

# Enhancement of Occupational Safety &

# The impact of CSR in the Bangladesh's Garment Sector



Source: BagNews (2013)

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# **Preface**

This thesis is incorporated in the framework of Master of Social Science in Development and International Relations of Aalborg University, Copenhagen; Denmark. This thesis represents the achieved knowledge of a two-years Master degree programme that was conveyed on February 2015 to June 2015.

The premise of this research concerns occupational safety and labour rights in Bangladesh's garment sector and of its enhancement. It is literally concentrated on the constant drawbacks of the working conditions and the impact of the involved actors'; their roles, power, functions as well as the possible solutions. In fact, there are a lot of problems in Bangladesh *e.g.*, unrest concerning the political condition, unequal power distribution, poverty, etc. None of them are explored elaborately in this research, rather the focus is on concentrating the vulnerable group- garment workers,' those have a large contribution to the national economy but can't practice their legitimate rights due to lack of implementation of government laws and regulations, or have been consigned to the bottom line amongst other setbacks.

After the catastrophe in Bangladesh's garment sector occurred in 2013, killing 1,138 workers the authorities need to act in order to get better conditions, *i.e.* what has already been done and what remains to be done. Furthermore, throughout my report, I have put my best effort in to answer this research question: **How the occupational safety and labour rights can be enhanced in the Bangladesh's garment sector?** To answer this I have included the philosophical considerations of other scholars and have eventually come up with possible conclusion through my interpretation. As we know that in social science, the premises can be varied from person to person, and, therefore, there is not such an easy way to reach to an absolute conclusion. However, I intend to reach a conclusion as close as possible.

I am solemnly grateful to the persons, I interviewed, for their contribution, enthusiasm and inspiration. I would like thank my supervisor, Bjørn Møller, who supported me with productive inputs and steered me in the writing this thesis.

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#### **Abbreviation**

**BALFS** -The Bangladesh annual labour force survey

**BGMEA** -Bangladesh Garment Manufacturer and Exporters Association

**BKMEA**- Bangladesh Knitwear Manufacturer and Exporters Association

**CAP-**Corrective Action Plan

**CG**-Corporate Governance

**CPD-** Centre for Policy Dialogue

**CSR**-Corporate Social Responsibility

**EIAS**- European Institute for Asian Studies

**EPZ**-Export Processing Zones

**EU**- European Union

FOA- Freedom of Association

**H&M-** Hennes & Mauritz

**ICC**-International Chamber of Commerce

**ICF-** Intermediate Care Facilities

**ILO-** International Labour organization

**INGO-** International Non Governmental Organization

ITUC- International Trade Union Confederation

**KM**- Knowledge Management

MDBs-Multilateral Development Banks

MNCs - Multinational Corporations

**NCs-** National Corporations

NGO- Non Governmental Organization

**OB**- Organizational Behavior

**OSH**-Occupational Safety and Health

**PD-**Power Distance

**TBL**-Triple Bottom Line

**TIB-**Transparency International Bangladesh

**UN-** United Nations

**UNDP-** United Nations Development Programme

**UNFPA-**United Nations Fund for Population Activities

**UNICEF-**United Nations Children Fund

**US-** United States

#### 1. Introduction

Despite the emerging success in the Bangladesh's garment industrial sector, the worker, the social and economic costs of occupational accidents and major industrial disasters have been a concern from the individual to the national and international levels. Several measurements and strategies designed to prevent and control occupational accident and to protect workers' right in the world; the workers are still vulnerable to practice their legal rights in the Bangladesh's garment sector. The existing laws and regulations had not brought any benefits for them due to lack of implementation and enforcement. Even though Bangladesh's garment industry sector belongs to the formal sector but the workers' rights appear to be very informal compared to the western practice. The lack of education and skills has driven them to be oppressed. In fact, most of the workers are not aware of the legal rights; they even do not know the adequate means of the labour rights and safety. In this situation, the owner uses the opportunity to abuse the workers'. The Bangladeshi government and exporters have been under constant pressure to comply the safety and labour rights with international labour standard, ensuring all means to assure workers' safety and rights. As a consequence of that the improvement has happened but it is very slow and occupational accidents are still too frequent and workers' rights are violated. Furthermore, the law and legislation is the substance of the social order and justice and where it is not practiced and enforced, the door is widely open to all forms of abuse (Alli, 2008)¹. And that is what happened to the poor workers and as a result they are deprived of the legal rights, and can't enjoy the profession, and neither can they lead a life with dignity. Therefore, I intend to investigate the following research question; "How the occupational safety and labour rights can be enhanced in the Bangladesh's garment sector?" To answer the research question I have considered undertaking three sub-questions.

#### 1.1. Research question

"How the occupational safety and labour rights can be enhanced in the Bangladesh's garment sector?"

#### **Sub-questions**

- How do the garment workers suffer in their workplace and what are the upshots of working in the risky environment?
- How the corporate social responsibility can have an impact to get better working condition?
- Who are the main actors, their role, power, interests, relationships and capacity that can have influences in this regard?

<sup>&</sup>lt;sup>1</sup> Alli, B. O. 2008. Fundamental principles of occupational health and safety, 2<sup>nd</sup> edition, p. 59. International Labour Office, Geneva.

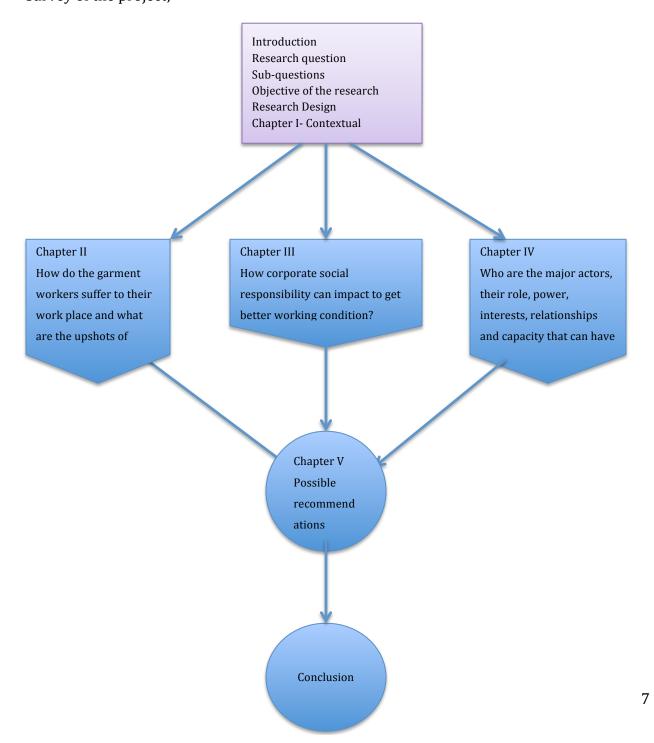
#### 1.2. Objective of the research

The objective of this research is going through the present situation of the Bangladesh's garments sector. There are several industrial accidents, which have occurred in the Bangladesh's garment sector in the last two decades. As a result, more than 1500 workers were killed. Bangladesh is a developing country in South Asia. Many forms of problems exist in Bangladesh. Here, I wish to see how the Bangladeshi poor workers work under risky condition in the garments industry and how they are being exploited. Most of the garments industry is not safe working places for the workers, knowing that they still work to fulfill the fundamental needs. In this report, I have tried to scrutinize the issue particularly, the occupational safety and labour rights in Bangladesh's garment sector. In the process of doing so, I have tended to see which policies and initiatives are in process to improve the occupational safety and labour rights in the garment sector. My entire research focused on the terms: present working conditions, corporate social responsibility, accountability, good governance, transparency, as well as the national and international policy and the functions of the various actors. I have put my best effort to carry on the entire project with a neutral outlook. Eventually, I hope to reach a valid conclusion.

#### 1.3. Research design

To carry on my scientific research, I have explored several variables that hopefully provided the valuable personal and social qualifications. So far, my research technics concentrated on theory, and it's practice to convert it into information that has been used to draw a closer conclusion. This project conceptualized the working conditions before and after the big industrial disasters happened in Bangladesh and the national and international responses and initiatives in this regard. Furthermore, in my research I have mostly used articles, journals, and books and several conventions and acts by ILO, UN, and the Republic of Bangladesh Government. Throughout my research, I have tried to interview several officials in Bangladesh and Denmark as well, but succeeded to conduct two interviews that are included in the appendix and CD. To investigate my research question I have included four sub-questions in this report. In chapter I, I have conceptualized several terms that I have subsequently used to the sub-questions. There are a number of tables and statistics that have been included in this report, which I collected from different official websites and other people's fieldwork. Acknowledging to them I have made some graphs, pie charts, and tables. In the second chapter, I intend to portray: How do the garment workers suffer in their workplace and what are the upshots of working in the risky environment? To explore this question, I shall explain the current situations, particularly, the low wages' structure, low safety, insecurity of the job, discrimination, harassment and lack of freedom of association in the workplace. And in the third chapter, I shall demonstrate: How corporate social responsibility can have an impact to get better working condition? In this chapter, I shall see how the corporate responsibility, reflection with the ethical code of conduct, can be a way to get a better solution to the garment sector.

In Bangladesh, garment industry sector is a lack of the ethical code of conduct. The owner does not treat fairly the workers, which is very important. There are many premises of the corporate social responsibilities can be implemented considering the perceptions i.e. culture, diversity, ethnicity, and religion. To this chapter, I have conducted the terms (corporate social responsibility) that Bangladesh's garment sector are required to observe to the workplace. Bellow, I have surveyed the potential for corporate social responsibility, acknowledging that in Bangladesh with poor governance and have normally addressed the obstacles over the decades. Here, I will present the terms openly putting the Bangladesh's organizational governance in front and Centre. Also, in chapter four, I shall try to draw a clear picture of the question: Who are the main actors, their role, power, interests, relationships and capacity that can have influences in this regard? To examine this question, I shall strengthen the actors, their interest, roles and power that have the influence to get a productive output. Firstly, I shall focus on three major actors i.e. government, employers and workers as well as their functions and subsequently other actor's tasks. Eventually, in the last chapter I shall attempt to see what and how much has been done so far and what is remaining to be done. I this chapter I shall come up with some recommendations that I have also mentioned in other different chapters. Here follows a survey of the project;



# **Chapter I**

#### 2. Contextual

#### 2.1. Bangladesh's RMG Industry

In the age of globalization and economic trend, Bangladesh's garment sector has a good successful story. From the beginning of the first export in 1978, this sector has matured speedily to become a most important economic sphere in Bangladesh with a value of 20bn dollar. This sector generates 13 per cent of the total GDP along with around 80 per cent contribution to the Bangladesh's overall export earnings. Bangladesh is now the second largest apparel exporting country in the world. This sector is also a space for 4.2 million garments worker. Bangladesh exports clothes mostly to The United States and European countries and around 90 percent of its earnings are generated by export to this country.

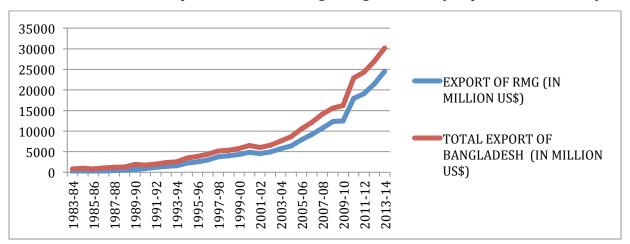


Chart: Country's export (Made by me). Source: Bangladesh Garment Manufacturers and Exporters Association

As we can see the above graph, the garment sector in Bangladesh has a vast success exporting goods to other countries. In the year of 1983 to 1984 the garment products have been exported around 4 percent of the total export of Bangladesh. After ten years times in the year 1992 to 1993 the export was drastically increased to around 61 percent of the total export. Furthermore, the percentage slightly decreased to the year between 2003 and 2005, compare to the years 2000 to 2003. After this period, there was a little decline in the year 2009 to 2013. However, in 2014, the percentage of export was more than 81 percent, which is the biggest percentage of the total export in the Bangladesh's economy. (See appendix-table 1)

Following ILO report, the improvement and integration of economic growth performance in the Bangladesh's garment sector earns the much higher amount of money than the other export sectors. This sector is much more attractive to the international investor and buyer due to the low labour cost of the apparel goods. However, the economic growth has created

many opportunities for the unemployed people but the working condition did not get any better compared to the other countries in Asia. (ILO, 2013)<sup>2</sup>

Also, Bangladesh has an easy access to the international market through the Multi-Fiber Agreement (MFA) and of course, availability of the cheap labour accelerated the rapid increase of the garment industry in Bangladesh. Though the agreement was phased out at the end of 2004, Bangladesh remains internationally competitive and because of the availability of the cheap labour in Bangladesh. The Bangladesh's garment sector earns much money compare to the other countries. The main factor of the maximum profit in the garment industry in Bangladesh is cheap labour and high production capacity. However, only the garment sector in Bangladesh provide formal employment to the unskilled women as we know 4 million people involved with this occupation and 80 percent of them are women. At least the RMG sector assures the least option for economic survival for the poor workers (BGMEA, 2015)<sup>3</sup>.

According to UN data, Bangladesh is a prominently agricultural country and most of the peoples in the countryside work in agricultural fields. There is only 29 per cent of the total population (160 m) live in the city area in Bangladesh, where around 74 per cent and 82 per cent peoples respectively live in cities in Germany and United States. A very low amount of people lives in the city area in Bangladesh compared to European countries. However, since they live in the village and work in the informal sector, they do not have any contribution to the country economic sector as the garment sectors have with a great success.<sup>4</sup> Due to the urbanization in Bangladesh and economic growth of garment industry near the city area, many peoples have changed their profession and have involved in this sector, where they can earn much more money than other sectors. (The workers voice report, 2013)<sup>5</sup>

#### 2.2. Wages structure in the Bangladesh's garment sector

In the Bangladesh's garment sector, the wages issues have been an antagonistic issue from the beginning of the industrial growth. The Bangladesh's government is still in an implementation process to ensure minimum wages <sup>6</sup> for the garment workers in

See: http://data.un.org/CountryProfile.aspx?crName=Bangladesh

<sup>&</sup>lt;sup>2</sup>. ILO, 2013, Study On Growth with Equity, Seeking Better Employment Conditions For Better Socioeconomic Outcomes, International Labour Organization (International Institute for Labour Studies), ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland.

<sup>&</sup>lt;sup>3</sup> Bangladesh Garment Manufacturers and Exporters Association (BGMEA), 2015

See: <a href="http://www.bgmea.com.bd/home/pages/TradeInformation#.VOsgpLPF\_oi">http://www.bgmea.com.bd/home/pages/TradeInformation#.VOsgpLPF\_oi</a>

<sup>&</sup>lt;sup>4</sup> UN data, Bangladesh

<sup>&</sup>lt;sup>5</sup> The Workers' Voice Report 2013 is part of the Workers' Voice Project, a collaboration of AWAJ Foundation, AMRF Society, and Consulting Service International Ltd.

<sup>&</sup>lt;sup>6</sup>Minimum Wages: Minimum wage means as a wage that is sufficient to meet the fundamental needs of workers and their family members and provide some optional income. Conceptually fundamental needs mean "more than the necessities of life like food, clothing, shelter" and additionally able to maintain some other elements used in the definition of fundamental needs are clean water, healthcare, childcare, transportation, education, energy, and some discretionary income or savings.

Bangladesh. Bangladesh earns more than \$ 200bn (€ 125bn) a year from the export sector, and garment sector has a big contribution exporting garment products to the European Union countries and United States.

Furthermore, there are more than 4 million workers are employed by this sector and, most of them are women from poor household from the remote place of the country. However, the wage structure in this sector is very poor compare to the other Asian and western countries. The wage issue is an important fact in this sector but this sector but there is not significant focus to increase the wages. In 2010, the minimum wages raised by 80 per cent to 3000 BDT (\$38) a month, which still very low compared to the international wages standard (Bradford, 2013). In 2013, the wages increased to 77 per cent that is 5300 BDT ( $\ensuremath{\in}$ 43) though the workers demanded BDT 8,114 ( $\ensuremath{\in}$ 68) (The Guardian, 2013). Added that the wages are comprised of a basic hourly wage that enlarged with a variety of legally required and optional allowances *e.g.* bonus, incremental payments and overtime wage not counted as the core wage. The wage is calculated based on seven step grading (From Top manager-Worker) (Appendix-Table 5) system.

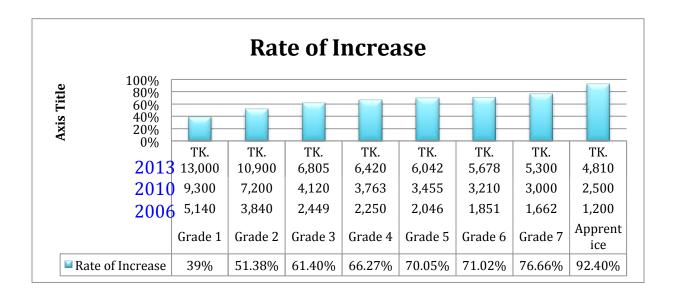
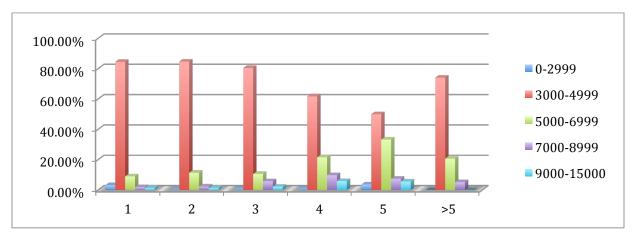


Chart: Increase of wage (2006-2013). Appendix: Table-2

Source: Bangladesh Garment Manufacturers and Exporters Association.

The real income of worker increased by the use of a variety of optional bonuses. Acknowledge to the workers voice report (2013), the survey conducted in different garment industries in Bangladesh, which illustrated that a large number, more than 80 per cent of the employees receive the wage between BDT 3000 and BDT 4999 which is in euro around  $\in$  30 and  $\in$  50. And there are still many workers receive the wages less than BDT 3000 ( $\in$ 30) due to gender discrimination and below ages (-18 years).

In other words: basic needs are not simply the nutritional and non-nutritional requirements at 'poverty level'; rather it means requirements higher than poverty level. (Moazzem. G. K. et. al. Estimating a Minimum Living Wage for the Ready Made Garment Sector in Bangladesh, 2013, Center for Policy Dialogue (CPD), Bangladesh)



Graph: Distribution of respondents according to wage and number of factories worked in (Made by me). Appendix: Table 3. Source: The Workers' Voice Report (2013).

Also, compare to the other Asian countries that are we can see in the picture bellow that Bangladesh is in the lowest level of wage standard. The wall street journal (2013) reported that Bangladesh is in the lowest level according to the seven grading scale, compare to the other Asian countries. However, the workers receive \$ 155/month and the neighboring country India has raised to 71 dollar, which is also lower than European countries and United States.

Nevertheless, Cambodia is in third position by enhancing the workers wage and working conditions in the garment sector. The Cambodian government, trade union, international organizations have played a big role to improve the wages condition in the garment sector. The Cambodian government had a good wish to give the rights to the workers, including their rights to organize, which is an integral part of healthy industrial relations per their legislations and regulations. (Ahmed, 2013)



Source (Acknowledged): Figure 1- Minimum Wage Board 2013, Gazette; Basic Salary Figure 2- Wages Level 7 in Asia (Wall street journal)

Also, compare to the other European countries; a worker receives around \$25 per hour in Germany and more than 15 dollars in United States. In China and Vietnam; a worker receives respectively \$ 0.5 and \$0.85, where there is still a big pay gap, compare to

Bangladesh's garment workers wages that is \$0.15. (See appendix table 4). However, it appeared that the wages level in Bangladesh's garment sector is very much low compared to other garment producers' country.

# 2.3. Labour Acts and conventions in Bangladesh (Ratified/not Ratified)

Pursuant to the International Trade Union Confederation (ITUC), Bangladesh has ratified the conventions about the freedom of trade union rights of workers, discrimination, child labour, and forced labour, now only the determined measures are needed to comply with the commitments. Among other treaties, Bangladesh signed this treaty at Singapore, Geneva, and Doha; the WTO Ministerial Declarations over 1996-2001, and to the ILO's Declaration on Fundamental Principles and Rights at Work and its 2008 Social Justice Declaration. There are some affiliates who are working together with ITUC and other international organizations. (ITUC, 2014)<sup>7</sup>

Table: Internationally ratified conventions by Bangladesh regarding labour standard in the work place.

Freedom of Association and the Right to	In 1972, Bangladesh ratified ILO Convention
Collective Bargaining	No.87 (1948), the Freedom of Association and
	Protection of the Right to Organize
	Convention and ILO Convention No.98 (1949),
	the Right to Organize and Collective
	Bargaining Convention.
Discrimination & Equal Remuneration	Bangladesh ratified ILO Convention No. 111
	(1958), Discrimination (Employment and
	Occupation) in 1972 and ILO Convention No.
	100 (1951), Equal Remuneration in 1998.
Child labour	Bangladesh has not ratified ILO Convention
	No. 138 (1973), the Minimum Age Convention
	but ratified No.182 (1999), the Worst Forms
	of Child Labour in 2001.
Forced Labour	Bangladesh ratified, in 1972, both ILO
	Convention No. 29 (1930), the Forced Labour
	Convention and ILO Convention No. 105
	(1957), the Abolition of Forced Labour
	Convention.

Table: Different national acts made by Bangladesh' government.

<sup>&</sup>lt;sup>7</sup> International Trade Union Confederation (ITUC), 2014, Report for the WTO general council review of the trade policy of Bangladesh, Geneva, September 2012.

The Factories Act, 1965	This act is related to any premises where more than 10 workers are involved in manufacturing process that is carried out with and/or without the aid of power.	It has provisions for heath, hygiene and safety of factory workers. Schedule referred to in section 90 and 91 of the act provides a list of noticeable diseases.
The Factories Rules 1979	This act relates to workers well being process, labour rights and any other provisions involved to work.	Have provisions for heath, hygiene and safety of factory workers. The accident and injuries are to be reported. And certain occupational diseases and if any thing relates to poisoning in work place to be reported too. Employees not involved in the manufacturing process in any way, are not covered by the rules
Workmen's Compensation Act 1923 changed to labour act (2006)	This legislation relates to workmen compensation by certain classes of employers for any kind of accident, injuries and certain types of scheduled diseases.	Through this act a list of persons covered by.
The Maternity Benefit Act 1939 (Modified by Act LIII of 1974)	Relates to women workers maternity issues to which extend women can get maternity leave but this act does not cover the woman worker whilst she is employed for 9 months of period prior to her delivery date.	Have provisions that allow women workers to refrain from work for a specified period before and after childbirth and to continue receiving wages for the period, at the rate of average daily earnings from the employer

It is noticeable that the informal sectors likely agricultural Workers, Fisheries, Poultry, Transport and Construction workers, are not directly and specifically covered by the legislation. And the following convention regarding minimum wage not ratified by Bangladesh yet.

- (i) Protection of Wages Convention, 1949 (No. 95) and Recommendation, 1949 (No. 85)
- (ii) Minimum Wage Fixing Convention, 1970 (No. 131) and Recommendation, 1970 (No. 135)
- (iii) Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173) and Recommendation, 1992 (No. 180)

#### 2.3.1. Occupational safety and health convention and global context

Occupational health and safety at workplace considered as a very important issue and inherently associated with the well-being of the worker. The fundamental rights of workers safety have been referred to the Alma-Ata Declaration on primary health care (1978), UN Global Strategy for Health for All (2000), WHO, ILO Convention (1919). There are many national and international organizations are working along with Bangladesh's government to ensure workers safety in the workplace.

The ILO convention regarding occupational safety and health convention, 1981 bill no. 155 and its accompanying recommendation bill no. 164 to the adoption of a national occupational health and safety policy. The initiative should be taken by the state government, within enterprises to promote occupational safety and health as well as improvement of the workplace safety. The convention of ILO (No. 155) was enhanced by the protocol of 2002 in ILO headquarter to review annual statistics regarding the occupational accidents and diseases occurred in different member states. Nevertheless, The ILO Occupational Health Service Convention 1985; (No. 161) and sanction (No. 171) are specified for the purpose of formation of the occupational health service. It was aimed to ensure the implementation of health surveillance procedure, and, for the purpose of implementation of the OSH (Occupational Safety and Health) policy. It related to physiology and toxicology as well as technology, economics, law and other areas specific to various industries and activities), which can be identified depending on to workplace and working condition (Alli, 2008)<sup>8</sup> Later in June 2003, the International labour conference took place where this issue was discussed gathered with 104 member states, 37 employer members' 58 worker members. The occupational safety and labour standard issues were the major focal point of this conference, aiming to promote and protect workers life and prevent different accident, happed and might happened in the work place. The conference ended with various recommendations and guidelines to the ILO and its constituents in order to comply these recommendations in reality (ibid).

Generally, occupational accident and other diseases are major industrial disaster in the economic world. ILO estimated that more than 2 million workers die per year because of work related accident and diseases, though ILO and other convention have projected

<sup>&</sup>lt;sup>8</sup> Alli, B. O. 2008, Fundamental principles of occupational health and safety, 2<sup>nd</sup> edition, International Labour Office – Geneva: ILO.

guidelines for decent work environment. ILO member states are obliged to work on this perspective in order to enhance occupational safety, as well as, obliged to compensate to the injured workers, but progresses are not in satisfactory level. Acknowledge to the Ergonomics and occupational safety and health; An ILO perspective, a little amount of workers globally of the total injured compensated by cost for different injuries and diseases though the source of these diseases and injuries were their work place (Niru, 2010)<sup>9</sup>

The occupational safety and health, as well as social compliance, are the matter of implementation by the national law and legislations. The corporation is the major responsible to implement these laws and legislations. The leader of the company is to implement OSH activities in the workplace and make appropriate arrangements for the establishment and promotion of an OSH management system. The International Labour Organization has made a guideline regarding this issue (to the table bellow)

**Policy** 

OSH policy Worker participation

Organizing

Responsibility & accountability Capability & training OSH documentation

Planning and implementation

Initial review System planning, development and implementation OSH objectives Hazard prevention

Evaluation

Performance monitoring and measurement Investigation Audit

Management review

Action for improvement

Preventive and corrective action continual improvement

Source: The OSH Management Cycle of continuous improvement<sup>10</sup>

#### 2.3.2. Occupational safety and health convention & Bangladesh

Bangladesh has made the acts as mentioned earlier but to implement and practice these acts, the Bangladesh's government has promoted and still promoting their labour and factory act. As of 2015 Bangladesh has ratified thirty-five ILO conventions and 62 conventions not ratified yet. Among these ILO conventions, C 155 and C 161 are concerned with occupational health and safety that Bangladesh has not ratified yet. Many of the guidelines and reflections of these conventions have been accomplished to some extent through the implementations of existing various laws and regulations in the Factory Act

<sup>&</sup>lt;sup>9</sup> Niru. S. 2010. Ergonomics and occupational safety and health: An ILO perspective, Programme on Safety and Health at Work and the Environment, International Labour Organization, 4 route des Morillons, 1211 Geneva 22, Switzerland

<sup>&</sup>lt;sup>10</sup> ILO Guidelines on Occupational Safety and Health Management Systems (ILO-OSH 2001)

1965 and Factory Rules 1979. Added that Bangladesh has ratified C 018; Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18) and C 019; Equal Rights of Treatment (injury Compensation) Convention, 1925 (No. 19). In the thriving of readymade garments industries, where there are more than 4 million workers are employed is desperately unsafe because of the hazardous working condition. Due to the absence of minimum safety standard and poor infrastructure in the ready-made garment industry, there are many accidents occurred and many garment workers died last couple of years in Bangladesh. The recent accident in a factory named Rana plaza, nearest sub-district of Dhaka, occurred for the poor building infrastructure. WHO reported that extreme hazardous condition and poor building infrastructure and non-existing fire protection are the core causes of theses accidents (WHO, 2013)<sup>11</sup>

However, the concern of the maximization of profit has proven that the capitalist world has a significant attention to increasing the profit than the protection of worker's right. The promotion of OSH is not significantly promoted yet in the developing and least developed countries' due to lake of a proper monitoring system though the policy projected by ILO and other international organizations. (Roberto, 2014)<sup>12</sup>

#### 2.4. Gender perspective in the Bangladesh's Garment sector

In accordance to Sikdar, Sarker and Sadeka (2014), the remarkable growth in the Bangladesh's garment sector creates a large job market for the low-skill workers. Atkin, (2009) also documented that manufacturing expansion has been associated with the increase in female labour force participation. About 85 per cent workers are women. Employment opportunity has increased due to the export of manufacturing goods and, as a result of that there is more scope have been created for the country people in the formal sector in Bangladesh. The substantial increases of women workers have been documented than men workers. The preference for female labour in the Bangladesh's garment sector is often attributed to women having better agility and better motor skill. Young female worker mostly drives the industry, and the younger women workers are in a priority than old women workers because, the older workers make rather mistake than younger workers (War on want, 2011)<sup>13</sup>

However, the growth of Bangladesh's garment industry has been anticipated by low wages, poor implementation of labour legislation and the availability of a large group of unskilled women workers. Women's involvement in the economic sector can be seen as an empowerment from the feminist standpoint. But women face the discrimination mostly in

<sup>&</sup>lt;sup>11</sup>World Health Organization (WHO), 2013, "Situation Report-Building Collapse in Dhaka, Bangladesh". EHA, WCO, Bangladesh Situation Report-6, May, 2013.

<sup>&</sup>lt;sup>12</sup> Roberto. G. at. el. 2014, Global Occupational Health: Current Challenges and the Need for Urgent Action, Icahn School of Medicine at Mount Sinai.

<sup>&</sup>lt;sup>13</sup> War on want, 2011. Women workers in Bangladesh garment sector See: <a href="http://www.waronwant.org/attachments/Stitched%20Up.pdf">http://www.waronwant.org/attachments/Stitched%20Up.pdf</a>

the workplace. The practice of convention and treaty did not lift them up because of the lack of implementation. It is notable that Bangladesh constitution also guaranteed the equal rights of the women. Also, Bangladesh ratified the ILO Convention on the Elimination of all forms discrimination against women (Alom, 2011).

# **Analyzing chapter**

#### **Chapter II**

# 3. Present working conditions and the worker's miseries

#### 3.1. Low Wage in the Bangladesh's Garment sector

Universal declaration of human rights (1948), Article 23 ensures that everyone has right to work enjoying their free choice of employment to the favorable condition of work without any discrimination, having equal wages. All have the right to have favorable wage for themselves and family with human dignity. This article also has given the right to everyone to form and to join the trade unions to protect his/her interest (UN Human Rights Declaration, 1948)<sup>14</sup>

Also, The Bangladesh Labour Act, (2006) endorsed that if the contractor does not pay the wage, the employer of the entrepreneur is liable to pay it. Wages and other benefits should be meeting the international and national legal standard. However, the wage standard always should be sufficient to meet the basic needs of workers and their family's expenditure (Clean clothes campaign)<sup>15</sup>.

But In Bangladesh's garment sector, the low wage issue was considered being a very complicated and contradictory issue since the industrial revolution has started. Accumulating each and every minimum wage rate for the garment sector is virtually an impossible task in the Bangladesh's garment sector. The Bangladesh labour act (2006) and its amendment act (2013) do not have any specific definition. Therefore, there is no acceptable methodology for estimating the minimum wage. And there is an absence of sector-specific macroeconomic data on a key indicator in the public domain. Therefore, the wage board has negotiated and discussed the minimum wage without any specific Parameter in Bangladesh. And, of course, there is something that is the member of the wage board is very often depend on the political will of the government, because many of the parliamentarian members have their factory and most of the factory owner has the lobby

<sup>&</sup>lt;sup>14</sup> UN Human Rights Declaration, 1948. Article 23

See: http://www.un.org/en/documents/udhr/index.shtml#a23

 $<sup>^{\</sup>rm 15}$  Clean clothes campaign, improving working conditions in the global garment industry.

with the political party as well. However, in 2013, the wages board recommended the wage, which is statically very lowest according to the country's living wages. (Moazzem. G. K. et. al, 2013)

It is an immensely important factor to increase productivity, quality and profit in the production chain. They think, as these factors, labour cost should be increased to the RMG sector. The production chain should be transparent to the investor and the legal authority but reality says that Bangladesh garment owner have only an attention to survive with a big profit in the competitive economic world. Neither the local investor nor international buyers think of workers rights<sup>16</sup>. Considering the country's income from this sector, the wages condition and working condition, in no way, can be said well. Although most of the workers are illiterate and unskilled, it does not have any effect on the production chain. They usually very dedicated to their job. *(ibid)*.

Given the fact, ILO Convention (Minimum wages bill no- 131) enforces to calculate<sup>17</sup> the minimum wages, based on different elements e.g. cost of living, social security benefits, living standard, economic development and expenditure of the workers family, yet Bangladesh wage board has not taken these elements into consideration. Added that Bangladesh has not ratified ILO Minimum Wage Fixing Convention, 1970 (No.131), even the Convention on the protection of wages Convention 1949 (No 95) yet (ILO, 2015). Intensely, the concept of a living wage has received international consideration specifically as a key right of workers' in the supply chain. The investors abuse the workers in the supply chain. Availability of cheap labour is a core factor of abusing the workers. Ethirajan (2012) claimed that the availability of cheap labour has been one of the key reasons the Bangladesh's garment sector has flourished over the past 30 years. This industry is in the process of getting more new high-value products into the international market but the workers of this sector don't enjoy the benefits adequately yet they brought this success. Dr. Debapriya Bhattacharya, a senior economist at the Dhaka-based, president of the "Centre for Policy Dialogue" (CPD) argued, in order to meet the productivity growth, the owner needs to pay the workers better and to prolong growth of this sector; manufacturers must to share more of their success with the workers (BBC News, 2012)<sup>18</sup>

<sup>&</sup>lt;sup>16</sup> Yamagata. T, Yunus. M. 2012, The Garment Industry in Bangladesh, chapter 6, Dynamics of the Garment Industry in Low-Income Countries: Experience of Asia and Africa (Interim Report). Chousakenkyu Houkokusho, IDE-JETRO.

<sup>&</sup>lt;sup>17</sup> Generic formula In order to determine what a minimum wage in the RMG sector is displayed in the box below.

<sup>[{(</sup>Food Costs + Non-food Costs) x Household Size} / Number of Earners] +X% Discretionary Income or Savings (ILO)

 $<sup>^{\</sup>rm 18}$  Ethirajan. A. 2012, Bangladesh clothing industry struggle with less pliable workforce, BBC News,

On the workers behalf, to attain their legal rights, the workers still struggling. Workers are intensely involved in the protest now and then to get their proper rights; to do so they call strikes very often to establish their demand. The protesters demanded to increase minimum wage to  $\in$  68 from  $\in$  30, which also does not meet the living wages standard but however, the demand was not very high compared to usually what they receive. But the factory owner proposed to increase the workers salary by 6 euros top of 30 euros to this extend, Nazma Akter, labor organizer and president of the *Sommilito Garments Sramik* Federation (Combined labour org), a garment workers group has found as a very "Ludicrous' Offer" that was denied by the workers (Bloomberg Business, 2013)<sup>19</sup>

However, despite great success in this sector, the workers are not part of the share benefit of the profit. Only 30 per cent the total net profit is being spent on the workers in Bangladesh while other countries like China and Cambodia spend 50 percent on workers wages (ibid). In this regard, Bangladesh's workers' union have no interfere due to lack of government wishes, and corruption where the trade union can't move forward against factory owner (Yunus and Yamaga, 2012)

#### 3.2. Low safety in the Bangladesh's garment industry

During the last two decades, many disasters have occurred in the Bangladesh's garment sector. Among these the media have reported some accidents but due to image destroying causes a lot of accidents have been veiled. In this section, I will present two cases that killed more than 1500 workers considered the largest industrial accident in last two decades.



Source: Rana plaza building collapse & Fire accident in Tazreen Fashion (The Guardian)<sup>20</sup>

#### Case I: The Rana Plaza Factory Building Collapse

The biggest disaster happened in Bangladesh on 24 April 2013, the Rana Plaza building (eight-storied) in Dhaka, Bangladesh, collapsed, which affiliated with five garment factories. In this accident at least 1,138 workers were killed and 2500 workers were

<sup>&</sup>lt;sup>19</sup> Devnath. A. 2013, Bangladesh garment protest enter fourth day, Bloomberg Business, published on 24 September 2013.

<sup>&</sup>lt;sup>20</sup> The Guardian, 2014. Bangladesh factory fires: fashion industry's latest crisis. Published on 22 May 2014.

injured (The Guardian, BBC News, The New York Times, Al Jazeera ILO, 2013). It was the South Asian's worst industrial accident in Bangladesh since the Bhopal disaster happened in 1984 killing around 3,800 peoples due to gas leak (The Economist, 2013). The Bangladesh government claimed that all the workers from the collapsed building were rescued but two, three weeks after, there still found some skeleton of the workers. The government authority stopped the rescue operation after two weeks without finding the missing workers. BBC News conveyed that, nearly 300 peoples buried without being identified. Therefore, the victim workers families were not given the compensation by the authority (Deith, 2013). The government could not operate rescue operation, due to lack of machinery tools. Therefore, the foreign governments and United Nations had offered an immediate help, but the Bangladesh's government had refused because of the national pride. The international bodies assume that the resulting lack of sniffer dogs and other necessary machinery may have cost lives.

The fracture appeared in the wall the previous day. Bangladesh's police, Bangladesh garment manufacturers and exporter Association (BGMEA) and other lobbies asked to close the factory, but the owner ignored them and kept open the factories. The victims were compelled to work on the upper floor because the orders were overdue. This garment house used to work with the European Union and North American brands and retailers like Primark, Wal-Mart. But most of the brands did not come forward to compensate victims and their family (The Guardian, BBC News, 2013)

To Yardley (2013), Rana Plaza disaster has stimulated an international outcry and shamed to the world while the international clothing companies into pledging to help financially, for safety improvements in other Bangladesh's factories. But it is now very important for the global buyers to pay mostly the people affected by this disaster who are still living without any guarantees of help or financial compensations (The New York Times, 2013)<sup>21</sup>

#### Case II: A fire accident at Tazreen Fashion Factory

Five months earlier of Rana Plaza building collapse, on November 2012, there was a fire broke out in Tazreen fashion, affiliated retailers, i.e., Walmart, Sears, and C&A, killed nearly 114 workers and injured around 200. Due to inadequate of fire defense equipment, a lack of emergency exits, barred windows, and inappropriate storage of materials contributed to the high death. The reason of high death was preventing the worker leaving their work and pressed to continue their work even the fire alarm rang (Zeldenrust, et. al, 2013)<sup>22</sup>.

Looking back to history, in 1990, a firebreak out killed nearly 32 workers in Sareka

<sup>&</sup>lt;sup>21</sup> Yardley. J. 2013, After Bangladesh Factory Collapse, Bleak Struggle for Survivors, published on 18 December 2013.

<sup>&</sup>lt;sup>22</sup> Zeldenrust. I. et. al, 2013, Still Waiting - Six months after history's deadliest apparel industry disaster, workers continue to fight for reparations, Clean Clothes Campaign, International Labor Rights Forum, Supported by The European Union.

garment and in 1996 and 1997 due to fire accident respectively 22 at Lusaka garment factory (near Dhaka) and around 49 workers were killed in Rahman & Rahman apparels and Tamanna garment due to fire accident. Here the accidents happened last two decades in the table bellow,

Table: The Bangladesh Garment factory disaster timeline.

25 Nov/2000	53 people killed at a fire at the
	Sagar Chowdhury Knitwear and Garment
	factory in Narsingdi. Including children
	from 10 to 14 years old. A locked gate
	stops them escaping.
2001	24 killed at Maico Sweater (fire incident)
2002	12 killed at Global Knitting (fire incident)
2004	9 killed at Misco Supermarket Building
	and 64 died (3 incidents) in different
	locations (fire incident and stampede).
Jan/2005	23 killed at Shan Knitting, Godnail.
11 April/2005	64 people were killed when the
	Spectrum factory near Dhaka collapses.
	The disaster is blamed on illegal
	construction.
23 Feb/2006	A fire killed 67 people at the KTS Textile
2006	Mill near the port city of Chittagong. At
	least 6 Peoples were died at Jamuna
	Spinning Mill and 22 workers died at
	Phoenix Garments because of building
	collapse.
25 Feb/ 2010	21 workers at Garib & Garib Newaj
14 Dec/ 2010	factory in Gazipur because of fire.
	At least 29 workers killed at Ha-Meem
	Group's due to fire accident.
2011	2 people were killed after a boiler
	explosion at Eurotex due to fire incident
24 Nov/2012	A fire at the Tazreen Fashions factory

26 Jan/2013	8 workers died at the Smart Fashions
	factory in Dhaka due to fire accident.
24 April/2013	An eight-storied building housing several
	garment factories collapsed in Dhaka,
	Bangladesh's capital killing over 1,133

	workers. (Rana Plaza)
08 May/2013	A fire at the Tung Hai Sweaters Ltd. killed 9
	peoples.
20 June/2013	A fire broke out at the Tinni Garment
09 July/2013	Factory in the capital, Dhaka, the Nakano
19 July/2013	International Company Limited garment
	factory in Ishwardi Export Processing Zone
	in Pabna & the MM Knitwear Factory in
	Gazipur. No causalities reported
11 Aug/2013	A fire broke out on the fourth floor of the
31 Aug/2013	seven-storey JK Group factory building in
	South Dariapur of Savar outside the capital
	city and at the Nipun Garment (Pvt) Ltd. No
	causalities were reported.
09 Oct/2013	At least 10 people have been killed in a fire
26 Nov/2013	at the Aswad Composite Mills Ltd,
	Gazipur. At least 20 people were injured in
	two factory fire incidents at Zirabo and
	Tongabari in Dhaka.

Source: Bangladesh Garment factory disaster timeline<sup>23</sup>

#### 3.3. Causes of the factory disasters in Bangladesh (Rationale)

The Bangladesh's center for workers solidarity leader named, *Kalpana Akter* meditates, after the Bhopal disaster in 1984, the factory collapse in South Asian countries indicate the role of the corporate and consumer responsibilities. She blamed the absence of the ethical code of conduct in the Bangladesh garment industry. The government, pressure group, multinational corporations promised to clean up the industry and reassessment the rational causes of these disasters, but it did not happen, which has been proved to different accidents occurred in this sector.<sup>24</sup>

Also, the garment industries do not respect the building code, which is a very common problem in the city area in Bangladesh. Most of the accident happened for the unorganized building construction and other problems *i.e.* fire breakout, boiler, and electrical damages. Looking the table above, it is clear that the poor building construction, a fire broke out, boiler explosion that is a very common problem in almost all garment industries in Bangladesh. Found that, Harpreet Kaur, South Asia Researcher & Representative, Business & Human Rights Resource Centre, visited different garment industry 2011 to monitor the working conditions. As she stated

<sup>&</sup>lt;sup>23</sup> Bhuiyan. K. 2013, Bangladesh Garment factory disaster timeline.

<sup>&</sup>lt;sup>24</sup> Henniker. E. 2014, The Bangladesh Factory Collapse: A Case for Intervention and Policy Change, Seven pillars institute for global finance and ethics. Published on 20 March 2014.

"I met with labour rights advocates who described their fight for better conditions for workers in the garment industry. I saw fragile factory buildings – and it wasn't difficult to picture serious accidents occurring. But I didn't imagine a disaster on the scale of Rana Plaza". (Business and Human Rights Recourse centre, 2013)<sup>25</sup>

Bangladesh government published a report on the building collapse (Case I). This report said, "the extremely poor quality" construction materials and the massive vibrating equipment were operating in this building that was unfit for a multi-story building. Mentioned that the government permitted only for five-story structure and not for the industrial uses but the owner of the building added three floors illegally top of that. The owner of that building knew about the risk but because of political power and nepotism he ignored the order of the city corporation.<sup>26</sup>

The case II- a fire broke out; the government investigation report highlighted that the workers were prevented leaving the factory even after the fire alarm rang. The authority locked them and, therefore, workers were not able to come out of the factory. This accident is compared with the Triangle Shirtwaist Fire that happened in 1911 in New York City killing about 146 workers. Once the global economic world was pinpointing the 100 years of this regretting matter, surprisingly there was another accident in Bangladesh, which devastated the global economic world, and fuelled to work on occupational safety and labour rights. (Marshal, 2014)<sup>27</sup> Both accidents blamed the authorities for blocking the exit door of the factory. However, the workers safety in Bangladesh still in less certain where the American disaster acclaimed as a turning point to lead the workers in the safer workplace and comprehensive support.

Two cases emerged that the Bangladesh's garment sector workers right and safety still need to be focused as a priority, whether it is by international and national law and conventions or with the ethical code of justice. After the disaster the whole world questioned about ethical trade of the global buyers but ideally, Woiceshyn (2013)<sup>28</sup> does not blame the global companies for the disaster because it is a very obvious that capitalist system focused on further profit rather she deemed "selfish greed" than capitalism. Usually, companies insist on lowest prices for the apparel goods that they can sell with a good profit. In this regard, Woiceshyn thinks it is the selfishness of brands and consumers in the

<sup>&</sup>lt;sup>25</sup>Business and Human Rights Recourse centre, 2013, The Rana Plaza building collapse in Bangladesh- one year on.

<sup>&</sup>lt;sup>26</sup> The Guardian, 2013, Bangladesh factory collapse blamed on swampy ground and heavy machinery, published on 23 May 2013.

<sup>&</sup>lt;sup>27</sup> Marshal. T. 2014, Bangladesh Factory Safety and the Triangle Shirtwaist Fire, The New York Times, published on 8 April 2014.

<sup>&</sup>lt;sup>28</sup> Woiceshyn. J. 2013, How to be Profitable and Moral: A Rational Egoist Approach to Business, published on 29 April 2013.

developed world. To her, the garment industry in developing country is a lack of altruism; also argued that the consumer of the developed world might wants to buy cheap products. Therefore, the companies do not want to pay high labour cost. Arguing that, it is host country's government duty to protect self-interest and individual rights in the supply chain process. The government is responsible to protect the rights of the citizen, and Bangladesh is a mixed country economy where there are certain rules, and laws exist but there is a lack of practice. Added that, Woiceshyn contemplates neither capitalism nor egoism blamed for the tragedy.

#### 3.4. Low job security

Despite the garment factory job is formal in Bangladesh with written contract, the garment workers still face the threat from the employer. The employer treats the workers' if they raise the voice. Therefore, they cannot raise the voice due to scare of losing the job. The workers' do not aware of their legal rights. As they are not aware legitimate provisions regarding contracts, the workers face problems, which do not meet the common labour standard in Bangladesh and international as well. Furthermore, they are compelled to take up the extreme workload, but they can't get employment facilities *f.ex*. Sick leave, maternity leave, casual leave, and festival leave with payment. The women hide their pregnancy by being worried about losing their job but the factory act (1965) given rights to have leave and enjoy other facilities. But reality shows, employer fire the worker if she is pregnant, that's why Begum (2001) thinks, the owner sometimes do not sign the employment contract, in this way, Bangladesh garment manufacturing sector repeatedly violates the factory act of 1965, not giving the appointment letter (Ahmed, 2011)<sup>29</sup>. International Legal background shows, Bangladesh has ratified the ILO Convention No. 111 (1958), Discrimination (Employment and Occupation) in 1972 and ILO Convention No. 100 (1951), Equal Remuneration in 1998. But as a matter of fact the garment workers in Bangladesh face discrimination much higher than other formal sector of employment due to lack of implementation of laws.

The garment worker is the hub of this sector in Bangladesh, who made this sector most profitable but the worker's rights resulted in very lowest levels than other developed countries. Their socio-economic status is not good as it to another sector in Bangladesh. Each company makes the internal rules and regulations that the company is to have it. Therefore, the government's laws cannot be implemented accurately. The worker always scared to protest against their employer because they may be suspended, demotion, transferred even sacked by the employer at any time without any reasonable cause even it causes the deprivation of their due salary (Bhuiyan, 2012)<sup>30</sup>

<sup>&</sup>lt;sup>29</sup> Ahmed. F. 2011, Improving Social compliance in Bangladesh's Ready-made Garment Industry, La Trobe University, National library of Australia, 42 Wilcox Street, Preston, Victoria 3086, Australia

 $<sup>^{30}</sup>$  Bhuiyan. A. Z. M. 2012, Present Status of Garment workers in Bangladesh: An analysis, IOSR Journal of Business and Management.

#### 3.5. Harassment in their occupation

So far, I have done my research it is clear that Bangladesh's garment workers face discrimination to their occupation in many ways. The working condition and their sufferings have placed on the top level of miseries, besides, the facilities and other social compliances are racing to the bottom. The owner treats the worker like machinery tools; middle and top management keeps them under control to maintain high level of production. The government and other affiliated organizations whose are liable to work on to improve this situation, do not active, as they should be. The reason indicates many terms in the production chain; like self-interest of the top-level management- increasing profit of the company- maintain the high production order. To meet the production quota top-level management does not think of workers self rather, they think company's self. Garment's workers are often vulnerable group with various forms of abuses like sexual abuses, long working hours, lack of freedom of association. As noted above, 80 per cent of workers are women in Bangladesh's garment sector; the factory owner or top-level management subjugates the big number of workers of the total. Most of the time, women workers' suffer in their workplace rather than men workers'. Reports by The workers voice and ILO shows that the vast majority of workers, accounting for around 87 percent workers' work six days a week, furthermore, 13 per cent workers attend work every day. The workers' do not get legally required regular basis day off. The U.S. Annual Human Rights report pointed that the factory required the workers to work twelve hours a day to meet export deadlines without proper compensation. Statistics shows that the high unemployment rate of the country makes influence the workers' to work in these situations<sup>31</sup>.

However, ILO Convention concerning working hour, 1919 (No. 1) enforces the maximum standard of working hours is 48 per week and 8 hours per day with the exception of limited and well-circumscribed cases. The reality shows that the workers are pressed to work more than they are allowed, without receiving the compensations because of keeping the job<sup>32</sup>. Even, the owner threatens the worker to fire if they ask permission to go to the toilet. And they deduct the wage if the workers' come a few minutes late to their work. A very recent report by the DanWatch said, most of the workers' express a great doubt about the working conditions and dissatisfaction with low wages' and low safety. Simultaneously, they have explained that the factory work is the only job opportunity they have. Therefore, they are kind of forced to accept the bad conditions as a premise to have a work. (Martinez and Henriksen, 2015)<sup>33</sup>. The United Nations Fund for Population Activities (UNFPA) also

<sup>&</sup>lt;sup>31</sup> ILO, 2006, Decent Work Country Profile, Bangladesh, Executive Summary, 2012 19 ILO, Press Release, ILO calls for strengthening labour inspection worldwide, 16 November 2006.

<sup>&</sup>lt;sup>32</sup> ILO, 2014, Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries, Issues Paper for discussion at the Global Dialogue Forum on Wages and

Working Hours in the Textiles, Clothing, Leather and Footwear Industries (Geneva, 23-25 September 2014).

<sup>&</sup>lt;sup>33</sup> Martinez. J. N. and Henriksen. S. 2015, Danwathch, The lost thread, violations and abuses power in the garment industry in Bangladesh, published on March 2015.

found that 84.70 per cent of female workers' in the garment sector still being harassed somehow, but the state minister of the relevant ministry denied and claimed that the condition is now much better than it was before (Bdnews24.com, 2014)<sup>34</sup> Also, Cox and Schechter (2002) think, rather help the workers, the international buyers take the chance to produce the products in the third world country for lower wages and production cost. Seems that without paying the significant amount of wage the retailer companies and the owners' of the factory receive a big profit (Cox and Schechter, 2002) <sup>35</sup>.

#### 3.6. Gender discrimination and child abuses

Because of the advantage of cultural stereotype in Bangladesh, women workers' are discriminated and require following the rules made by the men. Since Bangladesh's women are not economically solvent, they cannot raise their voice against men's decision. Bangladesh's women workers are illiterate, and not very much aware about their rights. Therefore, the employer takes the chance to abuse women workers in this sector. The owner normally favours women workers than man because they are more dexterous, pliable and willing to work longer hour with a less payment. Even they do not complain if the don't get any extra compensation for their overtime work (which they normally count as a routine work). The Asia Foundation (2014) recommended the women; to be more dynamic about their rights that could bring them to merely better off condition<sup>36</sup>

In between 2002 to 2003 there was around 14 per cent children work in the manufacturing industry. The Bangladesh's government claims that the garment sector is reportedly free of child labour but given the significance of the garment industry, this sector was once a substantial employer of child laborer – mostly girls. (ICF International, 2012)<sup>37</sup> Bangladesh bureau statistics, 2006<sup>38</sup> shows, In Bangladesh 7 million children are engaged in work and out of them 1.3 million children are engaged in hazardous work though Bangladesh has ratified ILO Convention No. 138 (1973) and other related conventions. It is prohibited the children to perform hazardous work though the reality is very crucial in Bangladesh. And, of course, there is not any specific definition of hazardous work in Bangladesh. The penalty for offender against child labour provisions are only to pay as a fine is less than BDT 5000 (€50). (ITUC, 2014, UN, 2013)<sup>39</sup>

<sup>&</sup>lt;sup>34</sup> Bdnews24.com, 2014, Bangladesh questions UNFPA report on female RMG worker harassment, published on 10 December 2014.

<sup>&</sup>lt;sup>35</sup> Cox, R.W. and Schechter M.G. (2002) "The Political Economy of a Plural World: Critical reflections on Power, Morals and Civilization", (London and New York: Routledge Taylor& Francis Group).

<sup>&</sup>lt;sup>36</sup> Saxena. S. 2014, A Glimmer of Hope: Women Leading Change in Bangladesh's Garment Industry, The Asia Foundation, published on 24 September 2014,

<sup>&</sup>lt;sup>37</sup> ICF International, 2012, Child Labour in the Informal Garment Production in Bangladesh report- 2012, ICF International 11785 Beltsville Drive, Suite 300 Calverton, Washington, U.S.

<sup>&</sup>lt;sup>38</sup>Bangladesh Bureau of Statistics, 2006, Baseline survey for determining hazardous child labour sector in Bangladesh 2005, Dhaka, Government of the People's Republic of Bangladesh.

<sup>&</sup>lt;sup>39</sup> United Nations Development programme, 2013, On the Post-2015 Development Agenda For Bangladesh.

Despite the international and national conventions, there is still child labour exist in formal or informal garment sectors. The informal sector is connected with the formal sector in the production chain. $^{40}$ 

## 3.7. Lack of freedom of association

Labour rights and labour relations in Bangladesh's garment industrial sector have a troubled history. From the 1970s, jute industry did not support the trade union as now the garment industries are playing the similar role 45 years later. Seems that the owner of the factory does not support the union activities. The garment industry owner is in fear that allowing trade union activities could be politicized and controlled by the political force. They claim that the working conditions are so good as it was not before therefore, the workers' don't need to involve with the union. They are afraid of losing control of their factories if workers unionize. Also they think by union activities company's net earnings or earnings per share can be affected by the trade union. Hence, the freedom of association and collective bargaining are not well understood and practiced by the workers yet.<sup>41</sup> And also the workers' are a lack of skill and willingness to bargain for their rights (Mariani and Valenti, 2014)<sup>42</sup>. Added that a big number of industry owners have a direct link with the political party; even more than 50 parliamentarian members out of 350 in Bangladesh's government have the industry. That's why, the industry owner have more power to use state police against trade union if there is any workers' unrest. Besides most of workers union leader hears the political leader's instructions willingly. But it is also a matter of hope that there are some organizations and union who work for workers rights but cannot stand with the powerful political leader (Yardley, 2012). However, Bangladesh has ratified ILO conventions (C. 87 & C. 98) concerning freedom of association and collective bargaining. Not only ILO convention but also the Bangladesh labour act (2006) has also been amended to give legal right too but not practiced well.

### 3.8. Sub conclusion

As a consequence of the above discussion, it is vibrant that the working conditions do not comply with the international standard. The workers' wages, safety and other conditions, require reforms. Although there were some reforms over the last two years, many things remain to be done regarding workers' rights and safety. The human rights watch (2015) show that factory owners want to maximize their profit, which is very obvious; to do so, they cut concern on safety issues *f. ex.* ventilation, sanitation, exit door. Also found that they

<sup>&</sup>lt;sup>40</sup> CBS News, 2012

See: http://www.cbsnews.com/news/cbs-news-goes-undercover-in-a-bangladesh-clothing-factory/

The Guardian, 2014

See: http://www.theguardian.com/world/2014/feb/06/bangladesh-garment-factories-child-labour-uk

<sup>&</sup>lt;sup>41</sup> Committee on foreign relations, U.S. senate, 2013, Workers safety and labour rights in Bangladesh's garment sector, published on 22 November 2013 (pdf).

<sup>&</sup>lt;sup>42</sup> Mariani. D. R. Valenti. F. 2014, Working conditions in the Bangladeshi garment sector: Social dialogue and compliance Fair ware foundation and Delft University of Technology.

don't pay overtime and do not offer assistance in case of workers' injury. They push workers hard because they don't want to miss the deadlines and end up paying for air shipment. The wage condition has got a little better legitimately, but the owners have put 60 per cent workload to the workers to pay the legal wages. Thus, the worker suffers more to fulfil the target of production. Even if the workers do not fulfil the production target then the authority deduct the workers' salary and increase overtime, or they show less attendance that what is true. Sometimes, the workers make a protest against the owner but then the management hires local thugs to beat the workers. In 2014, about 100 workers were fired from a factory near Dhaka due to filling in the union registration papers. The owner wants to stop the workers' unions functioning, though the workers still want to form the union, but the owner wants to stop them from forming the union. Added that the government has given the permission to form the union in the workplace but the government, and its affiliation does not back up their commitments. Most of the trade union leader said that freedom of association and collective bargaining are part of the company's code of conduct, but it only exists on paper. They ensured that the factory looks good on paper rather than ensuring the workers' safety.

# **Chapter III**

#### 4. Corporate social responsibility and its impact

#### 4.1. Corporate social responsibility (CSR)

Corporate social responsibility is a manifestation that the company needs it to take into consideration not only to the financial/economical dimension of decision-making but also the social and environmental consequences. The impacts of economic globalization have had played an influential role in efforts to eradicate poverty, attain impartial and accountable system of governance and ensure social and environmental justice and security. The corporate social responsibility is an approach of the business society, which finds the ways to maximise the positive benefits. It can bring human well-being too through minimising the harmful impacts of irresponsible business. This agenda has variously called 'corporate citizenship', 'corporate social responsibility' (CSR), 'corporate accountability' or just 'corporate responsibility'. Most significantly, the development of the CSR in the business field has been the issue of implementation rather than that the companies make not only commitments but also its practical operation in business. Nowadays, it has recognized that the companies have the principle to develop CSR policy with various commitments, but it is not necessarily in the progress of these commitments especially in the developing country. Chatterjee, (2008) outlined that among various responsibilities, corporate accountability is needed to embody with the systems, where, a company focuses to develop policies, indicators, targets and processes to manage the full range of activities. She thinks, to practice a good CSR, the accountability of the company is very important. It should be increased not only to the main companies but also it is

strongly important to the other spheres like, sub contractor and throughout the whole supply chain. Besides, increasing accountability in the corporation usually sanction the company to be more inclusive, responsive. In essence, CSR-related activities are now not only the voluntary; it is now the obligation in the economic world, which is enforced by the state legislations in developing countries'. The state government is needed to monitor the company's programme and mechanism<sup>43</sup>.

To explain the government policy regarding CSR, Brown and Kundsen, (2012) divided the role of government into two sets. According to them, there is a link between domestic institutions and the influence of government on CSR policies to the variety of capitalism and national business system. In another set, they explored the premises of multinational cooperation where the nation state has become less relevant- to that point some scholars' even view it as irrelevant. Global governance scholars have a view that together with state government, other actors, such as non-governmental organizations (NGOs), intergovernmental organizations and transnational corporations have impacts across this area to ensure the good practice of CSR<sup>44</sup>.

To them, companies should operate the business comply with social norms, and morality. Gjølberg (2009) argues that it is not only the political-economical context but also a country's proportion of globally oriented companies. Brown and Kundsen (2012) augmented that Gjølberg (2009) has normally identified two of separate interpretation of the level of CSR. In level 1; Gjølberg took Denmark as an example, coordinated market economy, where it has a high prevalence of CSR score that boost the existing welfare policies. To another level of practicing CSR- UK, as a liberal market economy, has also obtained a high score of CSR reflection, together with domestic and multinational cooperation (MNCs) (ibid). Brown and Kundsen (2012) and Gjølberg (2009) concepts could be the matter to follow to operate the business in Bangladesh where the corporate responsibility should put in the first place. And they also emphasized to accountability, which makes the companies transparent and effective. The real fact shows that companies in Bangladesh are a lack of transparency and accountability. And the government has failed to make the companies transparent and accountable. But recently the state has reformed the labour act, that's why now the business corporations are required to abide by the government laws. Understanding the current pattern of CSR in Bangladesh, it is important to map out the identity and landscape of the marketplace. However, CSR is a relatively new concept in Bangladesh's garment sector thinking the long established industrial dynasty. The CSR was not an integrated part in the garment business in Bangladesh. Seems that CSR

<sup>&</sup>lt;sup>43</sup> Chatterjee. A. 2008, Social compliance, social accountability and corporate social responsibility, Mainstream Weekly, published on 22 April 2008.

<sup>&</sup>lt;sup>44</sup> Brown. D. & Kundsen. S. J., (2012), Visible Hands: Government Policies on Corporate Social Responsibility in Denmark and the UK, presented to the CES Conference 23 March2012.

practice is varying from country to country; it mainly depends on diversity, culture, constant problems and other issues. The CSR termed as the development of human rights, abolishing child and forced labour, health and safety concern as well as environmental and climate issues. In Bangladesh- in all business especially companies with international business and exporting relation, corporate social responsibility cannot be ignored because Bangladesh is a most export-oriented country to the global market. Therefore, It is tough to ignore the CSR standard in the global market since the global company requires good practices of CSR. The civil society and consumer group has put continuous pressure to practice labour rights, environmental management and ensure transparency in corporate governance, largely due to poor enforcement of existing laws. Evidence shows that most of the small, medium and even big enterprise under the informal sector are with low management structure and resources in Bangladesh. The low management structure drives the management to think about profit rather than social benefit and the triple bottom line; "profit, planet, and people" (This term was first invented in 1994 by John Elkington). Today, the Triple Bottom Line (TBL) proposes the corporations to intensify people and planet into Top line, next to the traditional corporation's profit into the bottom line. Thus the company normally can implement the Triple Bottom Line concept. (Vena, EIAS, 2013)<sup>45</sup>

Comprehensively, the CSR practice is fairly integrated into international business practice, which is one of the core features of market access. A focus on CSR in Bangladesh would be influential not only for enhancing the corporate governance, labour rights, work place safety, and fair treatment of workers, but also it is immensely important ensuring access to the global market<sup>46</sup>

#### 4.2. Corporate Social Responsibility practice in the Bangladesh garment industry

Due to the globalization, stakeholders, suppliers, employers, employees, and government are now conscious about the practice of corporate ethical responsibility, which was not as good as two years back. The industrial catastrophe resulted to a turning point to attract the government attention determining that the government can no longer ignore the destroying and alarming working conditions of workers in the garment industry. Besides that the international labour rights promotion edges have gained the strength and the compulsion to make those corporations, who import goods from Bangladesh to commit to increased labour rights guarantees (Vena, 2013). But there is still no inclusive institutional background or settings to promote the relationship between good governance, market-based CSR, and corporate accountability. Chatterjee, (2008) considers that social accountability and social compliance come through audit and monitoring. The social

<sup>&</sup>lt;sup>45</sup> Vena. M. C., 2013, Corporate Social Responsibility in the Bangladesh Textile Industry Responsible Supply Chain Management, European Institute for Asian Studies.

 $<sup>^{46}</sup>$ . Mondol. P.E., 2010, Why CSR is important for businesses in Bangladesh, The Financial Express, published on January 2010.

accountability confirms transparency, reduces linkage and creates demand, which needs proper spending of funds. The stakeholder is to be accountable to the state government and responsible towards the society. It appears that big multinational companies operate their business in the developing countries due to cheap labour, which lead the companies to exploit the workers. Therefore, customers from the West play demands and object not to purchase the clothes and products that are produced under the inhuman working conditions, using child labour and forced labour or less paid workers. Particularly the demand has increased, and the CSR policy in question after the recent catastrophes. Brown (2013) claimed that the recent accident killing more than 12,00 workers indicate the CSR audits by international clothing retailers have failed. A lack of monitoring and audits has been a spectacular failure to the points- fire safety, building integrity and workers occupational health and safety (OHS) that have resulted in the death of a large number of workers. The international brands, to maximize the profit, depend on low-paid, unskilled and lightly trained inspectors who don't have enough skill regarding OHS and usually they face problem once the local companies have many unauthorized sub-contracts. The disappointing matter is global buyers in their supply chain business normally demands on to the local contractors to have the lowest price, the best quality, and the fastest delivery. At the same time, local contractor tries to fulfil their demands to keep the buyers rather thinking of the working conditions and workers rights. Besides that garment workers are so desperate for a job that they cannot deny any job because of availability of job in the country, they do not care about the hazardous working conditions. Added that the government had regulations that found as meaningless for the lack of implementation<sup>47</sup>

#### 4.3. CSR can increase the good reputation of the company

Corporate responsibility refers to a range of socioeconomic activities that company often commences to fulfill with the legal and political rights of the individuals in the organization. This could be happened implicitly and explicitly (Fombrun, *et.al* 1997). Freeman (1984) assumes that a company accumulates enlarged responsibilities to the stakeholders, shareholders, and particularly to the local community where they operate the business (Fombrun & Gardberg, 2006)<sup>48</sup>. In recent years, intangible assets, such as company values, human and intellectual capital have been increasingly important to the organization levels. Similarly, Chatterjee (2008) believes that a company that exhibits good corporate citizenship is likely to gain a good competitive advantage. Wood (1991) describes corporate citizenship activities encompass with, investing money and time in pro bono work, philanthropy, and supports the community thinking the social compliance. Host country's government legally assigns few of which, but Wood (1991) thinks it's still company's responsibility from the humanitarian ground. Sometimes, the corporate

 $<sup>^{47}</sup>$  Brown. G., 2013, Bangladesh: CSR Audits Fail to Protect Workers and Threaten OSH Profession's Integrity, published by EHS Today, on October 2013.

<sup>&</sup>lt;sup>48</sup> Fombrun. J. C. & Gardberg. A. N., 2006, corporate citizenship: creating intangible assets across institutional environments, Academy of management review.

citizenship or corporate responsibility activity enhance the company's reputations. Turban and Greening (1997) consider that the corporate responsibility of the company led to attracting an inspiration from the consumers. In this case, Brown and Dacin (1997) acknowledged that ultimately socially responsible firms have received favorable corporate evaluations from consumers and a more favorable impression of their products (ibid). Fombrun, et. al. (1997) agreed with this including that intangible assets help to develop company's reputation and brand value to the local and international market. Besides that corporate responsibility activities- valuable and secure reputational capital enhance the ability to negotiate the most attractive contract with the host country's government. At the same time, it helps a company leapfrog nationalistic barriers by enhancing the apparent legitimacy of the corporation to operate the business in the marketplace (ibid). But, multinational corporations might face cultural diverges in the host country; sometimes it is difficult to understand the host country's culture and orientation. In such case, conflict can be occurred if manager attempt to formulate business strategy for international business based on merely on his/her own cultural orientation (Nelson, Swanson, Katz, 2001). In such situations, Hofstede, (1980) propose four value-oriented dimensions that segregate the national cultures; power distance index, individualism, masculinity and uncertainty avoidance index. To the section bellow I will portray those four dimensions in relation to Bangladesh.

#### 4.4. Relative influence of national culture on CSR practice

Furthermore, to the figure bellow I have used Hofstede's model in order to see the variables of five key social issues what the international business corporations can follow (Carroll, 1979). Here I have compared Bangladesh and Denmark to make it understand the differences of the terms. Introducing these terms I will discuss some propositions that can help MNCs to understand the host country's culture. The issues of consumerism, the environment, the treatment of employees, government involvement in society and the role of the business community help affecting the international stakeholder to increase the corporate responsibility practice.

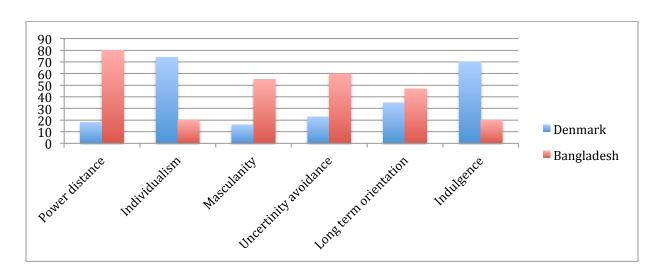


Figure: Hofstede's model (Compare between Denmark & Bangladesh)<sup>49</sup>

This figure, shows, the high level of power distance, lower level of individualism, the higher level of masculinity and the higher level of uncertainty avoidance, all exist in Bangladesh (compare to Denmark) and the prevalence is much higher than Denmark. In this case, according to Hofstede, (1980) concepts, the high level of power distance (PD) in Bangladesh indicates that the consumer or citizen of the society mostly depends on other's opinion. Besides, to avoid the high uncertainty, the citizens are to be less tolerant and to protest and participate in the social and political activities. Indeed, the citizen and consumer in country exhibit a high level of individualism tends to foster stronger public initiative. Using Hofstede's concept, (i) The citizen in Bangladesh will be more likely to occur in cultures exhibiting the lower level of power distance, lower levels of masculinity, higher levels of individualism and lower level of uncertainty avoidance. (ii) To the employees of the corporations; since the workers are not privileged regarding the safety and wages conditions and power distance between employer and employee is high, the individualism is very often not high among the workers, the workers cannot avoid uncertainty. And the lack of enough educational skill the worker is not aware of their legitimate rights. The employee/worker is more likely to increase individualism, decrease power distance between employers and them, and decrease the levels of masculinity to avoid uncertainty and insecurity of their job. Furthermore, Hofstede's (1980) emphasized the role of government where the government plays an important role in overseeing and affecting the corporate's code of conduct. So, it is clear that the Bangladesh's government has not played an influential role to protect workers rights in the past. In such conditions, the power imbalance has found between the business corporations and government. The government's involvement was very low to protect the workers. But the governmental activism will be more likely to decrease higher levels of power distance, higher levels of uncertainty and increase individualism through make the workers participation in political and union activities. The national and international corporations should work more likely; exhibit lower levels of power distance, lower levels of uncertainty avoidance, lower levels of individualism and lower levels of masculinity (Nelson, Swanson, Katz, 2001)<sup>50</sup>.

#### 4.5. Transparency and Accountability of NCs & MNCs

In essence, reliable and consistent reporting of a company's performance is known as accountability and transparency of terminology of corporate social responsibility. To Newell & Wheeler, (2006), accountability needs to ensure contemporary development discourse in the context of increasing donor attention to the idea of good governance. They believe that accountability can't come within institutional reform alone; it is often the

<sup>&</sup>lt;sup>49</sup> Hofstede's model (chart Made by me using the data from The Hofstede Centre).

See:http://geert-hofstede.com/denmark.html

<sup>&</sup>lt;u>& http://geert-hofstede.com/bangladesh.html</u>

<sup>&</sup>lt;sup>50</sup> Nelson. K. L. Swanson. L. D. Katz. P. Z., 2001, Culture based expectations of corporate citizenship: A propositional framework and comparison of four cultures.

instance that the state institutions sometimes act as a rights violator and rights enforcer. They also consider that the state creates the law as a mechanism to produce positive social changes and conversely the state also should consider that social mobilizations could bring changes to the law. To bring changes, accountability can be focused on to the answerability and enforceability, where the rights are to claim and to establish through enforceability; the appliance for ensuring that the answer is back by action and sanctioning for no responsiveness. Kabeer and Mahmud (2006) outlined, accountability thus give "teeth" to the concept of rights and henceforth these are essential to the status and practice of citizenship. Bangladesh is a country that continuous to be largely governed by patron-client relations. Khan (2001) consider, the interaction of patron-client and a modern state apparatus with autocratic control over rules and resources created a patrimonial ruling choice in Bangladesh, where people search for a scope to abuse power and get personal profit. Therefore, for a special favor they control the industrialists and trade unions' activities (Kabeer and Mahmud, 2006, p. 3)51. It is contemplated that accountability is massively important to the state, and corporate sector too, where the corporation are obliged to ensure the transparency and accountability if these are absence then the states are encouraged to apply enforceability. To ensure better CSR, some scholars focused on accountable and transparent corporate governance. To the section bellow, I will demonstrate the convergence of CS and CSR.

#### 4.6. Corporate governance (CG)<sup>52</sup> and corporate social responsibility (CSR)

The merging of corporate social responsibility and corporate governance are essential for accountability. Though, these two have been changed the corporate accountability mechanism, based on companies economic condition, either the condition is strong or week (Rahim & Alam, 2013)<sup>53</sup>. According to Lerach & Seligman (2002), corporate governance conveys the rules of business decision-making and leads to the internal mechanism of companies where the company follows these rules. Corporate governance includes the customs, policies, laws and institutions that influence the way a corporation is guided, managed or organized. Today, in the economic world, most of the companies' CSR policy has been questioned due to lack of CG. Simultaneously, the impact and success of the CSR policy and movement on the socio-legal views of corporations also reveals the advancement of corporate governance of the Corporation. Further, along with the movement of CSR, the perception of CG has been developed drastically for encouraging the

<sup>&</sup>lt;sup>51</sup> Kabeer. N and Mahmud. S., 2006, Rights, resources and the politics of accountability, Edited by Peter Newell and Joanna Wheeler, p. 2-5, Zed books, Radical institutional publishing.

<sup>&</sup>lt;sup>52</sup> In essence, corporate governance is like an umbrella where it is describes, the formal system of accountability of corporate directors to the owners of companies. In the wider sense, the concept includes the entire linkage of formal and informal relations involving the corporate sector and the consequences of these relations for society in general (Rahim & Alam, 2013)

<sup>&</sup>lt;sup>53</sup> Rahim. M. M & Alam. S., 2013, Convergence of Corporate Social Responsibility and Corporate Governance in Weak Economies: The case of Bangladesh, Springer Science + Business Media Dordrecht.

corporate management to deliberate the broader ethical considerations. But in the week economics, there are not many CSR-driven alliances for imitating the companies' integrity, and the monitoring strategies, which do not have the indispensable features to ensure corporate responsibilities. Now, CSR has linked the governing endeavors to make companies regulated by public and social needs. By following and boosting Corporate Governance, can also affect the reputation of the company. That's why, today, companies have focused on to mechanisms of governance, promoting investor accountability making CSR committees, dealt with business ethics, code of conduct, stakeholder complaint and dialog. Besides, the government and other monitoring bodies have enough surveillance to pursue the stakeholder to fulfill their commitments to the society as well as to make them accountable and transparent (*ibid*).

Furthermore, Bangladesh is taken as an example of a 'weak' economy and came to the opinion showing that the way in which this convergence is being incorporated in corporate self-regulation in unwatchful condition. The surveillance is not good enough though the engaged actors are inspired to develop capital market like a democratic way that where should be the leadership effective decision making. The Bangladesh company act, (1994) clearly clarified the role of corporate director and the attributes governance, as well as its ownership structure including company's characteristics. But this act does not contain any legal provision regarding the specific social responsibilities or any management strategies. According to this act, while company directors are liable for most of the financial operations, they also liable for any damages to the stakeholders (other than the investor) caused by their irresponsible business strategies. Corporate management in Bangladesh does not show such responsibilities and any specific duties concerning the social responsibilities of enterprises. Therefore, to confront the corporate governance and to comply a better movement of CSR, the state government is prerequisite to change their rules and regulations if needed for the corporations and by doing that also responsible to make the corporation transparent and accountable. Thus the government can ensure the good corporate governance.

#### 4.7. Global Value Chain, Collective Action and CSR

Not only the state government but also the business partnership can bring the public and private sector together to foster and formulate the CSR standards throughout global value chain (Dolan & Opondo, et al., 2005, 2006). Pursuant to Thomsen & Nadvi (2010), articulation between industry associations and local collective union promotes local embedded CSR activities. They consider collective actions in the developing exportoriented country and pressure from the global value chain governance can play a significant role in shaping the CSR compliance (f. ex. the Harkin bill in US regarding abolishing child labor). Collective action taken by international organizations steered Bangladesh's government to take immediate action on that issue. Subsequently, Bangladesh signed the conventions made by International Labour Organization (ILO), the

United Nations Children Fund (UNICEF). The government have had shown the willingness by pioneering a child labour monitoring system and delivering social protection for affected children (Nielsen, 2005; ILO and UNICEF, 2004). This example provides the idea that how collective action amongst international bodies and local industrial associations can paly substantial role to solve the problems. On the other side, working together raised a lot of complains between local enterprise and multinational. Shows that to follow the states rules and international buyer's code of conduct creates problems. Because steering up CSR standard requires cost, time, etc., which should be shared equally to touch the international standard. Ultimately, the local companies' in developing country have started practicing CSR relatively in their industry, which is very new and not likely the developed country's policy yet. But it will take a long time to get a sustainable development. Therefore, Barrientos (2008) has focused on to promote CRS as soon as possible, even if there is no sustained pressure present from the international buyers (Nadvi, 2008)<sup>54</sup>. And, Thomsen & Nadvi (2010) recommend to both local buyers and international buyers to harmonize the both parties' code of conduct, likely to convergence to the same points abiding by the international standards.<sup>55</sup>. Optimistically, creating more opportunities for workers throughout the global chain can create freedom, equity, security and human dignity". Furthermore, To make the CSR practice faster and fruitful, ILO has an agenda to integrate the CSR approach to the objectives of full and productive employment for all in the global, regional, national, sector. (ILO, 2012)<sup>56</sup> The formulation of the code of conduct and collective action might help generating the confidence of investor. By increasing collective action and the formulations and development of CSR initiative can be linked to the bottom line of the supply chain, which is very important in the developing country.

#### 4.8. CSR practice in Supply chain management

Almost all garment factories in Bangladesh operate their business together with a subcontractor and the core factory does not contain legal consent with the subcontractor. Therefore, once an accident happens in Bangladesh's garment factory, the primary factory and international buyers do not take any responsibility for the accident and injured workers. ILO and UN focused to the policies to avoid the negative magnitudes, by integrating the responsible business practice into their supply chain process. According to the UN global compact, the objective of supply chain sustainability is to create, protect and adapt long-term environmental, social and economic significance for all stakeholders who involve in bringing products and serve to markets (Sisco. C. et. al. 2010)<sup>57</sup>

<sup>&</sup>lt;sup>54</sup> Nadvi. K. 2008. Global standards, global governance and the organization of global value chains, Journal of Economic Geography, p. 325–340.

<sup>&</sup>lt;sup>55</sup> Thomsen. L. p. & Nadvi. K., 2010. Global Value Chains, Local Collective Action and Corporate Social Responsibility: a Review of Empirical Evidence, p. 1-11, published by Business Strategy and the Environment. <sup>56</sup> ILO, 2012, Decent work country programme 2012-2015. P. 1-3.

<sup>&</sup>lt;sup>57</sup> Sisco. C. *at. el.* 2010 Supply Chain Sustainability, A practical guide for continuous improvement, p.5, made by UN Global Compact and Business for social responsibility.

It is indispensable for the stakeholder setting up their expectation and demand to all their suppliers. Supplier's code of conduct that heads the behavior of supply chain patterns is an intense matter of social compliances. It based on relevant national and international instruments including the issues; wages, health and safety, working hours, disciplinary practices, freedom of association and child labour. They are also liable to include provisions relating to the environmental impact of suppliers' activities and other issues. As discussed that brands need to think national culture to measure the risk of the management considering the host country's national law, for instance, freedom of association in a certain country or the equal treatment to the job sector and masculinity issues. To discrimination and harassment issues in the job, which is very common in Bangladesh; the stakeholders need to take the proper initiative to give a proper right to the women workers, what the government can't do due to lack of law implementation. It is good if most of the international stakeholders come forward to help the state government to implement national and international law through their monitoring policy. It is apparent that the stakeholder has a grievance that is very challenging for them to operate a business in the third country where due to lack of government oversight. Also, there are many problems in Bangladesh's garment sector, and therefore, to achieve improvement the conditions, the national and international stakeholder are required to manage the relationship with suppliers including subcontractor in a reliable way. Including training, skill development programme, collaborative initiatives, buyers, suppliers and government can adopt the laws based on their perceptions by their business capacity and needs (ibid).

## 4.9. Ethical trade and CSR

Given the emphasize to the ethical trade the Ministry of Foreign Affairs, Denmark urges the larger companies to take a lead in carrying out the partnership commitments. It also distinguishes that the Danish smaller companies that operate the business in Bangladesh is asked to work on it what is accurately possible for them. Furthermore, DANIDA offers financial and other support through DANIDA Business Partnerships to increase the CSR facilities in carrying out the initiatives to expand ethical trade, boost workers rights and safety conditions. Denmark has certain tactic towards CSR, where, as a welfare state the government takes care of the social and economic rights of the citizen solve the social problems. The Danish government shares its responsibility and partnerships to merge the CSR. Even so, the government has the specific policy due to the extended and broad welfare state, where the government has control over the corporations. In this context, the government and its partners work democratically where the power is balanced. In state policy regarding CSR, the government has active involvement with private and institutions to manage and shape. On the other side, however, the global companies do not have a lot of engagement with Bangladeshi government and national NGOs because of the lack of the

trust among actors and the high level of corruption within the government. Therefore, the global company is interested to take initiatives through the organizations where there is less of corruption (Kavaldzhieva, 2014)<sup>58</sup> Acknowledging the duties to protect the workers rights and respect the human rights the Danish Ethical Trading Initiatives (DIEH) jointly endeavoring to launch a joint programme with The Ethical Trading Initiatives in UK, Norway. The purpose is to assist the business partners that operate the business in Bangladesh. They asked the companies to do business from the ethical standpoint rather focus only on the profit (DEIH, 2013). Even so, the DEIH is to drive many safety programmes with the support from DANIDA. It mainly focused on Workers' Rights and Safety, Motivate greener production in Bangladesh, Increased transparency in buyers' supply chains (DANIDA, 2013)<sup>59</sup> rather than not to stay away. The Danish companies have increased the engagement of the economic and social development of Bangladesh taking as an ethical trade. Also, the multi-stakeholder forum jointly with CSR center (Bangladesh), Social Accountability International (USA) and the Danish Institute of Human Rights (Denmark) organized the pillars in practice programme with the purpose of helping the companies, government and civil society organizations to implement the UN Guiding Principles on Business and Human Rights.

## 4.10. Compensation to pay from the ethical standpoint

In the previous chapter, I outlined that sometimes the global brand wants ignore their responsibility and do not want to share the benefit with the workers. It happened in the last two disasters that the global brands have not paid the legal compensation to the injured workers. Also, Bangladesh government had not shown potential to compensate the injured workers and the family who lost their beloved one, was a very distinguished issue after the industrial disaster in Bangladesh. As there is a lot of changes happened from 1881 once the factory Act, 1881 was passed in the Indian subcontinent. Subsequently it was changed to the specific act workers compensation act (1923). Later in 1934 considering labour protection, the labour protection act (1934), the employer's liability act (1938), the employee's social insurance ordinance (1962) and so on. After many changes and replacement, eventually Bangladesh government made the labour act (2006) and revised on 2012. Bangladesh labour act (2006), Chapter XII, has enforced the workers compensation. It is apparent that the employer should handle the workers compensation, and the state government is liable to implement this law in the ground. However, this is not practiced on the ground level that proved in the major industrial disaster. The victim of these two disasters is still to pay the compensation though it is now from two years back. There are lots of blaming games still going on this regard. After the largest disaster (Rana

<sup>&</sup>lt;sup>58</sup> Kavaldzhieva. D. 2014. CSR in globalized world from a cross-sector partnership perspective. Case study: Danish Partnership for Responsible Garments and Textiles Production in Bangladesh. Aalborg University, Denmark.

<sup>&</sup>lt;sup>59</sup> DANIDA, 2013, The Danida Annual Report: Danish companies support responsible textile production in Bangladesh.

Plaza building collapse), only five of the 27 affiliated global clothing brands committed to paying compensation to the victim and rest of them remain to pay up. Several big British brands like Primark, Matalan have not paid to the compensation fund (Dove, 2014)60 Like Primark and other brands; American brand Walmart and Italian brand Benetton and JC Penny are still in the queue to pay up (The Guardian, 2014)<sup>61</sup>. The Bangladesh government and Bangladesh Garment Manufacturer and Exporters Association (BGMEA), have had only the victim's hospital expenses and compensate the families with a little amount, which is around € 200 to cover basic funeral expenses. The labour rights protection campaign is demanding the Benetton to change their attitude to the victim of Rana Plaza disaster as well as to pay up immediately. But Benetton has no attention to this issue. However, not only Benetton but also the American brand Walmart also refused to pay compensation to the victim of Tazreen fashion (Case II) disaster. Therefore ILO and UN asked them to do ethical trade (Clean Clothes Campaign, 2013)<sup>62</sup>. In this regard, Rivoli (2013), claims that the western brands and companies should handle this kind of disaster from the ethical view points as their harsh demand for cheaper and faster fashion squashes the powerless Asian suppliers. Also added that similar with the brands the western consumers also should bear some of the responsibility by paying little bit high prices to support the poor workers in poor country (Time, 2013)<sup>63</sup>

#### 4.11. Sub conclusion

The Bangladesh's government and its institutions are the lack of accountability and transparency, therefore, the corruption in Bangladesh's garment sector is institutional, and it occurs mainly due to lack of good governance in the state and corporation levels. (TIB, 2014). The private institutions and other organizations can't work independently due to corruption. The institution misses the independence and has only a little amount of influence to punish public establishments if they fail to provide information to the public. The human rights business country guide (2014) found that audit and inspection in the garment sector was mostly conducted in compliance with international standard. The real fact is that auditors and inspectors apparently produced audits reports according to the wishes of the client. The auditors take the bribe from the factory to make a good report. In these situations, the foreign company face difficulties to work together with the local

<sup>&</sup>lt;sup>60</sup> Dove. S. 2014, New responsible supply chain platform, supported by Sedex, published by Ecotextilenews, 16 May 2014.

<sup>&</sup>lt;sup>61</sup> The Guardian, 2014, Bangladesh factory collapse: big brands urged to pay into help fund, published on 24 February 2014.

<sup>&</sup>lt;sup>62</sup> Clean Clothes Campaign, 2013, Walmart refuse to compensate Tazreen fire victims. Published on 18 April 2013

 $See: \underline{http://www.cleanclothes.org/news/press-releases/2013/04/18/walmart-refuses-to-compensate-\underline{tazreen-fire-victims}$ 

<sup>&</sup>lt;sup>63</sup> Rivoli. P. 2013, Viewpoint on Bangladesh Disaster: It's Not All About the West, Time, published on 2 May 2013.

See: http://ideas.time.com/2013/05/02/viewpoint-on-bangladesh-disaster-its-not-all-about-the-west/

partner. Therefore, the company should evaluate the risk of corruption and the risk of the internal and external official's interest as a business partner. Also, they require developing an action plan to identify the risk of corruption and define the responsibility and task to minimize the risk. However, to ensure the transparency and accountability of the local partner and related institutions, good CSR practice in the institutional and government level is very essential and the reformation can't be happened alone. Therefore, to the section below, I shall explain the role, power, interests, relationships and capacity of the actors', which might have an influence.

# Chapter III

# 5. Main actors, their role, power, interests, and capacity

## 5.1. Capacity building and knowledge management

Capacity building and knowledge development takes most of the devotion from the international organizations as one of the solutions. The United Nations development Programme (UNDP) calls for the capacity building to the distinct level. To the UN, capacity development programs should function to the individual level where the individual is to improve their management knowledge through education and training. According to the UN

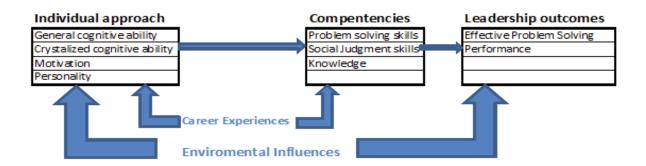
"...capacity development is much more than supporting training programmes and the use of national expertise – these are necessary and on the rise, but we must include response and support strategies for accountable leadership, investments in long-term education and learning, strengthened public systems and voice mechanisms between citizen and state and institutional reform that ensures a responsive public and private sector that manages and delivers services to those who need them most" (UNDP, 2007)<sup>64</sup>

It is also a collective responsibility building capacity, which helps the national and international stakeholder to be subjected into more sustainable development outcomes. Knowledge Management is a comprehensive range of activities by an organization, individual and even the society as a whole, where the individual can identify, create, share and utilize the knowledge for increase the performance. It is a tangible and intangible resource, which is very basic to the functioning of an organization. It encompasses the managerial efforts in facilitating activities and installing knowledge by individual and groups in the organization. Zheng. et. al. (2010) outlined that knowledge management of the individual in the corporation can influence the organizational value. It plays an important role to bring changes in the companies' policy, culture, and strategy that can impact the decision-making process. According to Kark and Dijk (2007), transformational

See: <a href="http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/support-capacity-development-the-undp-approach/CDG\_Brochure\_2009.pdf">http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development-the-undp-approach/CDG\_Brochure\_2009.pdf</a>

<sup>&</sup>lt;sup>64</sup> UNDP, 2007. Supporting Capacity Development. P. 4

and magnetic leadership is associated with high levels of individual and organizational enactment. Leadership efficacy is analytically contingent on terms of leaders' capability to motivate followers towards collective goals and to achieve collective goals, negotiation and collective bargaining power of the leader, which is indispensable (Gottschalk, 2010). It is combined with experience, context, interpretation and its reflection. Added that competencies and knowledge are renewable recourses that can be increased by experience and opportunities. It can both be truths and lies, perspective and concepts, judgment and expectations, which can be developed by training and motivations. However, Katz (1955) focused on three approaches of skill development *i.e.* technical skill, human skill and conceptual skill. Following Katz (1955), Gottschalk (2010) and Zheng. *et. al* (2010), the concept of skill development, knowledge development is drastically important to develop the effectiveness of the leader to gain a goal. Therefore, I think the unskilled worker in the garment sector is to develop the capacity and efficiency to bargain to protect the rights (Northhouse, 2010)<sup>65</sup> But increasing workers ability and collective bargaining depends on other actors' as the worker do not have much influence on the top level management yet.



Source: Skill based model (Mumford & colleges, 2000)

It depends on mostly to the government and owner/employer of the organization. Therefore, ILO adopted the tripartite relation concept. Tripartite system model encompasses with the government, employers and workers', I will demonstrate their roles and other functions to the section bellow.

## 5.2. Tripartite industrial relations

The international labour organization (ILO) adopts many initiatives to ensure decent working condition. As of today, the tripartite model is very influential to have effect for the decent working environment. The ILO Declaration on Social Justice for Fair Globalization composes that, internationalization has brought a great success in the economic world and on the contrary it also seen as a curse for a particular group of people *f.ex.* Workers. To minimize the curse, ILO has launched tripartite model, which has an influence, negotiation and bargaining power regarding worker's rights. The Tripartite model functions amongst government, employer and worker. Those work together achieving productive solutions to

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<sup>&</sup>lt;sup>65</sup> Northhouse. G. P., 2010. Leadership; theory and practice, p. 39-45, fifth edition, SAGE publications.USA.

build up social cohesion and make sure real justice for the workers and better working conditions. ILO focused on three important international labour standards that promote tripartism. The practice of tripartism based on the conventions on International Labour Standards, Activities of the Labour Organization and recommendation, and negotiation of the Industrial and National Levels. - (ILO, 2011)<sup>66</sup>All three employments are assigned to promote dialogue among each others *i.e.* government, employers' and workers' representatives (ILO & Ministry of labour and employment, Bangladesh, 2013)<sup>67</sup>. In doing so, as a priority, in 2013, the actors have tended to implement the initiatives to build the capacity of the management start negotiating in Bangladesh.

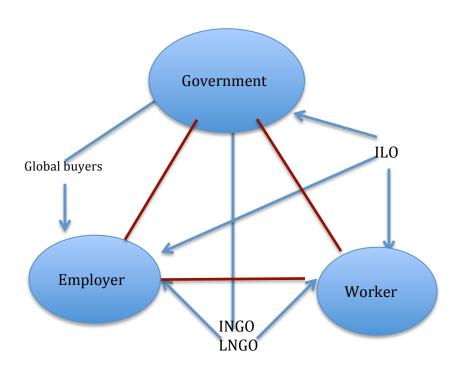


Figure: Tripartite system (Based on ILO conference)

# 5.2.1. Government's role and power

Research shows that the organization in Bangladesh is reasonably weak, therefore; the workers in the supply chain have been placed in the bottom line of the management system. The employer, buyer, business associations and government are the top levels management. The workers do not have the direct link with the government as the employers association has. Similarly, the government has a link with the international organizations and closely works with owner association, who has a close relation with the international buyers. It is a sequential process, which work such a way in the economic sector. In the tripartite system, the government is a main actor to control and observe the other actors' functions. The theorist of intuitional design argued that the actors' and related

<sup>&</sup>lt;sup>66</sup> ILO, 2011, Promote tripartite consultation: Ratify and apply Convention No. 144, International Lobour Organization.

<sup>&</sup>lt;sup>67</sup> Ministry of labour and employment, 2013, National tripartite plan of action on fire safety for the readymade garment sector in Bangladesh, Government of the People's Republic of Bangladesh.

institutions are engaged in the promotion of sound institutional practice for development. But Remmer (1997) has seen the fragility and constrained character of institutions in the developing country where difficult to implement the institutional role. She finds it very ironic that even the new institutionalism places politician and bureaucrats at the center of the analysis that arguably turned them to use the power however they want. According to the liberal view of citizenship, the state and the state institution of the nation-state is the pivotal actor. Hettne (2000) emphasizes the role of the state government and its affiliation, and collective action, stated that the government is liable to protect civil rights, social rights and constitute the main arena to make the political rights and other rights exercised. Together with other scholars, Crane & Matten (2005) think, in the developing and developed country, the government has their sovereignty in their territory to take and changes any rules and laws to protect the citizenship rights. Is very general but it is to ensure that the other influential actors within their territory do not face any obstacle to operating the activities positively.<sup>68</sup>. However, the current situation in the world system shows that due to a lot of corruption and power abuses, developing country cannot take required initiative (Burnell et. al, 2011)<sup>69</sup>.

The government is a main actor and guarantor with certain functions; facilitating the citizen to the business corporation with responsibilities of protecting the workers rights. In this case how the Bangladesh government act, to look for the answer found that the government has taken some initiatives. It is notable that the government with different concerns has many collaboration programmes (like, Nike, Levi Strauss, Jysk has forwarded to work with Bangladesh government to practice CSR for the better working condition). The European Union's buyers and American buyers organizations named, Accord and Alliance working with occupational safety promotional programmes. Many better work projects with ILO and other human rights organizations created a space for the international organizations to work on this issue. But, seems it still a less certain and far away from the success due to lack of implementation of the internal laws where the international organizations do not have very much interfere. In this regard, Hofstede (1980) thinks that the government is mostly liable overseeing and effective corporate conduct that tend to- more likely revealing the corporate owner, who should not be mean to the ground level employees. Clarifying the governmental role in the corporate world, Nelson and Katz (2001) argued, the suggestion should be "...the governmental activism more likely, lower level of power distance, higher level of uncertainty avoidance, higher levels of individualism and lower level of masculinity"70

<sup>&</sup>lt;sup>68</sup> Crane. A. 2005, Corporate citizenship: Towards and extended theoretical conceptualization, p. 171, Academy of management review, vol. 30. No. 1.

<sup>&</sup>lt;sup>69</sup> Burnell. P. et. al., 2011, Politics in the developing world, third edition, p.67, Oxford university press.

<sup>&</sup>lt;sup>70</sup> Nelson. K. L. Et al., 2001, Culture-based expectaion of corporate citizenship: A propositional framework and comparison of four cultures. P.161, The international journal of organisational analysis, vol. 9, no 2.

## 5.2.2. Employer's role and power

In Bangladesh's garment industrial sector, the relation between employers and the employee is very paradoxical. The employer's role has been criticized mostly in the third world country. As a matter of fact, earlier, the employer association was not concerned about the workers rights and safety. But Following the disaster, international buyers and stakeholders started asking the owner associations to be more active to ensure the better working condition. The employers and their organizations were not active, as they should have but now for the competitive pressures on most employers and owners' are stronger than ever in Bangladesh. In fact, some organizations have realized a competitive advantage by fostering a positive work environment. However, the relation between workers and manager still needed to be modernized to increase the workers satisfaction for sustainable development in the future. In this case Bearnot (2013) thinks, positive attitude and motivational behavior towards workers make a sound organization 71. The previous research shows that the Bangladesh garment management system is a lack of positive attitude towards the workers. Therefore, the employers should act like a good manager with workers'. Following the organizational structural behavior, Judge and Robbins (2013) have come up with different terms. They summarized that organizational behavior depends on different variables, however, the key independent variables in sound OB (Organizational behavior) engages with close engagement with the employee, hope, and optimism. Besides that manager should perform with five management functions; planning, organizing, commanding, and controlling, though, today, it has compressed to four functions; planning, organizing, leading, and controlling<sup>72</sup>

Following the Katz (1955), management skill approach depends on human skill (is knowledge about and ability to work with different peoples) that allows a leader to assist group members to achieve common goals. The human skill approach helps a leader to work effectively with subordinates, peers, and superiors. To Katz, it means a leader should work being aware of the company's rights and perspective of other concerns. A leader should function as if the company can get good output seeing other employee's self. This concept could be applicable in the garment management levels; employer and employee.

## 5.2.3. Workers/Union's role and power

In the tripartite system, the worker is one of the key actors, but the workers and the union controlled by the other actors. The workers' cannot practice their rights due to the lack of implementation of laws and bargaining efficiency. Therefore, foreign buyers and retailers should ensure that their Bangladeshi suppliers respect the labour rights to make them efficient and helping them with the union registration and comply capacity building

 $<sup>^{71}</sup>$  Bearnot. E. 2013, Bangladesh: Labour Paradox, published by World policy journal, p.91-92  $\,$ 

 $<sup>^{72}</sup>$  Judge. A. T & Robbins. P. S. 2013, Organizational behaviour, 15th edition, page 7-9, Library of Congress Cataloging-in-Publication Data.

training. Normally, the owners associations used to refuse to register the workers union to avoid labour demonstrations. But, due to severe international pressure, the Bangladesh government amended their law to make the registration process easier and faster. As a consequence of that the labour ministry had registered 85 new unions in 2013, 174 in 2014 and 21 in the first three months of 2015. As of April 2015 only 416 unions out of more than five thousand industry have been registered. By contrast, in the year 2011 and 2012, Bangladesh labour department registered only two unions. Henceforth, at last, there is some progress registering the union but still very less amount considering the total number of the industry (Human Rights Watch, 2015).

Also, two years ago Bangladesh has signed sustainability compact with the EU focusing on to labour rights and trade union. The European Union published a report adding that the country's labour law is required to be further amended to comply fully with the major international labour standard so that the workers get proper scope to explore their skills and protect the rights. Moreover, it is seen that the government have done some job on the workers behalf. To do so, the factory inspectors already have been hired, but those inspectors require professional training to support and promotion of responsible business conduct. Furthermore, the international organizations are subjected to a lot of attention identifying weaknesses of the trade union. As weakness it was found that the workers are missing the leadership skill, negotiation skills, and education, which have to be solved and confronted by delivering training of capacity building. The human rights watch encourages to increasing workers skills and efficiency to make the workers aware of their rights. Added that the fire safety inspections organizations already have taken the edges to train the workers to comply with the international standard. But it is true that it's not only the government and employer's responsibility but also a collective responsibility that has to be done by collective actions. Therefore, now to the section bellow I will discuss the other actor's function that might influence the core actors' to get better conditions.

#### 5.2.4. Contractor and Subcontractor

In the garment sector, the global retailers linked with the previous disasters to some extends, arguing that they did not have a close monitor of their supply chain and production process. International organizations that work for the better working conditions and establish labour rights also claimed to be transparent to the international buyers in the supply chain process. Since Bangladesh garment business mostly based on contractors and sub contractors, many activists claimed to stakeholders' to publish their suppliers' list publicly. But the multi stakeholders do not want to publish the contractors and sub contractors list. Added that I interviewed personnel of Best Seller in Denmark, I was told that because of the competitive market they are not willing to publish their suppliers list, which is logical but on the contrary to the question of transparency it is not a sound practice. The tripartite system does not include global buyers as a main actor. But, in the supply chain process, they have a big influence on the entire process where the global

buyers can have impact improving the working conditions and workers rights. However, in the last two disasters, the global buyers did have not very much attention as long as they had their products with a low labour cost. Most of the global buyers have found to rely on their main contractor rather focused on to sub-contractors too that their main contractors have<sup>73</sup>.

Nowadays, international companies are very much strict to comply the code of conduct. Therefore, many compliance officers have the regular visit and monitor to the main suppliers whether the code of conduct is followed or not. Evident that monitoring policy has a positive effect on the working conditions but still there are many informal suppliers of the core suppliers, which do not comply neither the buyer's code of conduct nor the government rules. Therefore most of the factories remain outside of monitoring system since the global retailer only make the contract with the parent firm. A south Asian report made the organization named "Karmojibi Nari" (Working Women) said, subcontracting chain consist of two kind of chain; one is buyer-driven chain and another is producerdriven chain with different dominating rules. The buying house plays a significant roles setting up the production network. The global buyers have contact with the local buyers to find the products with the cheapest rate. Many EU and US based company do not know where their products are made even it is not their concern as long as they get cheapest rate products, which the local buyers see as an opportunity to sell the products to the international buyers but, once the accident happens, the international buyers then is found with a very ignoring roles to the production and supply chain process. The subcontracting chain is blamed for the worse working conditions and the deprivation of workers rights. Therefore, ILO, UN keep asking to the international buyers to be transparent and ethical in their business strategy and supply chain, whether it is big company or small.

# **5.2.5.** The Contractor responsibility towards sub contractor

Evident that the half part of the total amount of garment factories have their own buying house and rest of them works with the agent, who have contact with international buyers. In this case the buying house and factory depend on passive marketing policy. And as the global buyers do have direct contract with the subcontractors, the global buyers did not have very much concern as long as the product is made. Added that ILO sees subcontract is a commercial and industrial practice where the party place the contract request to another enterprise like, to the subcontractor to manufacture, then the whole production process even is the product made by the subcontractor, is should be shared the benefit with the

 $Source: Garment\ industry\ supply\ chain\ (2004),$ 

See: http://www.women-ww.org/documents/www\_education\_pack.pdf

<sup>&</sup>lt;sup>73</sup> Subcontracting is the term used in Bangladesh garment sector while a company have a contract with other company to manufacture a product or work as part of the main producer part. The sister or brother company is known as the subcontractor or the supplier. Main company or producer usually states the quantity, type, quality, deadline, and price for which the subcontractor must deliver the garments. The main company will then sell the final product as its own.

employee of the whole production chain. ILO defines that sub contractor; "...the Contractor shall pay rates of wages and observe conditions, which are not lower than the general level of wages and conditions observed locally by employers whose trade or industry is similar to that of the Contractor. A subcontractor shall be bound in all cases to conform to the conditions of the main contract, and the main contractor shall handle the observance of all contract conditions on the part of the subcontractors (ILO, 2008)"<sup>74</sup>

The international labour standard indicates that the contractor is to have their workers contract with sufficient commitment to meet the ILO Convention 94. This Convention was assigned to work out by subcontractors or assignees of contracts where appropriate measures shall be taken by the competent authority. It focuses on workers health insurances policy and its good executions if requires, to meet the occupational safety and compensations related conventions (ILO, C094, 1949)<sup>75</sup>. However, the situation seems better now as the Accord and Alliance are started working to identify and confirm the subcontractor as the supplier of an Accord signatory; they will be substance to the same process of inspection like main suppliers (Accord, 2015)<sup>76</sup>

# 5.3. ILO, EU, US, The Bangladesh's government (Collective action)

The sustainable compact for Bangladesh, European Union builds on standing commitments based on particular terms; respect the labour rights, ensure collective bargaining and freedom of association, ensure occupational safety and health concern and to make a tangible improvement. Following the disaster, ILO acted promptly to constitute a tripartite plan, and other actions focused on implementing the workers rights protection initiatives. As a result of that The national tripartite plan of action (NAP) committee is assigned to implement the national laws maintaining the same line of international labour standard. Furthermore, since Bangladesh garment sector has a large market to EU and US market, their trade relation with Bangladesh is very significant. These actors' are working together to prevent further building collapse or fire incidents as a priority. They have different implementation plan like, improve legislation, capacity and regulation of working conditions, as well as the effective implementation and enforcement of legislation that are the core-focused point of sustainability compact. ILO technical Progress Report said at least the Bangladesh government has shown potential to achieve improvement like amendment the labour Act, register the trade union, and increased the capacity of manpower. Besides, came with recommendations where the (i) 30 percent of the worker requires membership of the trade union; (ii) changes also needed to existing industrial relations regulations that

<sup>&</sup>lt;sup>74</sup> ILO,2008, ILO Labour Clauses (Public Contracts) Convention, 1949 (No. 94), and Recommendation (No. 84): a practical guide / International Labour Office, p.12& 28 - Geneva: ILO.

<sup>&</sup>lt;sup>75</sup> ILO, 1949, The Convention C 094, Geneva.

 $<sup>\</sup>label{eq:See:http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT\_ID: 312239:NO$ 

 $<sup>^{76}</sup>$  Accord, 2015, FAQ

would allow employers and employees to conduct the elections for workers participation committees (iii) the Bangladesh labour act needs to be acted extended to the export processing zones (EPZ). The standing EPZ laws need to be amended reflecting on fundamental labour rights and (iv) recruiting the labour inspector in every factory (Technical Progress Report, 2014)<sup>77</sup>.

### **5.4.** Corrective Action Plan (CAP) by Accord<sup>78</sup> & Alliance

Like other actors, the Accord and alliance work on fire and building safety in Bangladesh supported by *IndustriAll* Global Union, UNI Global Union, Clean Clothes Campaign, and Workers Rights Consortium. It is a five-year legal binding agreement with labour organizations, and stakeholders in Bangladesh and abroad to maintain minimum workplace safety standard in Bangladesh's garment industrial sector. The Accord was originated immediately after the biggest disaster happened on May 2013, comprising with 1600 garment factories that is one-third of the total amount (The Accord website, CBC News Business, 2013)<sup>79</sup>

The Accord works to the programme of fire and building safety reforms based on Accord's inspections. The signatory brands are entitled providing help to Accord for safety improvement. The Accord in Bangladesh works arranging three core programmes; inspection, remediation, and workers participation and training. The workers participation and training programme includes workers' capacity building, making aware of their legal rights, and how they being protected to refuse hazardous work if necessary and facilitating the occupational safety and health (OSH) concern. However, among different events it has taken a "Corrective Action Plan" (CAPs) together with brands, factory owner and workers. As a part of this event, it inspects a factory and the inspection reports normally are shared with factory owners, signatory brands and workers representatives. It has a team to follow up the CAP development, which works closely with factory owner and brands. The purpose of the CAP is to take remedial actions to maintain better working conditions comprising financial support. A report by Accord 2015 said, as of September 2014, 1103 factory of the total amount have been inspected, and 226 joint factories (with the Accord and Alliance) inspected by Alliance (However, since the Accord and Alliance are working together in some factories with same purpose, the Accord has taken the lead to implement CAP). The Accord says over 70 per cent of garment factory fires in Bangladesh causes for electrical

<sup>&</sup>lt;sup>77</sup> Technical Progress Report, 2014, Staying Engaged - A Sustainability Compact for continuous improvements in labour rights and factory safety in the Ready-Made Garment and Knitwear Industry in Bangladesh, published on 8 July 2014.

<sup>&</sup>lt;sup>78</sup> The Accord is an currently working independent, legally binding agreement between brands and trade unions designed to work towards a safe and healthy Bangladesh's Ready-Made Garment Industry with the purpose is to enable a working environment in which no worker needs to fear fires, building collapses, or other accidents that could be prevented with reasonable health and safety measures. (Accord, 2015. See: <a href="http://bangladeshaccord.org/">http://bangladeshaccord.org/</a>)

 $<sup>^{79}</sup>$  CBC News Business, 2013, Bangladesh safety accord covers 1/3 of garment factories, Published on 4 October 2013

malfunctions and most of the buildings do not obey the structural drawing, the Accord and Alliance also asked to the Bangladesh's government to be stricter to the owner of the building as it is a government's responsibility to have a close and stronger monitor. Thus, the CAP is being intended implementing as the priority. A little positive progress is seen towards making factory safe (The Accord Report, 2015)80. Also the Alliance has same safety improvement programs to ensure occupational safety in Bangladesh's garment industrial sector. The Alliance enforced to the collective effort to prevent future tragedies through consolidation and amplification the individual efforts to bring sustained progress. The Alliance has a focus on following key objectives; (i) Standard and Inspection: The Alliance has a focus to prevent unauthorized subcontracting and support responsible supply chain pattern. (ii) Remediation: There have been set a target for substantial safety improvement through financial support to the factory for purchasing remediation equipment. (iii) Worker empowerment and training: It has different influential programmes to make the workers skill to be individually empowered. Through training, and (iv) Sustainability: it emphasized to the government, trade union and employers to honor and help the National Tripartite Plan of Action Committee. (Alliance, 2015)81

## 5.5. The foreign aid organization

The economic performance in the developing country has raised many questions about determining the factors of country's economic success, as well as failure in some extend. In the Asian countries, the role of government and sound settings of the economic policies is still subject to debate although they receive significant flows of foreign aid. Following the Millennium Development Goals, the world leaders agreed to increase both aid volume and quality while the recipient country committed to concentrating on good governance and increase the responsibility to the society. However, power imbalance has found in the developing country that most likely outcome of extreme and unsustainable level of government consumption financed by the foreign aid. Also, the aid potentially harmed the institutional quality and increased the high probability of corruption, declined the accountability in the governance levels. Thus, the corruption makes the institutions weaker, and these weak institutions are likely to result in a significant negative impact. Aime (2010) thinks the disincentive effect of aid increased the moral risk of the government, which more likely pushes the recipient countries in aid dependency trap in the long run. Amie (2010) considers that the developing countries are increasingly relying on foreign aid than the local resources that the government can develop using the capacity of country's people. And, of course, it requires good development policies to achieve, as there are so many ways to achieve. It mostly depends on the significant role of the

<sup>&</sup>lt;sup>80</sup> Quarterly aggregate report, 2015, made by the Accord Bangladesh, published on 15 February 2015.

 $<sup>^{\</sup>rm 81}$  The Alliance, 2015, Alliance 18-months update report, published on 9 March 2015.

 $<sup>\</sup>label{liance/files/Alliance/files/Alliance/files/Alliance/2018%20Month%20Report%20%28March%209%20201\\ \underline{5\%29.pdf}$ 

government. Sustainable development and good policies subsequently can lead to growth and development outcome<sup>82</sup>.

However, in Bangladesh, there is no doubt that the reflection good governance is far away and there are a bureaucratic bottleneck and corruption exists, which can be resolved by greater investment in human resources and promoting the existing institutional framework. By promoting the institutional framework and make the institution transparent and accountable, the government can put effort to maintain the rule of law, ensure the predictable judicial outcome and limit the corruption. Foreign aid can be an important means of sustaining good governance and support to get more economic growth if the government utilizes it properly. Therefore, to get good governance it requires an investment of the portion of foreign aid to the development of human. If the country spends an amount of money to train and educate the people subsequently those people can bring the welfare of the country, as the good governance is an important constitute of the welfare system. Thus, the foreign aid can support to frame good governance (Quibria, 2010)83As far as Bangladesh concerned, The Transparency International (TIB) graded it as the most corrupted country in the world for five consecutive years of 2001 to 2005 and from 2006 to 2014; it was ranked most corrupted country in the world (TIB, 2014)84 Given emphasize to the Transparency International report, particularly, corruption is a distinctly serious concern for Bangladesh. To decline the corruption the World Bank has compiled a set of recommendations to the weaker intuitional government that might bring better condition in the developing country. Among those; i) ensuring voice and accountability, ii) make political stability and decrease the terrorism, iii) increase the Government Effectiveness, iv) Regulatory quality, v) establish the rule of law, and vi) control of corruption. The World Bank and other foreign aid organization keep asking the developing country to follow these (ibid).

#### 5.6. The role of the Media

While it is the responsibility of Bangladesh government, factory owner, and global brands to do everything in their limit and power to ensure decent and safe working conditions, the media also can play a role to aware the consumer and others. It can have an impact on the society by making a bridge between government and the people by pooling the public opinion. Yogi (2013) thinks, the media not only aware the people but also can effect of that decision taken by the government and institutions. In these terms, media can have an influence to change and formalize of the actor's attitude towards the workers by informing

<sup>&</sup>lt;sup>82</sup> Aime'. H. R., 2010, Assessing the Developmental Role of Foreign Aid in Developing countries: A special Reference to The Role of Japan's Aid in Far. P. 1-22, Institute of development economics, Japan external trade organization.

<sup>&</sup>lt;sup>83</sup> Quibria. G. M., 2010. Aid Effectiveness in Bangladesh, Policy Research Institute of Bangladesh, Dhaka, Bangladesh.

<sup>84</sup> Transparency International, 2014. Corruption Reception Index -2014: The Rank of Bangladesh. See: <a href="http://www.ti-bangladesh.org/beta3/index.php/en/articles-op-eds/4482-corruption-perceptions-index-2014-bangladesh-slides-why">http://www.ti-bangladesh.org/beta3/index.php/en/articles-op-eds/4482-corruption-perceptions-index-2014-bangladesh-slides-why</a>

all details of the situations, decisions and real picture. Hence, the people can understand better their rights to make a right decision<sup>85</sup> but the problem arises while in the third world country, the government sometimes controls the media. Bangladesh is an example, while the big disaster occurred in the garment industry in 2013, the government of Bangladesh had restricted the access of international media in Bangladesh due to the reason of image destroying (CNN, 2013)<sup>86</sup> also; the local media was restricted not to broadcast this news. In essence, globally, media is one of the most powerful instruments of interaction, which can increase the awareness by representing the real scenery. Therefore, like other actors' media can help in bringing changes, working as a "watchdog" in the garment sector if the government don't have any interference to control the media. To ensure the freedom of the media, it, of course, good governance is essential.

#### 5.7. Bangladesh's government and global brand's role to compensate the victims

To commemorate the second anniversary of the Rana Plaza disaster, a lot of campaigns, demanded the brands to fill the current funding gap in compensation and come forward to ensure workers safety and rights (Clean clothes campaign, International labour rights forum, 2015)<sup>87</sup> Also, the owner associations asked the brand sourcing from Bangladesh to pay more for their products to ensure safe working condition than to happen the accident and then being prerequisite to pay compensation. Manufacturing organizations think that the international stakeholder ask good quality within short time, but they are not willing to pay more- the brands should pay earlier to prevent the accident instead of paying in such disaster (BGMEA, BKMEA, 2015)

Bangladesh's government has paid some compensation to the victims; it is still not clear that how much have they paid and how much the workers supposed to receive. According to the existing labour law in Bangladesh and its section 5 confirms that if any worker dies due to occupational injury, the workers family receives only \$1,290 and if any worker becomes permanently disable then it is only \$1,610 as compensation that very few amount at present time. To let the workers get fair justice, after the disaster happened in 2013, Bangladesh Legal Aid Services Trust and other lawyers filed two writ petitions in the Bangladesh's high court and according to the high court's verdict the owner of the Rana Plaza and five factories' were arrested. That's all happened to punish the criminal but what the injured workers and workers family received as compensation, is nothing according to the international labour standard.

<sup>&</sup>lt;sup>85</sup> Yogi. S. 2013. The role of media in social awarness. International Journal of Humanities & Social Sciences. Published by GIAP.

 $<sup>^{86}</sup>$  CNN, 2013, CNN interview with Bangladesh Prime Minister, 3 May 2013  $\,$ 

See: <a href="https://www.youtube.com/watch?v=myLclMbpTRU">https://www.youtube.com/watch?v=myLclMbpTRU</a>

 $<sup>^{87}</sup>$  Clean clothes campaign, International labour rights forum, 2015.

See: <a href="http://www.cleanclothes.org/news/2015/04/29/rana-plaza-global-day-action-pushes-brands-to-pay">http://laborrights.org/events/global-day-action-pay-justice-rana-plaza-victims</a>

Many peoples blames that the Bangladesh's government has not shown a significant role to this issue. Even the government had not taken any initiative to assemble information of the workers; therefore, many workers are still remaining to receive compensation, which is very injustice to the poor workers. But the Bangladesh's government claims that all the victims has been paid compensation which is not true, the Transparency International Bangladesh (TIB) recently reported that although Bangladesh government has collected around \$ 16 million to compensate, only \$2.48 million has been distributed to the victims. Bangladesh's government has denied this figure but surveys conducted by institute of labour studies and center for policy dialogue and human rights watch shows, the victims are still waiting for compensation and rehabilitation (Kumara, 2015)<sup>88</sup>

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 $<sup>^{88}</sup>$  Kumara. S. 2015. Two years since the rana plaza collapse in Bangladesh, published by Published by the International Committee of the Fourth International (ICFI), on 5 May 2015

	The Government, ILO, UN					
Functions	Employer's associations	Employee's association	International stakeholder	National stakeholder	INGOs	Civil society/M edia
Tripartite Action Plan	Assist the government	Increase the organizational skill	Assist the government and Employers associations	Give the rights of freedom of association to the workers	Assist the actors	Increase awareness and work a watchdog
Corrective Action plan	Assist Accord & Alliance	Receive fire and safety training	Influence the factory owner and assist the programmes	Create scope for the events offered by Accord & Alliance	Assist the actors	
CSR	Make sure the CRS practice in process to the factory level	Practice to the workers union levels	Asked to do ethical trade	Have compliance department to do good CSR practice	Assist the actors	Reporting the enhanceme nt
Wage scheme & Compensation	Influence the factory owner to increase wage	Bargain & negotiation with owner and government to increase minimum wage	Set a benchmark and increase it according to the living standard	Should take attempt to increase wage	Assist the actors	
Discrimination & harassment	Should have close monitor	Report the authority	Strengthen monitor policy	Abide by the laws	Help to impleme nt and practice conventions	Reporting the police and create awareness
Supply chain	Strongly monitor through the member factories		Transparency through the whole supply chain	Stop hiding the sub contractor list	Negotiate between MNC & NC	

Table: Various Actors and functions

# 5.8. Sub conclusion

In this chapter, we have seen the involved actors' initiatives and their power, relations and actions. After the disaster, only the core reforms were made forming "Accord on Fire and Building Safety in Bangladesh" and "Alliance for Bangladesh workers safety". The

agreement mandates inspections of 60 per cent of the direct contracting factories and bans those that do not comply with audits or fail to take the initiative immediately. The international brands also stipulated to cancel the agreement with the main contractor immediately if the main contractor hides their sub-contracting chain, but there are many stakeholders who have not succeeded yet to make a transparency to their supply chain process. Therefore, the safety working groups face difficulties to inspect the subcontractor's factories (Bearnot, 2013)<sup>89</sup> As a initiatives, the government has appointed a few number of inspectors, bluntly, they are a lack of capacity, skill and corrupted. IndustriAll Bangladesh Council thinks the inspectors are much more interested in making sure if there is toilet paper in the toilet, but considering their duties nothing has been done. Furthermore, by law, the worker participatory committee and welfare committees exist in almost all factories with more than 50 employees though they are almost never permitted to work actively.

Furthermore, blaming the Bangladesh's government, the U.S. has withdrawn GSP facilities based on crucial situations and assessments and concerning that Bangladesh's government and other relevant organizations have failed to reform the attitude towards workers. Not only the U.S. but also the European Union leaders and human rights organizations have blamed the Bangladesh government for their attitude towards workers and for the lack of law implementation. They exposed concern that there is still child labour in existence, forced labour, discrimination, and harassment in subcontracting supply chain that is very strange and brutal, that the garment owner still abuse the workers. Recently, the Daily Star published; a garment worker gave birth in the toilet and the newborn baby was carried to the hospital but died before transported. Added to this, before she gave birth this worker named, Hamida Akther, applied for maternity leave to the factory authorities but the factory authorities did not approve it. And then, after a few hours, she gave birth to a child in the factory's toilet (The Daily Star, 2015)90. Moreover, most of the inspection programme missed its previous deadline on April 30 due to non-cooperation from some factory owners and inconsistency due to the factory providing wrong information about locations and contact number. It seems that ILO also faces the problem to work in such conditions where the transparency is missing (The new Age, 2015)<sup>91</sup>. With the Accord, Alliance, sustainability compact by the EU, a better work programme by the ILO, a capacity building project by the UN and such, focused devotion to needed improvements in the workplace. Now it is subject to bring positive output through the engagement of all parties. Research shows that there are some reformed have been took place but it is still too little. The Bangladesh's government has intended to work on this issue but due to their lack of wish and devotion to other state issue this issue more likely to becoming a less priority issue now. Generally,

<sup>&</sup>lt;sup>89</sup> Bearnot. E. 2013, Bangladesh: A labour paradox, World policy institute. The world Policy Journal.

<sup>&</sup>lt;sup>90</sup> The Daily Star, 2015, Satr online report, Child born in toilet: 3 factory officials summoned, published on 10 May 2015.

 $<sup>^{91}</sup>$  The New Age, 2015, Apparel workers demonstration in Savar, Dhaka, published on 10 May 2015

the state government is not responding as much as they should regarding the workers, wage issue and other issues f.ex. discrimination and harassment. Evident that in this case the government has failed to protect the workers rights (Barua, 2015)<sup>92</sup>.

## **Chapter IV**

# 6. The possible recommendations/Reflections

In this chapter, I will present what has been done and what should be done in enhancing occupational safety and labour rights in Bangladesh's garment industry sector. In doing so, at a glance I will present diverse initiatives, taken by actors and then will come up with recommendations.

### 6.1. Collaboration programme

- (I) As an enhancement, ILO supporting the national government to carry out structural, fire and electrical safety inspections to 1,800 factories in Bangladesh. And two enterprises (Accord & Alliance) have already inspected 1,687 factories.
- (II) To boost and consolidate fire service defence, ILO with the help of US department of labour, operating capacity building training so that Fire Service and Civil Defence Department (FSCD) can take an immediate action.
- (III) ILO and other private sectors have taken initiative to train up 7,500 supervisors to foster the occupational safety and health skills and those supervisor will in turn train up to 750,000 workers.
- (IV) A better work programme launched by ILO and IFC to promote compliance with international labour standard, make implementation of national law and ensuring transparent supply chain with the target 100 factories out of 300 in 2015.
- (V) With ILO, Bangladesh government has been working on to Tripartite Action Plan (TAP), to do so National Tripartite Committee (government, workers' and employers' organizations) has taken there are several actions is process.
- (VI) ILO, Bangladesh's government and employers' as well as workers' organizations working together to intensify dialogue. UN, US Department of labour, the Royal Norwegian Government, and Danish government also headed to build workers capacity and ensuring freedom of association.
- (VII) ILO and UN launched a capacity building programmes over 2,500 workers' representatives, trade union organizers, mid-level managers' and organizations. (ILO, 2015).
- (VIII) Global brands like Primark, Walmart, Bestseller, H&M, Jysk and other have launched to provide health care facilities and child care events of the workers

  (ILO, BGMEA, BKMEA, Accord, Alliance, 2015)

 $<sup>^{92}</sup>$  Barua.J. 2015, Two years gain: neither compensation, nor justice, published by newsbangladesh.com, 24 April 2015.

## 6.2. Reform is too little and too late

Considering the planning, space, resources and time what the reforms have been done is too little and too late. The Bangladesh's government has not shown relative integrity in bringing changes in the garment industry. Bangladesh claimed that they brought many changes, and it is still afoot. But the US Congress and ILO, particularly, praise the growing number of union registration but had exposed their serious concern in intimidation and harassment of labour activist in Bangladesh. In this concern, US congress and ILO consider the workers rights to organize can have a fruitful impact in bringing progress. The government is to create an environment to give the workers right to organize (US Congress, 2014). I already portrayed the several setbacks in the previous chapters, which demands the immediate solutions but have been done immediately by the actors. Besides that the significant number of work remains to do under the sustainability compact and UN global compact. Also noted that, in the perspective of unfair labour practices, violence, and harassment against trade union and workers', the government responding swiftly. Notably, health, safety, and labour rights will remain fragile and temporary if the workers do not get space to exercise their legitimate rights to symbolize their interests and concerns (Reich, 2015). Since Bangladesh is a most corrupted country (Transparency International, 2014), the good governance is absence and, autocratic control over rules and resources (Khan, 2001) the government has not had much observation in institutional practice. Lack of overseeing policies, the workers' resulted in a devastating situation, i.e. economically, socially, and politically where the workers' can't practice their legal rights. Gottschalk (2010) considers this situation as "White-Collar Crime" though this term expresses the different concepts depending on perspectives. But I will define this term focusing on the workers organizational and economical overwhelming situations.

## 6.3. White-Collar Crime

White-Collar Crime is a wide notion, which indicates the illegal behavior of the employer and organization. To define it, it is to say that it is a kind of taking the advantage of positions of profession and power throughout the business for the purpose of personal gain or corporate gain. Gottschalk (2010) found the White-collar crime, which occurs in the organizations, to him, crime is such-corruption, embezzlement that occurs by the higher positioned person in the corporation. Sutherland (1939) traces them as the white-collar criminal, that is a person of respectability and high social status who commits the crime in the passage of his occupation. But what Sutherland (1939) meant by respectable and high social status individual is not clear but Gottschalk, (2010) thinks he refers to manager and executive in the corporations, in today's business world. To find the reason of the white-collar crime Garoupa, (2007), furthermore, added that corporations can more easily corrupt enforcers, regulations, and officials, as compared to the individual. To Garoupa, by making use of large grants, generous campaign, influential lobbying may push to change the law to legitimize their illegal activities (Gottschalk, 2010)

Occupational crime is especially motivated by greed, where the criminal seeks to enrich them personally. And the companies do corporate crime to improve their financial performance. Company wants to generate a profit by breaking the law, which can cause the damage of the ground level workers. Amongst various white-collar crimes, corruption tends to have a big impact on business corporations, industry, and society as a whole. Dion (2010) ascribed corruption from three basic standpoints. Those are the structural perspective, the socio-normative and the organizational-normative perspective. In structural perspective, corruption is a local and domestic issue, the best tactic to get rid of it is to have stronger laws and regulations, in the socio-normative perspective, corruption is a general issue where the people have dishonest practice and customs that is institutionalized and tolerated by the political authorities. And in the organizational-normative perspective, noted that corruption depends on organizational norms and its behavioral practice (ibid).

A country like Bangladesh is reported several times as one of the most corrupted countries in the world where it is hard to detect the corruption due to control deficiencies and strategy. As the garment sector has many subcontractors, it is not so easy to comply investigation mechanism and intelligence in these spheres rather the best way to ensure individual and organization's accountability, better corporate governance and, self-regulations of actors. (Gottschalk, 2010) 93 Now the question ahead, how then, the situations can be improved, in this concept I have already touched upon in the previous texts. Also, I shall include several recommendations to the actors to the section bellow.

### 6.4. To the International stakeholder

In essence, the few things have been done to the safety concern. But the wage, job security, discrimination and freedom of association issues still in the dark. However, the previous chapters reflect many examples to proof the wage structure, and other subjects. In these terms the reflections are,

- (I) The international stakeholder should put more effort to raise it up by setting a benchmark and calculate the wages structure considering the ILO's measurement scale. Particularly, if the global brands come forward to pay little more for a labour cost, the workers will get better off condition.
- (II) Since Bangladesh is a corrupted country where the law not significantly implemented, the brands can have effect by launching monitor cell to the industry to reduce workers harassments.
- (III) As it is true that every industry have the compliance section that is not notably active, because the employers of the compliance sector are not pointedly efficient. The Bangladesh's government is adopting several trainings, but it still

<sup>&</sup>lt;sup>93</sup> Gottschalk. P. 2010, Corporate social responsibility, governence and corporate reputation. P. 3-26, World scientific publishing co. Ltd. Singapore.

- requires more effort. The global brands can put more effort the good practice of social compliance to increase the company's reputations.
- (IV) They should see the whole supply chain process where the main contractor is doing responsible business or not.
- (V) Monitor the performance of workers, supervisor and mid level manager after training on working condition whether it has been carried out properly or not.
- (VI) And, of course, they shouldn't put large order to the owner that hinders the workers life.

### 6.5. To the Government of Bangladesh

Very preciously it is to say that by all means the Bangladesh's government should adopt and enforced the existing laws and regulations properly and then the workers rights and safety issues are also subject to focus on to the following premises;

- (I) The government should sign and ratify all the conventions in relation to the workers safety and rights to meet the international standard. The ILO convention regarding wage (C. 131, 95 and 173) and occupational safety convention (C155) and recommendations should be ratified immediately.
- (II) Reform the labour laws considering the present situations and should review annually.
- (III) Improve sustainability in the garment sector considering the wage, discrimination, working conditions, occupational health and safety and trade unions.
- (IV) Make an active and corruption free regulatory commission for monitor so that the workers can receive their wage from the bank not like cash in hand. And the government should increase the garment worker's wages too while the new payscale scheme is introduced.
- (V) Strengthen the capacity of relevant ministry to promote dialoguing events.
- (VI) Develop the link with the NGOs, INGOs and make a space for local and international media without any interference.
- (VII) And eventually make the institute accountable and transparent by reducing corruption.

## 7. Conclusion

The Bangladesh's garment business is tremendously competitive in the global market. As it is a competitive country among the other exporting countries, and the consumer preference for the product is high, the privileges of the actors in this sector require meeting the international standard. It is essential for the garment suppliers to promote the compliance in the factories. The government and factory authorities should adopt effective policies on workstation design, fair wage, and fair disciplinary action and ensure freedom of association. Furthermore, the Bangladesh garment industry is the most flourishing sector in Bangladesh, and it would flourish more if the government strictly followed and

implemented the relevant laws and rules in improving the productivity and quality. Improving the working condition can help the workers to be more productive and loyal to their commitment. Moreover, the sound practice of compliance codes of conduct can also bring lower labour unrest, less worker turnover rate, highest productivity, smooth industrial relation, global image and good reputation (Hossain, Rahman, 2010). The highest number of effort would help Bangladesh's garment sector to remain in the competitive global market. The Bangladesh's government together with other officials has already made several initiatives to handle the situations. Now the big challenge ahead of the Bangladesh's government and related institutions is to continue and keep this process in full rhythm for achieving a sustainable decent working environment and protect the workers' rights, which the workers deserve from the ethical, social, political, and economical as well as legal standpoints. Last but not the least, the workers have faced massive discrimination but now the world wants to see them in better off situations.

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## 9. Appendix

Table 1: Distribution of respondents according to wage and number of factories worked in

COMPARA	ATIVE STATEMENT	ON EXPORT OF RMG AND	O TOTAL EXPORT OF
BANGLAD	DESH		
YEAR	EXPORT OF RMG	TOTAL EXPORT OF	% OF RMG'S TO
	(IN MILLION	BANGLADESH	TOTAL EXPORT
	US\$)	(IN MILLION US\$)	
1983-84	31.57	811.00	3.89
1984-85	116.2	934.43	12.44
1985-86	131.48	819.21	16.05
1986-87	298.67	1076.61	27.74
1987-88	433.92	1231.2	35.24
1988-89	471.09	1291.56	36.47
1989-90	624.16	1923.70	32.45
1990-91	866.82	1717.55	50.47
1991-92	1182.57	1993.90	59.31
1992-93	1445.02	2382.89	60.64
1993-94	1555.79	2533.90	61.40
1994-95	2228.35	3472.56	64.17

1995-96	2547.13	3882.42	65.61
1996-97	3001.25	4418.28	67.93
1997-98	3781.94	5161.20	73.28
1998-99	4019.98	5312.86	75.67
1999-00	4349.41	5752.20	75.61
2000-01	4859.83	6467.30	75.14
2001-02	4583.75	5986.09	76.57
2002-03	4912.09	6548.44	75.01
2003-04	5686.09	7602.99	74.79
2004-05	6417.67	8654.52	74.15
2005-06	7900.80	10526.16	75.06
2006-07	9211.23	12177.86	75.64
2007-08	10699.80	14110.80	75.83
2008-09	12347.77	15565.19	79.33
2009-10	12496.72	16204.65	77.12
2010-11	17914.46	22924.38	78.15
2011-12	19089.69	24287.66	78.60
2012-13	21515.73	27027.36	79.61
2013-14	24491.88	30186.62	81.13
Data Source Export Promotion Bureau Compiled by BGMEA			

Source: Data Source Export Promotion Bureau Compiled by BGMEA

Table 2: Increase of wages in the year 2006, 2010 and 2013

Class	Wage-Year 2006	Wage Year 2010	The current Wage	Rate of
	In Taka	In Taka	Structure, increased in	Increase
			2013	
Grade 1	5,140	9,300	TK.13,000	39%
Grade 2	3,840	7,200	TK. 10,900	51.38%
Grade 3	2,449	4,120	TK. 6,805	61.40%
Grade 4	2,250	3,763	TK. 6,420	66.27%
Grade 5	2,046	3,455	TK. 6,042	70.05%
Grade 6	1,851	3,210	TK. 5,678	71.02%
Grade 7	1,662	3,000	TK. 5,300	76.66%
Apprentice	1,200	2,500	TK. 4,810	92.40%

Source: BGMEA (2013)

Table 3: Wage structure

	0-2999	3000-	5000-	7000-	9000-	Total
		4999	6999	8999	15000	
1	3.20%	84.50%	9.00%	1.90%	1.30%	100.00%
2	0.30%	84.70%	11.40%	2.30%	1.30%	100.00%
3	0.90%	80.50%	10.60%	5.80%	2.20%	100.00%
4	1.00%	61.80%	21.60%	9.80%	5.90%	100.00%
5	3.70%	50.00%	33.30%	7.40%	5.60%	100.00%
>5	0.00%	74.10%	20.70%	5.20%	0.00%	100.00%

Source: The Workers' Voice Report 2013 is part of the Workers' Voice Project, a collaboration of AWAJ Foundation, AMRF Society, and Consulting Service International Ltd.

Table 4: Wage/hour in dollar

25.02.2015)

Country	Wage/ho
	ur in
	Dollar
Bangladesh	0.15
Nepal	0.3
Cambodia	0.32
India	0.35
Indonesia	0.4
Pakistan	0.41
Sri Lanka	0.45
China	0.5
Vietnam	0.85
Poland	1.4
Thailand	1.75
Mexico	2.4
South Korea	5
Turkey	7.3
USA	16
Germany	25

Source: RMG (Ready-made Garments) Industry in Bangladesh: Effects of GSP Facility in EU and USA See<a href="https://www.academia.edu/7557900/RMG\_Ready-made\_Garments\_Industry\_in\_Bangladesh\_Effects\_of\_GSP\_Facility\_in\_EU\_and\_USA">https://www.academia.edu/7557900/RMG\_Ready-made\_Garments\_Industry\_in\_Bangladesh\_Effects\_of\_GSP\_Facility\_in\_EU\_and\_USA</a> (Accessed on

Table 5: An explanation of the worker grades and their meaning in the garment sector of Bangladesh

Grade-1 Worker: Pattern Master, Chief QC, Chief Cutting Master, Chief Mechanic etc.				
Grade-2 Worker: Supervisory staffs like Mechanic/Electrician and Cutting master etc.				
Grade-3 Worker: Senior workers like Sr. Sewing machine operator, Sr. Knitting machine				
operator, Sr. Quality Inspector, Sr. Button machine operator etc.				
Grade-4 Worker: Experienced workers like Sewing machine operator, Winding machine				
Operator, Knitting machine Operator, Marker man, packer, Quality Inspector, Line leader etc.				
Grade-5 Worker: Junior workers like Jr. Sewing machine operator, Jr. Knitting machine operator,				
Jr. Marker man, Jr. Electrician, Jr. Packer etc.				
Grade-6 Worker: Non experienced worker like Sewing machine operator, Winding machine				
Operator, Fusing machine operator, Overlock machine operator etc				
Grade-7 Worker: Assistant workers like Assist. Sewing Machine Operator, Assist. Knitting				
Machine Operator, Assist. Marker Man etc. Normally called "Helpers".				

Figure: Basic Structure og garment business in Bangladesh.

## Occupational Safety & Labour Rights in the Bangladesh's Garment Sector- AAU

Source: Moazzem..G. K.D (2013). Estimating a Minimum Living Wage for the Ready Made Garment Sector in Bangladesh.

## Graph, Chart & Table

Chart: Country's total export

Chart: Increase of wages (2006-2013)

Chart: Distribution of respondents according to wage and number of factories worked in.

Figure 1- Minimum Wage Board 2013

Figure 2- Wages Level 7 in Asia

Table: Ergonomics and occupational safety and health: An ILO perspective

Table: Internationally ratified core convention by Bangladesh regarding labour standard in the

work place

Figure: Rana plaza building collapse & Fire accident in Tazreen Fashion

Table: Bangladesh Garment factory disaster timeline.

Figure: Tripartite system (Based on ILO conference)

Chart: Hofstede's model (Compare between Denmark & Bangladesh)

Table: The main actors & their functions