

Key lessons on collective bargaining in Bangladesh's apparel sector

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C&A Foundation

C&A Foundation is a corporate foundation here to transform the fashion industry. We give our partners financial support, expertise and networks so they can make the fashion industry work better for every person it touches. We do this because we believe that despite the vast and complex challenges we face, we can work together to make fashion a force for good. This brief was commissioned to document the process of negotiating a collective bargaining agreement (CBA) because we believe in the effectiveness of CBAs as a tool to empower workers.

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ABOUT AWAJ



Awaj Foundation was established in 2003 out of the urgent need to protect workers' rights in the Ready-Made Garment (RMG) sector of Bangladesh. Founded by former child worker and labour organizer Nazma Akter, Awaj Foundation is driven by the vision of decent work, dignified lives and gender equity in the industrial sectors of Bangladesh.

awajfoundation.org

ABOUT SGSF



Sommolito Garment Sramik Federation is a trade union federation with over 70,000 members, working to ensure decent work in the garment sector in Bangladesh.

Summary

Collective Bargaining Agreements (CBAs) are written, legally enforceable contracts between management and employees for a specified period. The collective bargaining process is generally facilitated by trade unions, and it gives employees and management a platform to agree on what they need from each other.

CBAs are relatively new to Bangladesh's apparel sector, but are already emerging as an alternative form of dispute resolution. Since 2013, an estimated 51 collective bargaining agreements have been signed here.

This knowledge brief presents one collective bargaining agreement and the lessons learnt that can help scale this to other factories. It includes insights from three key stakeholders; an industry representative, the leader of a workers' union and union federation, and a major NGO. In summary, the nine key lessons for parties entering into a collective bargaining process include:

- **A well-informed, knowledgeable Union Executive Committee is essential**
- **The needs of the workers must be comprehensively understood**
- **A strong working relationship with management must be built**
- **The timing needs to be planned**
- **All discussions must be formally documented**
- **Every line in an agreement must be clearly written and has to be checked**
- **Signatures should not be rushed**
- **The process may take time. It should not be prolonged unnecessarily though**
- **Behaviour is crucial, and a focus on solutions is essential**

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Bangladesh: the second largest apparel exporter in the world after China

Bangladesh's apparel sector was established just three decades ago and has grown exponentially over the past twenty years. Apparel factories employ an estimated four million workers, the majority of which are women. The industry makes up 83 per cent of Bangladesh's total exports estimated to have topped US\$30 billion in 2017-18.

Rapid and mostly unregulated growth has given rise to serious challenges for workers in the sector. In the rush to meet export demands, the industry focus has been on the contribution of the sector to employment and export earnings, not necessarily on the rights of the people making the clothing. Challenges exist in a number of areas including working conditions, wage payments and the right of workers to organise for collective action. Weaknesses in national labour law administration, industrial relations and social dialogue systems further contribute to challenges in complying with national laws and regulations.

Supporting unions to negotiate collective bargaining agreements and what these agreements mean for Bangladesh

Interview with Nazma Akter, Founder and President, Sommilito Garment Sramik Federation and Awaj Foundation, and Nahidul Hasan Nayan, General Secretary, Sommilito Garment Sramik Federation and Director of Operations, Awaj Foundation

“The most significant benefit of a CBA is that workers and management have what they need during that period. Workers will have the benefits that they asked for, and management will have the peace of mind that the workers are not going to ask for anything more. There will be no strikes, no illegal demands, no unrest. It is somewhat of a guarantee of better conditions for everyone.”

Background

The current labour law was established in 2006, back when the industry was much smaller. A lot has changed over the past decade, not least the apparel sector's exponential growth. While the labour law still provides various benefits, unions and collective bargaining agreements are needed to fill the gaps.

The CBA negotiation process

Following a series of meetings – each involving between 20 to 100 workers each – worker needs are established and compiled into a list before being submitted to factory management. The process we follow begins with collecting the needs of the workers. The needs generally include salary increases, incremental increases, festival bonuses; near to 30 in total usually. We compile a list of approximately 14. Most of the needs are the same across all factories. The list is then submitted to factory management. In case we need further support, a copy is also provided to third parties such as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Department of Labour. We then wait 15 days (as per the labour law provision). Within 15 days they return a letter with a date for the first meeting. We generally hold that first meeting in the factory canteen, as it is a big, familiar public space.

The first meeting is open to all – including factory staff and garment workers – and aims to create an open dialogue about working conditions. Following this, a second meeting is arranged between management and unions to discuss worker needs. At this point, management often agree to meet the needs which do not have financial implications and so subsequent meetings (as many as it takes) are held to reach a fair agreement. The whole process usually results in an increase of benefits in a number of areas including attendance bonuses, festival and medical leave and festival allowances.

Every CBA negotiation is different, because the level of knowledge and the attitude of the management in each factory varies significantly. Negotiating financial needs with smaller factories is harder because they are less likely to support collective bargaining. In factories with higher profit, there is more space to negotiate needs with financial implications. For example, the Natural Denims factory supplies to huge brands, so we spoke to those brands at the same time during the process and garnered their support in parallel.

CBA's are an opportunity to identify rights which have not been prioritised in the labour law and create systems to ensure them. For example, to be eligible for maternity leave, workers must provide a sonogram. However, given the fact that most workers cannot afford the doctor's appointments needed to produce a sonogram, we work to ensure that financial contribution towards sonograms for pregnant workers are included in CBA's. The benefits here are twofold. Workers do not incur any financial burden for sonograms and management cannot deny their right to maternity leave.

We also use alternative dispute resolution (ADR) – a simple six step process – to settle any issues that arise during the two-year period of an agreement. In our experience, most disputes are resolved within an hour.

The outcome

We have negotiated seven CBA's through the Sommito Garment Sramik Federation over the last three years. While we have been falsely accused of forcing factory owners into signing agreements, in some cases leading to the illegal termination of union leaders, we have also seen workers and management collaborating more closely in factories, workers leading better quality lives and factories running smoother - for everyone.





Industry example: allegation, complaint and grievance resolution mechanism of Natural Denims Ltd.

A dispute raised by a worker or grievance of the trade union of the Natural Denims Ltd. shall be resolved by maintaining the procedures laid out below. It is expected that this be used in a responsible way.

The management and the union shall try to maintain positive working conditions through regular communication, consultation, dialogue and discussion. Where necessary, a complaint, grievance or dispute should be raised and resolved cooperatively using steps one to four. Only the most complicated issues should make use of steps five and six, where the decision shall be binding and final.

Individual complaints, grievances or disputes shall be raised at step one whereas collective grievances shall be raised from step two. At every step of the grievance resolution mechanism, a trade union representative shall have the right to be present and informed.

Workers and factories shall not engage in 'go-slow', partial or complete strikes or any other illegal measures to threaten the process at any stage during grievance resolution.

Step 1

The concerned worker shall raise his/her complaint or grievance in person to the closest supervisor who has the power to resolve the matter within three days.

Step 2

If the raised dispute is not satisfactorily resolved within three days, or if the worker is unable to raise a complaint directly with the supervisor, then a member of the trade union can inform the complaint or grievance on their behalf.

Step 3

If the matter is still not resolved satisfactorily within three days of step two, the worker or any trade union representative can submit the complaint or grievance in writing to the departmental head.

Step 4

If the matter is still not resolved satisfactorily within five days of step three, the worker or any trade union representative can submit the complaint or grievance to the head of the human resource division. At this point, the head of the human resource division or a nominated representative shall organise a meeting to resolve the matter within seven days.

Step 5

If the complaint or grievance has still not been resolved, the worker or trade union representative shall notify the chief executive officer in writing, and a bilateral discussion should be arranged within seven days.

Step 6

Failure to resolve the complaint or grievance shall result in the worker or trade union representative reporting the issue to the department of labour or department of inspection for factories and establishment (DIFE).

Or

If the complaint or grievance is not resolved in step five and it becomes clear that a resolution is not possible, involved parties can go through arbitration, at which point the decision shall be final and binding.

*This process does not prevent the possibility of strike. Workers can consider collective action if their needs are not met.



Realising the rights to associate, assemble, organise, and bargain collectively

Various organisations and government bodies in Bangladesh are working to create an enabling environment for worker organisations, freedom of association and collective bargaining at factory level.

Yet, dialogue between employers and workers, particularly at workplace level, is still limited. While approximately 500 new workers' unions have been formed since Rana Plaza collapsed, workers who organise unions are still confronted with threats and intimidation.

Forming a factory-level union and negotiating a CBA

Interview with Bilkis Akhter, Union Leader, Natural Denims

“We have thousands of workers working in one place. It is very normal to face chaos. We just need a system to resolve problems. A middle ground. CBAs give us a way to ask management for more than what is written in the law. Ask for what we actually need the most”

Initially the factory owner and management were worried about the formation of our union. But after showing our contribution to a peaceful factory environment by acting as a bridge between management and workers, they were able to get on board.

Our union is run by women – of 20 people 13 are women – because we believe that female factory workers will feel more comfortable approaching a female union representative to talk about their problems.

Two years after forming the union, we submitted our needs to management. People started recognising the union, in terms of who we are and what we do, and started coming to us with their concerns. We gathered everyone's needs, prioritised them based on majority vote and submitted them to management through a CBA. Of the 14 issues we raised through the CBA, factory management agreed to 11, and the remaining three were up for consideration.

Some of the needs they agreed to included raising the salary increment from 5 per cent (as mandated by law for all garment factories) to 7 per cent. Our festival bonuses rose to 100 per cent for workers who have worked for a year, 75 per cent for six months and 40 per cent for three months. Our food allowances rose from 15 to 20 taka, and the finishing section's night halt allowance rose from 30 to 50 taka. We are also entitled to 15 days sick leave instead of 14, and 14 festival leave days instead of 11. The factory now also provides expecting mothers with 500 taka for an ultrasound.

“Single voices are usually too quiet for big changes.”

It is very rare that all, if any, of these happen in factories. Almost all the factories shut down due to the unrest in Ashulia in December 2016, but ours stayed open. At that point, we sat with all the workers and helped mediate with management. Some people still wanted to protest, but we talked to them and eventually they continued working peacefully.

We can raise issues and create needs every two years through CBAs. It has been two years since our last ask, so we are in the process of selecting a new committee before bringing a new set of needs to management. There has been a definite knock-on effect; workers from factories close by have started bringing similar needs to their management and met with success.

Salary and leave-related queries are the most common. We have had multiple training sessions to help us understand the needs of our union members, as well as factory management, production to guarantee the best outcome for all parties. We have had multiple training sessions about management issues now so we know how production runs, and we understand management's side. General workers do not understand that, so our job is to help them consider the factory's needs as well as their own when they ask for things.

Our management have also had training which has resulted in a greater understanding of needs and makes coming to a solution a far smoother process.

Thanks to the CBA we can now sit in front of the chairman and talk about our needs, and know that he will do something about it.

“I am from Khulna and have lived in Dhaka for the past ten years. I am the first working woman from my family. A lot of women could not imagine being in the place I am today. I surprised myself but I hope to lead by example. If I can do it, they can too.”

Paving the way

For an industry in which everyone has a voice

Collective bargaining is slowly emerging as a vital tool to improve worker rights. The factories with CBAs in place show improved conditions, higher worker satisfaction and higher productivity - and are being used as reference points for workers in other factories.

There is no question that the industry must improve. Everyone has the right to benefits such as maternity leave and daycare. CBAs are an action-based way of improving standards. There have been various policy responses, but workers themselves have not been waiting - and collective bargaining has given them a framework in which they can take action.

A factory's perspective on CBAs

Interview with Major Md. Lutful Matin (Retd), Assistant Director, Admin and HR, Natural Denims

“There is often a gap in understanding between management and workers about issues like leave. Workers want more festival leave days but my goal is to meet shipment deadlines. Especially as buyers do not accept delayed shipments caused by festival leave. Our CBA provides us with a platform where we can negotiate needs from both sides”.

The news about the union came to us as a shock. Unions have a long and problematic history in Bangladesh and there is still a largely negative perception of CBAs and unions. Factory owners are scared of them, because of what happened in the past.

However, the truth is that unions minimise the gap between workers and owners. The unrest of 2016-2017 is an example of how unions and CBAs can result in positive change. We didn't stop our production for a minute during the unrest.



One production line is made up of 75 people, and it costs BDT 120,000 [USD \$1430] to run per day. If one person is absent, or less productive than normal, it brings down the performance of the whole line. The people in the union are aware of production systems. We speak the same language and they represent the rest of the employees. We need to highlight the positive outcomes of CBAs to other factories.

Factories in Bangladesh are in a difficult situation. Buyers are reducing prices every day. We lose BDT 50 million if production stops for one week. Then there is the reputational damage with buyers and also shipment costs. Late deliveries can cost five times more than regular deliveries. We saved roughly 270 million BDT by continuing production during the unrest in Ashulia.

The key to the union is fearless communication between workers and management. Even the CBA is just a tool. How you use it is up to you. Channels are always open for anyone wanting to lodge a complaint including buyers NGOs or the like. I just tell them to let me know before they lodge. Sometimes I go and sit with them while they eat and just listen. It is so important that we build trust, transparency and faith among workers and management in this sector, and some of that can definitely come through CBAs.

There are huge practical gains to be made from spending more time listening to the people on the factory floor. For example, through open and honest conversation I soon realised due to a lack of facilities, our factory staff were not drinking enough water during the day. We have since installed water filters making it readily available on the factory floor.

“A small gesture for workers makes a huge difference for them. Keeping their morale high does not require a lot of money.”



9 key lessons about negotiating a collective bargaining agreement

1. A well-informed, knowledgeable Union Executive Committee is essential

Ensure that the Union Executive Committee has strong knowledge of the law, international instruments (particularly ILO Conventions 87 and 98) and the country situation in factories.

2. The needs of the workers must be comprehensively understood

Ensure a strong Union Executive Committee that has the capacity to find out and prioritise the needs of the workers.

3. A strong relationship with management must be built

Trust is very important, given the troubled history of unions in Bangladesh. Identify the people in management - they could be in any position - who are interested in the rights of workers, and specifically focus efforts on them.

4. The timing needs to be planned

Do not submit the list of needs when the factory is under a lot of pressure, such as before or after a major vacation period.

5. All discussions must be formally documented

Documentation ensures that changes in factory situation, management staff and delays do not hinder the process.

6. Every line in an agreement must be clearly written and checked

Any mistake or ambiguity in the language means there is a chance that workers may not get the benefits.

7. Signatures should not be rushed

Get a specific date and time for the signing of any document, so that both parties can be confident that they fully understand the implications of what they are signing.

8. The process may take time

From start to finish the collective bargaining process takes a minimum of six months. Rushing the process at any point can jeopardise the outcome. Similarly, prolonging the process with unnecessary delays can result in adverse effects on the union.

9. Behaviour is crucial, and a focus on solutions is essential

Remain diplomatic and calmly present knowledge and evidence in support of claims. If the meeting gets heated, the best course of action is to call an end to the meeting and schedule a date to continue the discussion. To avoid clashes, discuss what is going well in the factory, and how those wins can be reinforced, rather than just about issues or needs.

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Thanking everyone who contributed

