



**Ethical
Trading
Initiative**

Respect
for workers
worldwide



Joint ETI Social Dialogue Programme

Evaluation: Executive Summary

Globalisation has brought significant benefits to developing countries, but has also had profound implications for workers' rights. Social dialogue and an effective industrial relations system have been shown to be key to upholding and protecting these rights, as well as leading to improved productivity and more sustainable industry.¹

In Bangladesh, the disasters in both Tazreen and Rana Plaza factories put brands, the ready made garments (RMG) sector and the national government in the global spotlight as never before. To date, Bangladesh has suffered from weak systems of industrial relations and low levels of social dialogue. However, there is increasing appetite from both workers and employers for positive change in the workplace that will lead to improved labour-management relations. Giving workers the opportunity to have their voices heard is key not only to achieving fair working conditions but also to creating stable sourcing markets and sustainable economic growth.

For these reasons, the Joint Ethical Trading Initiatives (JETI) of Denmark, Norway and the UK have worked with their members, members' suppliers and a range of

other stakeholders to develop a scalable and replicable model of effective social dialogue. The programme aims to build capacity and establish structures and processes in the workplace that enable workers and employers to negotiate collectively on issues concerning their rights and responsibilities and to resolve conflicts peacefully and effectively.

This summary sets out the impact the social dialogue programme has had to date, following a recent independent evaluation. In short, the programme has been shown to:

- Improve the understanding of rights and responsibilities of all workplace stakeholders
- Improve communication between workers and management
- Improve worker morale
- Increase the participation of women in workplace processes
- Decrease labour unrest
- Show potential for increasing productivity
- Support the legal compliance of employers

1. See, for example, Morgan Stanley, 'Bangladesh Ready Made Garments Industry: Moving towards Sustainability', https://www.morganstanley.com/sustainableinvesting/pdf/Bangladesh_Garments_Industry_Exec_Summary.pdf

Bangladesh's RMG industry²

Bangladesh is rapidly becoming an industrialised nation, driven largely by the booming RMG sector which accounts for more than 80% of total export earnings and employs around 4 million workers. The exponential growth of the sector is predicted to continue, with some estimating a doubling of exports over the next five years.³

However, this rapid growth has brought and will continue to bring many challenges. The sector has long been scrutinised by the media and by activists, but the devastating events at the Tazreen and Rana Plaza factories brought the poor working conditions endemic to the sector to the world's attention. The oversupply of unskilled labour has driven down wages and led to a lack of formalised work. Poor workplace safety, excessive working hours, forced overtime, irregular payment of wages, gender based discrimination and sexual abuse and other rights abuses have led to low worker morale⁴, high levels of turnover (around 10% a month) and absenteeism and increased labour unrest.⁶

Industrial disputes therefore beset the industry, bringing with them challenges for workers, suppliers, brands and governments. Levels of unionisation in the country are low and workers have little opportunity to speak out and be heard. A wave of wage strikes in December

2016, for example, largely in factories with no trade union presence, highlighted again the fact that often strikes and other forms of dispute are the only means for workers to raise their grievances, in part because some employers retaliate against union organisers and workers trying to organise. As a result, workers are unable to bargain collectively with employers and use formal channels for addressing grievances.⁷ Whilst codes of conduct have had some positive impact on 'outcome' rights such as health and safety, they have had limited impact on 'process' rights such as freedom of association and collective bargaining.

2. For additional analysis and data of the national context in Bangladesh, see Annexe 1

3. https://www.mckinsey.de/sites/mck_files/files/2011_McKinsey_Bangladesh.pdf

4. Job satisfaction, a worker's sense of achievement and success, has long been shown to be directly linked to productivity as well as to personal wellbeing. See, for example, work done by the Harvard Professional Group, 1998

5. Ibid.

6. For additional analysis and data on the labour context in Bangladesh, see Annexe 2

Human Rights Watch, 2017: Bangladesh: Stop Persecuting

7. Unions, Garment Workers <https://www.hrw.org/news/2017/02/15/bangladesh-stop-persecuting-unions-garment-workers>





The Joint ETI Social Dialogue Programme

Given this, a new approach to enabling worker voice in Bangladesh's RMG supply chains is needed. Finding effective and sustainable solutions to workers' issues requires joint action between brands, suppliers, trade unions, employers' associations, NGOs and governments. Social dialogue⁸ has been shown to be an effective tool for both workers and employers, in preventing minor disagreements from escalating into major disputes, in helping enterprises to become more efficient and competitive, in increasing labour productivity, in reducing employee turnover and in developing trust and confidence in the workplace and subsequently more mature, effective forms of interaction (FIP Good Practice Guide, Social Dialogue and Workplace Cooperation, ILO).

"Workplace cooperation is not an end in itself. It is a means to improve enterprise performance in all dimensions, resulting in a more motivated and productive workforce and a more competitive and profitable enterprise."

FIP Good Practice Guide, ILO

In partnership with its Danish (DIEH) and Norwegian (IEH) counterparts, the Ethical Trading Initiative (ETI) in the UK collaboratively designed the Social Dialogue (SD) programme with the aim of improving dialogue between workers and management and to build workers' capacity to represent their needs. The programme was piloted in nine factories, accounting for around 15,500 workers, in and around Dhaka between 2015 and 2016. After the successful completion of the pilot phase, the programme in its current first phase (to December 2017) involves a further 21 factories benefitting a total of more than 50,000 workers. To date, the programme has been jointly funded by the Danish, Norwegian and the British governments.

"In typical trainings, we are mainly told about our 'rights'. This Social Dialogue was a bit different – it talked about our responsibility as well."

PC Worker, Konabari based factory

8. The ILO defines social dialogue as "all types of negotiation, consultation or information sharing among representatives of governments, employers and workers, or between those employers and workers on issues of common interest relating to economic and social policy" (International Labour Office: Governance and Tripartism Dept, 2013)

Under Bangladeshi labour law, it is a mandatory requirement for any workplace employing fifty or more workers to have a Participation Committee (PC) and an amendment in 2013 requires the PCs to have elected worker representatives. The law also states that where trade unions exist in the workplace, it is their sole prerogative to nominate the members of the PC and that it is only in the case where there is no trade union that an election is held and workers can elect their own representatives to the PC. Despite this, there remains a widespread practice of factory management selecting PC representatives. This means that not only do many PCs in their current form not allow for meaningful and independent workplace communication, but that many suppliers are breaking the law.

The Social Dialogue Programme, therefore, oversees and supports the democratic election of PCs where required and trains committee members in labour rights, responsibilities and dialogue skills. Training is provided to supervisors and managers on how to work constructively with the PC. Capacity building training is also provided to trade union and factory managers on industrial relations and collective bargaining to enhance mutual understanding, trust and respect.

“Workers told us that the PC is taking care of general workers. Generic awareness on their rights has enhanced. Programme helped in capacity building of PC with good training.”

Brand country officials on their follow up

Proven benefits of the JETI Social Dialogue Programme

In addition to supporting the legal compliance of suppliers, a recent evaluation of the programme has demonstrated some impressive initial results:⁹

IMPROVED UNDERSTANDING OF RIGHTS AND RESPONSIBILITIES IN THE WORKPLACE

Almost all respondents to the evaluation believed that the programme has contributed to building the knowledge base of both the PC members (workers and management) and also the factory-based unions in terms of the legal aspects of labour law, their rights and their responsibilities. More than 94% of workers who took part in the evaluation said that the programme had enhanced their knowledge of three basic rights (minimum wage, rights of pregnant women and overtime procedure). 93% of respondents now choose the right channel for their issues (supervisors first, then the PC). More than 95% of workers also believed that the training on their responsibilities (as well as their rights) was “*helping them to behave more positively toward good practices*”. Overall, this growing sense of responsibility was shown by the evaluation as allowing all parties to have “*a more patient coexistence / mutual cooperation*”.

9. For a summary of the main findings across six evaluated dimensions, see Annexe 3



IMPROVED COMMUNICATION BETWEEN WORKERS AND MANAGEMENT

The evaluation found “a clear signal that a culture of frequent and spontaneous communication among workers and management” has begun to grow. More than 95% of management interviewed credited the Social Dialogue Programme with improvements in industrial relations, particularly in factories where the programme has been running for more than 12 months. The programme has brought a perception of a democratic atmosphere in the workplace where both parties are aware of their respective responsibilities. Most respondents believe that they now have a forum through which to share their concerns, which previously they might not have felt comfortable sharing with immediate managers or supervisors.

“In my factory, I am enjoying a democratic atmosphere due to this Social Dialogue Programme”

Sr GM, Gazipur based factory

IMPROVED WORKER MORALE

The evaluation found marked improvements in a number of dimensions relating to worker morale. Following the programme, 54% of respondents reported that their peers were paying more respect to them than before. 82% of workers indicated that they felt “good, inspired and motivated toward good work” when their views were given proper importance.



INCREASED PARTICIPATION OF WOMEN

Women make up around 80% of the workforce in the RMG sector in Bangladesh yet are significantly under-represented when it comes to supervisory functions or participation in democratic mechanisms in factories. Following the pilot programme, there were 40 female workers taking part in the PCs (around 45% of the total number of PC participants). Most believed it was the programme's awareness raising effort and training that motivated so many women to run for election.

DECREASED LABOUR UNREST

None of the nine pilot factories have seen any labour unrest since having a PC in place following the programme. Management members of the PC in a Gazipur based factory told the evaluation team that the worker members of the PC played a vital role in preventing unrest on a wage payment issue. In December 2016, whilst widespread labour unrest broke out across more than 50 factories in the Ashulia area, the factories involved in the Social Dialogue Programme in and around the same area continued to run smoothly.

“The training on Social Dialogue grows us with the consensus that workplace dialogue should be the first option, not strike, and solution draws by collaboration, not confrontation.”

Trade Union President, Tongi based factory

INDICATIONS OF THE POTENTIAL FOR MORE EFFICIENT PRODUCTION

While it is early in the programme to be able to record quantitative evidence of the programme's contribution to overall productivity, which is in itself complex and multifaceted, the evaluation showed a *"pulse from more than 90% of respondents (particularly the supervisors and production managers) that something is changing which is conducive to their production and productivity"*. Reported changes from at least five of the programme's factories showed that workers were becoming more logical and disciplined in raising issues, that PC workers were more proactive in resolving issues around health and safety, housekeeping, settling leave etc., and that PC workers were beginning to own factory problems. Respondents believed that fewer hours were lost in trying to resolve issues, indicating the potential for more efficient use of working hours.

"Good practices around. We're preparing for next PC. Thanks JETI for showing us the way"

Sr Manager, HR & Compliance, Sreepur factory

Next steps: Social Dialogue Programme Phase II

The Social Dialogue programme has resulted in a number of positive outcomes and has built a scalable and replicable model for social dialogue which can continue to be rolled out across the sector.

The rollout of the second phase of the programme began ahead of schedule in March 2017, with 24 out of a target of 25 factories participating. A proposed programme organisation and management plan can be found in Annexe 4 and a full financial proposal in Annexe 5.

To find out more and register your interest, please contact:

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