

Improving Social compliance in Bangladesh's Ready-made Garment Industry

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Abstract

More than 78% of Bangladesh's export earnings come from the garment industry. The ready-made garments (RMG) sector has a greater potential than any other sector in terms of employment and foreign exchange earnings to reduce poverty and make a contribution to the national economy. However working conditions in this vital sector are poor. Bangladesh's RMG factories fall short on 'social compliance'¹. That is, they do not comply with labour practices that ensure the social welfare of their employees. This article reviews the literature on working conditions in Bangladesh's RMG sector and the failure of its existing labour laws. It proposes that impediments to establishing social compliance in the sector can be overcome by a combination of international pressure, better monitoring and better human resources management (HRM) citing Cambodia as an example.

Key words

Social compliance, WTO, ILO, Decent work, Labour standards, HR/IR, Fair Labour practices, Readymade Garment (RMG), BGMEA, GDP, Multi-Fibre Agreement (MFA), General Agreement Tariff and Trade (GATT).

¹ *Social compliance in the RMG sector generally defined by the building standard of the factories, working conditions, workers rights, workers' health and safety measures, and environmental safety issues.*

Introduction

The RMG industry has been Bangladesh's key export industry and a main source of foreign exchange for the last 25 years. As a result of an insulated market guaranteed by Multi-Fibre Agreement (MFA)² of General Agreement Tariff and Trade (GATT) and supportive policies of the Government of Bangladesh (GoB), it attained a high profile in terms of foreign exchange earnings, exports, industrialization and contribution to the GDP within a short period. In less than a decade it increased its exports, foreign exchange earnings, and contribution to the GDP by 4.39 %. RMG exports reached a steadfast figure of USD 17.91 billion in fiscal year 2010-2011; accounting more than 78% of national export earnings, which was about 4%-5% of the global total of such exports. It further contributes 10% to the country's GDP (Mahmud R.B., 2012). RMG products are exported mainly to the United States of America and the European Union.

Bangladesh's garment industry provides employment to about than 3.6 million workers which 2.8 million are women (Mahmud R.B., 2012). Workers in these garment factories are almost always illiterate. They have very limited knowledge of human rights, working conditions and labour standards. Despite the phenomenal success of the RMG sector, poor working conditions in the factories and a lack of Social compliance³ are serious concerns which have, since 2006, led to labour unrest and damage to institutions and property. As a result, there is a rising fear in Bangladesh that the readymade garments sector may face a decline in demand. Social compliance in the RMG industry is a key requirement for most of the world's garments buyers. It ensures labour rights, labour standards, fair labour practices and a Code of Conduct.

Literature Review

Many researchers have investigated working conditions in the Bangladesh garments industry. In fact Working conditions in the RMG sector are below standard and do not meet the ILO standards. Labour standards and rights are commonly ignored in the RMG factories in Bangladesh: poor practices include the absence of trade unions,

² Multi-Fibre Agreement [International trade agreement under which two countries may negotiate quota restrictions on textile and apparel imports from each other. MFA restrictions are normally prohibited under World Trade Organization (WTO) rules and must have been phased out by 2005] (MFA)

³ Compliance is defined as code of conduct, specification and or standard that must be followed by business organizations. Compliance issues are recognised by ILO and WTO mechanisms (Anand, 2006).

informal recruitment, and irregular payment, sudden termination, wage discrimination, excessive work, and abusing child labour. Moreover workers suffer various kinds of diseases due to the unhygienic environment and a number of workers are killed in workplace accidents, fires and panic stampedes. Absence of an appropriate mechanism to ensure the enforceability of the available laws for protecting workers' rights and maintaining workplace safety continues to be a concern in the RMG sector. As the sector is an important foreign exchange earning component, some changes are required.

Working conditions in the RMG sector frequently violate international labour standards, and Codes of Conduct (Qudus and Uddin S., 1993; Dasgupta S., 2002).

Recruitment policies are highly informal compared to western standards and there are no written formal contracts and appointment letters. They are therefore vulnerable to losing their jobs at any time. However, fear of losing their jobs and lack of alternative job opportunities compel workers to continue in unsatisfactory employment (Bansari, 2010).

Kumar (2006) focusses; Garments workers are concerned with long working hours or double consecutive shifts, personally unsafe work environment, poor working conditions, wage and gender discrimination. Indeed, employers treat the RMG workers as slaves, exploiting workers to increase their profit margins and keep their industry competitive in the face of increasing international competition (Kumar A., 2006).

Continuous work schedule, wage penalties, physical and verbal abuse are common. Women workers face physical abuse and sexual harassment inside as well as outside the factories, but management does not ensure the security of women workers. Alam (2004) suggested regulatory measures and its strict implementation and monitoring by the government agency that could overcome work place in security problem of garments workers in Bangladesh.

Work areas are often overcrowded with limited workspaces, causing occupational hazards such as musculoskeletal disorders and contagious diseases. Injuries, fatalities, disablement and death from fire and building collapses are frequent in the RMG

sector (Majumder P, 1998). The absence of labour standards monitoring system and ineffective building codes, poor enforcement and outdated labour laws, and a lack of awareness of labour rights among workers.

Labour unrest⁴ is common in the RMG sector. In most cases, employers do not draw attention to workers' rights and ignore labour standards and discarding fair labour practices. Formation of a trade union is often thwarted by severe repression, dismissal, arrest, assault by hooligans hired by employers, and other practices which are in violation of the international labour standards⁵ and Codes of Conduct (ILO, 2003). Morshed advocates the key role of Cambodian labour unions in the clothing sector and as mediator's between workers and factory owners to settle disputes and discuss wages (Morshed, 2007). To avoid unrest in the RMG sector, Khan (2006) argued for strengthening Social compliance issues and labour standards to improve wages, working hours, overtime, job security, the right to form trade unions, social security and also occupational health and safety.

Bangladesh is considered to have the child labour problem especially in the RMG sector. In most cases, children often commence work at a very young age; as a result, they are suffering serious injuries and sometimes death in the workplace (Rahman, Khanam, and Nur 1999).

Bangladeshi exporters have been under continuous pressure to comply with international labour standards. Ensuring Social compliance is very important in the garments industries to both maintain quality of products as well as meeting the expectations of the export market. However, Bangladeshi exporters have been under continuous pressure to comply with international labour standards. Therefore, an effective initiative by the Government in this regard can provide a basis for

⁴ *Labour unrest is a term used by employers or those generally in the business community to describe organizing and strike actions undertaken by workers and their unions, especially where disputes become violent or where industrial actions in which members of a workforce obstruct the normal process of business and generate industrial unrest (Wales J., 2010).*

⁵ *The following as being fundamental to the rights of human beings at work, irrespective of levels of development of individual member States: freedom of association; effective recognition of the right to organise and participate in collective bargaining; elimination of all forms of forced and compulsory labour; effective abolition of child labour; elimination of discrimination in respect of employment and occupation, (ILO, 2004)*

negotiating with buyers for a unique set of Codes of Conduct, based on national laws and core labour standards.

Khan (2006) suggested that NGOs, civil society, trade unions and other stakeholders should work together to adopt the Code of Conduct for a viable and competitive RMG industry. The government, NGOs, international agencies, buyers and other stakeholder groups promote full compliance with mandatory requirements as specified in the law.

This literature review indicates that most garments factories in Bangladesh pay little attention to labour standards and labour rights, disallow trade union activities, unsafe working environment, and ineffective laws and discard fair labour practices, and compliance enforcement is limited and limited role of stakeholders. This has led to the labour unrest in the RMG sector. Consequently, many international buyers now demand compliance with their own Codes of Conduct before placing import orders for Bangladeshi garments. Therefore, an effective initiative by the Government in this regard can provide a basis for negotiating with buyers for a unique set of Codes of Conduct, based on national laws and core labour standards. At the same time, significant reform of the relevant agencies along with sufficient strength and skills to perform their duties and responsibilities is a prerequisite to monitor Social compliance. Therefore, research question is set as:

- a) Do the RMG employers or owners, including government, address HR and IR issues in the industry, and does this result in an improvement of working conditions?

The above research questions are generated from the literature review. These questions are interrelated working conditions, HRM and IR activities, fair labour practices, health and safety issues, labour disputes, effective law and resolutions, stakeholders' role, the ILO and the WTO Conventions, government process and arrangements which links to Social compliance.

Methodology

Based on this literature review, working conditions in the RMG sector are below standard according to the ILO, law enforcement is weak and HR and IR activities are

absent.

Initially this research was designed on the basis of primary and secondary data collection tools. While reviewing the literature and background history of the RMG growth, it was found that the key focus group (the garments workers themselves) was grossly illiterate and limited knowledge on human rights, working conditions and labour standards. On the other hand, most of the garments factories owners maintain good links with political parties and maintain a regimented environment in the factory through an alliance between the police force and their own security personnel. As result of researchers were prevented from visiting the factory. For this reason, we have ignored the direct data collection and surveys. Consequently the research technique has relied on secondary data, collected through Literature review, Case studies in other countries, Journals, Research articles, Thesis papers, Newspapers, Online news and survey reports, garments Manufacturing Industries Annual reports, BGMEA Yearly report and Files. The data was collected through a number of techniques.

Working conditions in Bangladesh's RMG sector

In Bangladesh, working conditions are often deplorable. Although the garments industry belongs to the formal sector, the recruitment procedure is largely informal compared to western practice. As there is no contract or appointment letter, millions of garments workers are vulnerable to losing their jobs at a moment's notice without benefits. The termination of an employment relationship is likely to be a pathetic and miserable experience for a worker and loss of income badly affects his or her family. Furthermore, gender issues in majority garments factories are undermined causing job insecurity, irregular wage payment, deprivation of minimum wage and promotion exposure. In fact compared to other employment sector in Bangladesh, job insecurity is higher in the RMG sector (Majumder and Anwara, 2000; Priyo, 2010). In order to protect workers' rights and job security, workers should be provided with appointment letters detailing the conditions of employment. In contrast with Australia working conditions, the Workplace Relations Act of Australia contains provisions protecting employees from losing their job unfairly through unlawful termination (Source : Commonwealth of Australia, 2010).

Workers in the Bangladesh RMG sector often work long hours for unusually low pay, regardless of laws mandating overtime pay or a minimum wage. The RMG wage level is one of the lowest in the world. Even by South Asian Standards, it remains very low with average hourly wage in Bangladesh being 42%, 50% and 33% at those in India, Nepal and Sri Lanka (Ahamed F., 2011). In contrast with US apparel labour charge per hour (wage and fringe benefits) of US\$ 16.00, the RMG worker receives a minimum wage of US\$ 0.15 (Rahman, 2004; Chowdhury, 2006). Whereas unit labour cost of \$0.22 per hour is the lowest in Asia, behind Cambodia (\$0.33), India (\$0.51) and China (\$0.55) (Stuart, and Kirsten, 2010). See below the table

Table 2: Inter-country comparative average hourly wage in the RMG industry

No.	Country	Wage/hour (US\$)	No.	Country	Wage/hour(US\$)
1.	Germany	25.00	9.	Nepal	0.30
2.	USA	16.00	10.	Bangladesh	0.15
3.	Mexico	2.40	11.	Vietnam	0.85
4.	Poland	1.40	12.	Turkey	7.3
5.	Sri Lanka	0.45	13.	Pakistan	0.41
6.	China	0.5	14.	Cambodia	0.32
7.	India	0.35	15.	Thailand	1.75
8.	Indonesia	0.40	16.	South Korea	5.00

Source: The Financial Express, Dhaka, 15 June 1995 and VINATEX and Türk Harb-İş Sendikası, May 2005, Cambodian Ministry of Commerce; USITC (2004) and Source : Islam S. (2001). The Textile and clothing Industry of Bangladesh in a changing World Economy; Cambodian Ministry of Commerce, 2007.

Table 2 illustrates at the wage level in the RMG industry is low both for males and females (Khandker, 2002).

The government's and entrepreneurs' poor judgment has exacerbated this labour unrest in the sector low paying and no wage structure. Many countries in the world have a satisfactory system for fixing wages. For example, in Australia, a Minimum Wage Panel in Fair Work Australia (FWA) is responsible for setting minimum wages for employees in the national workplace relations system. Fair Work Australia performs its function by reviewing modern award minimum wages as well as making a national minimum wage order for award-free employees each year (FWO Factsheet-Australia, 2010; Maconachie, Glenda J., Goodwin and Miles, 2009).

Although the government, garments owners and workers have decided on a salary structure, unfortunately the RMG sectors do not have a minimum wage. The factory owners are required to abide by the laws that regulate minimum wages, working conditions, eco-labeling, and the rest of the garments factory workers.

Most of the garments factories do not have standard working hours. Forced labour⁶ is common in Bangladesh especially in the RMG sector. Workers are often given a quota to fulfill. In the case of workers unable to fulfill their quota during work hours, they have to stay behind and work without pay. Regular two hours overtime is compulsory, and if any one refuses to work him or she is dismissed, terminated, has wages deducted or receives verbal harassment, sometimes escalating into physical punishment. Furthermore the factory management rarely informs workers in advance if they have overtime; it is only announced at the end of the working day (Priyo, 2010). Workers don't receive any notice of overtime. In some of the factories, workers are forced to do night shift duty, up to 12 to 3am. and then start the next shift at 7am. In many factories, the factory gates are locked to enforce overtime (Majumder P., 1998). Forced labour constitutes the antithesis to decent work and violates all core labour standards. In Australia, the law does not explicitly prohibit forced or compulsory labour, including by children. The Australian Council of Trade Unions (ACTU) is monitoring the law (Case study 6). In consequence, the government should take effective initiatives with assistance garments manufactures, international agencies and other stakeholders work in synergy under the supervision of effective and extensive monitoring system program.

Though most work until after dark, there are no safety measures for them and no residential facilities or transportation facilities provided. As a result, they frequently feel insecure, and for good reason many female garments workers are raped and abused (Kabeer N., 2004; Shimu, 1999; Mondal, 2000). Sexual harassment as well as

⁶ *Forced labour is the subject of widely ratified international instruments within the private sector, many codes, agreements and initiatives refer to the ILO's 1998 Declaration of Fundamental Principles and Rights at Work. The ILO Committee of Experts noted allegations presented by the World Confederation of Labour in its report 1998 relating to abuses in the Bangladesh garments industry regarding forced overtime, payment of wages, sub-standard work conditions as well as persistent discriminatory practices, but dispelled others and asked the Government to provide detailed comments on these allegations.*

killing by management is also found in the Lani Fashion Limited is an example of such violence (Priyo, 2010). The liability for a safe life and safety environment in both cases is that of the employer. The employers are allegedly not taking care of the workers but exploiting them for their business interests. Australia provides a good example for managing flexible working hours in workplace (Source: Safe WorkSA, 2010).

As they do not know the legal provisions on employment contracts an excessive working hour is one of the most common labour standards problems in Bangladesh. Equally, worker has no choice; they are compelled to take up the excessive workloads. According to the Factory Act 1965, a worker being employed for 12 months is entitled to annual leave, casual leave, sick and medical leave, festival leave and maternity leave with pay (ILO and BGMEA, 2003; ILO, 2005). Women are entitled to leave during pregnancy period. In reality Pregnant women are worried about losing their jobs and hide their pregnancy, as they do not know the legal provisions of their employment contract. The factory owners dismiss a woman worker if they discover that she is pregnant or if she applies for maternity leave (Majumder, 1997; Kabeer N., 2004). As a matter of fact garments manufacturing factories in Bangladesh frequently violate the labour laws of 1965 by not providing an appointment letter, and in the areas of working hours and breaks, leave, minimum wages and fringe benefits (Begum N., 2001).

Below the case in Bangladesh is compared with Thailand, which has codified employment laws, regulated by the Department of Labour, Protection and Welfare, stipulate working conditions such as maximum work hours, holidays, sick leave, minimum wage and severance pay (Ahamed F., 2011, Case study 4). Employment letters should include flexible working arrangements, maximum weekly hours, annual leave, personal leave and parental leave, the required notice for termination and redundancy pay. Then the government and Compliance Cell can monitor whether the RMG factory has provided an appointment letter and whether it observes fair labour practices.

Late or irregular wage payments are common in the sector. Usually most of the factories do not provide any pay slip. The factories, which provide pay slips, don't

have transparency (Priyo, 2010). It is not uncommon for garments workers to be dismissed without payment following several months of devoted work (Absar, S.S. and Kumar A., 2006). Moreover, if any workers leave the job he would have to lose the overtime benefit and sometime wages of the last month (Priyo, 2010). In spite of the circulation of laws by the Government, the majority of garments workers remain deprived of any legal rights since the enforcement of these laws in small and medium enterprises is poor. However, the government has the responsibility for implementing labour legislation and regulation and for establishing effective monitoring mechanisms. In an example Vietnam has in place an extremely progressive national Labour law and has adopted a new labour code in 2002 which is designed to regulate working conditions and the government is trying to enforce these laws effectively (Nelson, Justice and Skuba, 2006; Ahamed F., 2011, Case study 5).

Most of the garments workers are not satisfied with their present job in the RMG sector. The level of wages is the most significant source of dissatisfaction for workers in the RMG industry. RMG owner often deny that they have the power to improve the wages or conditions of workers. On the other hand, prospects of promotion in the RMG industry of Bangladesh are uncommon. Without full payment or being paid on time, worker often worry and are anxious about the future. This results in low work productivity and job dissatisfaction (ILO, 2005; Morshed, 2007).

A satisfied worker is more likely to be creative, flexible, innovative and loyal. Unhappy employees are motivate by a fear of job loss, and will not give 100% of their effort for very long. Managers who are serious about the job satisfaction of workers can also take other steps to create a stimulating work environment. An example is Robert Owen a Scottish operational manger in Textile and clothing industry who was concerned about the evils and inhumanity and the process of industrialisation, and advocated for Human rights. In consequence Owen tried to win the confidence of workers by improving working conditions and extending worker facilities. This led to increased productivity (Rao and Rao, 1998). Thus modern HR practices can play a key role in improving working conditions in the RMG sector.

There is also no mechanism for benefit sharing in RMG industry. They do not have a bonus payment system for workers as provisioned in the labour laws nor do they have

provision to increase salaries for changing profitability and inflation. Employee benefit plans or incentives are voluntary offerings by the firm. Expenditure on benefits contributes to employee retention through increasing job satisfaction and improved productivity. Many industries provide workers certain tangible benefits over and above the basic pay. Some benefits help fulfill the social and recreational needs of workers, for example, a festival bonus, a target bonus or a production bonus. They may provide extra leisure, extra income and a better work environment. Such incentives enhance employees' loyalty and build a positive attitude towards the company and workers feel that they have a role in the success of the organization. Thus incentives are important in reducing dissatisfaction and unrest in an industry. \

Gender discrimination is common. The majority of garment factory workers are young women. In the RMG sector female workers are considered low-skill, low workers . Mostly abundant cheap labour and its low opportunity cost lead to low wage levels, providing a comparative advantage to female labour in particular operations in the RMG production sector.

Table 3: Gender differentials in Wages in RMG industry

Categories of workers	Male wages Tk/pm	Female wages Tk/pm
Operator	2,254	1,536
Cutting Master	3,935	-
Ironer	1,894	1,106
Sewing helper	1,200	762
Cutting helper	1,512	837
Finishing helper	1,209	1,023
Folder	1,528	1,157

Source: Absar, S.S. (2001). Problems surrounding wages: the readymade garments sector in Bangladesh, LMD, Volume2, No.7, pp-5

Table 3 shows the differential in wages between female workers and their male counterparts.

Moreover, women are generally discriminated against in terms of access to higher-paid white colour and management positions. They are generally considered only for helpers, machinists, finishing helpers and sewing helpers frequently and as line supervisors and quality controllers. It is rare to find women working as cutting masters, production managers, supervisors, finishing and machine operators, or as in-

charges who draw salaries varying from 2-10 times that of the average operator (Absar S.S., 2001). Although Table 3 is 10 years old, the situation has changed little in the intervening period.

With respect to wages, gender discrimination is prohibited by Japanese law under the LSL (Art. 4). Female and male employees are subject to the same regulations in terms of overtime, night work and rest days (Ahamed F., 2011, Case study 6). The government of Bangladesh must undertake an effective initiative to eliminate discrimination based on gender, particularly in the RMG sector where 90% of the workers are women (EPB, 2008).

Although the RMG is a formal sector, there is no acceptance of the right to organise at the factory level and owners fear trade union. As a result labour unrest is common in the RMG sector. Since May 2006, large-scale vandalism of garments factories by the workers had, at times, appeared to threaten the very existence of this industry (Muhammad A., 2006). In June 24, 2010, some 250 garments industry in Bangladesh almost closed due to strikes, demonstration and battles with government and entrepreneurs' private security forces (28 July, 2010, The Daily Prothom Alo Newspaper). Workers demonstrated in the streets demanding payments of their wages but they brutally treated by the law enforcing agencies, hundreds of workers were injured and one female worker killed. Moreover, the police have lodged cases against hundreds of garments workers while the factory owners remain untouched (The Daily Prothom Alo Newspaper, 20 June 2010). This leads to hostility between employee and employer. In Cambodia, the government, factory association, the labour unions and international institutions have all played an important role in improving wage rates and labour conditions (Morshed, 2007).

The working environment in Bangladesh RMG sector is below standards. Health and Safety regulations, as prescribed in Factory Rules 1979 (Absar S.S., 2001; Begum A., 1995) are routinely ignored by management and are hardly enforced by government. Most factories do not have adequate ventilation and exhaust fans that leave the garments workers exposed to toxic substances and dust. Raw materials contain dust and fibre particles that hang in the air. Dye, a toxic substance emitted from coloured cloth, spreads in the workroom. As a result, many workers suffer from constant

fatigue, headaches, anaemia, fever, chest, stomach, eye and ear pain, cough and cold, diarrhoea, dysentery, urinary tract infection and reproductive health problems due to overwork, uncongenial working conditions, and wide-ranging labour law violations. In fact the Factories Act of 1965 sets the occupational safety and health standards in Bangladesh, but like every other aspect of the Labour Code, it is rarely enforced due to the lack of resources and corrupt practices in the system (Doshi G., 2008).

Moreover, many of the factories do not meet the minimum standards prescribed in building and construction legislation (Factory Rules 1979). As a result, fire is common, buildings often collapse and faulty building design regularly results in the death of workers. Compensation following an incident is rare. The Spectrum Factory building collapse of April 2005 killed 54 workers, injured over 70 and left hundreds jobless. Furthermore places of employment in the garments sector are notorious for fire, which are said to have claimed over 350 lives in the past two years, though exact figures are difficult to find (The Prothom Alo Newspaper, November 2012). In addition, as for working conditions, they are one of the worst in the world frequent garments factory fires taking many of lives due simply to lack of safe exits being the burning example. Moreover, compensation following an incident is rare in this area (Muhammad A., 2008; Meghbarta). The violations of the occupational safety and health codes are flagrant, as evidenced by the types of tragic and preventable accidents that occur in Bangladesh factories (Majumdar, 2002).

Bangladesh already has labour laws such as the Factory Rules 1979 that prescribe minimum standards and health and safety regulations (Absar S.S., 2001; Begum A., 1995). But the proper application of labour legislation depends on an effective labour inspectorate. Bangladesh also needs a viable and active labour administration system which is responsible for all aspects of national labour policy formulation and implementation.

Bangladesh is committed to securing labour rights for the well-being of workers by virtue of ILO membership. In response, the Bangladesh government formed a Social Compliance Forum (SCF) and also constituted two task forces on a) labour welfare, and b) occupational safety in the readymade garments (RMG) sector along with a Compliance Monitoring Cell (CMC) to encourage compliance in the RMG sector. In

addition BGMEA has also formed a Safety Cell to protect fire-related emergency problems. With respect to the tripartite MOU (Memorandum of Understanding) BGMEA monitors started visiting factories to measure of Compliance and to ensure the implementation of minimum wages and other basic labour rights and to monitor the application of Labour Law in RMG factories (Choudhury R.S and Hussain G., 2005). But the concern is that both agencies are failing to perform their activities due to a lack of trained staff and labour inspectors, rigid structure and because they are overloaded by other responsibilities.

There are many other labour sectors; unlikely child labour is a serious and growing problem within this sector (Rashid M.A, 2006). Nevertheless Bangladesh was able to solve the problem of child labour very successfully in the mid-1990s, it was not entirely successful in preventing ex-working children from being dragged into hazardous employment. In fact child worker removed from the workplace and placed schools, can result in a significantly loss of income for their family. Most of the child worker's parents keep children out of school, preferring to have them working for money or helping with household chores. However, the ILO adopted the International Programme for the Elimination of Child Labour (IPEC) and the International Confederation of Free Trade Unions (ICFTU) has played a major role in implementing this programme at the local level. But the programme seeks to provide educational opportunities for children, while reducing or, if feasible, eliminating the hours spent at work. It is limited to tracking the process of removing child labours from work and placing them in schools. The ILO, NGOs, government and other stakeholders should provide some incentive for those children who have lost their jobs. Therefore the formulation of a National Plan of Action for the elimination of child labours in the Bangladesh is urgent.

What should be done?

Despite the unique success of the RMG sector, the poor working conditions in the factories and the lack of Social compliance are serious concerns. Most of the RMG factories do not practice the HR and IR activities, and have no well-defined HR or Personnel unit, ineffectively address labour rights and ignore labour standards, discarding fair labour practices, overlook health and safety issues and disallow trade

unions. As a result, workers' rights are grossly violated in the RMG sector which has led to labour unrest.

To improve working conditions the Bangladesh Government needs to conduct a thorough review of labour regulation. The working environment and working conditions need to be brought into line with the country's current realities and should be backed with the resources necessary to ensure compliance. Furthermore, the government should protect workers' rights by creating a system for complaints concerning violations, adjudication, remedies, and punishments. But there is reason to believe it can be achieved.

The reason is the pressure international buyers are already exerting on the Bangladesh RMG industry and the success similar pressure has had in countries such as Cambodia. Monitoring and surveillance of human resources and industrial relations activities are also required.

International pressure

Many international buyers from the United States, European Union, Canada and elsewhere, consider that Bangladesh garments are produced in abusive and exploitative conditions which do not uphold labour rights and standards and acceptable working conditions. The failure by Bangladesh's garment manufacturers and government to observe its own national laws has prompted international buyers to insist on their own Codes of Conduct⁷ with local employers. Since the expiry of the Multi Fibre Agreement Quota system in 2005 they have demanded compliance with their own codes of conduct before placing any garment import order (Rashid, 2006).

These buyers' codes of conduct rely heavily on the idea of social compliance. For example Nike code of conduct mandates that social compliance audits be carried out with all their suppliers (Ahamed F., 2011, Annexure -E). These audits check suppliers

⁷ *The fundamental principles of the Code of Conduct (COC) have been adopted from the principles of international human rights norms as outlined in International Labour Organization Conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. These are as follows: child labour, forced labour, health and safety, compensation, working hours, discrimination, discipline, free association and collective bargaining, management systems (Jenings, Maillard and ILO, 2000).*

are complying with social welfare practices such as allowing their employees one day of out of six give concrete examples from a real company's real codes of conduct.

Social compliance has emerged as a major issue in the Bangladesh RMG sector. Despite the additional costs these compliance demands place on the sector, there are sound economic reasons why the Bangladesh garment industry should meet them. If the RMG Industry fails to implement social compliance according to International Labour Standards, it may lose its global markets. Ignoring social compliance could harm Bangladesh's competitiveness as a supplier of ready-made garments. This could have dire results: the closure of most of the garment industry with millions of employees losing their jobs; the decline of economic growth, and social disorder such as snatching, kidnapping, robbery, street hustling and prostitution. Alternatively ensuring social compliance is very important in Bangladesh's garments industry to both maintain quality of products. In the RMG sector, a Social compliance Certification System could be offered through buyers to promote and certify lawful, humane and ethical working conditions in manufacturing processing, and the working environment as well as meet international labour standards.

Pressures from the United Nations and other international agencies can improve human rights and working conditions through formulating trade policy and other incentives. The International Criminal Court, which came into existence, is empowered to prosecute crimes against inhumanity, genocides, and war crimes. International criminal tribunals were convened to prosecute serious human rights violations and other crimes in the former Yugoslavia and Rwanda (Glendon, 2001). Recently in Myanmar, the eminent democratic leader Aun Sung Suu Kyi, Nobel Prize holder, was released from house arrest as result of pressure from the Amnesty International Organization and the United Nations. Pressure applied by the international community and buyers has had positive results world-wide. A number of countries including Vietnam, Japan, Indonesia, El Salvador, Thailand, Indonesia, and Zambia, are requiring social compliance and fair labour practices and avoiding labour unrest in garment manufacturing factories by adopting best practice (Ahamed F, 2011).

Fearing sanctions against their products, aware of the negative aspects of child labour, a number of employers have reduced or eliminated the use of child workers. For example, a CBS television documentary badly publicised child labour against a Nike and Adidas ball manufacturing company in Sialkot, Pakistan in 1995. As a result, U.S Government officials and the industry agreed in 1997 to eliminate child labour by moving production out of the households to soccer ball factories (Hyde, 2009). More than 3,000 children have been enabled to stop working and attend school. In addition to local industry, with the assistance of international buyers other measures have been taken to provide their families with financial support (Hyde A., 2009).

Moreover conditional trade sanctions, or the threat thereof, will change the behaviour of a foreign government when that governmental perceives that costs of the sanction will be greater than perceived cost of complying with the sanction's demand. The WTO is a powerful agency that could enforce labour standards with the nightstick of sanctions. Vietnam is the best example of improved workers' rights through an agreement with U.S. and Vietnam in November 2000 (Ahamed F., 2011, Case study 4).

Better human resource management as part of the solution

Working conditions in the RMG sector do not meet the ILO standards. In order to protect labour rights, job security and other benefits, workers should be provided with appointment letters detailing the conditions of employment. Fair labour, modern HRM practice and IR activities are needed to improve working conditions in the RMG sector.

Better human resource management (HRM), it is proposed, could play a key role in ensuring social compliance in Bangladesh's garment factories. Currently, human resource management in the RMG sector is limited and often counter-productive. The RMG sector would benefit by the introduction of modern human resources and industrial relations activities through the establishment of human resource or personnel management units in the industry. The introduction of modern human resource management would ensure that labour standards are addressed, that workers' rights are not violated, and that there is a safe working environment. HRM can create

a congenial work environment in the RMG factories that enhances job satisfaction, through training, job security, introducing flexible working times, encouraging new technology and introducing rewards, benefits and other fringe payments⁸.

In fact most of the garments factories have no well-defined HR or PM unit, as a result, workers' rights are minimal. Working conditions may improve with the establishment of a HRM unit or Personnel Management unit in each industry and concludes that this is the highest priority. It proposes setting up a standard through modern HR and IR practices and fair labour practices in collaboration with employers, employees, TU representatives, multilateral agencies and other stakeholder groups.

Monitoring labour standards

Social compliance of RMG factories is a key requirement for most of the worldwide reputed garments buyers. It ensures all labour rights, labour standards, fair labour practices and Code of Conduct according to the ILO and WTO conventions. A key aspect of international buyers successfully applying pressure is monitoring. Monitoring is needed to check that suppliers undertaking to adhere to codes of conduct are not empty promises. But who should do the monitoring? In different countries different institutions, such as trade unions, employer associations, industrial tribunals, state-sponsored regulatory bodies or the civil courts, monitor and enforce labour standards (Gospel and Palmer, 1992). In Bangladesh two different institutions - one government and one private -- were set up to monitor labour conditions. However both of them have proven unsuccessful. In 2005 the Bangladesh government formed a Compliance Monitoring Cell to ensure implementation of the compliance issues in the factories in the readymade garments sector. But it is not working to ILO standard owing to a lack of skilled staff, logistic support and rigid structure.

In the protection of labour rights and improvement of working conditions, international standards have been developed and adopted by international communities. The ILO can play a key role by allocating different roles to different stakeholder organisations and by monitoring progress (ILO, 2004). The ILO core

⁸ commonly include health insurance, compensation on death and injury, education or training allowances, childcare and assistance reimbursement, cafeteria plans, employee discounts, transportation and other similar benefits

labour standards adopted from the HR and IR philosophy guarantee an ethical standard. In addition, the Codes of Conduct upholds a certification system and encourages its members to ratify and implement core labour standards according to its Conventions (Moazzem, 2005). The ILO governing body has developed eight fundamental conventions. These eight fundamental Conventions are:

- (29) Forced Labour (1930)
- (87) Freedom of Association and Protection of the Right to Organise (1948)
- (98) Right to Organise and Collective Bargaining (1949)
- (100) Equal Remuneration (1951)
- (105) Abolition of Forced Labour (1957)
- (111) Discrimination (Employment and Occupation) (1958)
- (138) Minimum Age Convention (1973)
- (182) Elimination of the Worst Forms of Child Labour (1999)

The ILO is responsible for drawing up and overseeing international labour standards. It performs an important role in ensuring that labour law is applied equally to all employers and workers (ILO, 2005). Consequently, all ILO members' countries are obliged to respect labour standards and should include those labour standards in their national laws and policy. Furthermore, it also provides the only functioning supervisory mechanism, and is central to the international legal arrangements for labour standards.

The ILO supervisory system is that, rather than settling formal disputes, it uses regular supervision to help avoid disputes altogether and to enhance overall compliance. It is widely agreed that the resulting Labour monitoring, carried out by the International Labour Organization (ILO), a United Nations agency, has created a number of beneficial changes in Cambodia's factories (Marston, 2007). The lessons from Cambodia and similar countries would be useful in appreciating effective role of the stakeholders. Therefore governments, the ILO and other stakeholders should adopt a Code of Conduct to promote decent work in the RMG sector.

NGOs are well placed to monitor compliance with ILO standards in Bangladesh. In other countries NGOs already play a crucial role in increasing transparency, putting pressure on non-compliant governments and providing specialist knowledge and

support. For example, in the significant Nike case, a non-governmental monitoring system has improved working conditions (Richard, Locke, Qin and Brause, 2007)

As consumers constantly, reject products produced in exploitative circumstances, workers rights should be protected by effective law. The WTO and ILO must encourage its members as well as Bangladesh to ratify and implement core labour standards. More and better monitoring of corporate Codes of Conducts in collaboration with employers, employee, multilateral agencies, NGOs, civil society, Trade unions and other stakeholder groups should work together to adopt the Code of Conduct for a viable and competitive RMG industry. In addition, monitoring are required in the RMG sector. Without monitoring, efforts to improve the legislation will be ineffective. A modified Code of Conduct and an effective Compliance Monitoring Cell (CMC) are also required. In line with the Bangladesh Government, the ILO, international agencies and other stakeholders should work in synergy under the supervision of an effective monitoring system.

Conclusion

Social compliance may be compromised by current HR and IR practices. An approach that pays attention to labour rights, global labour standards, fair labour practices, safety workplace as well as decent work in improving working conditions is needed. Further the Fair Labour Act, the Factory Act, the Occupational Health and Safety Act, Core Labour Standards, Code of Conduct, the ILO and the WTO Conventions are all contribute to a better work environment.

This article has investigated working conditions in the Bangladesh ready-made garments sector. It found the working conditions are poor and challenges facing Social compliance, despite Bangladesh labour laws and the country's membership of the WTO and ILO. These include an inadequate application of labour standards and labour rights, law and enforcement, collective bargaining activities, fair labour practices as well as the government of Bangladesh and entrepreneur's role in implementing the decent work in the RMG sector. It suggested monitoring was needed to ensure compliance with these laws. Lastly it suggested improved human resource management in RMG factories could ensure social compliance.

It looked at the inadequate implementation of existing labour laws and standards. The Fair Labour Act, the Factory Act, the Occupational Health and Safety Act and core Labour Standards in Bangladesh all need to be attended to. It found that Codes of Conduct, bilateral agreements and treaties can ensure fair labour practices and safety in the workplace.

The article looked at the roles of the main actors in HR and IR systems: non-government and government and the roles of the international community, civic society and stakeholder groups including the ILO and the WTO. Bangladesh government infrastructure was found to be poor, due to limited financial resources. The government also seems to lack the political commitment to improve working conditions in the RMG sector. The Bangladesh government needs to pay more attention to monitoring compliance. In addition a Code of Conduct and effective compliance monitoring cell are also required

Monitoring was shown as an important element of enforcing social compliance. While it was acknowledged that many NGOs can help improve labour standards, the existing ILO supervisory and monitoring system was considered best-placed to audit social compliance in Bangladesh RMG factories. It was suggested that ILO monitoring be supplemented by the establishment of a human resources or personal management unit in each RMG factory. Labour standards could then be met through modern human resources management and practices in collaboration with employers, employees, trade union representatives, multilateral agencies and other stakeholder groups.

Probably the best NGO to monitor the implementation of labour standards in Bangladesh RMG factories is the ILO itself. Usually international labour standards are applied through national law and policy (ILO, 2005). However the ILO also uses monitoring to ensure compliance⁹. The ILO uses a supervisory system that is unique at the international level to ensure that countries implement the conventions they have ratified. Research confirms the importance of these treaties or bilateral agreements

⁹ Monitoring, in the sense used here, is distinct from surveillance, which is a repeated survey using a standard methodology undertaken to provide a series of observations over time. Surveillance can yield valuable information on working conditions, labour rights and labour standard but does not by itself establish whether objectives or standards have been met. Surveillance and monitoring involve measurable indicators to assess progress toward achieving those objectives.

and the success of ILO's role in monitoring social compliance (Ahamed F., 2011). For example the US-Cambodia trade agreement produced a labour standards compliance program called Better Factories Cambodia. This unique bilateral trade agreement used trade incentives for enforcing labour standards, and it relied on the ILO to serve as the monitoring body.

This article suggests the ILO monitoring system be used to establish workers' rights in the RMG industry in Bangladesh. As in Cambodia, in Bangladesh monitoring with the assistance of the ILO, social compliance compacts, government commitment and improved HR practices could see the RMG sector transform to meet both the ILO's minimum labour standards and best fair labour practices (Ahamed F., 2011).

Assuring job satisfaction, over the long-term, requires careful planning and effort both by management and by workers. Therefore the government, international community and stakeholder should work in synergy in improving working conditions in the RMG sector with the establishment of a HRM unit or Personnel Management unit in each RMG industry. In fact the infrastructure of Bangladesh RMG sector is poor due to a lack of financial support as well as government and policymaker's inadequate attention to this sector. In consequence, the ILO along with other stakeholders and institutions will play an important role in monitoring establishment of Social compliance. In an example, the ILO supervisory and monitoring system and Better Factory Programme in Cambodia and its success could be used as a role model.

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