Key learnings on collective bargaining in Bangladesh’s apparel sector
Summary

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

Collective bargaining agreements are new to Bangladesh’s apparel sector, but are already emerging as an alternative form of dispute resolution. 51 collective bargaining agreements have been signed to date in the Bangladesh apparel sector.

This knowledge brief presents one collective bargaining agreement and the learnings from it which can be applied in other factories. Key insights from three key stakeholders are included; an industry representative, the leader of a workers’ union and the leaders of a union federation and major NGO in the sector. A summary of ten general points have also been included as advice for any party entering into a collective bargaining process. A brief summary of those is included below, and a full list included at the end of the brief.

Ten general learnings about negotiating a collective bargaining agreement:

- A well-informed, knowledgeable Union Executive Committee is essential.
- The needs of the workers must be comprehensively understood.
- A strong relationship with management must be built.
- The timing needs to be planned.
- The right people need to brought into the discussion from the start.
- All discussions must be formally documented.
- Every line in an agreement must be checked.
- Signatures should not be rushed.
- The process will take time.
- Behaviour is crucial, and a focus on solutions is essential.
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Bangladesh
The second largest apparel exporter in the world after China

The apparel sector has only existed for three decades in Bangladesh, but has grown rapidly over the past twenty years. Apparel factories employ an estimated four million workers, a large percentage of whom are women. The industry makes up 83% of Bangladesh’s total exports, with exports estimated to have topped US$30 billion in 2017-18.

Rapid and mostly unregulated growth has given rise to serious challenges for workers in the sector. In the rush to meet export demands, the industry focus has been on the contribution of the sector to employment and export earnings, not on the rights of the people making the clothing. Challenges exist in a number of areas, including working conditions, wage payments, and the right of workers to organise. Weaknesses in national labour law administration, industrial relations and social dialogue systems further contribute to non-compliance with national laws and regulations.
The current labour law is from 2006. A lot has changed in the last 10-12 years. We had smaller industries back then, and the country has experienced a lot of growth. While the labour law still provides many different benefits, unions and collective bargaining agreements are needed to fill the gaps.

The process we follow begins with collecting the needs of the workers. We arrange a series of meetings, with between 20-100 workers in each. The needs generally include salary increases, incremental increases, festival bonuses; near to 30 in total usually. We compile a list of approximately 14. Most of the needs are the same across all factories. The list is then submitted to factory management. A copy is also provided to other parties such as the BGMEA and the Labour Ministry, in case we need their support in the process. We then wait 15 days (as per the labour law provision). Within 15 days they return a letter with a date for the first meeting. We generally hold that first meeting in the factory canteen, as it is a big, familiar public space.

The first meeting is open to all, with the objective being to introduce everyone and speak generally about working conditions. When that is completed, management gives a time for a second meeting. General workers usually do not attend from the second meeting onwards. In the second meeting all of the needs listed are discussed, and management often agrees to meet the needs which do not have financial implications. As many consecutive meetings as are needed are then held. These are harder, and often the meetings have to be ended without any agreement being reached. By the end of the discussions, we generally agreed to increase benefits in a number of areas, including attendance bonuses, festival and medical leave and festival allowances.

“Supporting unions to negotiate collective bargaining agreements and what these agreements mean for Bangladesh: Interview with Nazma Akter, Founder and President, Sommilito Garment Sramik Federation and Awaj Foundation, with Nahidul Hasan Nayan, General Secretary, Sommilito Garment Sramik Federation and Director of Operations, Awaj Foundation

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

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Every CBA negotiation is different, because the factories are different, and also because the level of knowledge and the attitude of the management in each factory varies hugely. It is crucial to understand the needs of the factory. For example, the Natural Denims factory supplies to huge brands, so we spoke to those brands at the same time during the process and garnered their support in parallel. Smaller factories are harder because smaller brands are less likely to support collective bargaining. In factories with higher profit, there is more space to negotiate for needs with financial implications, whereas in factories that make less profit, we ask less and focus on needs with lower financial implications.

Collective bargaining agreements are an opportunity to identify rights which have not have been prioritised in the labour law, and create systems to ensure them. For example, to get maternity leave, an ultrasonogram must be provided. Workers often cannot afford to see a doctor to get that. We try to ensure that financial contribution towards ultrasonograms for pregnant workers are included in collective bargaining agreements. This kills two birds with one stone – workers do not incur any financial burden for ultrasonograms, and management cannot deny their right to maternity leave.

Alongside collective bargaining agreements, we create alternate dispute mechanism policies to resolve issues that come up during the two-year period of an agreement. Policies are a simple six-step process. In our experience only two or three of the steps are generally needed, and most disputes are resolved within a few minutes to an hour.

Seven CBAs have been negotiated through the Sommilito Garment Sramik Federation over the last three years. We have been accused of forcing factory owners into signing agreements, one of the factories we were working with had to close and there have been false cases lodged leading to the illegal termination of union leaders. We have also seen workers and management collaborating more closely in factories, workers leading better quality lives and factories running smoother - for everyone.”
Industry example

Allegation, complaint and grievance resolution mechanism of Natural Denims Ltd.

A dispute raised by a worker or grievance of the trade union of the Natural Denims Ltd. shall be resolved by maintaining the following procedures. It is expected that this procedure shall be used in a responsible way and all the procedures shall less likely to be needed all the time to resolve any complaint, grievance and dispute.

The management and the union shall try to maintain a positive working condition through regular communication, consultation, dialogue and discussion with each other. Though it is not expected, there shall be inevitable arousal of various complaint, grievance or dispute from time to time. But as the disputes are possibly harmful for the factory, all the problems except the most complicated ones are expected to be solved cooperatively without following the steps 5 and 6.

Every individual complaint or grievance or dispute shall be started at step 1 and, if necessary, shall progress step by step up to step 6, where the decision shall be final and binding. At every step of the grievance resolution mechanism, any representative of the trade union shall have the right to be informed and the right to be present there. The collective grievances and disputes shall be resolved step by step like the individual grievances and disputes of the workers, but the process shall start from step 2.

At every step the complaints or grievances or disputes of the worker(s) of the factory shall be tried to resolve and no ‘go slow’ or partial or complete strike or any other illegal measure or threat to lock-out shall be exercised until the end of this grievance resolution mechanism.

**Step 1**

The concerned worker shall raise his complaint or grievance orally within 03 (three) days to the closest supervisor who has the power to resolve the matter.

**Step 2**

If the raised dispute is not satisfactorily resolved in step 1 within 03 (three) days, or if the worker fears to inform his complaint or grievance directly to the closest supervisor, then any member of the trade union can inform the complaint or grievance orally to the concerned supervisor.
If the matter is not resolved satisfactorily within 03 (three) days in step 2, then after the completion of those 03 (three) days, the worker or any representative of the trade union can submit the complaint or grievance in writing to the departmental head.

Step 3

If after submitting the complaint or grievance to the departmental head it is not resolved satisfactorily within 05 (five) days in step 3, the worker or any representative of the trade union can submit the complaint or grievance to the head of the human resource division.

Upon receiving such complaint or grievance, the head of the human resource division or any person nominated by him or her shall organize a meeting within 07 (seven) days for resolving the matter.

Step 4

If the complaint or grievance is not resolved in step 4, the worker or any representative of the trade union can notify the chief executive officer about the complaint or grievance in writing to arrange a bilateral discussion within 07 (seven) days. The authority shall try to get the resolution for the best interest by arranging a meeting within 07 (seven) days.

Step 5

If the complaint or grievance is not resolved in step 5 and it becomes clear that the resolution is impossible, then the worker or any representative of the trade union can send the complaint or grievance to the department of labour/department of inspection for factories and establishment (DIFE) for resolution or for taking any other necessary measure.

or

If the complaint or grievance is not resolved in Step 5 and it becomes clear that the resolution is impossible, then the parties can send the dispute to one/three arbitrators for resolution through arbitration. In that matter, the decision or award of the arbitrator shall be final and binding for the parties*

*This process does not preclude any possibility of a strike. Workers can consider collective action if their needs are not met.
A number of organisations and government bodies in Bangladesh are working to create an enabling environment for worker organisations, freedom of association and collective bargaining at the factory level.

Despite these, progress towards improving dialogue between employers and workers, particularly at the workplace level, is still limited. While approximately 500 new workers’ unions have been formed since Rana Plaza collapsed, workers who organise are still often confronted with threats and intimidation.
Forming a factory-level union and negotiating a collective bargaining agreement
Interview with Bilkis Akhter, Union Leader, Natural Denims

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

Initially our factory owner and the management didn’t take the formation of our union as a good sign. They were worried about it. They understood it only when the unrest happened and we ensured a peaceful environment in our factory. We worked as a bridge between management and workers.

Our union is run by women. Out of a total of twenty people, thirteen are women. The reason we put more women in the team was so that other women would be comfortable talking about their problems with them.

We submitted our needs to management after two years of forming the union. People had started recognising the union and us - who we are, what we do - and they had started coming to us with their concerns.
We gathered everyone’s needs, prioritised them based on majority vote and submitted them to management through a collective bargaining agreement. We brought 14 issues to them and 11 they agreed to. The rest they said they would consider.

Some of the needs that management agreed to included raising the salary increment from 5% (as mandated by law for all garment factories) to 7%. Our festival bonuses also went up to 100% if someone has completed one year, 75% for six months and 40% for three months. Our tiffin allowances went up from 15 to 20 taka, and the finishing section’s night halt allowance went from 30 up to 50 taka. We now get 15 sick leave days instead of 14, and 14 festival leave days instead of 11.

If we get pregnant, our factory will give us 500 taka for an ultrasound. I don’t know that any of these things, let alone all of them, happen in many factories. Single voices are usually too quiet for big changes.

Almost all of the factories shut down when the unrest happened in Ashulia. Our factory stayed open. We sat with all the workers and helped them to mediate with management. Some people still wanted to protest, but we talked to them and eventually they continued working peacefully.

We can raise new needs every two years through collective bargaining agreements. It has been two years now since our last ask. We are now selecting a new committee, and then we will bring a new set of needs to management.

Workers from factories around us now bring similar needs to their management. The management feel pressured to meet those needs because the workers and the management know that they have been met here.

Most of the time people come to the union with salary and leave-related queries. We have had multiple training sessions about management issues now so we know how production runs, and we understand management’s side. General workers do not understand that, so our job is to help them consider the factory’s needs as well as their own when they ask for things.

Our management have also had training, because if its only us who know what our rights are, and they don’t understand, then there will be no solutions. We both have the same understanding, which makes it easier to come to a solution.

The best thing we have gotten from the collective bargaining agreement is that we can sit in front of the chairman and talk about our needs, and know that he will do something about it.

I am from Khulna. I have been staying in Dhaka for ten years now. I am the first working woman from my family. A lot of women could not imagine being in the place I am now. I surprised myself. Now many can take me as an example. If I can do it, they can also do it.”
Paving a way for an industry in which everyone has a voice

Collective bargaining is slowly emerging as a tool with which to improve worker rights.

The factories in which CBAs have been signed are showing improved conditions, higher worker satisfaction and higher productivity - and being used as reference points for workers in other factories.

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

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

“There is often a gap in understanding between management and workers about issues like leave. My goal is to meet our shipment deadlines, but they want to stay more days at home during festivals. Buyers do not accept delayed shipments caused by festival leave. Our collective bargaining agreement provides us with a platform where we can negotiate needs from both sides.”

The news about the union came to us as a shock. I’d actually call it traumatising. Unions have a long history in Bangladesh, and it is not all good. The general perception about CBAs and unions is still not good. Factory owners are scared of them, because of what happened in the past.

Unions minimise the gap between workers and owners. If we take the unrest during 2016-2017 as an example then we can understand what changes having a union and a CBA have brought to our factory. We didn’t stop our production for a minute during the unrest.

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

Factories in Bangladesh are in a difficult situation. Buyers are reducing prices every day. We lose BDT 50 million if production stops for one week. Then there is the reputational damage with buyers and also shipment costs. Late deliveries can cost five times higher than regular deliveries. We saved roughly 270 million BDT by continuing production during the unrest in Ashulia.
The key to the union is fearless communication between workers and management. Even the CBA is just a tool. How you use it is up to you. Channels are always open for anyone to lodge any complaint to anybody - buyers, NGOs or anyone. I just tell them to let me know before they lodge. Sometimes I go and sit with them. Even the ones that choose to eat on the floor - I go and sit with them and eat with them. It is so important that we build trust, transparency and faith among workers and management in this sector, and some of that can definitely come through CBAs.

There are huge practical gains to be made from spending more time listening to the people on the factory floor.

One small example is installing water filters. The majority of our factory staff are women and, through spending time listening to them and also speaking to the union, I found that they do not drink enough water during the day, because it is not readily available on the factory floor. We were able to fix this quickly by installing water filters.

A small gesture for workers makes a huge difference for them. Keeping their morale high does not require a lot of money.”
10 general learnings about negotiating a collective bargaining agreement

1. A well-informed, knowledgeable Union Executive Committee is essential.
   Ensure that the Union Executive Committee has strong knowledge of the law, international instruments (particularly ILO Conventions 87 and 98) and the country situation in factories.

2. The needs of the workers must be comprehensively understood.
   Ensure a strong Union Executive Committee that has the capacity to find out and prioritise the needs of the workers.

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

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

5. The right people need to be brought into the discussion from the start.
   These parties could include the regional government District Commissioner, police, brands and/or BGMEA, who can then be brought in to support as needed during the process.

6. All discussions must be formally documented.
   There is always a chance of the factory situation changing, management staff changing, people forgetting, delays, etc.
7. Every line in an agreement must be checked.
   Any mistake or ambiguity in the language means that there is a chance that workers may not get the benefits.

8. Signatures should not be rushed.
   Get a specific date and time for the signing of any document, so that both parties can be confident that they fully understand the implications of what they are signing.

9. The process will take time.
   From start to finish the collective bargaining process takes a minimum of six months. Rushing the process at any point can jeopardise the outcome.

10. Behaviour is crucial, and a focus on solutions is essential.
    Remain diplomatic and calmly present knowledge and evidence in support of claims. If the meeting gets heated, the best course of action is to call an end to the meeting and schedule a date to continue the discussion. Discuss what is going well in the factory, and how those wins can be reinforced, rather than just about issues or needs.
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Thanking everyone who contributed