matching of the former analysis connected to the information showed in the former sections brings us to the results summarized in the following image.

During our research we acknowledged that there are already some programs that are implemented by government, global buyers and international organizations. Government sees the workers’ ID as one of the remedies to low job security and it’s struggling in increasing its implementation; global buyers see the moving up in value of the product manufactured as one of the ways to develop the industry and guarantee a long-term expansion. Finally international organizations focus on capacity-building programs that would redistribute the power among the pillars empowering workers and their representatives and educating workers and middle management improving leadership, communication and organizational skills. Therefore the recommendations that we provide are based on the current programs and on the basis of the outcome of our analysis (see figure 11). The recommendations present: how to achieve the fixed objective, what are the positive effects and what are the drawbacks that may undermine the effectiveness of the recommendation provided.

RECOMMENDATION 1. INCREASE JOB SECURITY

How: (1) Implement the solution provided by the government to use the workers’ ID in order to register their competences and move to better factories if necessary. (2) Control that all the employers provide a valid copy of the contract to workers and make sure that workers are aware of their employment rights.

Positive effects: (1) Workers would be aware of their labour rights and identify the violations. (2) A correct implementation of the ID would allow workers to have
stronger position in front of their employers and have documentation that defines their expertise and knock to a better factory’s door in case of low working conditions.

Drawbacks: (1) government would need to invest a significant amount of money to establish a system capable to control that factories fulfil the requirements. (2) The propensity to break the rules of the society may compromise the correct implementation of the ID policy.

**Recommendation 2. Increase Productivity**

How: (1) Implementing training programs that would specialize workers and teach them more complex techniques to increase the quantity of products produce per hour. (2) Purchase of more advanced machineries that would reduce the production time per piece.

Positive effects: (1) more skilled labour would allow increasing the production and improving the quality of the products. (2) Skilled labour would be able to produce higher value products and increase the profit of the factories. (3) More products per hour would increase the salary for those workers that are paid for items produced.

Drawbacks: (1) Employers should invest in better machineries and training programs, (2) garment is a labour intensity industry that employs million of people, invest in machineries and increase productivity per workers could potentially compromise the employment of new workers, due to the new level of productions reached with the existing work force.

**Recommendation 3. Regular revise of wage**

How: (1) establishment of national rules for wage definition that would include indicators that take in consideration workers living standards, (2) set a regular revision of the wage.

Positive effects: (1) increase the purchasing power of workers; (2) decrease the political factor over the wage definition.

Drawbacks: Increasing labour cost would impact of factories’ and global buyers profit margin; therefore global buyers may decide to migrate to countries that offer cheaper labour.

**Recommendation 4. Better trained supervisors**

How: Training middle management on managerial skills to improve leadership, communication and motivational styles.

Positive effects: (1) reduce the harassment toward subordinates applying different techniques and tools; (2) improve the lines productivity.

Drawbacks: (1) costs factor, employers should invest in supervisors’ trainings, (2) although the better managerial skills the power distance between supervisor-
subordinates and the distrust between individuals may still undermine the relationship between the two parties.

**RECOMMENDATION 5. FOCUSED GLOBAL BUYERS’ PRESSURE**

How: (1) reduce the distance made by the supply chain structure and make global buyers knowing the workers’ conditions and needs, (2) improve the auditing system.

Positive effects: better focus would generally improve the working conditions.

Drawbacks: (1) buyers should invest in better auditing system and research on workers’ needs, (2) the cultural divide would still persist and without an adequate research the efforts may not have the desired results.

**RECOMMENDATION 6. MORE EQUAL DISTRIBUTION OF POWER**

How: (1) government should design and accept amendments that promote the freedom of association and provide more space for unionism, (2) trade Unions Federations should increase the factory-level unions and train their leaders, (3) establish a regular social dialogue among the pillars where to discuss the improvement of workers’ conditions.

Positive effects: (1) workers’ representatives would have more opportunities to represent workers and more important there would be considered more in the consultations and decision making process, (2) workers’ representative would see recognized more power and increase their credibility in front of workers, (3) issues would be solved at factory level where the workers’ agreement is binding.

Drawbacks: (1) This solution requires a long-term process that imply immediate negative effects, such as lost of job of workers that try to open new factory-level unions, (2) although the law would be improved characteristics of the society would still make power unequally distributed and social dialogue minimal. In fact there is a serious distrust among parties and no will for compromise.

**RECOMMENDATION 7. INCREASE LEVEL OF COMPLIANCE**

How: (1) train new inspectors specialized in the garment sector, (2) increase the resources dedicated to the inspecting system (such as number of inspectors, vehicles, wages).

Positive effects: (1) Improving the inspecting system would guarantee better respect of the law, (2) better compliance would guarantee better working conditions.

Drawbacks: (1) the improvement of the inspecting system requires a significant investment of the government that would need to redesign and enlarge the system, (2) although the investment in increasing compliance, there is a general propensity in non respecting the law, therefore we expect resistance within the current system.
**Recommendation 8. Increase workers’ awareness**

How: (1) campaigns focused on labour rights and unionization opportunities and mechanisms, (2) implementation of workers’ empowerment programs focused on train workers on leadership and negotiation skills.

Positive effects: (1) workers can identify compliance issues and non-respect of the labour law; (2) activism may increase and empower unions.

Drawbacks: (1) unions may not have enough resources for campaigning, (2) empowerment programs have a limited reach and therefore a limited amount of workers can attend them, (3) workers may not take an active role in improving the working conditions due to the fear of losing job.

**Recommendation 9. Produce more valuable products**

How: (1) train workers to produce higher value products, (2) buy more advanced machineries that allow the production of the new products.

Positive effects: (1) increase job security, in fact skilled labour is harder to be replaced, (2) higher profit margin that allow higher wages.

Drawbacks: (1) training and machineries required a significant initial investment that employers may not be willing to do, (2) profit margin may not redistributed in favour of workers.

**Summary of areas of interest of recommendations provided**

The list of recommendations provided, are an attempt to improve the current situation, in the following table we summarize what are the area of focus of each recommendation. Nevertheless taken into consideration the holistic nature of the problem, each recommendation has an indirect impact on other areas, therefore in the table we only point out the direct ones: in addition we added at the last column the actors that would be involved in the implementation phase.

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Area of focus</th>
<th>Involved actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase job security</td>
<td>Job security, FOA, compliance</td>
<td>Workers, employers, government, INGOs</td>
</tr>
<tr>
<td>2. Increase productivity</td>
<td>Wages, job security</td>
<td>Workers, employers, INGOs</td>
</tr>
<tr>
<td>3. Regular revise of wage</td>
<td>Wage, social dialogue</td>
<td>Government, unions, employers</td>
</tr>
<tr>
<td>4. Better trained supervisors</td>
<td>Discrimination, harassment, FOA, social dialogue</td>
<td>Employers, INGOs</td>
</tr>
</tbody>
</table>
Working conditions in the Bangladeshi garment sector: Social dialogue and compliance

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Area of focus</th>
<th>Involved actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Focused global buyers’ pressure</td>
<td>Working conditions in general</td>
<td>Global buyers, employers, workers, INGOs</td>
</tr>
<tr>
<td>6. More equal distribution of power</td>
<td>Social dialogue, working conditions in general</td>
<td>ILO, government, unions, business associations</td>
</tr>
<tr>
<td>7. Increase level of compliance</td>
<td>Safety and compliance</td>
<td>Employers, government, INGOs</td>
</tr>
<tr>
<td>8. Increase workers’ awareness</td>
<td>Workers’ awareness, compliance, social dialogue</td>
<td>Workers, unions</td>
</tr>
<tr>
<td>9. Produce more valuable products</td>
<td>Job security, wages</td>
<td>Employers, workers</td>
</tr>
</tbody>
</table>

Table 11 Areas of Focus

The following figure will display which area of our system will be touched by the recommendations presented above.

![Figure 12 Interactions Recommendations and the System](image)

The recommendations above presented contain some important discussions and considerations that are now presented:

**The benefits and costs of labour cost increase**

Many of the recommendation proposed present an increase of labour costs due to increase of wage or training programs. Even though the cost of labour correspond to 3.6% (see cost breakdown in the appendix E) of the producer cost per t-shirt, it is very
Working conditions in the Bangladeshi garment sector:
Social dialogue and compliance

hard to suggest to which extensions is possible to raise the wage: this point would require different economical consideration such as profit margin per product, information regarding the cost of labour of other countries that produce garment and cost for moving production to another factory/country, this information depends on enterprises and we are not in posses of them. However we can observe that the raise of labour cost such as wage increase does not necessarily bring a lost of competitiveness of the entire industry, but it could also bring benefits that would guarantee a further expansion of the sector. In fact a raise in wage would: (1) increase the commitment of workers that would be more devoted to work reducing the incidence of high turn over and increase productivity, both of them would increase the profit for the factory owner, (2) improve the living standard of the workers that with better shelter and better nutrition would work better rested and nourished, (3) guarantee more money to invest in children education, also one of the interviewees pointed out how women are more attentive to this particular topic, therefore women (80% of the workers) would increase their motivation and commitment towards work. (4) The increase of wage would touch one of the most sensitive focuses on the international community, therefore the better guaranteed conditions would improve the international image of the Bangladeshi garment sector and increase the foreign investment in the sector. (5) Thanks to the better working and living conditions, brands would benefit of an improvement of the public image that would attract more costumers that are closer to the fair trade movements. (6) More satisfied workers could reduce the willingness in attending or organizing violent riots, therefore employers would benefit of less damage to factories and government of increase public consensus and less damages to the public infrastructure.

The labour cost could also increase through the organization of training programs that would train more skilled workers. The benefits of that are: (1) more skilled workers could produce more pieces per hour, thus increase the productivity; (2) workers could feel that the management is investing in them and therefore have a better commitment towards the factory; (3) more skilled workers would have better bargaining power, in fact it is harder to replace a specialist; and could also be able to produce more quality products.

Another way to increase labour cost is to invest in better machineries; also in this case there are some relevant benefits to be taken in consideration such as: (1) increase in productivity, in fact better machineries could be able to produce more products per hour and (2) produce more valuable products and increase the profit margin.

Certainly the increase of labour cost does not bring only benefits but has also its drawbacks: (1) the garment is a high competitive market where many countries are involved in production and fight for more market share; brands benefit of this competition and ask for the cheapest labour costs. Therefore the risk of migration to another country is high also due to the low skilled workers necessary to produce. (2) The reduction of profit margin could push the producers to exploit the workers more, one similar example happened in 2006 when to the raise of wage also corresponded a raise of the production quota that each workers needed to meet; therefore there is an evident need for a sever control after a potential wage increase. (3) The increase of
wages of one factory would increase the pressure on other factories due to workers claims for higher wage; this mechanism creates a pressure within employers that lobby for keeping the same low wage level. (4) The increase of labour cost could open a dispute between factory owners and brands: the first could claim for higher cost per product, to keep the same profit margin, and the second, at the opposite, could claim for the same production costs; this involuntary tension may degenerate in moving production to factories that care less about working conditions and or in a situation of steadiness where producers are not in a position to raise wages due to loss in profit. (5) To an increment of production cost for brands could also correspond a reduction of profit margin: in fact brands have also to directly relate to customers that look for cheaper products and could switch to other brands if necessary, therefore to an increase of labour cost, brands have not only the pressure from producers to increase the production cost, but also from customers that ask for same prices.

**IMPROVEMENT OF THE MANAGEMENT**

The report underlined many cases where the management was at the centre of the focus: the programs in act and recommended, aim to improve the managerial skills of supervisors and factory owner that due to lack of experience and strict top-down approach end in setting poor working conditions. To a potential resistance to a change and to training costs many are the benefits that a more skilled management could bring: (1) implementation of motivational and communication techniques from supervisors that could reduce the harassment and increase the commitment of workers; (2) implementation of new organizational skills that would increase the productivity of the production lines, (3) the development of a new managerial class would develop a new local management class from which the new factories could refer.

**THE IMPORTANCE OF BETTER INTERNATIONAL IMAGE**

In the document we often reported the damage that bad reputation causes on the foreign investment, worsening the brands' image and slowing down international programs such as the Better Work from ILO. Therefore the Bangladeshi government as much as the employers' associations should seriously evaluate what are the costs and the benefits of the poor working conditions that are now offered to garment workers. In fact better working conditions would increase the incentives from brands to invest in producing in Bangladesh and to expand in new garment markets (more valuable products) and allow the international support of international organization such as ILO with its Better Work Program that would guarantee more resources and better guidance in the national development. In order to achieve a better international reputation the major guidelines drafted are: (1) improve the level of compliance to national law improving the inspection system and drastically increase safety; (2) reduce the gap with the ILS and guarantee more decent conditions to workers through a significant improvement of job safety, increase wages, reduce working hours and eradicate harassment and discrimination, this could be done through the inspection system and work hand in hand with brands in improving the auditing system; (3) redistribution of the bargaining power and increase the freedom of association that is a crucial point for the ILO, through the necessary changes in the
national law (as also suggested in the ILO roadmap) and through the establishment of more consultation tables among the three pillars.

**Benefits of the Increased Freedom of Association**

Government and business association have been always very restrictive regarding the freedom of association right, in fact they have reduced power and neglected unions’ existence during the last decades and only lately are opening up mostly due to international pressure. Although the recognition of the unions’ bodies would bring a consequent loss of power for government and business association, and empowerment of workers; significant are benefits that the recognition of this right would bring: (1) workers can organize in bodies that would have better controlled and focused protests and reduce the violent and spontaneous riots that happen occasionally due to workers distress; (2) disputes would be solved locally thanks to factory-level unions and customized solutions would be designed and implemented in the involved factories, (3) factory-level unions would guarantee better penetration and therefore better understanding of the status of the working conditions (due to the decentralized production we have access to very little information); (4) increase of freedom of association would guarantee the adherence to international programs such as Better Work.

**Cultural Characteristics of Society**

Whatever program will be implemented, there will still exist local preferences that should be taken in consideration, such as cultural characteristics: (1) the collectivistic nature of the society would continue making distinctive groups with very little trust towards other groups and with low willingness towards cooperation; (2) organizations and programs will need a strong leadership, individuals tend to follow leaders and their vision and need a leader that provide specific guidance, (3) relation employer/employee will be still characterized by a patron-client relation due to the patron-client nature of the society and the high power distance between superiors and subordinates, (4) programs should have a constant and precise control due to the propensity towards favouritism and lack of rule of law, referring to compliance, correct law enforcement is strictly necessary.

**Roadmap**

On the basis of the recommendation proposed and of the consideration presented above, we can draw a roadmap of essential elements that are necessary to improve the working conditions.
Increase the resources and the trained personnel in favour of the inspection system

Joint effort Brands and international organizations in increasing labour standards;

Improvement in the national law allowing the practice of the freedom of association right

Invest in more skilled- workers and management and in better machineries

Sensitize workers towards labour standard and provide leadership and communication trainings

**Figure 13: Roadmap**
3. **Conclusions**

The report presented the findings of our research project conducted in Bangladesh and the Netherlands, the chapter two introduced a number of topics that are the outcomes of the literature review and the fieldwork done for three months in Dhaka. This last chapter provides answers to the research questions presented in section 1.1.3 summarizing the outcomes of the research, then it will present some additional observations and propose topics for future research.

3.1. **Answer to the research questions**

This section is dedicated to answer to the research questions presented in the first chapter.

**Sub question 1: What is the current situation of the working conditions in the Bangladeshi garment industry?**

This question is answered in the chapters dedicated to the literature review and in the document mostly in the compliance and workers’ awareness chapters where many issues are reported. The interviewees reported serious violations of the ILS (see section Workers’ awareness) and in general working conditions are very poor. The major issues observed are:

**Low wages**

Wage is considered to be too low for having a decent life and for guaranteeing proper education to children. Most, if not the totality of the workers interviewed reported wage as point of improvement. Unions and many organizations focus on increasing wage also promoting new concepts such as “living wage” that at the moment have several definitions and do not find a direct implementation. Government established a wage board that has the responsibility to check on wage and to make necessary changes; during the last decade minimum wage has been modified and increased, and nowadays is again under review; although the wage got a sensitive increase in nominal values we found out that there was a decrease of real wage on the long term (see Appendix F) that decreased the purchasing power of workers; the only grade that got an increase is grade 7.

**Low job security**

Even though this issue may look as a secondary when compared with wage issues, it brings serious negative consequences on workers activism. In fact workers are scared to take any initiative in their defence or to improve their working environment because of the continuous threats to lose their jobs and consequentially fall in poverty. Consequently unionization is slowed down, harassment in many cases represents daily routine, turnover is very high due to workers continuously looking for better factories with better conditions, and finally any requests to higher wages, better health coverage or better safety is not proposed because of the fear of a negative
reaction from the management. The factors that contribute to low job security are:
first the lack of signed contract that creates a legal binding between employers and
employees (however even when workers signed a contract, they are not aware of its
content and of their rights); second the lack of implementation of the workers' ID
introduced by the government, in fact the ID is the proof of workers' expertise that
allows easier employment in other firms. Last the subcontracting from bigger firms
(with better working conditions) to smaller firm (with worse working conditions)
promotes the informal market and obstructs even more the control over the
production.

**HARASSMENT**

It is practiced in factories and looks to be the tool that middle and top management
use against workers to keep them under control and maintain high level of
production. We acknowledged several ways of pressuring workers, from violence to
slang or bad words and the most commons looks to be the latters. This issue can also
be justified by the lack of management skills of supervisors that were selected among
workers for controlling the production lines without having received any managerial
training and being under continuous pressure from top-management to meet
production quota. The relationship between management and subordinates is
characterized by a patron-client relationship that widens the gap between the two
parties and reduces the opportunity of a dialogue that would bring to an end the
negative practices.

**LOW SAFETY**

During the last twelve months two tragedies hit the garment sector: the blaze of
Tazreen and the building collapse of Rana Plaza, both cases show serious safety
violations. Accordingly the attention regarding fire and building safety raised only
after these two tragedies; many workers reported that after the Tazreen fire,
managements started organizing monthly a fire safety training and after Rana Plaza
collapse government started considering to change the national law and put more
restricting regulations. The non-respect of rules is also due to the particularistic
nature of the Bangladeshi society; safety is strictly related with the physical
compliance that owes its low value to the lack of law enforcement.

**LACK OF FREEDOM OF ASSOCIATION**

Looking at the few numbers available is easy to notice that the FOA right is not
implemented in factories: in fact out of about five thousands factories only about fifty
of them get a factory union, these numbers present a scenario where FOA is almost
not existing at all. Opposite to that there are fifty-two trade union federations that
prove the serious fragmentation of unions' system, to make the situation worse there
is high rivalry among them: the lack of trust and willingness to compromise of society
also plays a role in increasing the distance between the organizations. In the unions’
description we underlined many of the existing weaknesses.
Discrimination inter- and intra-gender

Our interviewees reported many cases of inter- and intra-gender discrimination: many workers reported that men get higher salaries because of the higher production quota that they can guarantee; in addition to that men get better job opportunities due to their better skills. With regard to the latter, women are discriminated in a sense that men are preferred in attending training and use advanced machineries because evaluated as more capable to do more complex jobs. Furthermore, there is a system of preferences within the factories that promotes workers with better connections and guarantees them better job occupations; an explanation to that can also be found to the local culture mechanisms where personal preferences comes first to meritocracy, moreover the collectivistic nature explains the reason why the individuals are picked by the smaller group of which people belong.

Sub-question 2: What are the major actors, their role, power, interests, relationship and capacity, which influences the negotiation regarding the working conditions in the Bangladeshi garment industry?

In the section dedicated to the stakeholders’ analysis and social dialogue we answered to this question providing information regarding actors and their characteristics. The major actors identified are: workers represented by unions, employers represented by business associations, government in the specific ministry of labour and employment, and the ministry of commerce; local and international organization such as ILO and finally global buyers; all of them have an impact in the garment industry. In our report we adopted the ILO approach that focus on the tripartite system that identifies workers, employers and government as the three pillars and main actors involved in the social dialogue.

Within the tripartite system we observed significant unbalances among actors regarding capacity and power. The workers and trade unions represent the weakest pillar, in fact they have very low capacity explained in the section 2.1.2, 2.2.1 and sub-question 3, the weaknesses presented also assign to trade unions very little bargaining power; regarding the latter workers do not have proper skills to negotiate with employers and trade unions are not strong enough to guarantee better working conditions. Also government have lack of capacity mostly when considering physical resources and skilled labour; in fact the ministry of labour and employment does not benefit of resources and employees that would guarantee proper control of the factories and check whether or not there is a violation of the national law. On the other hand government has high power and is the decision maker in setting sectorial regulations, moreover the ministry of labour decides whether a unions can be establish in a factory or not. The third pillar, employers and business associations present different characteristics: employers in many cases lack of those management skills that could be required to have a better control over production lines and motivate workers without using any form of harassment. This lack of management skills can also be explained by “the first generation of entrepreneurs” that control most of the existing factories and by non-skilled middle management. However, employers and business associations such as BGMEA have significant power in
leading the garment industry; in fact business associations pressure government for favourable regulations and control the export keeping the business relationship with global buyers, these two characteristics guarantee to business associations enough power to be the leader of the sector. We can explain the dominance of business association also due to the retreat of the government that chose to leave the garment industry to the private sector.

**SUB-QUESTION 3: WHAT IS THE STRUCTURE OF UNIONS AND HOW DO THEY INFLUENCE THE WORKING CONDITIONS?**

During our interviews we also specifically focused on unions, their structure, weaknesses and on how their characteristics impact on having better working conditions. From the answers we can conclude that unions in Bangladesh are structured in three levels and each of them has different responsibilities and activities. The factory level unions take care of the disputes originated within the factories and try to solve the issues locally; the sectorial level unions work on solving issues that could not be solved locally and request and participate arbitration tables with business associations and government. In addition to that, the trade union federations take care of the negotiations with government on improving national law and regulations and coordinate the subordinated factory level unions. The last level is represented by the national federations that coordinate different federations belonging to different sectors and work as umbrella organizations.

In former conclusions we already mentioned that the power of unions is very limited; in fact either at factory or sectorial level, unions cannot guarantee to workers better conditions. The limited power is due to weaknesses that limit significantly unions in their activities. At factory level the major weakness are the lack of leadership and negotiation skills that do not allow collective bargaining agents to have confrontation with the employers such to defend workers’ rights. At sectorial level instead the weaknesses identified are: (1) lack of penetration that does not allow federation to have a significant number of workers involved in their activities and therefore very low political weight; (2) lack or bad internal and external communication, very few workers know what is a union and what it does, in addition to that federations also lack of a proper internal flow of information; (3) lack of resources, mostly financial, that severely limit federation in their activities; (4) fragmentation, since unions do not cooperate and do not have common programs; (5) restricting national law that till few years back banned freedom of association and nowadays make the registration of new factory-level unions a difficult process. All the issue above mentioned contribute in limiting unions’ capacity and power and make them the weakest of the three pillars. A consequence of that is that unions have small impact on improving working conditions.

**SUB-QUESTION 4: HOW ARE WORKING CONDITIONS REGULATED AND ENFORCED BY NATIONAL GOVERNMENT?**

In order to answer to this question we need to look at two aspects: regulation and enforcement. Regarding regulation in the social dialogue section we described how the
real decision maker is the government and a systematic consultation of the stakeholder does not exist and take place, the dialogue is only sporadic and it is practiced mostly for crisis management (e.g. in 2006 for national riots due to higher wages request, in 2012 for Tazreen blaze and in 2013 for Rana Plaza collapse). In these cases the three pillars were invited to seat together and discuss about how to improve the existing conditions.

The history also helps in understanding how regulations have been modified over time: in the ‘80s and ‘90s the garment industry was subjected to major deregulation process that left the market in the hands of privates. In 2006 after a long period of unrest, where factories stayed closed due to workers’ protests, the labour law was modified and in the following years improved. Deregulation and regulation occurred and specific periods and only from 2010 with the establishing of the wage board a more frequent evaluation of the current law started to be implemented.

Regarding the law enforcement there is a first consideration that needs to be done (also in connection with former topic): most of our interviewees referred to the labour law as quite satisfactory (beside the freedom of association right) and the enforcement of the existing law would guarantee the general improvement of the working conditions. Therefore the major problem can be identified in the enforcement of the law.

In the compliance section we introduced the difference between compliance and social compliance. Compliance is the fulfilment of the obligations set by the law. The actor responsible to maintain an adequate level of compliance is the ministry of labour and employment that established the inspecting system. Unfortunately the current inspecting system turned to be inadequate in controlling an industry that have more than five thousands factories and therefore it contributes in weakening even more the workers’ position. The major concerns regarding the inspecting system are: small number of inspectors that do not allow an adequate coverage of the territory, low salaries that increase the risk of corruption, high mobility of inspectors moving to the private sector and no resources that make also physical mobility a critical problem. In parallel to this system there is the auditing system held by the buyers. Auditors check whether factories respect the code of conduct imposed by the global buyers. In this case we would refer to social compliance that is the general adherence to social responsibilities.

Finally we observed that, during the last decade, there was a shifting attention to some major concerns: initially the concern was on the compliance to the new wage levels set by the government and the wage board, then the focus shifted to social compliance and finally, after the two disasters, the focus is all on physical compliance. The race to comply with the new regulations is due to the international pressure applied on government, business associations and employers from international organizations and global buyers. Especially the latters fear for a damage of their public image and therefore require the adherence to their codes of conducts.
SUB-QUESTION 5: WHAT IS THE LEVEL OF AWARENESS AMONG WORKERS REGARDING LABOUR RIGHTS AND HOW DOES IT INFLUENCE THE WORKING CONDITIONS?

To answer to this question we will look at level of workers' awareness and at its impact. Regarding the first aspect we tested the level of awareness on six major issues: freedom of association, job security, wage, harassment and discrimination. Thanks to the answers to the proposed questionnaire we can conclude that the overall level of awareness is low. Workers have very little or no knowledge regarding labour rights, this can be observed by the lack of awareness of: proper basic salary and overtime rate, existence of paid-leave, number of days of sick leave, existence of unions and of the freedom of association right, and the recognition of discrimination and harassment cases.

In addition to that we can also conclude that the lack of awareness has severe impacts on working conditions. Looking at our major issues: (1) in those factories where workers benefitted of the freedom of association right, working conditions reflected to be better than in the opposite cases. Most of our interviewees were not aware of this right and therefore were totally submissive to management decisions without engaging it to open negotiation tables. (2) Job security, we can observe that not all the workers are aware of the ID and among the aware ones not all are in possess of the ID. ID represents one of the solutions that government adopted in order to empower workers and give them better opportunities to move to better factories, in its absence, workers have less opportunities to change job. (3) Workers are subjected to harassment and perceive it differently. More than in one case (all these interviewees were women) workers refer to it as normal. International programs play a key role in educating workers to not accept bad behaviour and work in reducing these bad practices. (4) Discrimination, only few workers recognize preference in man as discriminating, and they always justify the differences referring to higher production or better skills. As consequence women in general get lower salary and are not employed in occupations that required more skilled labour. (5) Only few workers knew about sick or paid leave and therefore in case of sickness, injury or familiar problems workers simply did not get the payment for that that. (6) Finally the wage, workers are partially aware of the real values of their wages and at the same time have the impression to be underpaid. Wage is discussed and negotiated at sectorial-level, therefore unions are responsible to request negotiation tables to government negotiate for better wages and inform workers of the new level of wage set by the national law.

SUB-QUESTION 5: HOW DO THE INTERNATIONAL PRESSURE AND TYPE OF PRODUCT SHAPE THE GARMENT INDUSTRY AND IMPACT ON THE WORKING CONDITIONS?

The findings showed that the tripartite system is subjected to continuous external pressure made by global buyers and international organizations such as ILO. The pressure differentiate in nature: (1) global buyers push for low labour cost in order to keep the final price low and keep or increase the profit margin, push for the respect of the code of conducts imposed, moreover require that the factories comply to the national law. One of the reasons of this kind of pressure is to the necessity to maintain brand’s image in front of their costumers. (2) International organizations
focus on a different aspect and mostly on redistributing the power among the pillars and empower workers and their representatives; therefore organizations such as ILO push the government in design and accept amendments that would increase the freedom of association, and to improve the current social dialogue system. (3) The ILO activity has also an indirect effect, in fact ILO programs and assessments attract or repulse global buyers that in case of positive outcomes see their production in Bangladesh legitimated by an international body and therefore improve their brand’s image.

Besides the international pressure, the type of product manufactured plays a crucial role in the sectorial development. In fact the sector manufactures low value products and does not required high skilled labour, which determines low profit margin, thus low labour cost and, low wages. As result workers are easily replaced, which creates a low level of job security. Buyers are pushing for an upgrade of the product manufactured and move it to higher value products; the upgrade would increase the profit margin and it open a new room for improving the working conditions.

**SUB-QUESTION 6: HOW COULD THE WORKING CONDITIONS BE IMPROVED IN THE BANGLADESHI GARMENT INDUSTRY?**

So far we identified and presented the weaknesses of the garment sector related to our research purposed, in section 2.6 we introduced some reflections and recommendations that would contribute to improve the current status of the working conditions. Through our interviews we acknowledged that there are already programs and policies implemented by the government, global buyers and ILO that focus mostly on building capacity and redistribute the power among the three pillars. The recommendations that we provided aim to be complementary to the programs in act and to indicate the direction where resources and policy should be assigned and designed. The recommendation (section 2.6.5) focus on: job security, productivity, wage, supervisors, international pressure, power distribution, compliance, workers’ awareness and product’s value. The roadmap in figure 13 provides essential steps that are necessary to implement the recommendations provided.

**RESEARCH-QUESTION: HOW DO COMPLIANCE AND SOCIAL DIALOGUE INFLUENCE THE CURRENT WORKING CONDITIONS AND HOW COULD THEY BE IMPROVED?**

The former answers contributed already to answer to the main question, nevertheless we can point out some major issues that directly concern the main research question. Compliance is undermined by the lack of resources, inspectors and skills, moreover the auditing system is not able to make a radical improvement of the working conditions, as result to that we experienced tragedies such as Tazreen and Rana Plaza. The social dialogue, which focuses mostly on disputes resolution, is undermined by the unequal distribution of power, the sporadic consultations of all the parties. These two factors impact tremendously on the working conditions through: (1) the limitation of the enforcement of national law, (2) the incapacity of unions to protect and improve workers’ conditions, (3) the limitation in tripartite consultation.
The question related to how to improve the working conditions has a high level of complexity due to the holistic nature of the problem presented, where many factors are interrelated and it is hard to intervene on one issue without considering consequences on other factors. However there are already programs and policies that work on improving the workers’ conditions and we provided additional recommendations focusing on socio-economic aspects.

3.2. Future work

This project did not only explain the impact of social dialogue and compliance on working conditions but also introduced many other issues that impact on the garment sector. Therefore the findings open room for new discussions and for deeper analysis of the research presented. The potential follow up may focus on:

**Evaluation of the programs implemented by international organizations**

During our research we met many organizations that focused on capacity building programs and work on providing training on soft skills to workers, therefore research may focus on analysing the design, impact and effectiveness of these programs, also including a cross-country comparison to understand what are the key points of success and failure.

**Focus on the physical compliance**

In this research project we could identify the difference between compliance and social compliance. Due to recent tragedies occurred in the garment sector a research may focus on analysing the status of the physical compliance though: (1) study the current labour law identifying the most important sections, (2) make an assessment of the sector (suggested geographically), (3) identify the major compliance issues, (4) recommend solutions on how to improve physical compliance and the labour law.

**Evaluation of the pressure of global buyers and their code of conducts**

In our report we presented the gap between the workers’ needs and the buyers’ attention, on the basis of that further research can focus on: (1) learn about the code of conducts system and which are the one applied by the bigger buyers, (2) identify the gap with the workers’ needs, (3) assess the impact of the CoCs in shaping the industry.

**Focus on supervisors**

Relationship between workers and supervisors showed to be characterized by harassing behaviours by the latter. Supervisors are the part of management in constant and direct contact with workers, thus deserve a special attention. Research can focus on understanding supervisors’ need, problems, leadership and communication style in order to understand what are the reasons that push them in harass subordinates. The research may conclude providing alternative on how to change supervisors’ behaviour.
**Women Empowerment and Reduce Gender Discrimination**

Although women are the 80% of the garment workforce they are discriminated in their working environment and do not earn or cover higher position as men do. Therefore future research can focus on: (1) understand what kind of discrimination women are subjected to, (2) the level of awareness of women on discrimination, (3) understand what are women needs related to garment and (4) design solutions that would reduce discrimination and empower women.

**Increase of Productivity**

The garment sector is characterized by low productivity level that impact on profit and wage. Future research may make a cross-country study that would focus on the garment sectors and analyse past and future benefits and costs of increasing the productivity and applying it to the Bangladeshi garment sector.
4. APPENDIXES

4.1. APPENDIX A: ACRONYMS AND ABBREVIATIONS USED IN THE DOCUMENT

AW = Awaj Foundation  
BA = business associations  
BAWF = Bangladesh Apparel Workers Federation  
BEF = Bangladeshi Employers Federation  
BGMEA = Bangladesh Garment Manufacturer Employer Association  
BKMEA = Bangladesh Knitwear Manufacturer Employer Association  
BILS = Bangladesh Institute for labor studies  
BLA= Bangladesh Labor Act 2006  
BW = Better Work project  
CB = Collective Bargaining  
CBA = Collective Bargaining Agent  
CPD = Center for Policy Dialogue  
EPZ = Export Processing Zone  
EPZA = Export Processing Zone Authority  
FOA = Freedom Of Association  
FTU = trade union at factory level  
FWF = Fair Wear Foundation  
ILO = International Labor Organization  
ILS = International Labour Standards  
INGO = international NGO  
ITUF = International Trade Union Federation  
JDL = Joint Director of Labour  
LNGO = local NGO
MOL = Ministry of labour
NCCWE = National Council Workers education
NTUF = National Trade Union Federation
SN = Solidaridad Network
TU = Trade Union
TUF = Trade Union Federation
WC = Working Conditions

4.2. APPENDIX B: REPORT’S FIGURES AND TABLES

4.2.1. FIGURES

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4.3. APPENDIX C: INTERVIEW REPORTS

This annex presents all the reports of the interviews done in the period in Bangladesh. In order to keep the interviewee anonymous no name is present in the reports.

4.3.1. REPORT INTERVIEWEE 1 (II)

The issues discussed with this interviewee are the following

WAGES ISSUE AND BRANDS RESPONSIBILITY

There are some problems regarding the payment to workers, the actor that should take action are brands pressing the factories to comply with the standards. In the last years there were some actions regarding wage at the institutional level:

i. In 2010 there was a raise of wage;

ii. In 2012 there was pressure from unions to raise the wage, but the government didn’t answer positively, so there was not any change in wage legislation:
iii. In 2013 (November) a wage board was established that is a governmental body that supervises wages.

There is some pressure from workers to factories owners is raising wages because of the continuous increase of rent, so workers cannot pay rent anymore.

In this scenario brands push for better conditions because if media would report the poor working conditions, brands would lose customers due to their loss of image.

ILO’S ROLE

ILO is working in two directions: first of all ILO checks the government activities and efforts in complying with the ILS and how it enforces the law, and second ILO is a capacity builder providing training to government representatives.

GOVERNMENT AND LAW ENFORCEMENT (COMPLIANCE)

Government lacks in capacity in several aspects:

i. Physical, there are not enough people supporting governmental activities,
ii. Resources, there are not enough funds therefore representatives are poorly paid therefore there can be cases of corruption,
iii. Inadequate skills capacity, therefore the auditors are not well trained.

ILO works with the labour administration and Ministry of Labour in improving these three weaknesses.

Ministry of labour manages the unions’ applications. Many applications are rejected because they receive pressure from:

i. Politicians, that are involved in the garment sector,
ii. Other unions that oppose towards the new groups,
iii. Employers that oppose against unions’ foundation.

In this sense things are changing and government started to approve more and more applications from new unions.

There is a lack of political willingness to change things. Therefore ILO put pressure on government using the argument of global buyers and FDI: bad episodes influence a lot the investment decisions of the global buyers, because the need to improve the conditions because of market’s needs. The law and the system is lacking also for capacity in protecting the workers.

In 2004 unions were prohibited (in EPZ) and in 2010 there was a step back that reduced even more the rights of unions.

Labour law in EPZ is different: in fact ILO standards are not applicable in EPZ also the collective bargaining. Therefore there are two different laws in and out EPZ, however conditions within EPZ are better. The reasons for the better conditions can be identified as:
i. 10 years ago factories were within Dhaka city, then EPZ factories were built with better standards. Nowadays the situation is changing because the new factories have higher standards,

ii. There is more foreign ownership: foreign companies are more worried about working conditions,

iii. Wages in EPZ are paid in dollars with 10% increase yearly.

**Unions’ Issues**

IndustriAll council for Bangladesh (Textile committee) recognized 8 federations; these 8 federations arrange a meeting with workers.

The reasons why unions are not very effective are due to: they are too many, they don’t have common programs, they are front organizations of political parties, and they go against the foundation of new unions (at factory levels).

American Solidarity Centre is an organization that supports workers in their issues with factories and help unions’ in their applications.

**Industry Development & Employers’ Interest**

Few issues have been appointed such as:

i. Bangladesh is to a cross over moment: thanks to the skills acquired Brands have an interest in producing higher value stuff.

ii. Reasons why FDI are scared is caused by the political instability, therefore FDI hesitates to takes over.

iii. Brands require better conditions for new investment in industry. To move to higher value products factories have to comply with ILS.

iv. Brands work in building capacity skills for higher value products.

**How to improve current situation**

Potential ways of improvement: wages review each year, trade unions are politically affiliated and redistribute power from government and employers towards workers.

**4.3.2. Report Interviewee 2 (I2)**

**Trade Unions in Bangladesh**

BAWF is a sectorial federation reaching 126 factories through 4 main trade unions that work at the factory level. Workers can join the federation either directly (associate membership) or indirectly via one of the above-mentioned TUs. One of the strengths of BAWF is that it keeps good track of its members and accounts.

**Overview of the TUs and workers in the Bangladeshi Garment Sector**

Over 4,000,000 workers (around 3,500,000 of which are women) are employed in the garment sector. Of them around 5% are represented by unions. There are around 52
unions in the garment sector. However most of them are inactive and exist only for personal gains. Only 8 or 9 federation actually have offices.

**ISSUED FACED BY THE UNIONS**

One important issue is the lack of training. Also, new trade unions before being established should receive training: newly founded trade unions lacking training and knowledge (for example when it comes to collective bargaining) might just use strikes (often illegally) as an instrument to defend workers’ rights. However, hampering the development of the industry is counterproductive for the workers.

Lack of capacity is on three main aspects such as people, training, and money. The financial resources come from political parties, international organizations and workers.

When funding comes from workers, as for BAWF, the flow of money can be somewhat irregular. Moreover, despicable behaviour from some unions (taking advantage of funds for personal gains etc.) swayed much of the help from international organizations away from TUs.

Often TUs are localized far from factories and thus workers find it difficult to visit the TU unless they have a real problem (they don’t go to trainings, discussion groups and so on and so forth).

**RELATIONSHIP WITH OTHER STAKEHOLDERS**

**GLOBAL BUYERS**

Global buyers can exert a positive influence on the local industry, however they are often more interested in improving working conditions without caring much about freedom of association.

**OTHER TRADE UNIONS / NATIONAL AND INTERNATIONAL TRADE UNIONS**

The national trade unions usually give some training to the sectorial federations. However, these are clearly not enough: they are too sporadic. Sometimes they get training from ILO, however ILO uses NCCWE to deliver its trainings and only few (8) TUFs are associated to NCCWE.

Other trade unions are often politicized. Benefits of being independent (apart from being independent): parties always try to make you “happy” in order to gain your favour.

**EMPLOYERS**

They have relations mostly with BGMEA that are more directly active. BKMEA and BTMEA are much more passive. However BGMEA only recognizes 9 federations that limits a bit the way TUs can work with employers.

**CONFLICT RESOLUTION**
In case workers need the help of the union (ex: harassment, denied benefits, unjustified layoffs) they usually contact their local union that directs them to the sectorial union (or they might just go to the sectorial union). BAWF then contacts BGMEA that contacts the management of the factory. Usually they avoid solving the issue directly with the factory in order to minimize the risk of retaliation of the management on the worker. If the issue cannot be solved through dialogue then an arbitrator enters the picture. If after the arbitration process there is still disagreement, then it moves to the court. Generally, unions try to avoid going to court because of the long times of the processes (even 5 years).

BAWF tries to avoid BLAST, because they deem them to be inadequate in getting compensation for workers and they often sway workers away from TUs.

**Worker rights and working conditions**

Subcontractors escape controls (they are often unregistered, therefore it’s very difficult for government and almost impossible for global buyers to inspect them). Aspects of workers’ rights that the interviewee reported to be often violated are maternity leave and overtime.

**Future prospects**

Awareness of rights (especially of freedom of association) and of the usefulness of unions is crucial. This can be achieved used a mixture of media: from brochures and posters to TV commercials and small films to project in slums. However, the lack of funds is still a big problem.

**4.3.3. Report Interviewee 3 (I3)**

**Better work**

Better work is an international joint project between ILO and IFC aimed at: ensure the growth and development of a country, and improve working conditions and compliance to ILS. The project, thus, brings together the interests of both ILO and IFC and is already in place in many countries around the globe such as Cambodia (where it started), Vietnam, Jordan, Lesotho and so on and so forth.

The project is enforced either via mandatory measures (i.e. by law: the government makes it mandatory to comply with BW standards for all factories or for a fraction of them – such as export-oriented factories) or voluntarily (i.e. it is enforced in factories thanks to external pressure, from the market, from business associations or from the government).

The Better work program aims to address 3 main issues:

i. Adequate national law to international standards;

ii. Provide trainings aimed to build capacity, meaning: soft skills and technical support (consulting. Example: where to buy equipment etc.);
iii. Improving communication between workers, top management and middle management.

An advantage introduced by the adoption of the better work program is the simplification of the auditing process. In fact, in its absence factories are often required to comply with different codes of conduct, while in presence of the BW program these different codes are replaced by a single one. This also makes it possible to compare labour standards not only across factories in the same country, but also across different countries.

**Better Work Bangladesh**

It’s not in place yet; in fact Better Work (in practice ILO) first performs an independent assessment of the country situation that is usually followed by the put in practice of the BW program (or not). However, due to the extremely complicated and fragmented nature of the Bangladeshi economy, after the assessment phase, they put in place a design phase (that normally is not required) to assess the feasibility of the project and to create some ground conditions required to render Bangladesh an eligible candidate for the BW program. The design phase has been concluded and if the government ratifies some changes in the 2006 BLA (International Labour Organization, 2009) (suggested by the ILO and aimed at meeting ILS) it will probably be put in place.

Factories in Bangladesh will probably be selected in two ways:

1. Via business association (BGMEA and BKMEA);
2. Via market pressure (buyers).

Government and BW will perform auditing. BW is already hiring auditors (whose training will take approximately 6 months); the government will increase the number of inspectors from 55 to 200 (nationwide). Once the auditors have been trained there would be a yearly check to assess whether the program is working.

**Current situation and future prospect of the Bangladeshi garment sector**

The issues pointed out are:

i. Hierarchical society;

ii. First generation of entrepreneurs. Now this thing is changing: old employers are retiring and the new generation (more educated) is taking over, and one enterprises have become so big that they are starting to employ educated management (first from abroad and now from the internal market)

iii. Short-sighted business decision (related to the inexperience of the first generation of employers) aimed at immediate profits.

iv. Moving up in the value chain. Bangladesh so far has specialized itself in low value (and low margin) garments. However buyers are started to put pressure on producers to diversify the production in Bangladesh. More technical equipment requires more skilled workers, thus more vocational training. Moving up in the value chain means having more skilled workers that have
higher bargaining power (it’s not easy to replace them as there is a scarcity of them, especially in Bangladesh at the moment).

**Trade Unions**

Trade unions are often used by some trade unions’ leaders for personal profits and they are often politicized: in these cases unions are used to bring people at political rallies and leaders often don’t seek the interest of the workers but of the party.

**How to improve compliance**

Many issues cannot be solved at the factory level but must be addressed at the national level, through: changes to the current legislation, more inspections (GIZ), and using and training of industrial police.

In general, however, there needs to be a political willingness to improve things (address problems of corruption and conflict of interest, 30% of the members of parliament are factory owner). The government is moving in the right direction also thanks to the pressure from ILO and global buyers (they threaten to pull out of Bangladesh if working conditions do not improve, especially after the Savar tragedy). During the first stages of development of the industry, the government did not have incentives to put too much pressure on factory owners regarding compliance, safety issues and working conditions. However, now, considering the size that the industry has reached, the recent tragedies and the global pressure on these issues, the government has to recognize the importance of addressing these problems (otherwise the industry could decline). If these issues are not addressed Bangladesh could lose its status of GSP\(^1\) with the US (there are similar systems in the EU and soon in Canada as well that might hamper the growth of the industry). Finally the law if it’s not enforced is just a piece of paper.

**Future prospects**

There is interest among foreign firms to invest more in Bangladesh. This is due to two reasons:

i. Shifting production to Bangladesh because of lower cost of labour (China is becoming more expensive);

ii. Shifting production of higher value garments to Bangladesh to exploit economies of scale (integration with lower value garments).

However, due to the recent crisis in the US and especially in the EU, BGMEA and BKMEA are starting to look at other emerging markets (ex: Russia, China, Brazil). These markets are not as sensitive as the European and American one to labour
issues (working conditions, workers’ rights, freedom of association), thus this expansion might pose a challenge to the future development of the industry (inner division of the production, with two different working standards: one for western markets and one for emerging markets then polarization).

4.3.4. REPORT INTERVIEWEE 4 (I4)

GIZ aims at designing, putting in practice and evaluating best practices that are then spread through working papers and publications.

WORKERS AWARENESS

PROJECT: WOMEN’S CAFES

There had been 43 women’s café. The program is in cooperation with Action Aid. Objectives:

i. Sensibilization;
ii. Leadership training;
iii. Technical training;
iv. Training in social dialogue.

There’s willingness to increase the capacity of workers and union’s leaders through trainings aimed at giving them the tools to:

i. Identify issues;
ii. Find solution;
iii. Implement solutions.

GIZ works with a total of four Bangladeshi NGOs, two of which are based in Dhaka. One is Awaj Foundation and the other is Korbunichari. The garment industry has had a positive impact on women’s lives, giving them more independence: for the first time they contribute to the family’s income.

In the garment sector there have been identified five thousands of factories, but only the 5% of the workers is represented by unions.

COMPLIANCE

Numbers of inspectors 52, but actually much less are operative. There are 3 bottlenecks connected to inspectors:

i. Low salaries and moral hazard;
ii. High mobility of labour, therefore skilled inspectors migrate to the private sector;
iii. No means of transportation.

Another issue connected to compliance is the fact that factory owners usually don’t keep service books. This is not only a problem in the short run, but also in the long
run, since workers have no proof of the jobs they had in the past, their experience and so on and so forth.

SOLUTIONS

There is no immediate solution and at the same time there is the need of a structural, long-term solution. One of the solutions proposed by GIZ is to leave inspections to a private body for example BRAC) that gives certifications to factories. Factories would have to pay to receive such certifications, thus making the whole process self-sustainable. This inflow of resources, connected to the number of inspections performed, solves the three problems listed above: higher salaries lead to lower corruption and more commitment to the job. Moreover inspectors would have their own mean of transportation of which they would be personally responsible).

CAPACITY BUILDING OF AUDITORS, SOCIAL ADVISORS AND MANAGEMENT

BGMEA and BKMEA have a business advisory system. That is a team of advisors that help members of these associations to develop their businesses and to meet certain standards, upon their own voluntary request. In particular, GIZ gives training to such advisors on social compliance. Factory owners ask for advice on social compliance under pressure from global buyers that ask them to comply with certain code of conducts.

GIZ gives training to middle managers through the Bangladeshi Institute of Management. Employers also often have a low level of education. This makes them miss opportunities and make communication with workers and middle managers difficult. Example of opportunities that were missed in the past: workers with disabilities.

GOVERNMENT

The ministry directly responsible for the garment sector is the ministry of commerce. BGMEA and BKMEA answer to him. However the ministry responsible for compliance (talking about working conditions and safety) is the ministry of labour. GIZ has made a memorandum of understanding with the ministry of commerce, but works closely with the ministry of labor (training to inspectors). Political willingness to address problems mostly comes from buyers.

FUTURE PROSPECTS

The future prospect for the Bangladeshi garment sector are identified as the following:

i. Government should also take care of the lives of workers outside the factories (good thing in this direction: housing projects);
ii. Employers need to understand that social compliance is also a business issue: there are opportunities for profit and growth in it (ex: skilled workers become more loyal to the factory therefore less migration). International pressure might help a lot in this sense.
iii. Move up in the value chain therefore higher returns, higher wages, and better welfare. According to him, this is the only way in the long run to “save the industry”.

iv. Increase the productivity. This can also be achieved through social compliance and social dialogue.

v. Western consumers also have to change: more awareness of labour issues and more pressure on global buyers.

4.3.5. REPORT INTERVIEWEE 5 (I5)

Most of the actions taken right after a tragedy like Rana Plaza (or Tazreem for all that matters) are mostly “cosmetic” and short-sighted. As we know, most of the pressure comes from buyers. Buyers care about code of conduct, not law (as they can’t do anything on that matter). Such code of conducts are, obviously, tailored to address the major concerns of western buyers, whose sensibility often make them focus on non-core issues such as child labour and maternity leave, while more important problems remain unaddressed or are shadowed. We’re talking about:

i. Safety;
ii. Wage;
iii. Working hours;
iv. Social safety net;
v. Job security;
vi. Freedom of association.

In particular freedom of association is crucial to achieve better working conditions: workers need to be able to be organized and communicate with employers and buyers to this end.

Social auditors and codes of conducts are good, but law should be the common ground. Code of conducts should be an “extra”. Audits performed by brands have no legal value, but are useful to push, step-by-step, manufacturers towards better social compliance. However, sometimes the consequences of noncompliance are not strong enough to incentivize employers to actually improve working conditions.

At the moment there are many codes of conduct in place, usually uncoordinated (each brand has its own), but probably they are clustered around some concepts of social accountability.

**Political willingness**

The sector has been left untouched for quite some time, because it is generator of profits and employment, so it was left unconstrained. There is a sort of unwritten agreement between employers and government: it’s not even corruption, is just that the government leaves the sector alone.

Business associations are not very willing to cooperate, they accept to discuss, but they don’t allow bargaining. BLA 2006 is written in coordination by government,
workers (National trade unions), Business associations and experts. The law was ratified by the parliament, but trade unions had some reserves on it.

**REPRESENTATION**

Another issue is lack of representation: there is a huge disproportion between the power of employers and the power of workers. Unions are leader-based and do not have a structure; this characteristic can be identified as one of the reasons that make unions weaker.

TUF have not enough power to change things. Change can only come from buyers, since business associations care mostly about profits.

**CONSUMERS**

Business associations blame activists for loss of image. There is some truth in it: efforts should be made in order to make customers aware of the challenges that Bangladesh faces, not just towards boycotting brands that produce in Bangladesh, since this would be counterproductive for Bangladeshi development. Thus, work should be aimed towards not the single customer, but towards consumers associations.

**CAPACITY BUILDING AND THE FUTURE**

There is the need to expand the sector. To do this it is necessary to improve the skill of workers, true, but also employers need to gain more knowledge, for instance in trade diplomacy.

BILS is going to write a document with TUFs on safety. They’re not very willing to cooperate with BGMEA, due to this human rights issue.

**4.3.6. REPORT INTERVIEWEE 6 (I6)**

**ABOUT SOLIDARITY CENTRE**

Solidarity centre provides three types of support to its members:

i. Labour rights support,

ii. Technical support,

iii. Pressure for freedom of association,

iv. Policy consultation.

**UNIONS & WORKERS**

**HISTORY**

Traditionally unions have been very active and also very strong in the Bangladeshi industry. After the liberation war most of, if not all, the industries were nationalized. After the privatization process started, late 1980s early 1990s, unions started to lose bargaining power and membership. Unions belong historically to the public sector and
the current unions’ leaders developed/grew in this historical moment, however the skills needed in private sector are different from those needed in the public.

In 2008 the caretaker government (military regime) banned unions from their activities; with the new government the ban was cancelled, but only in theory and not in practice. As a consequence of lack of unions’ activities brought workers to express their anger and frustration in a violent, spontaneous and disorganized strikes.

In 2010 after the rise in the minimum wage and the unrest that preceded that, the industrial police was established.

**Unions’ Approval**

There are 30 unions at factory level and they belong to five TUF where 22 new factory level unions were approved in the last six months. Because it is very hard to get the approval from the ministry of labour, TUF sopped to present FTU applications. Moreover after an unsuccessful application the local leaders were laid off.

**Characteristics and Opportunities of the RMG Sector’s Unions**

3 peculiar aspects characterize the garment sector in Bangladesh: huge size; mostly composed by female and young workforce.

The last aspect is of particular interest: such a young workforce can be a great opportunity for pushing working conditions towards an improvement, however it needs to be unionized and structured.

The RMG sector, together with the leather and pharmaceutical ones, is a new sector, meaning that it didn’t go through the privatization process, through which most of the other sectors of the economy of Bangladesh went. A consequence of this aspect is that the unions born in this sector were born in an already privatized environment.

**Strengths and Weaknesses of the TU system**

One of the key deficiencies of the TU system is their lack of penetration at the factory level. This detachment from the workforce has consequences on many levels:

1. Lack of backing support and thus of bargaining power;
2. Lack of communication, thus the work of trade unions is often misaimed;
3. Lack of funds from memberships fees.

The solidarity centre continuously pushes unions to be more active at the factory level, i.e. opening more factory level trade unions. However, there seemed to be very little openness from the government side towards the establishment of new trade unions: in 2011 of 11 unions that applied for recognition only 1 was accepted. As a consequence the leaders of the rejected unions were terminated. Clearly this is not a great incentive for workers to start thinking about getting involved in the union system. However, it seems that things are changing: in the last 6 months the application from 22 unions was accepted. Such a change in the political attitude towards workers organization is due to international pressure, from ILO for example,
but from the US (through the GSP system) as well. These days the EU is mobilizing as well regarding this topic (establishing a GSP like system).

New trade unions’ leaders are, obviously, inexperienced. Therefore, they should try to build some experience trying to address relatively controversial issues, such as work safety. In this way they would build up their experience, bargaining skills, create confidence and a relationship with the management. However, this people, probably also because it is the issue mostly felt by workers, go straight to ask for wage raises, and then they often fail because, as we said, they lack the necessary bargaining skills to address this kind of issues. Another issue that leaders have to face when negotiating with the management is to overcome the feeling of “inferiority” that they naturally feel towards the management, that are generally more educated than them and surely richer.

Many workers, however, just see unions as means to receive cheap legal assistance. And this is often true: the activities of many unions are basically just to solve issues related to termination benefit. Then, basically, the two parties (workers and unions) split the payment. This is how many trade unions survive and its often their only activity, meaning that they completely overlook other issues such as campaigning for better working conditions, higher wages etc.

There is a certain level of communication between but it is not aimed for the organization of coordinated activities. In this sense then even if the leaders know each other’s and protect the same category they are not willing for a tighter cooperation.

Unions’ national level plays a role in the system, but they are pretty detached by the other two sublevels.

**How to improve the unions**

One way to increase the unions’ power is to increase the number of memberships, in fact if unions represent a bigger number of workers can have a louder voice in front of the government and BAs.

Another important point of improvement is the TUF’s unity. If one TUF would acquire more power than others (e.g. through more affiliation) this will become a magnet that would attract some TUFs and reject others; therefore on the long term there would be a selection of TUFs, with the termination of those that gradually would lose power and the convergence towards more unity led by the strongest TUF. Most of the negotiation regarding wage and benefit should be moved at the sectorial level, while the rest of the negotiation should remain at the plant level.

**Workers**

Workers’ unrests are very case specific; in fact strikes happen occasionally, violently but with no real follow up. This behaviour can be explained also by the lack of leaders that can lead the group to calm or to real negotiate with the employers. Moreover workers are not aware of the safety and security standards.
Even though there at about four millions of workers in the garment sector, the final balance reports a lack of workers; this can be explained through the high level of turn over and migration within the industry. The turn over rate is over 30%. Moreover this issue makes it difficult to maintain constant levels of productivity.

**Conflict resolution**

In case of conflict between workers and employers going to court can be both very slow and very costly. Thus most of the issues should be addressed first internally through more informal ways. This is more convenient for the parties, workers and employers: the first get the money faster, the latter usually pay less than they would pay otherwise.

**Issues to be addressed**

Important issues that should be addressed at different levels are:

1. **Freedom of association**: in order to have a concrete social dialogue there is the need to have organized workers,
2. **Government position**: government needs to be proactive in developing the garment sectors as well as working conditions,
3. **Employers’ competition**: currently the competition is often based on violation of labour law (to keep the costs down); therefore there is an incentive to not comply with the national law (race to the bottom). Employers should confront the issue openly and try to level the field keeping the competition inside the sphere of legality. Moreover the consequences of noncompliance, even after tragic events, were very little (i.e. no arrests).
4. **Brands’ responsibility**: first brands should pay the price of compliance: second they should move from ethical sourcing to ethical buying: in the ethical buying the focus is on all the supply chain while in the ethical sourcing the focus in only on the last component of the supply chain. This relates to the issue of subcontracting and to the claim that global buyers are unaware of subcontracting agreements between Bangladeshi factories: this, in reality, is an open secret. It’s just more convenient to pretend not to know it.

**Future development**

The feeling is that we are on the right path. Problems in the garment sector have existed for a very long time; however, there always have been a lack of political willingness to enact the necessary policies to address them. Nevertheless, the momentum that followed the recent tragedies that hit the Bangladeshi garment sector might generate enough external pressure to push the government to take the necessary steps to finally address these issues. In particular the actions taken by foreign governments are really making a difference. We’re referring in particular to the generalized system of preferences of the US, however the EU as well is pushing towards the same direction.
Brands are, and should in order to improve working conditions, making pressure as well towards better compliance.

Employers, on the other hand, should learn to recognize the business opportunities that lie in organized workers and greater unions penetration (more organized workers mean less random strikes, for example). A related issue is the one of the very fast workers turnover in factories: lack of “loyalty” to the enterprise make workers move to the factory that pays the most, in particular, skilled workers, of whom there is a high demand, tend to move pretty fast. It would be in the interest of the employers to avoid this phenomenon (for example improving working conditions, treating workers better and creating a shared “factory identity”).

**SOCIAL DIALOGUE**

The dialogue between the components of the tripartite system in the textile sector is set on an occasional basis. Therefore when serious facts as Tazreen, Rana Plaza or persistent workers’ strikes happen the government established the dialogue calling the unions to present the claims of the workers.

**EMPLOYERS AND BAs**

The garment industry is a pretty new industry in Bangladesh, in fact it started growing at the late 80s, beginning of 90s, therefore many of the factory owners belong to the first generation of entrepreneurs, this aspect has consequentially influenced the setup and priorities of the whole industry. Employers didn’t have the management skills required to efficiently manage an enterprise and often thought, also because of this issue, that it was their duty to explicitly and bluntly exert their power (a few years ago violence in factories was not uncommon). Employers feel the responsibility over the factory and workers; this has a direct influence on the power structure.

BGMEA under the pressure of the brands increased its pressure towards employers to improve the working conditions. Nevertheless even BGMEA is limited in its work and exercising pressure in fact within the BGMEA system each member has the same right to vote for the management and decisions; internal political balances therefore sets a conservative approach towards regulations and working conditions improvement.

**4.3.7. REPORT INTERVIEWEE 7 (I7)**

**INDUSTRIALL**

Sixteen trade union federations are affiliated with industriall in Bangladesh, twelve of them are from the garment/shoes/leather sector and 8 from the garment sector.

Application process can last even a year and final decision is made not by the Bangladeshi council, but by the central board following the recommendations of the council (not binding). In the application it is checked whether the union is: independent, democratic, reaching an adequate number of workers and transparent.
**TU** in **BANGLADESH**

According to him there are 4 kinds of trade unions:

i. Free, independent and democratic TU;

ii. Political associated unions (sister organizations);

iii. Trade unions financed by employers;

iv. TU aristocracy (i.e. TUs completely detached by employees)

Important difference is also between registered and unregistered trade unions.

Industriall aims at creating a global solidarity network. This translates in practice in training activities. Training in: technical, communication, organization and leadership skills.

According to the interviewee Industriall unions are proactive, while the others are reactive (i.e. they go demonstrating every once in a while in front of the press club)

There are 3 pillars in the system: workers (TUs), employers and the government. Unfortunately the workers’ one is the weakest. In such case, i.e. one pillar is weaker than the others, there is no room for meaningful social dialogue and therefore for actual improvement in working conditions.

The weakness is also due to the heavy fragmentation of the TUs. Such fragmentation means lack of representation and structure that often result in violent spontaneous outbursts of violence.

Trade union federations need to work on: membership, capacity building, skills, and organization.

**GARMENT SECTOR AND STAKEHOLDERS**

There is a conflict of interest in the government. There are twenty members of the government and two ministers that are directly involved in the garment sector.

Different ministries are involved in the garment industry. The ministry of commerce relates to global buyers, the ministry of labour checks safety, health and working conditions. Moreover there is a cabinet of ministry that should take care of the whole industry. However a shared responsibility is no one’s responsibility. Therefore many are suggesting creating a minister for the garment industry.

ILO pressures the government to meet the required ILS on FOA, improve the inspection system and improve the social dialogue. Employers are completely antagonistic against the trade unions. There is no social dialogue and the one there is, is actually just eyewash.

Multinationals are also responsible for poor working conditions: they ultimately should pay more.

Following Savar, the last wake up call, there is momentum for change: if change has to happen it has to happen now.
FUTURE

The future looks bright. Chinese competitiveness is going down; therefore Bangladesh is getting more and more shares of the market. Bangladesh’s productivity is high and produces good quality goods. Future prospects say that by 2020 the volume of production can be doubled and by 2025 tripled.

4.3.8. REPORT INTERVIEWEE 8 (18)

CAPACITY BUILDING

GOVERNMENT

In November 2012, Government (ministry of labour and employment) and inspectors visited Germany under the organization of GIZ. During this time they visited factories and met with trade unions in order to realize the potentialities of working with TUs (largest German union egmetall) and have an idea of how things might work.

GIZ and ILO have some common projects on training inspectors (so, there’s no overlap in responsibilities).

So, given that there is a problem of capacity in the government, GIZ tried to create long-term solutions. This has been done through training given to teachers at the Industrial Relationship Institute (IRI) and to the Bangladesh Institute of Management (BIM) that refers to the ministry of industry). IRI gives training to MG workers, managers and inspectors on many topics, including social compliance (GIZ gave formation to such teachers). Until 2004/2005 there were no training programmes on social compliance. BIM was the first to introduce them. Now its activities go pretty well and independently. IRI’s work as well goes pretty well, but it’s not very popular in the private sector.

TRADE UNIONS

Capacity building aimed to formative activities in leadership and social dialogue.

BUSINESS ASSOCIATIONS AND EMPLOYERS

Capacity building aimed to improve social compliance advisory support.

COMPLIANCE

The implementation of compliance on the governmental level should be the ministry of labour, while the ministry of commerce should take care about the relationship with buyers).

BRANDS

GIZ works together with global buyers to set best practices in order to set the example that other factories would consequentially follow.
Buyers often perform their own audits, however, they don't share the results they obtained (neither with the public nor among each other).

There are many codes of conducts, however if the Bangladeshi Labor Law was actually put in practice, most of them would be automatically respected. The problem lies in compliance and enforcement.

**AUDITING**

There are generally 3 levels in auditing:

i. First audit in which main problems are found;
ii. Second audit in which progresses are checked and further recommendations are given;
iii. Final audit where all the conditions should be respected.

**SOCIAL DIALOGUE**

GIZ organizes and acts as a sort of secretary for the “multi-stakeholder” forum (MFB).

**COMPLIANCE AND SOCIAL COMPLIANCE**

Compliance in the broad sense is adherence to social responsibilities. In practice it means to comply with the labour law, the codes of conducts and the social obligations connected to the business the enterprise works in.

**FREEDOM OF ASSOCIATION**

FOA is a rising issue in terms of importance. Many external pressure groups are raising this issue and now the government and employers are practically bound to start dealing with this issue. At least now they are starting to talk about participation committees and unions, while in the past they were practically completely overlooked.

**WOMEN’S CAFES**

They are aimed at sensitizing workers on the issues of labour law. This is done also through the use of games and training toolkits, which rely heavily on sketches and pictures. Moreover they deliver trainings in communication, bargaining, leadership. Finally they also provide legal support. In the first place they aim at amicably solve issues in the factory. By the beginning of the women’s café activities more around 5700 disputes have been solved.

**FUTURE**

There is hope: changes are happening faster: the minimum wage issue that has been revised more often during the last decade sets one example. Moreover, after these tragedies (Tazreen and Rana Plaza), real wake up calls for everyone, things will move even faster: now there will be no other option than compliance. However, also buyers have to recognize their ethical responsibility in what happened and they are, things
are very different from 20 years ago. In the next 10 years probably new industries will emerge as well.

4.3.9. REPORT INTERVIEWEE 9 (I9)

BIDS is the oldest and most prestigious development research centre in Bangladesh. It covers many research topics, from rural areas, to gender, to productivity, technology and social conditions. One of the main issues at the moment is the minimum wage and distribution of wealth.

Regarding the garment sector, with H&M some programmes for implementing freedom of association have been implemented. Such programmes consist in training for management and selected workers (elected by their colleagues). This is different from the way participation committees work, since in these, workers representative are selected by the employers.

EPZs are theoretically less free, but in practice, since they introduced in 2004 factory specific workers association, working conditions have improved. This model is now being applied outside of EPZs with the support of BGMEA. Factory level workers representation leads to better grievances handling and less strikes.

Towards the improvement of working conditions, buyers’ pressure seems to be the only one working. For example, consider the lack of governmental inspectors. There are seven levels in the career of an operator/worker. Each of them has a specific minimum wage.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Name</th>
<th>Basis Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 1</td>
<td>Chief Master</td>
<td>9300</td>
</tr>
<tr>
<td>Grade 2</td>
<td>Master</td>
<td>7200</td>
</tr>
<tr>
<td>Grade 3</td>
<td>Senior</td>
<td>4200</td>
</tr>
<tr>
<td>Grade 4</td>
<td>Operator</td>
<td>3860</td>
</tr>
<tr>
<td>Grade 5</td>
<td>Junior</td>
<td>3500</td>
</tr>
<tr>
<td>Grade 6</td>
<td>Ordinary</td>
<td>3300</td>
</tr>
<tr>
<td>Grade 7</td>
<td>Assistant</td>
<td>3000</td>
</tr>
</tbody>
</table>

Table 12 Grades and Wages

Workers organizations, often patronized by international organizations, take over social dialogue, instead of unions. Local government is also more active in this sense. In fact, most of the national level social dialogue is just eyewash, one of the reasons is the distance between workers leaders and workers.
4.3.10. REPORT INTERVIEWEE 10 (110)

Of course there are very conservative people, but compared to other similar patriarchal societies, the Bangladeshi one is liberal, especially among the middle class. Talking about feminization of society, middle/upper class women fought more, but achieved less than their lower class counterparts. In a certain sense this happened thanks to markets and globalization: in the last 20 years, economic liberalization brought women in the workforce, thus empowering them and making them breadwinners, not just burdens.

Distance between employers/employees or patron-client is not cultural, but is characteristic of this evolutionary phase of the market. Similarly bonds between peers are not stronger in Bangladesh than in other countries.

The main point is that, of course, the structure of the Bangladeshi society has an impact, but is not the main cause of the country’s problem.

BANGLADESHI ECONOMY

At the end of the day the only reason why buyers come to Bangladesh is because of the cheap labour, which is still the cheapest around. The problem here is the distribution of wealth: the garment sector is worth 22 billion dollars, but lack of TUs and distance from the consumers lead to poor working conditions. The way markets are structured make sure that Global buyers, being “everywhere and nowhere” (dehumanization), are in a sense “de-responsibilised”.

Feminization of the RMG sector can also be ascribed to the removal of child labour from the industry, due to pressure from global buyers. New demand of job attracted the second weakest category of workers after children: women. At the same time, government and buyers tried to provide some kind of support and schooling to these, now unemployed, children. Results in this sense were mixed.

Supervisors often are seen as “cruel” because they have to impose their leadership. They are chosen among workers and know their weak points and how to exert leverage. They have never been trained to manage and supervise, so they don’t know about other ways to do it. Supervisors are often chosen on the basis of favouritism: when a position opens a friend of a friend is preferred for the job (the “strength of weak ties”).

Reasons behind low salaries must not be looked in the sociological traits of Bangladesh (feminine/masculine society etc.), but in the way the market is structured.

SIMILARITIES BETWEEN THE CURRENT SITUATION AND HISTORICAL EUROPE

As in Europe between and during the two world wars, in Bangladesh women enter the workforce from the bottom of the food chain and slowly work their way up.
4.3.11. REPORT INTERVIEWEE II (II)

The responsibilities of the directorate of labour are the following:

i. Conciliation and mediation of disputes (related to trade unions);
ii. Promote good workers’-management relationship (industrial peace);
iii. Provide health care services and training through the labour welfare centres;
iv. Handle registration of TUs.

LABOUR WELFARE CENTRES

There are 30 of these centres in Bangladesh. They serve each and every worker and, actually, people have to show no ID to use their services. They provide very basic medical support and some training as well. These formative activities aim at giving “life skills” and raise awareness on labor law and workplace safety. Workers are sent by factory owners to attend these trainings, while some other times it’s the labour welfare centre to contact directly the factory. This is due to the fact that the budget of these centres also depends on the number of activities that they carried out.

REGISTRATION OF TUs

Applications must respect some criteria, there’s a sort of checklist that can be found in the labor law. Some important information that has to be submitted is: list of the members of the executive committee, total memberships list, constitution. In case some amendments must be done to the application, the directorate notifies the applicant that has 15 days to make the necessary changes and/or supply the missing information. The whole registration process, on the other hand, takes around 60 days.

There used to a controversial rule regarding the application process: if a union wished to be registered it had to send a copy of the application to the factory owners. This often resulted in the employers pushing their workers to register other unions, more friendly towards the management, – remember that there can only be 3 unions in a factory, each representing at least 30% of the workers, so if the owners could register 2 unions representing 40% of the workers, legitimately or not, it would be impossible to create a third union.

UNIONS-OWNERS RELATIONSHIP AND DISPUTES

There are guidelines regarding dos and don’ts for both sides. Disputes can rise on many issues such as salaries, services, etc. If the trade union has a demand it has to file a charter and send it to the directorate of labour. Then, in case the parties can’t reach an agreement through direct negotiation, any one of them can resort to arbitration. The arbitrator can be anyone accepted by both parties and he has to act as a mediator between the parties. If this level of negotiation fails as well, then the next step is the labour director, or calling a strike, to be legal it needs to be voted for by 2/3 of the members of the union. This kind of structure is the same used all over the Anglo sphere.
In a broader sense, what is lacking is a national arbitration centres. There are plans to establish one and, very likely also because of the emphasis organizations such as the ILO is putting on these issues, it’s going to be one of the next steps. The question is under which body of the ministry of labour it should go, according to the directorate of labour it should be its responsibility, since when it was operative (during the 80s) it was its responsibility.

Ministry of labour is structured in the following departments: directorate of labour, chief inspector of factory and establishment, minimum wage boards and labour appeal tribunal.

**4.3.12. REPORT INTERVIEWEE 12 (I12)**

**WORKING CONDITIONS**

Working conditions are very diverse depending on the size and/or location. Smaller factories outside of EPZs are usually the worse in terms of working conditions and presence of harassment. The future of these factories is often very uncertain and heavily dependent on meeting certain production quota. This pressure is generally the root cause of the harassment: moreover, being forced to work overnight there is also more sexual harassment. The fact that workers and supervisors spend so much time in the factory, of course, create strong relationships between them, however this fact doesn’t relax the very hierarchical structure of power and doesn’t make harassment less common.

In case of abuse or harassment, workers usually don’t have any choice, but to bow their heads: the alternative, in fact, is to risk losing their jobs. The issue of low job security is of great importance and is related to the lack of proper documentation proving the status of a worker. Often the only proof that a worker has of the fact that he or she is employed by a factory is their ID card (the one they punch in and out at the factory) since they usually don’t keep a copy of their contract, if they sign one at all. Moreover, in case of layoffs employers often retain the ID card of the worker, so that for the latter is impossible to go to court or appeal for grievances or to get his job back. This lack of paper trail happens both outside and inside EPZs.

Moreover, if workers react it’s not necessarily true that things get better: think about the 2006 wage rise. After it there was a big cut in the number of jobs and production objectives increased, employers had to rise the wage, but they wanted to keep the same level of profit.

The fashion industry is very dynamic and thus there is a lot pressure from the top to the bottom of the production chain. The pressure, moreover, increases the lower in the chain you go, a chain that one might define as a “desperation” chain.

**CULTURE AND HISTORY OF BANGLADESH AND THE GARMENT SECTOR**

Urbanization brought flocks of female workers in cities where many of them found a job in the garment sector. Regardless of all of its problems, the garment sector is a
good kind of job: it pays more than other similar occupations and, in certain factories working conditions are not bad. This first step of women empowerment was accompanied by a very high level of male unemployment. Obviously this situation shook the very structure of Bangladesh society, in particular regarding gender roles. Now, it’s important to remember that the society is still a patriarchal one, but the masculinity of Bangladeshi men has been greatly undermined. This fact meant that men, especially at the beginning of this change, looked at female garment workers with a great deal of hostility that even led to public harassment, with cases of physical or sexual abuse on workers on their way to and from the factory. Now, however, female workers are more accepted, and there is a general improvement of the way women are perceived in society: it’s not uncommon to see middle class women walking in the streets, something that 30 years ago would have been impossible. Moreover, another positive change related to the entrance in the workforce of women is related to children education: mothers usually care more about it and, with their salary, make sure that their sons and daughters get a proper education.

Before 1947, mostly Hindu composed landowners and the middle class, while the majority of Muslims belonged to the lower class. Bangladeshi society, thus, got in a sense mutilated and got its natural evolution hampered with the religious migration of Hindus towards India following the end of the British era and the division of India and Pakistan. Another blow to the development of the society came from the independence war of 1971, during which the economy and society of Bangladesh were greatly damaged. These historical events led to the current situation in which we have a great disparity between the lower strata of society and the new rich, with a gap in between where there should be the middle class.

4.3.13. REPORT INTERVIEWEE 13 (I13)

CENTRE FOR POLICY DIALOGUE

CPD is a think tank for dialogue, research and dissemination of information. It focuses on macroeconomics, industry, trade, political economy, agriculture, international trade etc. However, the work of CPD started with the garment sector, because of its importance in the Bangladeshi economy.

SOCIAL COMPLIANCE, MINIMUM WAGE AND LIVING WAGE

At the beginning the focus was mostly on import quotas, while the social aspect was not considered to be very important, in the early 90s the attention was on growth, thus compliance was seen as an obstacle. International concern started shifting towards these problems in the mid-2000s and ended up in 2006 with the revision of the minimum wage, CPD was asked for their opinion by the minimum wage board. This revision, a long awaited one, came 13 years after the last one. According to CPD’s suggestions it should have been much higher, however, factory owners lobbied in order to limit it. A problem related to wage revision is the methodology that is used: initially there was a lack of it, so the government asked CPD to suggest one, however, in spite of CPD’s suggestions, the minimum wage was set according to political
pressure. Every 3 years it is possible to make adjustments to the minimum wage and, also because factory owners are being internationally pressed to do so, it was revised in 2010. The problem of methodology still remains: the government takes into account mostly inflation and growth prospects, while ignoring a whole group of other criteria, mostly related to the concept of living wage, that, on the other hand CPD deems to be very important. These criteria are: productivity, family (family size, total income etc.) and living costs (housing etc.).

This method however faces a big implementation problem that is the general lacks of data that characterizes Bangladesh. However, when referring to minimum wage increases one should always remember that in the garment sector workers are divided in 7 groups, each with a different minimum wage. The attention often goes to the lowest paid category (helpers), however, workers don’t usually stay in this position for long, thus, more attention should be given to the minimum wage of middle level workers.

In developing countries when talking about wage we usually refer to minimum wage, since it’s very unlikely that owners pay more than that. This is also due to the peer pressure to which owners are subjected.

Living wage, especially in the early stages of its implementation, should be referred to more as an ideal situation to aspire to, a concept, not a number. This is also due to the fact that because of the previously mentioned lack of micro-data is practically impossible to find a conclusive amount of money that could be defined as living wage. However, one positive side of living wage is that, being a new “neutral” concept, it brings together all the stakeholders to discuss about workers’ welfare and salary.

**Physical Compliance**

If social compliance was the hot topic between 2004 and 2006, now, also because of the Tazreen Fashion and Rana Plaza tragedies, international attention has now shifted to safety and “physical” compliance. A growing demand and a productivity struggling to keep up with it, led to factory expansions (to meet the new levels of production required) that didn’t go hand in hand with compliance.

**Future Prospects**

There is a need for change in the garment sector, however there seems, still, to be not enough pressure to achieve it. However, the comparative advantage that Bangladesh has in terms of labour costs are still there, if it manages to retain its GSP status. In the future, however, the garment sector should try to move up the value chain and expand towards new markets, including the domestic one.
4.3.14. REPORT INTERVIEWEE 14 (I14)

The garment sector is crucial for Bangladesh, accounting for 10-11% of its GDP. 2092 RMG factories are part of BGMEA, while around 900 are part of BKMEA. A great number of industries depend directly or indirectly on the garment industry. As an example consider that every month 98 million taka are spent for paying the rent of garment factories.

Every year 200,000 workers enter the garment sector. It is a very labour intensive industry, however, its productivity is very low. The man to machine ratio is 2.71, clearly proving a dramatic lack of productivity. In order to address this issue there’s the need to further train the workforce (BGMEA thinks it should be the government’s duty to provide this kind of training even in rural areas).

Moreover, there is a chronic shortage of workers in the industry, de facto giving them a lot of bargaining power. However, it is also true that the average salary of a garment worker is 4500 taka. In order to raise this number it is necessary that buyers start paying more.

On the workplace safety side, only government can make a substantial difference: they are the only ones with the actual power to shut down factories.

The government provides fire safety training, however, being it insufficient, BGMEA also does it. And, actually, BGMEA’s program is more efficient, costing less than the public one. Moreover, after the Rana Plaza disaster, BGMEA hired 10 engineers to start controlling also the structural integrity of factories. Notice that all these activities don’t actually pertain to BGMEA’s duties, as it wasn’t their responsibility to establish a fire safety task force, thing that they did after Tazreen’s fire.

In order to become a BGMEA’s member, the applicant must:

- Have the Ministry of Labour approve the space, machinery and layout of his factory
- Obtain the approval of the board of inspectors
- Obtain the export licence
- Obtain the import licence
- Obtain the fire safety licence
- Obtain the environmental licence
- Obtain the bond licence

After all these documents are obtained, only then the application can be submitted to BGMEA. Also notice that licences should be renewed every year. The only problem is that, due to the lack of inspectors, often renewing a licence is just a matter of paying a certain amount of money (no actual inspection is done). A solution to this problem could be to externalise inspections, giving them to an external body such as BRAC.

BGMEA also has an arbitration committee that recognizes nine trade unions federations, however individuals can appeal to it even if they’re not part of said federations.
BGMEA wants to introduce a compulsory health insurance in the contract of garment workers: just raising their salary doesn’t mean that said money will go to medical care.

4.3.15. REPORT INTERVIEWEE 15 (I15)

FFF presented an application to work in Bangladesh in November 2011. Their aim is creating a strategy for civil society: poverty reduction and promotion of democracy. Basically, they aim to support workers where and when the government fails to do so. They provide capacity building activities for TUs and have a close follow up on their projects (every 3 months).

Main focus is on living and working conditions. In particular they are interested in achieving a proper living wage. This is done ideally through collective bargaining, but usually it is done through raises in the minimum wage.

Two kinds of assistance: technical providing training and advisors on negotiation and communication skills, and financial.

EXTERNAL PRESSURE

EPZ are outside of the scope of the Bangladeshi labour law 2006, so they are mostly under the control of global buyers that try to enforce better working conditions through codes of conducts. However, even outside of the EPZs, the attention on improving working conditions comes from global buyers, meaning that the focus is only the export sector, while the factories producing for the internal market are almost completely neglected (from all stakeholders).

However, the time is ripe for change. Sadly, it seems that the awareness necessary to revive the trade union movement has to come from tragedies such as the Rana Plaza or the Tazreen one: in the last 6 months 17 new trade unions (factory level) have been approved by the government, showing a new openness of the government towards labor organizations. This renewed willingness to, in a sense, “endorse” unions probably comes from pressure from the ILO as well, that put a great deal of importance on freedom of association (Better work). Another turning point is the publishing of the UN guiding principles on government that stressed how not only exporters, but importers as well should care about working conditions.

The Bureau for Workers' Activities (ACTRAV), a sort of branch of ILO, blocked the implementation of the BWP until some changes in the FOA sense are introduced.

The US is reconsidering their GSP and the EU as well is thinking about introducing something similar, this will have consequentially consequences on how the industry is shaped. International organizations work towards the same goal, however, there’s a certain lack of coordination that is made mostly through networking, not formally.
Social Dialogue

Dispute resolution mechanism: only certain TUs, the ones recognized by BGMEA, can access the reconciliation/arbitration board. For this lack of universality some TUs are against this instrument.

The tripartite system do not meet on regular basis, usually they meet when there is a pressing issue, the government makes an “issue specific” board (ex: wage board) to address the problem. Clearly it means that there’s no constant dialogue, but there is only conflict resolution when problems arise.

Unfortunately there is no sign of movement towards a greater willingness for greater cooperation among unions themselves. Communication is also difficult due to the conflict of interest of one the actor involved: in fact 10% of the members of parliament are factory owners, while 30-40% are shareholders of garment related enterprises. BGMEA is a sort of shadow government, but they also influence unions (they started some of them). BGMEA also have an interest in having many fragmented TUs.

Unions’ Issues

Many unions have problems with income from membership, thus it has to come from donations. Most of the unions are leaders-led, meaning that there is a lack of structure and that unions strongly depend on charismatic figures.

One weakness reflected by the unions’ system is the low level of penetration of unions at the factory level. Moreover workers that are registered directly to federations are called (according to him) are called solidarity members.

Usually new trade unions are already affiliated in some sense to a TUF that provides capacity building and similar stuff. Other problem of trade unions in Bangladesh: identify real problems and know how to present them clearly. There is a problem of internal and external communication in TUs.

The structure of trade unions in Bangladesh, however, is also one of the problems. Internal rivalry, lack of results, a not very favourable political environment and an aging leadership, caused the TUs’ decline in the last 2 decades.

Another problem of TUFs is that they are often very disconnected from the factory level, meaning that they have very little foothold among workers and thus very little power.

In order to increase their power unions need to: first improve their internal organization, second improve the level of cooperation, social dialogue and national advocacy and third improve regional joint activities and strategies.
4.4. Appendix D: Workers’ Questionnaire

Part 1. Interview data
1. Interview ID:
2. Date
3. Place
4. Name of the interviewee
5. Sex: M/F

Part 2. Personal information
6. In which year were you born?
   6.1 If he/she doesn’t know: how old are you?
7. Do you live in Dhaka? Where?
8. Where do you originally come from in Bangladesh?
9. Are you married? Yes / No
   9.1 If yes: Do you have children? Yes / No
      • If yes: how many?
      • If yes: Do your children attend school?
      • If yes: how many of them?
10. Did you go to school? Yes / No
    10.1 If yes: how many years of school have you attended? (or at what age did you start to go to school and at what age did you quit)
    10.2 If yes: why did you leave school?

Part 3. Work at the garment factory

General
11. What is your present designation?
   11.1 Junior, Senior? How was the progress of your career?
12. How many years have you been working in the garment industry?
13. Is the factory where you are currently working the first garment factory you have been working into?
   13.1 If not: why did you quit your previous job/jobs?
14. Did you start already with your present designation or have you been promoted?

Wage and working hours
15. How many days do you work a week?
16. How many hours do you usually work per day?
   16.1 Do you have a lunch break? How long is it?
   16.2 Of this how much comes from overtime?
17. On which days do you usually work on?
   17.1 Do you ever work on ...(day of the week set as week-end)?
   17.2 If yes: do you do it voluntarily or because your employer asks you to?
   17.3 If yes: did you get paid more for working on “week-ends”?
      If yes: how much?
18. Have you ever taken any leave?
   18.1 If yes: were they earn-leave? Or which kind of leave
   18.2 How many days of paid-leave are entitled to in a year?
   18.3 In case you don’t use these days of leave are you paid more?
19. On average, what is your current total monthly income?
   19.1 How much of this comes from overtime?
   19.2 What is your baseline wage? Does your baseline wage depend on meeting
      some production quota?
   19.3 What is the salary per hour for extra time?
   19.4 What is the salary per hour for regular working time?
20. When do you receive your salary?
   20.1 Does your employer regularly pay you on that specific day/week/period of
      the month?
21. Have you signed a contract with your employer?
   21.1 If yes: did you keep a copy of it?
   21.2 If not: do you know that the law requires you to keep a copy?
   21.3 If not: why?
   21.4 If not: do you know that the law requires you to sign a contract before
      starting to work?

SAFETY

22. Have you ever experienced and/or witnessed an accident or injury during your
    time in the garment industry?
   22.1 Have you ever cut one of your fingers working? And/or what else?
   22.2 If not already mentioned by the interviewee: how did the factory react?
23. Do you use any protective equipment?
   23.1 Are you entitled to any protective equipment?
24. Did you receive any training on workplace safety?
25. Do you know if this factory has group insurance for workers?
26. Do you know how many days of sick leave you are entitled to?

HARASSMENT & DISCRIMINATION

27. Are you ever subject to some kind of behavior from
    supervisors/management/coworkers that bothers you?
   27.1 Have you ever experienced of witnessed supervisors’ behaviors such as
      slang, bad words, slapping, pushing etc. etc.?
   27.2 If yes: what did the worker do?
   27.3 If yes: what happened to the supervisor?
28. Is there difference in treatment between the two genders in your factory?
   28.1 Which jobs do men and women do?
   28.2 Do men at the same level receive same salary/hour?
      ▪ In case answer is: man produces more
      ▪ How many pieces do you produce per hour?
      ▪ How many pieces do a man produce per hour?
   28.3 Are there women in the management? In numbers: man and women?
29. How many workers does your factory have?
29.1 How many men and how many women?
29.2 How would you explain this difference in numbers?

UNIONS AND COLLECTIVE BARGAINING

30. Do you know what a trade union or PC (participation committee) is? Yes / No
31. What are the activities, in your opinion, of a trade union or Participation Committee?
32. Are you part of a trade union? Yes / No
   32.1 If not: why?
   32.2 If yes: which one?
   32.3 If yes: when did you join it?
   32.4 If yes: why did you join it?
   32.5 If yes: after you joined the trade union, did the attitude of supervisors/management/coworkers towards you change?
   32.6 If yes: how joining a trade union influences your work-life?
33. Are you aware of any CBA? Yes / No
   33.1 Who is the CBA of your factory?
34. Have you ever participated in any collective negotiation with the employer?
   34.1 Who is doing it for you?

IF NO ANSWER ABOUT UNIONS

35. Do you like working in your factory?
36. What would you change in your factory?
37. What should workers do to achieve these changes?
38. Have the workers in your factory ever tried to change something?
   38.1 If not: why?
   38.2 If yes: Could you tell us what did you do?

CAPACITY BUILDING

39. Have you ever received any training from a trade union or a NGO? Yes / No
   39.1 If yes: about what?
   39.2 And which organization provided it?
   If the interviewee answered yes to either question 35 or 39
40. Through the above-mentioned activities (joining unions or trainings) did you learn about any workers’ right that you didn’t know before?
41. During your career did you learn about any worker’s right you didn’t know about before?
42. What’s, in your opinion, the most important right of a worker?

PART 4. PERSONAL LIFE

43. How much is your monthly rent?
44. What is the job of your husband/wife? What’s the salary of your husband/wife?
   44.1 If she/he doesn’t live with husband/wife, which who does she/he leave? Ask following question with this change
45. What do you do when you are not working in the factory (taking care of the house and family, relaxing, shopping, etc.)?
4.5. Appendix E: Cost Breakdown

In 2012 the Fair Wear Foundation made an analysis on the cost breakdown that is reported in the following figure. How we can notice the profit is unevenly distributed among the supply chain and the part is receiving the least of the “desperation chain” is the factory section. From the figure we can notice that only the 17% of the retail price is due to the production costs and only 0.6% is due to the labour costs.

**Cost Breakdown of Sample €29 T-Shirt**

<table>
<thead>
<tr>
<th>Cost</th>
<th>% of FOB*</th>
<th>% of Retail Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour</td>
<td>€ 0.18</td>
<td>3.5%</td>
</tr>
<tr>
<td>Materials</td>
<td>€ 3.40</td>
<td>68%</td>
</tr>
<tr>
<td>Overhead</td>
<td>€ 0.27</td>
<td>5.4%</td>
</tr>
<tr>
<td>Factory</td>
<td>€ 1.15</td>
<td>23%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FOB:</td>
<td>€ 5.00</td>
<td>100%</td>
</tr>
<tr>
<td>Customs, Transport, Warehouse, etc.</td>
<td>€ 2.19</td>
<td>8%</td>
</tr>
<tr>
<td>Agent Fee</td>
<td>€ 1.20</td>
<td>4%</td>
</tr>
<tr>
<td>Clothing brand, gross margin</td>
<td>€ 3.61</td>
<td>12%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>€ 7.00</td>
<td>34%</td>
</tr>
<tr>
<td>Wholesale Cost</td>
<td>€ 12.00</td>
<td>240%</td>
</tr>
<tr>
<td>Retail costs</td>
<td>€ 17.00</td>
<td>340%</td>
</tr>
<tr>
<td>Retail Price</td>
<td>€ 29.00</td>
<td>580%</td>
</tr>
</tbody>
</table>

**Figure 14 Cost Breakdown**
### 4.6. Appendix F: Workers’ Grades and Wages

The table below show the wages (in nominal values) for each grade. Columns six and seven shows the difference in wages between year 1994, 2006 and 2010.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Chief Master</td>
<td>4700</td>
<td>5140</td>
<td>9300</td>
<td>9.4</td>
<td>80.9</td>
</tr>
<tr>
<td>2 Master Operator</td>
<td>3400</td>
<td>3880</td>
<td>7200</td>
<td>14.1</td>
<td>85.6</td>
</tr>
<tr>
<td>3 Senior Operator</td>
<td>2100</td>
<td>2449</td>
<td>4218</td>
<td>16.6</td>
<td>72.2</td>
</tr>
<tr>
<td>4 Operator</td>
<td>1710</td>
<td>2250</td>
<td>3861</td>
<td>31.6</td>
<td>71.6</td>
</tr>
<tr>
<td>5 Junior operator</td>
<td>1450</td>
<td>2046</td>
<td>3553</td>
<td>41.1</td>
<td>73.7</td>
</tr>
<tr>
<td>6 Ordinary operator</td>
<td>1320</td>
<td>1851</td>
<td>3322</td>
<td>49.2</td>
<td>79.5</td>
</tr>
<tr>
<td>7 Helper</td>
<td>930</td>
<td>1662.5</td>
<td>3000</td>
<td>78.8</td>
<td>80.5</td>
</tr>
</tbody>
</table>

*Table 13 Grades, Wage and increase in wage rate (Iq and Ahmed, 2012, p. 15)*

On the basis of the table above we calculated the wages in real values (adjusted to the inflation) and we came across the following table.
Working conditions in the Bangladeshi garment sector: 
Social dialogue and compliance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Chief Master</td>
<td>12180</td>
<td>6959</td>
<td>9300</td>
<td>-43%</td>
<td>25%</td>
<td>-31%</td>
</tr>
<tr>
<td>2 Master Operator</td>
<td>8811</td>
<td>5253</td>
<td>7200</td>
<td>-40%</td>
<td>27%</td>
<td>-22%</td>
</tr>
<tr>
<td>3 Senior Operator</td>
<td>5442</td>
<td>3316</td>
<td>4218</td>
<td>-39%</td>
<td>21%</td>
<td>-29%</td>
</tr>
<tr>
<td>4 Operator</td>
<td>4431</td>
<td>3046</td>
<td>3861</td>
<td>-31%</td>
<td>21%</td>
<td>-15%</td>
</tr>
<tr>
<td>5 Junior operator</td>
<td>3758</td>
<td>2770</td>
<td>3553</td>
<td>-26%</td>
<td>22%</td>
<td>-6%</td>
</tr>
<tr>
<td>6 Ordinary operator</td>
<td>3421</td>
<td>2506</td>
<td>3322</td>
<td>-27%</td>
<td>25%</td>
<td>-3%</td>
</tr>
<tr>
<td>7 Helper</td>
<td>2410</td>
<td>2251</td>
<td>3000</td>
<td>-7%</td>
<td>25%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Table 14 Grades, Wage in Real Values and Increase in Wage Rate. (Values based on Ahmed, 2012, p. 15 and World Bank 2013)

The way we calculated the real values is:

\[
\text{Real Price At Base Year} = \frac{(\text{Price at initial year}) \times \text{Base CPI}}{\text{Year CPI}}
\]

Where Base CPI=CPI of the year we want to convert prices to (base year), and Base CPI=CPI of the year we want to convert prices from (initial year).

The source is the World Bank Indicators (World Bank, 2013).

<table>
<thead>
<tr>
<th>Year</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>55,8</td>
</tr>
<tr>
<td>2005</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>106,8</td>
</tr>
<tr>
<td>2010</td>
<td>144,6</td>
</tr>
</tbody>
</table>

From the two tables we notice a significant difference: in fact while table 13 shows an increase of nominal wage for all grades, table 14 shows a long-term decrease of real wage; therefore from 1994 to 2010 workers lost in purchasing power.
5. REFERENCES


Bangladesh Export Processing Zones Authority. (2010). Re-Fixation of minimum wages and benefits for the workers of the enterprises of EPZs. Dhaka: Bangladesh Export Processing Zone Authority.


Fair Wear Foundation. (2012). *Climbing the Ladder to Living Wages Climbing the Ladder to Living Wages*. Amsterdam: Fair Wear Foundation.


