Full length research paper

Could monitoring and surveillance be useful to establish social compliance in the ready-made garment (RMG) industry of Bangladesh?

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The Ready-made Garment (RMG) industry in Bangladesh is the major foreign currency earning sector with the highest employment rate. Bangladesh exported garments worth the equivalent of US $10.7 billion in 2008, which was about 3.87 per cent of the global total value (US $276 billion) of garment exports (EPB, 2008; BB, 2008). Despite the phenomenal success of the RMG sector, poor working conditions in the factories and the lack of social compliance are other serious concerns. This article investigates lapses in establishing International Labour Standards and to what extent Social compliance can be incorporated into the RMG industry. It proposes an effective monitoring and surveillance system (EMSS) model which could be used to establish social compliance and to remove labour unrest from the RMG sector.

Key words: Social compliance, Code of Conduct, ILO conventions, compliance monitoring cell, labour standards, human resources (HR) and industrial relations (IR), monitoring and surveillance system.

LITERATURE REVIEW

Working conditions in the RMG sector is substandard, and do not meet the Codes of Conducts (Qudus and Uddin S., 1993). Recruitment policies are highly informal compared to western standards and there are no written formal contracts and appointment letters (Dasgupta S., 2002). Therefore they are vulnerable to losing their jobs at any time. Continuous work schedule, wage penalties, physical and verbal abuse are common. Garments workers are concerned with long working hours or double consecutive shifts, personally unsafe work environment, poor working conditions, wage and gender discrimination (Kumar A., 2006). Late or irregular wage payments are common in the sector. Usually most of the factories do not provide any pay slip. The factories, which provide pay slips, don’t have transparency (Priyo, 2010). It is not uncommon for garments workers to be dismissed without payment following several months of devoted work (Absar, S.S. and Kumar A., 2006).

Long working hours without leave with breaks and compulsory overtime are common problems in this sector. Workers can be fired for refusing overtime. Indeed, they (RMG owner) treat the RMG workers as slaves, exploiting workers to increase their profit margins and keep their industry competitive in the face of increasing international competition (Kumar A., 2006). The reason why law-enforcing agencies do not enforce existing laws is probably to institutional failure. Women workers face physical abuse and sexual harassment inside as well as outside the factories, but management does not ensure the security of women workers. Alam (2004) suggested regulatory measures and its strict implementation and monitoring by the government agency that could overcome work place in security problem of garments workers in Bangladesh. Most of the garments workers are not satisfied with their present job in the RMG sector. The level of wages is the most significant source of dissatisfaction for workers in the RMG industry. RMG owner often deny that they have the power to improve the wages or conditions of workers. On the other hand, prospects of promotion in the RMG sector is substandard, and do not meet the Codes of Conducts (Qudus and Uddin S., 1993). Recruitment policies are highly informal compared to western standards and there are no written formal contracts and appointment letters (Dasgupta S., 2002). Therefore they are vulnerable to losing their jobs at any time. Continuous work schedule, wage penalties, physical and verbal abuse are common. Garments workers are concerned with long working hours or double consecutive shifts, personally unsafe work environment, poor working conditions, wage and gender discrimination (Kumar A., 2006). Late or irregular wage payments are common in the sector. Usually most of the factories do not provide any pay slip. The factories, which provide pay slips, don’t have transparency (Priyo, 2010). It is not uncommon for garments workers to be dismissed without payment following several months of devoted work (Absar, S.S. and Kumar A., 2006).

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industry of Bangladesh are uncommon. Without full payment or being paid on time, worker often worry and are anxious about the future. This results in low work productivity and job dissatisfaction (Morshed, 2007).

Gender discrimination is common. In the RMG sector, female workers are considered low-skill, low workers such as helpers, machinists, finishing helpers and sewing helpers frequently and as line supervisors and quality controllers. It is rare to find women working as cutting masters, production managers, supervisors, finishing and machine operators (Absar S.S., 2001). The government of Bangladesh must undertake an effective initiative to eliminate discrimination based on gender, particularly in the RMG sector where 90% of the workers are women (EPB, 2008).

Generally, majority of the garment workers are from rural areas. Mostly they are illiterate and they have little knowledge of human rights, decent work, labour rights and labour standards. As there is no HR or PM unit and there are restrictions on trade union in the RMG factories, there is limited opportunity for workers to claim improved wages, health and safety from management (Ahamed, F, 2011). This communication gap between the parties could be resolved by the adoption of sound strategic policies and healthy HR practices.

The working environment in Bangladesh RMG sector is below standards. Most factories do not have adequate ventilation and exhaust fans that leave the garments workers exposed to toxic substances and dust. Raw materials contain dust and fibre particles that hang in the air. Dye, a toxic substance emitted from coloured cloth, spreads in the workroom. As a result, many workers suffer from various diseases such as constant fatigue, headaches, anaemia, fever, chest, stomach, eye and ear pain, cough and cold, diarrhoea, dysentery, urinary tract infection and reproductive health problems due to overwork, unhygienic working conditions, and wide-ranging labour law violations (Paul-Majumder, 1996). Health and Safety regulations, as prescribed in Factory Rules 1979 (Absar S.S., 2001; Begum A., 1995) are routinely ignored by management and are hardly enforced by government.

Moreover, many of the factories do not meet the minimum standards prescribed in building and construction legislation (Factory Rules 1979). As a result, fire is common, buildings often collapse and faulty building design regularly results in the death of workers. Compensation following an incident is rare. The main problems include the absence of labour standards monitoring system and ineffective building codes, poor enforcement and outdated labour laws, and a lack of awareness of labour rights among workers (Govt. of Bangladesh, 2006).

There are many other labour sectors; unlike child labour, it is a serious and growing problem within this sector (Rashid M.A, 2006). There are many reports, which criticised child labour in Bangladesh, from organisations such as the ILO or UNICEF as well as from many NGOs.

In most cases, children often commence work at a very young age; as a result, they are suffering serious injuries and sometimes death in the workplace (Rahman, Khanam, and Nur 1999). Although the RMG is a formal sector, there is no acceptance of the right to organize at the factory level and owners fear trade union. As a result labour unrest is common in the RMG sector. The chronic unrest in the sector is due to the absence of labour rights and the hazardous work environments (Mahmud S., 2009). One consequence of the chronic unrest in the sector is that RMG industries in Bangladesh have been facing considerable pressure from international buyers for compliance with their Codes of Conduct before placing any garment import order, particularly since the expiry of the Multi-Fibre Agreement quota system (Rahman, 2006). The issues need to be addressed and solved in a harmonious way between employers and workers, which is a prerequisite for the sustainable development of the sector. To avoid unrest in the RMG sector, Khan (2006) argued for strengthening Social compliance issues and labour standards to improve wages, working hours, overtime, job security, the right to form trade unions, social security and also occupational health and safety.

Morshed advocates the key role of Cambodian labour unions in the clothing sector and as mediator’s between workers and factory owners to settle disputes and discuss wages. As a result, minimum wages increased and the government continues to make progress in enforcing ILO core labour standards (Morshed, 2007). Bangladeshi exporters have been under continuous pressure to comply with international labour standards. The global apparel market no longer depends only on technical and economic standards but also on social standards, especially labour standards. In order to export RMG products, it is not only quality which is important but also the working markets. Baral (2008) focusses that compliance of RMG factories is a key requirement for most of the reputable global garments buyers. It ensures labour rights and facilities according to the buyer’s code of conduct. Every RMG factory should try to be compliant not only for profit reasons but also for the protection of human rights.

Ensuring social compliance is very important in the garments industries to both maintain quality of products as well as meeting the expectations of the export market. Bazul, Razzaque, Ahmed (2005) suggest setting up certain standards: the Government can enforce the compliance obligations. Therefore, an effective initiative by the government in this regard can provide a basis for negotiating with buyers for a unique set of codes of conduct, based on national laws and core labour standards.

Murshid, Salma, Milford and Wiig (2003) advocate ensuring ethical trading and the implementation of a Code of Conduct to improve working conditions in the sector. In line with the government, employers, international agencies and other stakeholders should work
together to adopt a code of conduct and promote decent work. This literature review indicates that most garments factories in Bangladesh pay little attention to labour standards and labour rights, disallow trade union activities, unsafe working environment, and ineffective laws and discard fair labour practices, and compliance enforcement is limited as well as the limited role of stakeholders. This has led to the labour unrest in the RMG sector. Consequently, many international buyers now demand compliance with their own codes of conduct before placing import orders for Bangladesh garments. Therefore, an effective initiative by the Government in this regard can provide a basis for negotiating with buyers for a unique set of codes of conduct, based on national laws and core labour standards. At the same time, significant reform of the relevant agencies along with sufficient strength and skills to perform their duties and responsibilities is a prerequisite to monitor social compliance.

**METHODOLOGY**

Based on this literature review, working conditions in the RMG sector are below standard according to the ILO, law enforcement is weak and HR and IR activities are absent. As a result, workers’ rights are grossly violated in the Bangladesh RMG sector. Consumers in the EU or USA have demanded compliance with their own codes of conduct before placing any garment import order. The analysis of working conditions in relation to labour rights and labour standards has been the subject matter of considerable discussions and studies. Many issues affect employment. These are examined and discussed below.

Firstly, there are international expectations for exporters to meet agreed international standards and code of conducts. Social compliance in RMG factories is a key requirement for most of the worldwide reputable garments buyers, who require labour rights, labour standards, fair labour practices and code of conduct according to the ILO and WTO conventions. In fact Bangladesh RMG products have less appeal to international buyers who demand compliance with their own codes of conduct before placing any garments import orders. If Bangladesh wishes to exports their RMG products to global markets, RMG factories should address labour rights according to the ILO labour standards and to national labour laws (Govt. of Bangladesh, 2006).

Secondly, international buyers and other stakeholder have legitimate expectations and various amounts of leverage to assist in achieving improved employment conditions. It has also noted that threats and pressure through the international community and buyers produced positive results in Vietnam, Cambodia and El Salvador. This threat and pressure were applied through a stakeholder group (international buyer) and the withdrawal of GSP (Generalized System of Preference) from the RMG sector. This research demonstrates that the RMG sector’s future stability depends on buyer satisfaction and meeting stakeholder demands.

Thirdly, the socio-economic environment and the interplay between government, factory owners and administration determine the pace of improvement. Compliance issues are fundamental to workers’ interests but at the same time are costly to implement due to poor infrastructure, lack of resources and inadequate government policy. This research suggests best practice HR and IR in the RMG industry through comparisons with example countries who exhibit best fair labour practices. These are discussed in more details in the case studies which include Cambodia, El Salvador, Thailand, Vietnam, Indonesia, Japan and Australia (Ahamed F, 2011).

**Strategy**

To conclude the research, working conditions may improve with the establishment of HRM units or Personnel Management units in each industry and fair labour practices applying the theories and principles of Human Resource Management, Industrial Relations, Stakeholder Theory, Socio-Political HRM Practices, Legitimacy Theory, Trade Union Concepts, Natural Rights Concepts, Citizen Right Concepts and the ILO Monitoring Approach. In consequences, the ILO monitoring system can play an important role in the improvement of working conditions in the RMG industry of Bangladesh. Because ILO has a supervisory system which is active and effective, dispute settlement procedures in multilateral environmental agreements have never been invoked. In addition, Bangladesh can share knowledge and experiences from better factories program in Cambodia.

HR functions operate through human resources departments. HR departments are better organised, and play an important role in staffing, training and assisting management to achieve maximum performance and work satisfaction (Stone, 2002). These departments also serve as an intermediary in conflicts between management and trade unions (Cherrington, 1995). It also monitors performance improvement that leads to employee satisfaction and solving problems.

Industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union, which is legitimate representatives of employees; conflict is resolved by collective bargaining (Anyemedu, 2000).

Trade unions are deemed to be as legitimate representatives of employees; conflict is resolved with by collective bargaining. Collective bargaining involves management and the unions try to negotiate and resolve
any issues with peaceful manner before the union go for any strike or picket and or management decides to institute a lockout (Cherrington, 1995). For example, labour unions are very active in the clothing sector in Cambodia and have acted as mediators between workers and factory owners to settle disputes and discuss wages (Morshed, 2007).

The Stakeholder approach is very much concerned with active management of the business environment, relationships and the promotion of shared interests in order to develop business strategies (Friedman and Miles, 2004; Freeman, 1983). It may assist managers by promoting analysis of how the company fits into its larger environment, how its standard operating procedures affect stakeholders within the company (employees, managers, stockholders) and immediately beyond the company (customers, suppliers, financiers, workers). Diagram of Stakeholders surrounded in Business firm or organization is presented below:

A successful organization generally satisfies its stakeholder’s demands and maintains good relationships with them (Jensen and Meckling, 1976; Freeman, 2003). As the RMG sector’s success depends on buyer and employee participation, and then both groups need to be satisfied.

Legitimacy is one extension of social contract theory applied to the relationships amongst organizations and individuals and presumes that the existence of organizations is only justified as long as the social values associated with its activity fit within the norms of the society (Dowling and Pfeffer, 1975; Suchman, 1995). For example, legal restrictions may be imposed, access to financial and human resources may be limited, and demand may be reduced. Moreover, conditional trade sanctions or threats may affect the behaviour of organization or government level.

Human rights are freedoms established through custom or international agreement that impose standards of conduct by the law of a particular state and applied by that state in its own jurisdiction (Glendon, 2001). The Universal Declaration of Human Rights 1948, is based on a belief in the inherent (natural) rights, equality, and freedom of human beings, and sets out in 28 articles the fundamental freedoms, civil, political, and economic to be promoted. Since the adoption of the Universal Declaration of Human Rights, many treaties and agreements for the protection of human rights have been concluded and several regional systems of human rights law have been established (Ahamed F., 2011)

Pressures from the United Nations and other international agencies can improve human rights and working conditionsthrough formulating trade policy and other incentives. The International Criminal Court, which came into existence, is empowered to prosecute crimes against inhumanity, genocides, and war crimes. International criminal tribunals were convened to prosecute serious human rights violations and other crimes in the former Yugoslavia and Rwanda (Glendon, 2001).

Finally ILO theory focuses on International labour rights, through bilateral agreement and monitoring. Mostly the
INTRODUCTION

Working conditions in the RMG sector are below standard and do not meet the ILO standards. Labour standards and rights are commonly ignored in the RMG factories in Bangladesh: poor practices include the absence of trade unions, informal recruitment, and irregular payment, sudden termination, wage discrimination, excessive work, and abusing child labour. Moreover, workers suffer various kinds of diseases due to the unhygienic environment and a number of workers are killed in workplace accidents, fires and panic stampedes. Absence of an appropriate mechanism to ensure the enforceability of the available laws for protecting workers’ rights and maintaining workplace safety continues to be a concern in the RMG sector. As the sector is an important foreign exchange earning component, some changes are required.

The objective of this research is to investigate the current status and examine working conditions in the Bangladesh readymade garments sector. The study seeks to analyze the roles of the main actors in HR and IR systems. It emphasizes government, international communities and stakeholder roles, trade union participation and social dialogue practices.

Social compliance is a Code of Conduct that ensures minimum labour standards, occupational safety measures and environmental concerns. International workplace-quality standards based on the concept of social accountability, has as its major objective, to ensure the application of ethical practices in the hiring and treatment of employees and in the production of goods and services.

Compliance means conformity with standards. It represents a relevant and useful set of guidelines to ensure that management continues to play a vital and ethical role in business. In order to attain this standard, importers often put pressure on their suppliers by selecting only those suppliers that implement the standard.

Social compliance in the RMG industry is a key requirement for most of the world’s garments buyers. It ensures labour rights, labour standards, fair labour practices and a Code of Conduct. Social compliance in the RMG sector in the Bangladesh includes building standards in the factories, working conditions, workers’ rights, workers’ health and safety measures, and environmental safety issues. In fact labour standards and rights are commonly ignored in the RMG factories in Bangladesh: poor practices include bans on trade unions, informal recruitment, and irregular payment, sudden termination, wage discrimination, excessive work, and child labour. Moreover, workers often suffer various diseases due to the unhygienic environment and a number of workers are killed in workplace accidents, fires and panic stampedes. Therefore this study seeks to analyze the roles of the main actors in the HR and IR systems. This includes government, international communities and stakeholder roles, trade union participation and social dialogue practices.

Labour rights and labour standards issues are associated with HR and IR activities that are influenced by government requirements and international law. Therefore this research pays attention to government activities, national and international law and regulations. In general, labour standards are expected to comply with the Factory Act 1965 and the Fair Labour Acts, the ILO Conventions and the WTO Code. This research addresses fair labour practices which can be measured by SWOT analysis against the ILO conventions and WTO mechanisms. It allows deep explanations of the link between HR and IR practices and the role of government, international communities, civil society and stakeholder groups (buyer, employer, employee, and trade union representative) for establishing Social compliance in the Bangladesh RMG industry. Aspects of the Bangladesh RMG industry considered, include, HR and IR practices, Government policies and interest, stakeholders role, codes of conduct and fair labour practices.

Theories and lessons mentioned above and the best practices learned from different countries will be strategically applied with comparative advantages for handling different situations. In particular, according to a literature review, several researches suggested to improve working conditions are different and scattered issues that’s why it is a combination research approach. For the above situation that prevails in Bangladesh, different alternative approaches to tackle the problems may be needed.

We are also concerned here to consider what these tendencies suggest and identify inadequacies in existing theory.

ILO is considered to be effective in the protection of human rights. The ILO Declaration on Fundamental Principles and Rights at Work (ILO, 1998) contains a social clause, which sets minimum labour standards. The ILO is the only tripartite United Nations agency in that it brings together representatives of governments, employers and workers to jointly put together policies and programmes. The ILO’s authority stems from its position as the definer and enforcer of core labour standards throughout the world. It also provides the only functioning supervisory mechanism, and is central to the international legal arrangements for labour standards. It is widely agreed that the resulting Labour monitoring, carried out by the International Labour Organization (ILO), a United Nations agency, has created a number of beneficial changes in Cambodia’s factories (Marston, 2007). The lessons from Cambodia and similar countries would be useful in appreciating effective role of the stakeholders (ILO, 2001).
The analysis uses a multiple case study approach to investigate developments in six similar countries (such as El Salvador, Indonesia, Thailand, Vietnam, Japan and Australia) and compare the findings to Bangladesh. In addition, the ILO supervisory and monitoring system and Better Factory Programme in Cambodia and its success is considered as a role model. The research proposed an effective monitoring surveillance system (EMSS) and focussed on labour rights and the role of government, garments entrepreneurs, international agencies and other stakeholders. In consequence, the ILO along with other stakeholders and institutions should play an important role in monitoring the establishment of Social compliance. The model is adopted from the ILO monitoring system introduced in the Cambodian manufacturing industry. Due to the fact that the socio-political context and working environment are different, we develop a modified model appropriate to Bangladesh. We have given the highest priority to HR and IR practices and the establishment of HR or PM units in each industry. In addition the Compliance Cell will be modified and strengthened with the support of government, NGOs and stakeholders on the basis of SWOT (Strengths, Weaknesses, Opportunities and Threats).

The Effective Monitoring and Surveillance System (EMSS) model proposed in this research uses Tools of Social compliance, which link labour rights and labour standards and fair labour practices. The Social compliance tools will verify working conditions, labour rights and labour standards, and fair labour practices according to the ILO and the WTO Conventions and the Factory Act.

Monitoring and surveillance for social compliance

This research examines and evaluates Social compliance in the RMG industry in Bangladesh in a global context. It also investigates lapses in establishing International Labour Standards or Social compliance in the RMG industry. In addition pressures from the international community through bilateral treaties and agreements and threats from buyers and other stakeholders, encourage improvements in workers’ rights. The research recognizes the importance of treaties or bilateral agreements and the ILO’s role in monitoring Social compliance. The ILO’s authority stems from its position as the definer and enforcer of core labour standards. It also provides the only functioning supervisory mechanism, and is central to the international legal arrangements for labour standards. The ILO monitoring and supervisory system has resulted in improvements in Cambodia’s factories and working conditions where most of the factories now pay workers a minimum wage, provide paid leave each year and ensure no child labour (Morshed, 2007).

Monitoring is the regular observation and recording of activities taking place in a project or programme and supervising activities in progress to ensure they are on-course and on schedule in meeting the objectives and performance targets (Hellawell, 1991). In a significant case Nike suggested that working conditions and labour rights can be improved through a systematic approach and a comprehensive and transparent monitoring system. External pressure from NGOs and other advocacy groups motivated Nike to introduce a Code of Conduct and a monitoring system. In the RMG sector Monitoring and Surveillance activities should operate under the guidance of the compliance monitoring Unit. Although government has formed a compliance monitoring cell along with two task forces, it has limited operation. What is now is to establish an effective compliance monitoring unit. This unit could be formed by cooperation between government representatives, buyers, factory owner, TU representatives, NGOs and civil society members and other stakeholders. The task is to collect information, investigate working conditions, and produce reports. The government and other stakeholder will then take action on the basis of report.

There are some basic requirements for successful monitoring:

- establish an effective monitoring system and strengthen Compliance unit.
- prepare guidelines in consultation with representative of government, trade union, garment manufacture owner and other stakeholder members.
- form an investigation team under the supervision of Compliance unit.
- provide feedback on the results of their monitoring, and how it is being used to make the management more effective.
- SWOT analysis and prepare a monitoring report by the Compliance unit. Users of SWOT analysis need to ask and answer questions that generate meaningful information for each category (strengths, weaknesses, opportunities, and threats) to make the analysis useful and find their lackings.
- evaluate the report and take action on reported problems.
- establish an effective data bank for widely circulation of information.
- maintain and preserve necessary records.

Monitoring in the RMG sector will involve the regular collection of data, measurement and analysis of working conditions, an assessment of labour disputes and health and safety issues in relation to labour rights and ILO standards. As such, information collected should be carefully recorded on data sheets, logs, building maps, for future comparison or reference (Bartle, 2007).
monitoring is undertaken to determine whether management actions are effective or not. Conversely surveillance is the systematic ongoing collection, collation and analysis of data and the timely dissemination of information to those who need to know so that action can be taken. Surveillance systems are employed to monitor and report on changes or notable instances within a given field. It involves investigation and assessing fair labour practices with respect national legislation and fair terms and condition, and measure of management. Generally surveillance systems are regularly set up to monitor workers’ rights, labour standards, decent work and health and safety issues in organisation or manufactures industries (B.T. Alo, 2009). Surveillance refers to the observation of individuals or groups by government organizations, but compliance surveillance is different. It is designed to initiate investigative or control measure for detecting problems and monitoring the progress of working conditions in organization or manufactures industries. Consequently the government can form a monitoring and surveillance team in association with RMG owners, Trade Unions, Government representatives, Civic society, NGOs representatives, international organizations’ representatives and other stakeholder representatives. The surveillance team will investigate, on the basis of monitoring information, the extent to which the RMG industry exercises labour standards and fair labour practices on the basis of SWOT analysis. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. Analysis of these dimensions can be used to identify the HR department’s role in carrying out the company’s mission. Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization.

- **Strengths**: characteristics of the business and huge cheap labour, low cost
- **Weaknesses**: Absence of an appropriate mechanism such as HR/IR practices, fair labour practices, ineffective law, safety workplace and written appointment letter
- **Opportunities**: GSP facilities, government supportive policies and good reputation Bangladesh RMG products in the global market that could exploit to its advantage
- **Threats**: poor infrastructure of RMG sector, lack of social compliance including labour rights and labour standards that could cause trouble for the business

They will also provide a report with recommendation so that the Compliance cell can identify those industries that are violating labour rights and which do not have fair labour practices. Then the government can take action against those factories which have been identified. Empirical evidence shows that successful national policies are supported by an effective surveillance and evaluation
system. Surveillance is very useful to governments as well as private organisations to maintain labour standards. Therefore it is important to have an effective and sustained surveillance system to monitor Social compliance in the RMG sector.

To improve labour standard, ensure labour rights and fair labour practices, government, international community, buyer, Trade union representatives, civil society, NGOs representatives and other stakeholder involvement are required (Ahamed F., 2011). However, Social compliance may be compromised by HR and IR activities and fair labour practices.

In order to address the HR and IR issues, the government should update regulations, make new policy and adopting labour standards and labour rights, fair labour practices, appropriate building codes, health and safety standards as well as enforcing existing law and establishing HRM or PM units in each RMG factory. There are many benefits from the introduction of modern HR and IR activities through the establishment of HRM or personnel management unit in the RMG sector. Therefore government needs to pay much more attention to monitoring compliance. To monitor and undertake surveillance of HR and IR activities in the RMG sector institutional mechanisms are required.

Usually labour rights and labour standards are protected by HR and IR practices, which depend on government regulations and infrastructure. In fact the government has some difficulty in addressing labour standards due to its rigid structure and a lack of resources. Social compliance contains many factors such labour rights, labour standards, business ethics, government resolutions, Code of Conduct, international communities involvement and importer pressure for fair labour practices. In consequence, the ILO along with other stakeholders and institutions can play an important role in monitoring establishment of Social compliance. Thus government needs to adopt both new policies and an effective monitoring surveillance system. Figure 1. The Model of Effective Monitoring and Surveillance System (Bangladesh (Ahamed F.,2011).

The Effective Monitoring and Surveillance System (EMSS) model proposed in this research uses Tools of Social compliance, which link labour rights and labour standards and fair labour practices. The Social compliance tools will verify working conditions labour rights and labour standards, fair labour practices according to the ILO and the WTO Conventions and the Factory Act. In addition, it can compare and contrast working conditions in Bangladesh with some other example countries. Figure 2: Development of Social compliance Bangladesh (Ahamed F.,2011).

This research is complicated because it contains many factors such as working conditions, HR and IR issues, occupational, health and safety issues, Codes of Conduct, labour rights and labour standards, ethical considerations, bilateral agreements and treaties, threats, stakeholder’s role, government mechanisms, the ILO Conventions, WTO rules and obligations and national government policy. The model adopted from the ILO monitoring system applied in the Cambodian manufacturing industry. Because the socio-political context and working atmosphere are different, we develop a modified model appropriate to the Bangladesh environment.

**RESULTS AND DISCUSSION**

This research examines and evaluates social compliance in the RMG industry in Bangladesh in a global context. This section investigates lapses in establishing International Labour Standards or Social compliance in the RMG industry. In addition pressures from the international community through bilateral treaties and agreements and threats from buyers and other stakeholders, encourage improvements in workers' rights. The aim of the section is to explore prevailing national laws, which protect various categories of workers rights in the manufacturing sector and the way these laws are applied in the RMG industry in Bangladesh (Ahamed F., 2011).

For this purpose, five ways of addressing Social compliance have been adopted,


b) Labour standards according to the ILO Convention
c) Code of Conduct
d) and the Fair Labour Act according to the WTO Conventions and Bilateral treaties and Agreements
e) compare and contrast working conditions between the Cambodia and Bangladesh garments industries.

Working conditions in the RMG sector are substandard according to the ILO labour standards. Although the garments sector is formal, recruitment processes are highly informal compared with Western practice. With no formal appointment letter, workers are vulnerable to job loss. Moreover, late payments, excessive work, forced labour, child labour, and physical abuse are common. There is no leave, benefits and compensation. Furthermore, management routinely ignores Health and Safety regulations. As a result, workers suffer from various diseases, a number of workers are injured and killed due to notorious fires, and faulty buildings collapse. These have led to labour unrest (Ahamed F, 2011).

Most of the garments industry has no well-defined human
resources or personnel management functions but, where these are present, human resource or personnel managers play an important role in the industry. In the RMG sector, workers are controlled by a work supervisor who works on behalf of the factory owner. Nevertheless, the typical work supervisor has no training in leadership, human resource policies, law and legislation, and health and safety policies. The human resources or personnel managers are adequately qualified and handle the issues professionally and efficiently. Manager can identify his organizational any issues through SWOT analysis. Therefore, the research suggests that the RMG sector would benefit by the introduction of modern Human Resources (HR) and Industrial Relations (IR) activities through the establishment of Human Resource Management (HRM) or personnel management functions unit in the industry (Stone, 2002).

This research recognizes that success depends on good management and good relations with stakeholders. To sustain the RMG sector, a good relationship with all the stakeholders is a prerequisite. In consequence, a good manager can make an important contribution in the RMG industry. He is likely to make major decisions for the organization considering the impact on each of the stakeholders like buyers, suppliers, employees, trade unions and government. For example, Robert Owen who managed several mills in Scotland was concerned about the evils and inhumanity and the process of industrialisation, and advocated human rights. In consequence, Owen made all possible efforts to win the confidence of workers by improving working conditions and extending several facilities, because of which he was able to achieve a better productivity rate among his employees (Rao & Rao, 1998).
The research discusses the dissatisfaction of RMG workers and addresses organizations dynamic functions. It also considers employee’s attitude as well as manager’s personal characteristics, management quality, and the nature of the work itself. The research suggests job enrichment by providing training, job security, and flexible working hours and the introduction of technology, flexible benefits and rewards can improve job satisfaction. This research identifies a communication gap between employees and employers. As there is no HR or PM unit and an absence of trade union in the RMG factories, there is no way to lodge complains regarding wages, health and safety and other issues (Cherrington, 1995). The communication gap leads to conflicts, dissatisfaction and labour unrest in the RMG sector. This research suggests adoption of a sound strategic policy to improve the communication gap between employers and employees.

The research concedes that there is an absence of consultation even though it is important process to resolve dispute issues. The garments industry owners and workers are hostile to each other (Ahamed F, 2011). As a result, labour unrest is common in RMG sector. The Cambodian Arbitration Council and the Japanese Federation of Employers’ Associations play the key role on behalf of employers in industrial relations (Kelly, 1995) to resolve disputes in workplace fairness with honesty (Kelly, 1995). In this manner the government along with the international community, NGOs, stakeholders and other agencies can provide a framework for effective consultation. With the agreement of all parties, they could initiate the formation of an arbitration facility in disputes without the workers resorting to violence.

Generally, the role of ensuring workers' welfare falls to the trade unions, but, if the trade unions are not considered as a legitimate workers' body for collective bargaining, it is likely to be difficult to maintain peaceful industrial relations.

In fact, most of the private garment industries in Bangladesh have no trade union and trade unions expressly banned in the Export Processing Zones (Mondal, 2003). For example the Cambodian government, factory associations, labour unions and international institutions have all played an important role in improving wage rates and labour conditions in Cambodia in recent years. In another case, an Indonesian trade union played an active role in a labour dispute with a hotel owner. So trade or labour unions cannot be ignored and play a dynamic role in the organization. Therefore, research suggests that the rights of the workers, including their rights to organize, is an integral part of healthy industrial relations and governments should set the framework for labour relations through legislation and regulation (Stuart and Kirsten, 2010).

The research suggests addressing IR activities in the RMG sector of Bangladesh as industrial relations involves the rules governing workplace relations and the institutions established to govern and enforce these rules through HR and the formulation of processes such as negotiation, conciliation, arbitration, collective bargaining, individual bargaining (Mondal, 2005). It also suggests that monitoring and enforcement are required through institutions such as trade unions, employer associations, industrial tribunals, state-sponsored regulatory bodies and the civil courts (Gospel and Palmer, 1992).

The research reveals that existing labour law is ineffective, particularly in the RMG sector. Although there is a viable labour administration system which is responsible for all aspects of national labour policy formulation and implementation, and legislation, which may provide benefits and rights to workers, in reality governments fail to enforce these labour laws.

The article also shows that the RMG sector’s future stability depends on buyer satisfaction and meeting stakeholder demands. In the RMG sector in Bangladesh workers’ rights are grossly, violated as a result international buyers put pressure on RMG owners to ensure compliance with a Code of Conduct before placing any import order. Compliance issues are fundamental to the workers’ interests but at the same time are costly to implement (Mondal, 2003). Within the RMG sector, multi-stakeholder dialogues are needed, which involve buyers, suppliers, trade unions and government representatives, in all trade related issues, to discuss measures that ensure fair trade in RMG products as well as Decent work.

The research demonstrates that there is a problem in establishing Social compliance. Social compliance in RMG factories is a key requirement for most of the worldwide reputable garments buyers, which ensures labour rights, labour standards, fair labour practices and Code of Conduct according to the ILO and WTO conventions (Ahamed. F., 2011). Although the Bangladesh government formed a Social Compliance Forum (SCF) along with a Compliance Monitoring Cell (CMC) to encourage compliance in the RMG sector it is limited. This research identifies the need to improve the capacity of the institutions concerned with Social compliance.

The research demonstrates that fearing sanctions against their products, aware of the negative aspects of child labour, a number of employers have reduced or eliminated the use of child workers. For example, a CBS television documentary badly publicised child labour against a Nike and Adidas ball manufacturing company in Sialkot, Pakistan in 1995. As a result, U.S Government officials and the industry agreed in 1997 to eliminate child labour by moving production out of the households to soccer ball factories (Hyde, 2009).

Fair labour practices and is a prerequisite for global business and it could be measured by the ILO conventions and WTO mechanisms. To what extent workers’ rights are addressed in any country, is an
Important determinant of competitiveness, as consumers often decline products produced by violating these rights. If Bangladesh wishes to access their RMG products in global markets, RMG factories should address labour rights according to the ILO labour standards and to the national labour laws (Ahamed F., 2011).

It has been observed that a lack of government interest and an inadequate interest of policy makers, an absence of role of stakeholder and government’s rigid structure hinder the progression of labour rights in the RMG sector. With the pressure of international community and bilateral treaty has stimulated some countries to adopt some progressive labour code and enforced the law in the workplace. Vietnam, Thailand and Indonesia are the best examples in improving working conditions (Ahamed F., 2011).

There is a lack of information as regards the compliance standards in RMG factories in Bangladesh. Recently BGMEA and BKMEA have initiated the development of a database on the compliance of RMG units (World Bank, 2005). But this database does not contain adequate and correct information and is not updated regularly.

In the RMG sector, workers’ rights are grossly violated. The issues could be drawn to the attention of the international community and buyers through the media, NGOs, and civil society. Therefore, NGOs, civil society and other stakeholder can work in synergy in their attempt to push decent work in the RMG. For example, a Columbia Broadcast System (CBS) television documentary identified child labour in a Nike and Adidas ball manufacturing company in Sialkot, Pakistan in 1995. As a result, U.S. Government officials and the industry agreed in 1997 to eliminate child labour by moving production out of the households to soccer ball factories (Hyde, 2009).

It has also noted that threat and pressure through international community and buyers developed positive results (Eisenberg J., 2005). For example, the US Government threatened to withdraw GSP facilities due to absence of full-fledged trade unions. This threat could be done through a stakeholder group (international buyer) and withdrawal of GSP facilities from RMG sector (Lee, 1997; Elliott and Freeman, 2003).

Moreover trade agreement or bilateral agreement can work as precondition for the improvement of working conditions. The US-Cambodia trade agreement produced a labour standards compliance program called Better Factories Cambodia (Rodgers and Berik, 2006). This unique bilateral trade agreement used trade incentives for enforcing labour standards, and it relied on the ILO to serve as the monitoring body (ILO, 2007).

In a significant Nike case suggested that working conditions and labour rights can be improved through a systematic approach and a comprehensive and transparent monitoring system. External pressure from NGOs and other advocacy groups motivated Nike to introduce a Code of Conduct and a monitoring system (Turner, 2008).

It is possible to identify some countries with best fair labour practices and these are discussed in more details in case study which cited from Research paper of Ahamed F., Case study 1-6). El Salvador had a notable success with the maquila apparel sector by virtue of U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) that was implemented between El Salvador and the United States (IGLHR, 1996). Trade benefits, CAFTA-DR also provides trade capacity building, particularly in the environment and labour areas, and a framework for additional reforms on issues such as intellectual property rights, dispute resolution, and customs that will improve El Salvador’s investment climate (Ahamed F., 2011). As result of this El Salvador is the eighth largest exporter worldwide of apparel to the United States of America. International pressure on specific firms has contributed to improve working conditions in the case of Mandarin International, which provides a concrete model to extend independent monitoring to other countries and industries (IGLHR, 1996; Bureau of Western Hemisphere Affairs, 2010).

Similarly, international pressure played a significant role in encouraging laws to improve working conditions in Indonesia (Gross A., 2001; Suryahadi, 2003). The U.S. and the E.U criticised Indonesia for violating labour standards. As a result, the Government ratified all of the core ILO conventions in 1998 and 1999. Indonesia’s labour law has been described as one of the most labour friendly in South-East Asia (Wjaegel, 2008).

Vietnam also improved its system to protect workers rights, working closely with the International Labour Organization (ILO) and the United Nations Development Program (UNDP) since the early 1990’s. The Government adopted a progressive Labour Code and gradually ratified the ILO Core Conventions (improved collective bargaining, strike and dispute settlement procedures expanded the scope of the labour law and augmented social safety nets) to meet a number of international standards (Nicole 2002; Khang, 2010), particularly with respect to conditions of work. It continues to improve both the law and its implementation (Nelson, Justice and Skuba, 2006).

An agreement has been established between the employer and employee which produced good labour standards as well as a congenial environment in the work place in Thailand. A series of laws and regulations in relation to employment such as working hours, remuneration, child labour, female labour, sick and maternity leave, dismissal or termination, welfare and social security of employees, and hiring of employee’s services has been codified in employment law in Thailand (Tait, 2005).

As a signatory to the ILO Conventions, the Japanese Constitution also guarantees fundamental labour standards. Japanese labour law is established within this constitutional framework. It is recognised by acts,

Australian working conditions are of a high standard. Working conditions in Australia regulates by legislation and industrial awards. Recently Australia set up the Fair Work Act, which provides the opportunity to improve minimum labour standards and labour rights enforcement (Ron Brent, 2010, p.5).

Finally, the research demonstrates international labour rights and labour standards, through bilateral agreements and monitoring, the ratification of ILO conventions. The ILO is the only tripartite United Nations agency. It brings together representatives of government, employers and workers jointly to shape policies and programs. An example is Vietnam started Better Work, which was developed by the joint ILO-IFC Better Work global program. In Morocco, the Decent Work Pilot Program started in the Textile and Clothing industry. Similar programs are being implemented, with the support of the ILO, in the Philippines, Madagascar, Haiti and Romania. Sri Lanka launched the Factory Improvement Program to encourage compliance with international labour standards. Consultation with stakeholders and other social partners, Turkey developed a training project with the support of ILO to improve labour standards as well as to improve productivity (ILO, 2005).

The ILO supervisory system is that, rather than settling formal disputes, it uses regular supervision to help avoid disputes altogether and to enhance overall compliance. The research shows that the ILO monitoring and supervisory system has resulted in improvements in Cambodia’s factories and working conditions where most of the factories pay workers a minimum wage, provide paid leave each year and ensure no child labour. Labour welfare and occupational health and safety issues have also been improved (Polaski, 2006).

**CONCLUSION**

The analyses of working conditions in relation to labour rights and labour standards have been the subject of many discussions and studies. This research draws attention to fair labour practices, labour standards, labour rights which are linked to HR and IR activities. Each factory needs to establish a HR or PM unit. The Compliance unit needs to be modified and strengthened to be able to effectively monitor working conditions. Compliance is a key requirement for all global buyers; a common compliance standard needs to be established through domestic legislation to meet buyers’ requirements (Code of Conduct) and be enforced through a monitoring agency. Without proactive commitments from the government in implementing labour legislation and regulation, it will be difficult to establish Social compliance in the RMG sector.

However the government has formed a Compliance Cell to monitor the working conditions in the RMG sector (Neale and Thapa, 2006), but the Compliance Cell is limited in their operation. An alternative approach may be explored in consultation with the government, RMG industry and ILO. The ILO and Bangladesh Government along with other stakeholders and the institutions who play an important role in effective monitoring system for improving Social compliance in the RMG sector through EMSS approach. That’s why it is proposed a model monitoring and surveillance approach which is adopted from the ILO monitoring system used in the Cambodian manufacturing industry.

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