

Highlights



Among the workers' organisations, the participation committees (PCs) have been growing at moderate level. However, unclear operational modalities and limited decision making capacities, raise doubt about their sustainability.



There is huge 'trust deficit' between workers and entrepreneurs with regard to trade union's (TUs) role, formation and operation which made it difficult to develop functional TUs.



An initial step for trust building would be to make the PCs functional. Strengthening social dialogue and developing a trained workforce who would facilitate the process.



cpd.org.bd



cpd.org.bd



[cpd_bd](https://twitter.com/cpd_bd)



[CPDBangladesh](https://www.youtube.com/channel/UCpD8g8g8g8g8g8g8g8g8g8g)

House - 6/2 (7th & 8th floors)
Block - F, Kazi Nazrul Islam Road
Lalmatia Housing Estate
Dhaka - 1207, Bangladesh
Telephone: (+88 02) 58152779,
9141703, 9141734, 9143326, 9126402
Fax: (+88 02) 48110414
E-mail: info@cpd.org.bd

Workers' Organisations in RMG Enterprises How to Address Institutional Challenges?

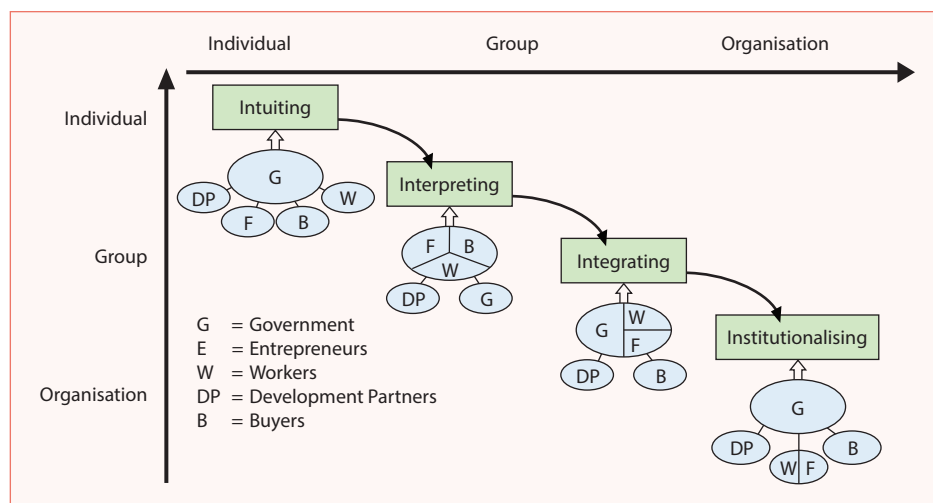
Khondaker Golam Moazzem and Syeda Samiha Azim

Introduction and Objectives

The poor state of workers' organisations at the enterprise level is the weakest part of a globally competitive readymade garment (RMG) value chain of Bangladesh. The situation did not improve even after undertaking various initiatives during the post-Rana Plaza period. These initiatives include the amendment of Bangladesh Labour Act (BLA), 2013, ratification of Bangladesh Labour Rules, 2015, facilitating the formation of elected participation committees (PCs) and providing registration to a considerable number of trade unions (TUs) in different RMG enterprises. This Policy Brief reviews the challenges of institutionalisation of workers' organisations in the RMG sector and puts forward suggestions for better functioning of these organisations.

As per the statutory framework, two types of workers' organisations are supposed to be in operation in domestic tariff areas (DTAs) / non-export processing zone (EPZ) areas—PCs and TUs, and one type of workers' organisation in EPZs - PCs. Applying the model of 'institutionalisation of organisational learning' (Crossan, Lane and White, 1999), this Brief examines the institutional changes of these two workers' organisations in the non-EPZ areas over the last several years. The Brief also explores the current state of institutionalisation of these organisations following four main processes (called 4-I framework)—intuiting, interpreting, integrating and institutionalising (Figure 1). According to the 4-I framework, the processes of interpreting and integrating new initiatives are facilitated by influence and force

Figure 1: 4-I Framework



Source: Crossan, Lane and White (1999).

(episodic power), while intuiting and institutionalising of those initiatives are facilitated by discipline and domination (systemic power). Necessary information for this analysis has been collected through key informant interviews (KIs) of concerned stakeholders including representatives of the government officials, entrepreneurs, members of PCs, federations, TUs of factories, and representatives of brands.

Addressing Institutional Challenges of PCs

According to the BLA, 2013, the formation of PCs is mandatory for enterprises with more than 50 workers. The number of workers' representatives should not be fewer than the number of the employers' representatives; however, the total number of members from the two sides needs to be between 6 and 30 (Table 1). Unlike previously, workers' representatives of the PCs are elected by workers of the respective factories. These elections are organised in collaboration with the Directorate of Labour (DoL). The whole election process is supposed to take place within 15 working days.

Table 1: Distribution of Members of the PC

Number of General Workers	Number of Workers' Representatives in the Committee
1-100	<= 6
101-400	10
401-800	12
801-1500	14
1501-3000	18
3001-5000	22
5001-7500	24
7501- more	30

Source: CPD-RMG Study (2018).

Elected PCs are Increasing in Factories: Most workers say that there are elected PCs at their factories (80 per cent). About 90 per cent workers claimed that the committee is active. There are more PCs in Gazipur region (over 85 per cent). On the other hand, factories working with brands are more likely to have PCs (85 per cent) compared to those working with buying houses (between 58 and 78 per cent). It is important to examine the extent to which PCs are functional, especially to address the concerns of the workers.

Major Stakeholders Including Workers are at the Same Pace as Regards Objectives of the PCs: Both the employers' and workers' representatives mentioned that the core activities of the PCs include: a) protecting the rights of workers and employers; b) maintaining a good relationship between both parties; c) improving the working environment; d) undertaking initiatives to increase productivity and efficiency at the factory level; f) discussing both workers' and employers' issues of discontent and dissatisfaction; and g) undertaking initiatives for conflict management in the factory. DoLs located in Dhaka and Chattogram districts acknowledge that the PCs help to bridge the gap between workers and entrepreneurs by providing a platform to the workers to discuss their day-to-day concerns and avoid unnecessary disputes. In other words, there is no major difference in the perception of key stakeholders regarding the objectives of the PCs.

Election for Workers' Representatives is Appreciated by Both Workers and Entrepreneurs: The introduction of an election process for selecting workers' representatives as per the amended labour law (BLA, 2013), has been positively acknowledged by the workers. Usually, senior workers who are well-versed and have a good rapport with the management, are nominated for the election. These representatives are selected from each floor or section of the factory. The workers said that the election process was fair and they cast their votes in the election. On the other hand, representatives from the employers are selected through mutual understanding between the general manager, executive director and the executive body of the factory. Since factories follow the procedures stipulated in the BLA, 2013, no major challenge is faced by the enterprises in forming the PCs. In case of the buyers/retailers/brands, who work with these factories, ensuring fair elections and effective functioning of the committees are the priorities.

Unclear Operational Modalities Raise Doubts about PCs: Although meetings of PCs are organised on a regular basis (e.g. once every two months), the quality of discussion, and implementation of the decisions made, remain weak. Usually, the member-secretary collects information about workers' concerns from different floors and sections of the factories and reports on those as an agenda at the meeting for consideration of the committee. Workers' representatives raise concern as regards ensuring transparency in the discussion process between workers and employers, decisions taken in the meetings and their effective implementation and follow-ups. According to the general workers, sometimes they are unaware of the agenda and the proceedings of the meetings. They get an update from workers' representatives during lunch break. In other words, the PCs are still non-functional. A major concern here is that employers are often apprehensive about the roles and functions of the PCs. Overall, there is a 'trust deficit' between the workers and employers, which may weaken the whole process of institutionalisation of the PCs. According to the workers, the arrangement of specialised training and workshops for the members would make the PCs more effective. Creating a fund at the factory to facilitate such activities is very important.

PCs are Still at the Early Stage of Institutional Maturity: Analysing the structure, the management and operation of PCs during the post-Rana Plaza period through the lens of 'organisational learning' reveals that the influence and force, which the newly elected PCs are expected to apply, are yet to be practised. In other words, the functional movement of the committees is confined to an early stage— i.e. from 'intuiting' to 'interpreting' stage of institutionalisation. For the committees to be effective, it is important to ensure fair election, increased participation of workers' representatives in the discussion meetings, effective implementation, follow-up and improved understanding of workers' representatives and most importantly, the willingness of the factory management to make the committees functional.

How to Reduce the 'Trust Deficit' of TUs?

Workers form TUs, as per law of chapter XIII of the BLA, 2013 with a view to maintaining relations between workers and employers. A TU is not entitled to register unless it has a minimum membership of 30 per cent of total workers employed by the factory. To streamline the process of registration, the Ministry of Labour and Employment introduced a standard operating procedure (SOP) to be followed for all types of registration related activities (Table 2).

Table 2: Standard Operating Procedure for the Registration of a TU

Phases of Registration	Responsibility	Time Frame
Phase 1: Step for Registration		
A. Receipt and recording of the application	Personal Assistant to the Registrar of TUs	3 days
B. Processing of the application	Registrar of TUs	2 days
C. Decision on the application by the Registrar	Registrar of TUs	7 days
Phase 2: Reply to the Letter with Requirements having been Issued by the Registrar (allocation of 25 days)		
A. Receipt of the letter with requirements	Postal Department	5 days
B. Rectification of application	Applicant	15 days
C. Rectified application to reach the Registrar	Postal Department	5 days
Phase 3: Verification (allocation of 15 days)		
A. Verification of the application	At least 2 staff	15 days
Phase 4: Finalisation of the Decision by the Registrar of TUs (allocation of 3 days)		
A. Final decision of the Registrar	Registrar of TUs	3 days

Source: Directorate of Labour (DoL).

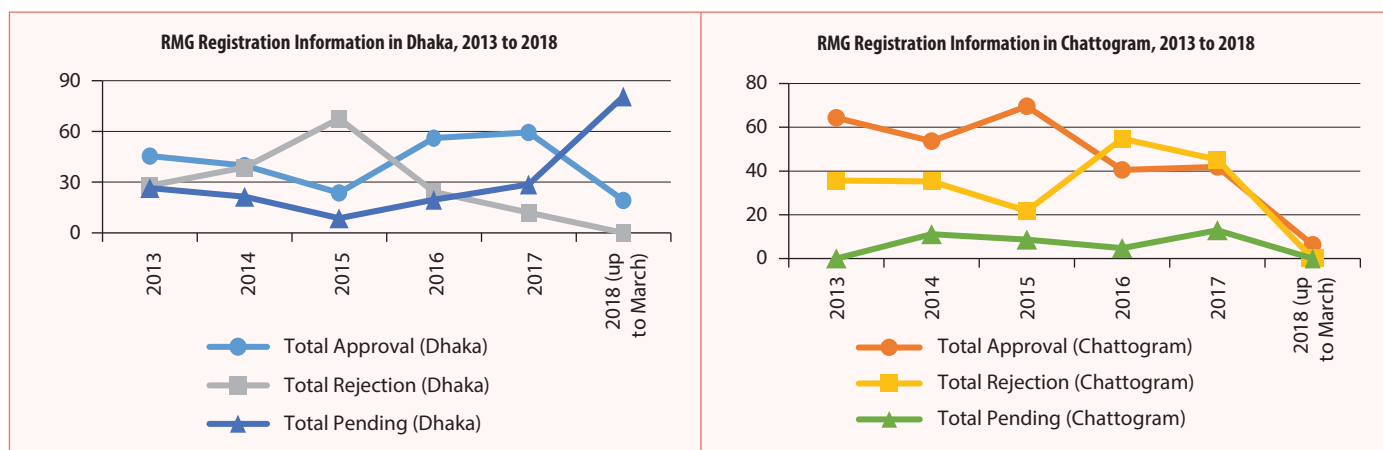
TUs are almost Non-existent and Non-Functional: Despite various commitments and efforts made by the government under the agreement of the Sustainability Compact, TUs remain non-existent at the factories. Most workers say that there are no TUs at their factories (97.5 per cent). There are TUs in 1.4 per cent small factories, 3.7 per cent medium factories and 1.0 per cent large factories. Factories in Chattogram (7.8 per cent) have more TUs compared to other regions. Factories working with brands have TUs at 3.1 per cent of factories. Factories working with buying houses and mixed contractual arrangements have no TUs. The election process of TUs is not fully above the management's influence. Seventy per cent of the respondents said that the representatives were elected while the remainder said that workers and management jointly decided on the representatives. Therefore, the process of selecting representatives need to improve further. Since the workers of only a few factories have experience with TUs, a large number of them could not avail the services of the TUs.

No Consensus among Stakeholders regarding Roles/Objectives of TUs: Employers claimed that TU-related activities are not always justified and legal. They are not against TUs but unsupportive of what the workers have done in the past. These, according to them, include misleading other workers, calling strikes, destroying factory property and so on. On the other hand, workers' federations and TUs

opined that these organisations could play a key role in ensuring that the entitled benefits from the factories have been received. However, a majority of general workers are unaware of the importance of TUs—the first challenge in forming a TU is to make workers understand the significance and benefits of having a TU.

Workers Face Extreme Situations in Forming TUs: Workers often face difficulties in forming the TUs. Most of the workers' representatives stated that they formed TUs secretly by going to workers' residences after work or during the weekend to convince them to join the TU. Workers fear that they might lose their jobs for joining the TU. Entrepreneurs usually increase the workload so that the workers are unable to collaborate with others about TU-related activities. Moreover, entrepreneurs also send goons to intimidate the workers and their family members. Most of the entrepreneurs mentioned that they were not aware of the formation of the TUs; they only came to know about it when the DoL informed them to verify the existence of TU.

Process of Compliance in Getting Registered is not so Easy for Workers: TU leaders complete application procedures for getting registered discretely, with the help of their federations. Union members of other factories also help them at the initial stage. Despite completing the formalities as per the legal process, union leaders

Figure 2: Information about TU Registration in Dhaka and Chattogram


Source: Directorate of Labour (DoL).

claimed that often they have to bribe the concerned officials to complete the process without delay. According to the DoL, many applications they receive, are not adequately filled up (Figure 2). For example, applications have duplicate factory ID cards of the workers, dual membership of unions, incorrect workers information and false signatures. The Directorate usually gives them a chance to resubmit the application with proper information. The DoL officials are under the impression that workers should be trained on the matters related to TU in order to prepare them better for formation, registration and other activities (Table 3).

Table 3: Standard Operating Procedure of Unfair Labour Practices

Step	Time Frame
1. Written complaint	Complaint should be submitted by the workers within 30 days of the date of occurrence
2. Verification	6 working days
3. Communication	17 working days
4. Investigation	22 working days
5. Resolution	5 working days
6. Record	Step by step it will be preserved in the file and should maintain a prescribed register
7. Referral to Labour Court	4 working days

Source: Directorate of Labour (DoL).

Little Cooperation Received for the Operation of TUs: It is challenging for TUs to organise regular meetings with workers at the factory premises because of lack of cooperation and support from the entrepreneurs. Besides, workers' representatives face various kinds of harassment, which include: getting locked in a room for hours, threatened to be fired, attacked by the local goons, and arrested. For day to day operation, TUs collect regular fees from the member workers. While the fees are insufficient, the members are unable to

afford higher fees. In few cases, entrepreneurs provided the necessary facilities to the TUs. For example, the factory authority has paid for the workers' training. After the formation of TUs, a major challenge is to ensure proper training for workers with regard to their rights and responsibilities, without which workers become impatient. They also expect that their demands will be fulfilled in no time.

TUs at the Factory Levels Yet to Initiate Early Stage of Institutionalisation:

The whole process of institutionalisation of TUs has been struggling since its very initial stage. Most importantly, the huge trust deficit between workers and factory management with regard to its role, formation and operation made it difficult, even to initiate the process of creating TUs. The reluctance of factory management, fear and secrecy of workers, lack of cooperation on the part of the government, and incidence of corruption hamper the process of developing better industrial relations. Trust-building measures are the primary steps that need to be undertaken, even to initiate the process of forming TUs at a broader level.

Future Directions

It is understood that traditional processes could not address major institutional challenges of workers' organisations, particularly related to the TUs. A major focus of institutionalisation should be on building trust between the workers and factory management. In this context, an initial step could be to make PCs functional through all kinds of logistical, technical and financial support provided by the factory management. An effective PC at the enterprise level could widen the scope of work of workers' organisations by creating trust and confidence about the importance of such organisations. These committees could be used to develop TUs—the trained and educated workforce who are involved in the committees could act as the baseline workforce to serve the TUs. In this context, all kinds of logistical, technical and financial support from the factory management need to be ensured to make the PCs functional.

Reference

Crossan, M. M., Lane, H. W. and White, R. E. (1999). An organizational learning framework: From intuition to institution. *The Academy of Management Review*, 24(3), 522-537.

The policy brief is based on the CPD-RMG Study 2018

New Dynamics in Bangladesh's Apparels Enterprises: Perspectives on Restructuring, Upgradation and Compliance Assurance.

Authors

Dr Khondaker Golam Moazzem is a Research Director at the Centre for Policy Dialogue (CPD), Dhaka, Bangladesh. He can be reached at: moazzem@cpd.org.bd

Ms Syeda Samiha Azim, Programme Associate (Project), CPD-RMG Study 2018.

Executive Editor: Anisatul Fatema Yousuf, Director, Dialogue & Communication, CPD.

Series Editor: Dr Fahmida Khatun, Executive Director, CPD.

CPD-RMG Study Partners



Kingdom of the Netherlands



August 2018