

# Labor Management Relations Following the Labor Laws of Ready Made Garments in Bangladesh: The Present Perspective.

Md. Mohiuddin

Associate Professor, Department of Management Studies, Jagannath University, Dhaka-1100, Bangladesh.

---

**Abstract:** The study gives a brief overview of the field of Bangladesh Labor Law-2006 & Bangladesh Labor Law (Amendment)-2013, Labor relations, labor rights, wages and the important issues associated with it. It analyses from the present perspective of both the management and employees, the merits of trade unionism and also the negative consequences of trade unionism have been mentioned. Besides these, the contract negotiation tactics and preparations essential to the management have been briefly discussed. The study also deals with the labor relations practices in the Ready Made Garments (RMG) industry of Bangladesh and the extent of implementation of labor laws in the same industry. The consequences of these have been analyzed using both primary and secondary data collected from trustworthy sources.

**Keywords:** Labor management relation, Labor law, Ready Made Garments (RMG), Labor conflict.

---

## I. Introduction

Labor relation is the field that emphasizes skill managers and union leaders can use to minimize costly forms of conflict and seek win-win solutions with labor force. The decision for management involves whether the organization will work with unions or develop non-union operations. The decision is influenced by outside forces such as competition, public opinions etc. while there are several advantages of unionism to both the members and the employers, negative consequences on profitability and productivity have also been found by researcher. The best labor relation strategy is dependent on the tradeoffs between the positive and negative consequences and external legal environment. The readymade garments(RMG) industry of Bangladesh has contributed extensively to the export oriented growth of the country. With the two million workforces it employs directly and another one million in linkage industries, it supports the livelihood of some 10 million Bangladeshis; law regarding labor is not implemented properly.

The trade union movement is relatively weak in RMG industry of Bangladesh. This is partly owing to the multiplicity of trade unions and partly owing to the considerable intimidation imposed in practice, especially workers' fear of losing their jobs should they show any sign of union activity. The right of freedom of association and to collective bargaining at the workplace is not respected in the garment sector. While trade unions exist, they are ineffective in the application of their objectives. The leaders of the trade unions are corrupted, making it impossible for the trade union leaders to do some welfare for the general labor. This is due to the fact that almost all the CBA leaders have an open secret understanding with the owners of the establishments, which lead them to the uninterrupted corruption and irregularity. The CBA leaders seldom see the interests of the labor. The monthly subscriptions given by the labor are not used for their welfare. It is just used for the personal purpose of the leaders of trade unions.

The restricted laws regarding union association right of workers, lack of proper grievance procedure and communication mechanism in the factories, increasing prices of essential goods, salaries well below than living wage levels and limited trade union action are some of the main reasons behind the growing worker unrest which threatens the industry. Violent uprisings have been a common sight over the last few years and they have seemed to become a part of the industry. The RMG sector in Bangladesh has been facing intermittent serious violence recently. It is belief of many that who are at the heart of the boom of the RMG sector that they have not been touched by the benefits of this growth. So they turn to violence, which is just a mere means to vent frustration.

## II. Objectives

The primary objective of this study is to find out the labor management relations primarily in the Ready Made Garments(RMG) sector of Bangladesh and the extent of implementation of associated labor laws.

- ❖ To study the labor management relationship practices.
- ❖ To find out the consequences and impact of existing labor management relations.
- ❖ To review the existing laws relating to labor rights.
- ❖ To examine the role of labor unions in ensuring the labor rights.
- ❖ To analyze the extent of the application of labor laws containing labor rights.

### **III. Scope of The Study & Limitations**

This study focuses on the labor management practices of the RMG sector of Bangladesh exclusively. The main focus of this research has been conducted an examination of the existing labor management relations and the extent of the application of the labor laws in the RMG sector of Bangladesh. This is only representative of one segment of industrial Bangladesh and may not reflect the trend of the entire country. It should be noted that the research is conducted in the EPZ of Savar and other place's garments factory in Dhaka. Thus the results are not representative of other EPZs in the country. Sample size of five companies may not be sufficient to analyze the state of labor management in the RMG industry. Limited knowledge and understanding of this topic has made an accurate analysis fairly difficult.

### **IV. Methodology**

This study has used both primary and secondary data collection techniques. The major research techniques employed are as follows:

- Conducting interviews direct and over phone with relevant owners, management and personnel of RMG industries.
- Discussion with 100 workers to know and analyze the attitude and beliefs of workers towards labor management relations and labor rights.
- Studying online and newspaper articles, journals and other secondary sources to supplement primary data.

### **V. Brief History of RMG Industry in Bangladesh**

All most 76% of total exports from Bangladesh currently, the readymade garments(RMG) industry of the country thrived since its existence and contributed extensively to the export oriented growth of the country. This sector has become the lifeline of the Bangladesh economy. It is the source of its strength and could be the cause of its vulnerability. Too much of the nation's fortune is riding on this one sector. With the two million workforces it employs directly and another one million in linkage industries, it supports the livelihood of some 10 million Bangladeshis.

Recently, there are more than 4000 RMG firms in Bangladesh. More than 95% of those firms are locally owned with the exception of a few foreign firms located in export processing zones. The RMG firms are located mainly in three main cities-the capital city Dhaka, the port city Chittagong and the industrial city Narayanganj. Bangladesh RMG firms vary in size and capacity. Ready-made garments manufactured in Bangladesh are divided mainly into two broad categories-woven and knit products. The apparel manufacturers of Bangladesh export readymade knit and woven wear to 164 countries of the world but major destinations European Union and USA account for more than 90% of exports.

### **VI. Core Theme of Labor Laws in The Industry**

**Core Labor Standards:** The ILO's standing over the context of international labor standard stems from its position as the definer and enforcer of core labor standard through out the world. The ILO defines five core labor standards according to eight fundamental conventions. The major fundamental conventions are:

1. Freedom of association.
2. The effective recognition of the right to collective bargaining.
3. The elimination of all forms of compulsory or forced labor.
4. The effective abolition of child labor, including the worst forms of child labor.
5. The elimination of discrimination with respect to employment and occupation.

**Bangladesh Labor Law 2006:** Labor in Bangladesh had been waiting for a long time of a comprehensive and democratic labor law. Before, there 51 labor laws of them 13 dates back to British period, 25 were formed when Bangladesh was part of Pakistan and 13 have been passed after independence. A thorough review of the labor laws was required which included present realities. There have been several criticisms among workers and trade unions. Some of those are included:

- Article 211 says laborers can not strikers or lock out in the new factories or foreign owned or joint venture factories. Hence, owners can overlook logical demands of workers.
- Previously a fired worker could get his or her payment within two days; the new law increased it up to thirty days. However, the law does recommended that the minimum wage bill will be revised every five years.
- Article 100 says organization can extend work up to 10 hours. Though, after 8 hours, laborers will get double payment for the rest 2 hours.
- If a factory owner doesn't provide 16 weeks of maternity leave and benefits, the owner will be fined for 5000 taka. Indeed, it is profitable for the owners to pay the fine rather than several months of leave and benefits.

**Bangladesh Labor Law (Amendment)-2013:** 15<sup>th</sup> July, 2013 The Bangladesh Labor Law (Amendment) Bill-2013 has passed in the parliament to make the existing law time befitting for workers welfare. The major amendments are:

- ❖ Allowing Trade Unionism in the factories.
- ❖ Ensuring safety measures for workers at workplace.
- ❖ Introducing compulsory group insurance for workers.
- ❖ Stopping children to be involved in hazardous works.
- ❖ Brining labor contractor under labor laws.
- ❖ Compensation of a permanent labor at the time of his/her departure or accidental death.
- ❖ The Legislation puts in place provision including a central fund to improve living standards of workers.
- ❖ 5% of Annual profit to be deposited in Employee Welfare Fund.

**Wages:** According to the payment of wages Act-1936 and Bangladesh Labor Law-2006, wages means all remunerations (whether by way of salary, allowances or otherwise) expressed in terms of money or capable of being so expressed which would, if the terms of employment, express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment, and include—

- (a) Any remuneration payable under any award or settlement between the parties or order of a Court;
- (b) Any remuneration to which the person employed is entitled in respect of overtime work or holidays or any leave period;
- (c) Any additional remuneration payable under the terms of employment (whether called a bonus or by any other name);
- (d) Any sum by reason of the termination of employment of the employed is payable under any law, contract or instrument which provides for the payment of such sum, whether with or without deductions, but does not provide for the time within which the payment is to be made.
- (e) Any sum to which the person employed is entitled under any scheme framed under any law for the time being in force.

Wages payable on monthly, weekly, daily, rate of piece etc. and are to be paid in cash, but where it has been the custom to pay wages wholly or partly in kind.

## VII. Findings

Interview of employees and secondary research from various articles and reports claim otherwise. Following is a list of specific categories on which labor management relations following the labor laws was analyzed.

**Overtime Work:** Overtime work is one of the main problem in this industry. Overtime is forced, not optional; whenever factory management decides workers are bound to work extra hours or lose their jobs. There is a common feeling of deprivations and being cheated in terms of overtime pay. Calculation of overtime is always considered fraudulent which is calculated by the factory management. The worker's impression of fraudulent practice is rooted in the fact that when workers complete five or four extra hours work, the official record book shows that they have worked only two extra hours. This serves multiple purposes such as apparently complying with local labor law, satisfying foreign buyers about legitimate use of overtime and most importantly cheating of workers' hare-earned wage.

**Child Labor:** BGMEA responded and signed the UNICEF and ILO convention on child labor and not to appoint the child labor. In an ensuing climate of fear and panic, abrupt dismissals of many thousands of child workers began in 1993. It was reported that as many as 40000 to 50000 children were laid off. However, child labors continue to work in several garment factories. These children are routinely beaten, cheated of their wages by the factory management. Moreover, children are victims of force overtime, excessive production goals and unhealthy working conditions. And one daring to ask for their proper pay or that their most basic legal rights be respected can be attacked and fired. Before U.S corporate monitors arrive for factory inspections, the children are either sent home, if there is time or quickly hidden in the dirty bathrooms, the emergency stairwells or on the roof.

**Holidays and Leaves:** Most of the garment factories, workers are forced to work 14 to 16 hours a day ignoring the labor law which states a maximum of 10 hours per working day. Though officially Friday is supposed to be day off, in practice most of the garment workers have to work on Friday. The workers do not get a weekly holiday or even annual leave. The factory management does not compensate them with days off or overtime payments. Moreover, garment workers are not aware of the legal provisions on annual leave and festival leave with pay. Forced retirement/retrenchment is a common practice in Bangladesh. Garment owners usually sack workers without any particular reason.

**Health and Safety:** In the law, under the heading of health and hygiene the law articulates cleanliness; disposal of wastes and effluents; ventilation and temperature; air pollution; over crowding; lighting; drinking water; latrine and urinal; fire safety; welfare. In many garment factories there is no written policy or guidelines on safety and health, no health education program. Managers and supervisors do not know their responsibilities on safety and health. Safety and health rules are not communicated to the workers there is no system in place to consult workers on safety health issues. There are usually no safety signs, posters or notices at the workplace. Moreover, factories do not keep record of work related accidents. The workers said that anybody missed a day due to illness or go to doctor, manager deducted two days pay and lost full attendance bonus. On return they told to do an extra eight hours of unpaid work to catch up with their target.

**Gender Discrimination:** Legal provisions demonstrate specific rules for the employment such as women shall have equal rights with men in all spheres of the state and of public life. The law prohibits discrimination; however, the government does not strongly enforce laws aimed at eliminating discrimination. Investigations have shown that many factories do not pay some female operators the same wages as their male counterpart, though they had the same years of service and were doing the same job.

**Effectiveness of Industrial Inspector:** While labor administration does exist in Bangladesh, they are neither efficient nor updated. An effective labor administration system is necessary in order to maintain and strengthen a developed labor market in the country. The government's factory inspection office under the directorate of labor is responsible for overseeing if the factories have been built as per rules and if they have got the essential safety measures. Enforcement by the Labor Ministry's industrial inspectors are weak, due to both the low number of labor inspectors and endemic corruption and inefficiency among inspectors. The Bangladesh Department of Labor and Inspectorate of Factories said that lacking of sufficient resources, staff and logistical support to adequately perform the task of monitoring labor laws. There are allegations that garment producers keep their garment factories outside labor inspection by bribing labor ministry officials.

**Trade Union Rights and Backward Nature in the Industry:** The trade union movement is relatively weak in RMG industry of Bangladesh. This is partly owing to the multiplicity of trade unions and partly owing to the considerable intimidation imposed in practice, especially workers' fear of losing their jobs should they show any sign of union activity. The right to freedom of association and to collective bargaining at the work place is not respected in the garment sector. Where unions do file applications for registration is often delayed long beyond the 60 days foreseen by law. There are 4 registered and at least 10 other unregistered trade unions and union federation in Bangladesh. In the emerging formal private sector of Bangladesh, particularly in the field of RMG industries, the owners, who generally tend to be patrimonial as a class, still try to resolve industrial conflicts through autocratic and unilateral decisions. It is no wonder that most garment factory owners do not have a positive attitude toward unionization in the RMG industries. But owners are changing their attitude to trade union for the pressure of government & internationally.

## **VIII. Recommendations**

RMG industries' owners should strictly maintain the national and international labor law. Other recommendations are:

- Minimum wages should be enhanced in accordance with minimum cost of living.
- Labor welfare program should be taken according to the law.
- Given Trade Union freedom.
- Owner should be paid labor wages regularly.
- Owner should be logical on the fixation of minimum wages.
- Various allowances should be increased for the betterment of workers life.
- Government should be too much careful and aware about the fixing of minimum wages and exploitation of labor.
- Reducing gender discrimination.
- Child labor should be discouraged strictly in the industries.
- Properly maintaining the law about health and safety.
- Owners should allow trade union and sit with collective bargaining agent to solving the industrial conflicts.

## **IX. Conclusion**

The salient points that emerge from the foregoing discussion are: 1) in Bangladesh, industrial conflicts in the private sector, particularly in the RMG industries, have so far been resolved through autocratic and

unilateral decisions of garment factory owners. 2) there has not been a healthy growth of trade unionism from within the RMG industries. 3) labor laws are generally observed by a significant number of employers in the garment industries and in some cases the laws themselves have become outdated and hence inadequate. RMG industry is the largest export earnings sector in Bangladesh. Bangladesh is the 3<sup>rd</sup> largest RMG export country in the world where millions workers involve in these industry and almost 5000 factories established. Minimum wages & minimum standard of living are the fundamental right of a worker but they not getting such wages which give them minimum standard of living, reality that the price of essential goods are increasing day by day whereas income of this sector is increasing day by day, last year RMG earned 12 billion dollar. Owners lead high consumption life, they can be changed their standard of life but workers are moving for minimum wages which can leads minimum cost of living, last five year they have gotten 1662 BDT and now they are getting 3000 BDT as minimum wages which is insufficient to maintaining minimum cost of living in the present context, workers protest against wages structure in the streets which turns to labor unrest, decreasing the industrial relations, productivity and law & order. Owners and Government should think jointly about the minimum wages and implement of other health and safety facilities which should be lawful, not be exploiting and inhuman.

### References

#### Books and Journals:

- [1] Khalekuzzaman Mohammad, " Business Law", *Second Edition, The Jamuna Publishers, Bangla Bazar, Dhaka,pp731-732,2009*
- [2] Shukla M.C, " A Manual of Mercantile Law", Thirteen Revised Edition, S. Chand & Company Ltd, Ram Nagar, New Delhi, India pp617-619,2009
- [3] Standing, G., Impede or ccelerate tructural Adjustment? Industrial Versus Company Unoins in an Industrialising Labor Market, Working Paper No. 47, World Employment Programme Research, ILO,Geneva,1990
- [4] Global Wage Report 2008-09, Minimum Wages Collective Bargaining Towards Policy Coherence, Geneva, International Labor Office, 2008

#### Links:

[www.Bsiness.com](http://www.Bsiness.com)  
[www.export-import.com](http://www.export-import.com)  
[www.bplan.com](http://www.bplan.com)  
[www.textiletoday.com.bd](http://www.textiletoday.com.bd)  
[www.bdjobstraining.com](http://www.bdjobstraining.com)  
[www.cpdbd.com](http://www.cpdbd.com)  
[www.webcrawler.com](http://www.webcrawler.com)